



COMPTROLLER

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JUN 14 2010

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
ASSISTANT SECRETARIES OF DEFENSE
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DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Fiscal Year (FY) 2010 Below Threshold Reprogramming (BTR) Authority
Policy

In accordance with the Joint Explanatory Statement accompanying the FY 2010 Department of Defense Appropriations Act, the BTR limits for Military Personnel, Operation and Maintenance (O&M), Procurement, and Research, Development, Test, and Evaluation (RDT&E) titles for FY 2010 continue to be the same as approved by Congress for FY 2009. The BTR dollar thresholds are as follows:

- Military Personnel: \$10 million
- Operation and Maintenance: \$15 million
- RDT&E: \$10 million
- Procurement: \$20 million

Any movement of funds between appropriations or between legal subdivisions requires the use of legislative transfer authority. The BTR authority allows funds to be reprogrammed within each appropriation without obtaining congressional prior approval to finance cost increases to existing programs, with some exceptions. In FY 2010, increases or decreases to a budget line item are limited to either the dollar threshold stated above or 20 percent of the value of the budget line item, whichever is less, for the procurement and RDT&E appropriations. The thresholds are cumulative over the life of the appropriation. If the cumulative value of realignments in or out of the O&M budget activity, procurement budget line item, or RDT&E budget line item exceeds the established below threshold authority, the Department is required to submit a prior approval reprogramming request.

The attached Summary of Reprogramming Requirements lists these exceptions for FY 2010 and provides an overview of reprogramming requirements.

A handwritten signature in cursive script that reads "Robert F. Hale".

Robert F. Hale

Attachments:
As stated

Summary of Reprogramming Requirements
Effective for FY 2010 Appropriation

Program Base for All Appropriations

The program base for a reprogramming action is the initial appropriation as modified by any congressional action, to include rescissions, supplemental, and **approved Department of Defense DD 1415 actions.** (Page 162 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)

DD 1415-1 Prior Approval (PA) Reprogramming Actions

1. Affects a congressional special interest item (unless the funds will be used for the same purpose; then an Internal Reprogramming (IR) is used). **Note that statutory adds under section 8006 of the DoD Appropriations Act, 2010 are not congressional special interest items unless the tables or accompanying paragraphs use the phrase “only for” or “only to.”** Programs, projects, and activities for which the amounts appropriated exceed the amounts requested, as prescribed in tables explaining project level adjustments in the explanatory statement accompanying the Act are subject to normal PA reprogramming procedures if such transfers exceed thresholds identified in the explanatory statement for the applicable appropriation type.
2. Involves the use of general transfer authority (GTA) or **special transfer authority (STA) (i.e., provided for Overseas Contingency Operations)** (unless the funds will be used for the same purpose; then an IR is used).
3. Exceeds thresholds.
 - a. Military Personnel: Increase of \$10 million or more in a budget activity.
 - b. Operation and Maintenance:
 - b.1. Increase or **decrease** of \$15 million or more in a budget activity. (Page 70 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)
 - b.2. **Decrease of \$15 million or more out of certain budget subactivities specifically identified in the O&M reprogramming guidance provided in the explanatory statement accompanying the FY 2010 Appropriations Act. (Pages 103 and 104 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)**
 - b.3. Increase or decrease of \$15 million or more in a Defense Agency.
 - b.4 **Increase of \$15 million or more to the Operation and Maintenance, Army National Guard, Other Personnel Support/Recruiting and Advertising budget subactivity. (Pages 104 and 155 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)**

Exception is the Defense Health Program Operation and Maintenance appropriation, a PA is required for all transfers of funds out of the Direct (or In-House) Care budget activity group or into the Private Sector Care budget activity group.

Summary of Reprogramming Requirements (Continued)
Effective for FY 2010 Appropriation

- c. Procurement appropriations for each budget line item:
 - (1) Increase: \$20 million or **20 percent of the appropriated amount** whichever is less.
(Pages 70, 163, and 261 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)
 - (2) Decrease: \$20 million or 20 percent of the appropriated amount, whichever is less.

- d. RDT&E appropriations for each budget line item (i.e., program element):
 - (1) Increase: \$10 million or **20 percent of the appropriated amount** whichever is less;
(Pages 70, 163, and 261 of Explanatory Statement, Division A Department of Defense Appropriations Act Fiscal Year 2010)
 - (2) Decrease: \$10 million or 20 percent of the appropriated amount, whichever is less.

- 4. Establishes New Programs (i.e., New Starts) (See New Starts Below)

- 5. Terminates Appropriated Programs.
 - a. Eliminates a procurement program, subprogram, or modification of \$20 million or more.
 - b. Eliminates an RDT&E program element, project or subproject of \$10 million or more.
 - c. Eliminates an RDT&E program element, project, or subproject that is equal to the total amount of the program element, regardless of amount.

DD Form 1415-3 Internal Reprogramming (IR) Actions

- 1. Realigns funds to a different line item or appropriation for proper execution of the same requirement with **no change in purpose**, may involve GTA, STA, and may involve congressional special interest items.

- 2. Transfers funds from the transfer accounts (i.e., Foreign Currency, Environmental Restoration, Drug Interdiction, Overseas Contingency Operations Transfer Fund, etc).

- 3. Documents transfers identifying specific line items when a letter notification to **Congress** is being used to satisfy congressional or specific transfer notification requirements (i.e., **Mine Resistant Ambushed Protected (MRAP) Vehicle Transfer Fund**).

Notification Letters (in advance of initiating) Requirements

- 1. Establish new programs or **budget** line items not otherwise requiring prior approval action.

- 2. Establish new procurement programs, including modifications, costing less than \$20 million for the **entire** effort.

- 3. Establish new development programs costing less than \$10 million for the **entire** effort.

- 4. Initiate safety programs or safety modifications costing less than \$20 million for the **entire** effort; can be initiated immediately following congressional notification.

Summary of Reprogramming Requirements (Continued)
Effective for FY 2010 Appropriation

5. Terminate programs falling within the below threshold reprogramming amounts (procurement programs or subprograms costing less than \$20 million; RDT&E programs, projects, or subprojects costing less than \$10 million) as long as the procurement line item or RDT&E program element is not eliminated.
6. Identify specific line items to satisfy specific transfer notification requirements.
7. Require a 30-day notification to the Defense Committees **prior** to implementation. The Component may implement the reprogramming action 30-days after congressional notification unless an objection is received from a committee.

Below Threshold Reprogramming (BTR) Authority Ground Rules

1. If a PA reprogramming action has been approved to increase a program, procurement line item, or program element that was used to cash flow a higher priority requirement; a BTR ***should not be used to “reverse”*** an approved PA reprogramming action for any program, procurement line item, or program element.
2. A BTR **threshold** is established for each appropriation and allows funds to be reprogrammed internal to the appropriation without obtaining congressional prior approval to finance cost increases to existing programs, with some exceptions. Any movement of funds between appropriations or between legal subdivisions within an appropriation is a “transfer” and requires the use of transfer authority.
3. The BTR shall not exceed the established thresholds. Each threshold reflects aggregate levels of reprogramming activity within **military personnel, O&M**, Procurement line items, and within RDT&E program elements. The BTR thresholds represent the cumulative amount that may be reprogrammed over the life of the appropriation.
4. The Components shall not use BTR authority to reduce congressional special interest items.
5. The Component shall not use BTR authority to increase lines specifically reduced by congressional action. Components may use BTR authority to restore non-specific reductions to these items, but only to the original level of the budget request or the level determined in the specific account tables reflected in the Statement of Managers accompanying the applicable Appropriations Act, whichever is less.
6. No BTR increase or decrease may exceed the above thresholds or 20 percent, whichever is less, of the appropriated level for each Procurement line item or RDT&E program element.
7. **BTR example:**
Budget line item
BTR increase of \$5.0 million
BTR decrease of \$4.0 million
uses \$1.0 million of BTR limitation

Summary of Reprogramming Requirements (Continued)
Effective for FY 2010 Appropriation

New Start Requirements

1. Any program not explicitly justified to, and funded by, the Congress is considered to be a new start program. In accordance with section 8080 of Public Law 111-118, the Department of Defense (DoD) Appropriations Act, 2010, the congressional oversight committees must be notified, in writing, prior to the initiation of any new start program. The Office of the Secretary of Defense (Comptroller) also must be provided such prior notification. The following notification/approval procedures will be used in all new start actions.

2. Proposed new start programs exceeding the following thresholds require prior approval of the congressional oversight committees, and will be submitted for approval as DD 1415 Prior Approval Reprogramming actions:

- a. Establishes a new procurement program or modification estimated to cost \$20 million or more within the first 3 years.
- b. Establishes a new RDT&E program, RDT&E project, or RDT&E subproject estimated to cost \$10 million or more within the first 3 years.

No action may be taken on the new program until approval of all committees has been received.

3. For new start programs falling below these thresholds, a notification letter to the oversight committees and to the Under Secretary of Defense (Comptroller) is required. Components may initiate the new program after the expiration of the 30-day notification period, unless an objection is received from a committee. New start notification letters must be staffed with the Office of the Under Secretary of Defense (Comptroller) prior to delivery to the oversight committees.

4. New start safety modifications or safety programs costing less than \$20 million for the entire effort may be initiated immediately after the written notification is delivered to the congressional oversight committees.

5. The determination of whether a particular activity is a new start is made based upon the justification material presented to the Congress for the program year in which the new program is proposed. Particular care must be taken in making a determination of whether a program should be considered a new start. If a program is not explicitly addressed in the relevant justification material, it is considered to be a new start¹. The following parameters are provided to guide the decision making process:

¹ "Skip year" program, or programs funded by the Congress in previous years but not requested in the budget for the year of execution, are not considered to be new start programs. The DD 1416, Report of Programs, must be annotated in cases where funding is added for these programs.

Summary of Reprogramming Requirements (Continued)
Effective for FY 2010 Appropriation

- a. Operation and Maintenance Accounts: New starts would be significant new programs that have not been previously justified. This determination would be made at the O-I subactivity level.

- b. Procurement Programs: An activity which requires the establishment of a new line item (at the P-1 level) or establishes a new subprogram not included in the procurement justification material (such as the P-40A and P-5A exhibits) is considered to be a new start. Guidance for specific procurement lines is as follows:
 - (1) Modifications: Modifications not included as specific lines on the P-3 are considered to be new starts.
 - (2) Aggregate lines (Items Less Than \$5 Million): End items not specifically justified in the P-40 are considered to be new starts.
 - (3) Information Technology: A new start is one not identified in the IT 300 exhibit, provided that the proposed program would require the preparation and submission of an IT 300 exhibit.
 - (4) Spares and Repair Parts: Items procured by these lines are normally not individually justified; therefore, procurement of additional items, based upon demand, would normally not be considered to be new starts.

- c. RDT&E Programs: A program which establishes a new program element, a new project, and a new task under a project not previously justified to the Congress on the R-2/R-2A is considered to be a new start.

This summary and all implemented reprogramming actions are posted to the Comptroller's Public Web Site and can be viewed at www.dod.mil/comptroller/execution/reprogramming.