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APPENDIX A

DOD-NASA AGREEMENT

14 September 1959

AGREEMENT BETWEEN THE  
DEPARTMENT OF DEFENSE  
AND THE  
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Concerning Principles Governing  
Reimbursement of costs

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1. Purpose.

Section 203(b)(6) of the National Aeronautics and Space Act of 1958, authorized the National Aeronautics and Space Administration (NASA) "to use, with their consent, the services, equipment, personnel, and facilities of other Federal agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies and instrumentalities in the use of services, equipment and facilities". Federal agencies are also required to cooperate fully with NASA in making their services, equipment, personnel, and facilities available, and are authorized by this statute "to transfer to or to receive from NASA, without reimbursement, aeronautical and space vehicles, and supplies and equipment other than administrative supplies or equipment". It is the purpose of this Agreement to set forth the general principles governing the reimbursement of costs incurred by DOD or NASA in providing for use by the other of its services, equipment, personnel and facilities and in transferring equipment and supplies.

2. Principles Governing Reimbursement.

Subject to the provisions of paragraph 3 hereof, DOD and NASA agree upon the following general principles governing the reimbursement of costs:

- A. Orders Contracted Out. Where DOD or NASA places an order with the other which is contracted out (in whole or in part) to industry, reimbursement will be limited to the direct costs to the contracting agency of the contract, or the standard price established for the item being procured where procurement is accomplished through consolidated contracts covering the same or similar items (or components thereof) for the contracting agency. Except as otherwise provided in subparagraph C below, the agency placing the contract shall bear without reimbursement therefor the administrative costs incidental to its procurement of material or services for the ordering agency. As used in the foregoing sentence the term, "administrative costs" includes the normal administrative services performed in connection with placing, administering or terminating contracts, and such related administrative services as security, contract auditing, inspection, etc., (not all inclusive). Administrative costs are to be distinguished from the procurement costs of end items or services, the latter being appropriate for reimbursement under the provisions of this subparagraph.
- B. Orders Performed "In-House". Where DOD performs an "in-house order" for NASA and the order is performed (in whole or in part) in facilities using an industrial-type cost accounting system, the basis of billing will be the same as that used for all customers of the Federal Government. Where the order is performed in facilities not using an industrial-type cost accounting system, reimbursement will be limited to the direct costs (including an allowance

for annual and sick leave, holidays, contributions for group life insurance and civil service retirement, etc.) attributable to the performance of the order. In no case, however, will charges be made for depreciation or rent for use of facilities and equipment in connection with the performance of orders.

- C. Administration of Other Agency's Contract. Where DOD or NASA assigns one of its contracts to the other for purposes of administration, the administering agency may be reimbursed for the cost of contract administration services performed in connection with the contract to the extent of the special direct costs incurred in providing these services to the other and mutually agreed upon as clearly identified added costs.
- D. Material. Where DOD or NASA provides the other with materials, supplies or equipment from stock, reimbursement will be made in accordance with established agency pricing practices. DOD materials, supplies or equipment which are in excess of DOD requirements (called "transferable-nonreimbursable" property in the DOD), will be furnished without charge, except that the furnishing agency may require reimbursement for transportation and handling costs. DOD may loan equipment to NASA without charge, subject to return in the same condition as when loaned, normal wear and tear excepted. The return of such equipment may be waived by DOD under the circumstances set forth in paragraph 3 of this Agreement. Where the loaned equipment is not returned, DOD will be reimbursed for the value thereof, unless the

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return of the equipment has been specifically waived by DOD under the circumstances set forth in paragraph 3 of this Agreement. Where the loaned equipment is returned in a damaged condition, DOD will be reimbursed for the cost of restoring it to the same condition as when loaned, unless such reimbursement has been waived under the provisions of paragraph 3 of this Agreement, or waived on the basis that the equipment, at the time of return, is excess to the requirements of DOD.

- E. Travel. In connection with the services covered by subparagraph A, B, and C above, special travel costs attributable to the performance of these services will be reimbursed.
- F. Construction of Public Works. Construction of public works projects undertaken by the DOD for NASA will be charged directly to NASA funds (or where appropriate will be reimbursed) on the basis of "project costs", the customary basis used by the DOD for charging DOD sponsored projects.
- G. Tenancy on Installations. Except where other arrangements are in existence or are agreed upon, where either DOD or NASA is a tenant on an installation of the other, all direct costs or increases in direct costs attributable to such tenancy will be reimbursed.
- H. Use of Government-Owned Facilities. No charge will be made for rent or depreciation in connection with the use by either DOD or NASA of Government-owned facilities under their cognizance whether operated by the Government or by a contractor.

3. Exceptions.

The foregoing principles do not apply to work or services, materials, supplies or equipment furnished to NASA or DOD for use in connection with specific projects of either agency, which are of mutual interest and benefit to each. In such cases, work or services, materials, supplies or equipment furnished by one agency to the other will be on a non-reimbursable basis to the extent of the furnishing agency's interest in the particular project.

4. Effective Date.

This Agreement is effective immediately, but it does not apply to existing agreements or arrangements already agreed upon which may not yet be formalized between NASA and the military departments of ARPA. However, all future arrangements, agreements and amendments of existing agreements between NASA and the military departments of ARPA shall conform to the provisions of the Agreement.

5. Duration of Agreement.

The provisions of this Agreement may be revised at any time, based upon further experience of the two agencies.

/s/ Thomas S. Gates  
Deputy Secretary of Defense

/s/ T. Keith Glennon  
Administrator  
National Aeronautics and  
Space Administration

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