



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

OCT 20 2009

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT),
ASN (RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Guidance on section 163 of the Continuing Resolution Regarding the
Association of Community Organizations for Reform Now (ACORN)

The Office of Management and Budget (OMB) provided guidance on the subject matter through the attached memorandum issued on October 7, 2009. In its memorandum, OMB stated that all agencies must immediately commence all necessary and appropriate steps to comply with section 163 of the Continuing Appropriations Resolution, 2010, Division B of the Public L. No 111-68 (CR). The memorandum describes in detail the steps that OMB recommends agencies should take concerning obligations of funds through grants, contracts, or other agreements; suspension of payments; and subawards and subcontracts to ACORN and its "affiliates" (which the memorandum defines to include subsidiaries and allied organizations).

OMB has also posted a notice on FedBizOpps and Grants.gov regarding this matter. Please ensure the widest distribution of the OMB memorandum. My point of contact for this matter is Sandra Ross, 703-695-9774, or sandra.ross@osd.mil. Questions on grants should be directed to Dr. Mark Herbst, 703-588-1377, or mark.herbst@osd.mil.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 7, 2009

M-10-02

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director

SUBJECT: Guidance on section 163 of the Continuing Resolution regarding the Association of Community Organizations for Reform Now (ACORN)

This memorandum provides guidance to Executive Branch agencies regarding the implementation of section 163 of the Continuing Appropriations Resolution, 2010, Division B of Pub. L. No. 111-68 (CR), which states:

SEC. 163. None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

Your agency must immediately commence all necessary and appropriate steps to comply with section 163. This includes the following:

- **No future obligations of funds.** No agency or department should obligate or award any Federal funds to ACORN or any of its affiliates, subsidiaries or allied organizations (collectively "affiliates") during the period of the CR. To the extent your agency already has determined that funds should be obligated or awarded to ACORN or its affiliates but has not yet entered into any agreement to provide such funds to ACORN or any of its affiliates, your agency should not provide such funds, or enter into any such agreements to do so. As section 163 makes clear, its prohibition applies not only to the funding that is made available by the CR, but also to the funding that was made available by previously enacted statutes. In addition, the text of section 163 is sufficiently broad to cover funding that was made available for fiscal year (FY) 2009 and prior fiscal years, as well as funding that is or will be made available for FY10.
- **Suspension of grant and contractual payments.** If your agency has an existing contract or grant agreement with ACORN or its affiliates, the agency should: (i) where permissible, immediately suspend performance of any obligations under the contract or agreement, including payment of Federal funds; and (ii) consult promptly with the agency's general counsel and, if necessary, the Office of Management and Budget

(OMB) and the Department of Justice concerning the legal considerations that bear on the performance of such obligations under the existing contract or agreement.

- ***No funding of ACORN and its affiliates through Federal grantees or contractors.***
Your agency should take steps so that no Federal funds are awarded or obligated by your grantees or contractors to ACORN or its affiliates as subgrantees, subcontractors, or other subrecipients. Because section 163 states that “[n]one of the funds . . . may be provided,” this prohibition applies not only to a direct recipient of Federal funds but also to a subrecipient (e.g., a subcontractor, subgrantee, or contractor of a grantee). We recommend that your agency:
 - notify all Federal grant and contract recipients of the prohibition contained in section 163, and provide them with a copy of this guidance document; and
 - advise all Federal grant and contract recipients (a) not to provide Federal funds to ACORN or its affiliates as subgrantees, subcontractors or other subrecipients, consistent with this guidance, and (b) to notify your agency of any existing subgrants, subcontracts or other subrecipient agreements with ACORN or its affiliates and of how the grantee or contractor is planning to comply with the prohibition with respect to those subgrants, subcontracts or subrecipient agreements.

If you have any questions concerning this memorandum, please contact Preeta D. Bansal, OMB General Counsel and Senior Policy Advisor, at OGC@omb.eop.gov.