AMENDMENT TO H.R. 1960
OFFERED BY MR. SHUSTER OF PENNSYLVANIA

Strike section 812 and insert the following:

SEC. 812. GOVERNMENT-WIDE LIMITATIONS ON ALLOWABLE COSTS FOR CONTRACTOR COMPENSATION.

(a) DEFENSE CONTRACTS.—

(1) AMENDMENTS RELATING TO CONTRACTOR EMPLOYEES.—Subparagraph (P) of section 2324(e)(1) of title 10, United States Code, is amended to read as follows:

“(P) Costs of compensation of any contractor employee for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds $763,029 adjusted annually for the U.S. Bureau of Labor Statistics Employment Cost Index for total compensation for private industry workers, by occupational and industry group not seasonally adjusted, except that the Secretary of Defense may establish narrowly targeted exceptions for positions in the science, technology, engineering, mathematics, medical, and manufacturing fields upon a determination that such exceptions are need-
ed to ensure that the Department of Defense has
continued access to needed skills and capabilities.”.

(2) AMENDMENTS RELATING TO SENIOR EXECUTIVES OF CERTAIN CONTRACTORS.—Section
2324(e)(1) of such title is further amended by adding at the end the following new subparagraph:

“(Q) Costs of compensation of senior executives
of a covered contractor.”.

(3) DEFINITIONS.—Section 2324(l) of such title
is amended—

(A) by inserting after paragraph (4) the
following new paragraph (5):

“(5) The term ‘senior executives’, with respect
to a covered contractor, means the five most highly
compensated employees of the contractor. In deter-
mining the five most highly compensated employees
in the case of a contractor with components (such as
subsidiaries or divisions), the determination shall be
made using the five most highly compensated em-
ployees contractor-wide, not within each compo-
nent.”; and

(B) by inserting after paragraph (6) the
following new paragraph (7):

“(7) The term ‘covered contractor’, with respect
to a fiscal year, means a contractor that was award-
ed Federal contracts in an amount totaling more than $500,000,000 during the previous fiscal year.”.

(b) CIVILIAN AGENCY CONTRACTS.—

(1) AMENDMENTS RELATING TO CONTRACTOR EMPLOYEES.—Paragraph (16) of section 4304(a) of title 41, United States Code, is amended to read as follows:

“(16) Costs of compensation of any contractor employee for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds $763,029 adjusted annually for the U.S. Bureau of Labor Statistics Employment Cost Index for total compensation for private industry workers, by occupational and industry group not seasonally adjusted, except that the executive agency may establish narrowly targeted exceptions for positions in the science, technology, engineering, mathematics, medical, and manufacturing fields upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.”.

(2) AMENDMENTS RELATING TO SENIOR EXECUTIVES OF CERTAIN CONTRACTORS.—Section 4304(a) of such title is further amended by adding at the end the following new paragraph:
(17) Costs of compensation of senior executives of a covered contractor.”.

(3) DEFINITIONS.—Section 4301 of such title is amended by striking paragraph (4) and inserting the following new paragraphs (4) and (5):

“(4) The term ‘senior executives’, with respect to a covered contractor, means the five most highly compensated employees of the contractor. In determining the five most highly compensated employees in the case of a contractor with components (such as subsidiaries or divisions), the determination shall be made using the five most highly compensated employees contractor-wide, not within each component.

“(5) The term ‘covered contractor’, with respect to a fiscal year, means a contractor that was awarded Federal contracts in an amount totaling more than $500,000,000 during the previous fiscal year.”.

(e) CONFORMING AMENDMENTS.—Chapter 11 of title 41, United States Code, is amended—

(1) by striking section 1127; and

(2) by striking the item relating to that section in the table of sections at the beginning of such chapter.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to costs of compensa-
tion incurred under contracts entered into on or after the date that is 180 days after the date of the enactment of this Act.