



UNDER SECRETARY OF DEFENSE

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COMPTROLLER

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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SUBJECT: Applying Reductions to Fiscal Year 2013 Appropriations and Prior Year
Unobligated Balances

This memorandum provides guidance on how to apply reductions to congressionally directed spending items. This includes items in the Department of Defense Appropriations Act, 2013 (division C of Pub. Law 113-6), and also to statutory adds from prior years which might represent a portion of prior year unobligated balances at March 1, 2013, when the 2013 Sequestration Order was signed by the President.

The Department's appropriations acts have included provisions that give statutory effect to certain tabular entries in the explanatory statement accompanying the Act. Specifically, section 8006 provides that, as a matter of law, programs, projects, and activities for which the amounts appropriated exceed the amounts requested (as prescribed in the tables explaining project level adjustments) must be carried out at the prescribed level. The Components may reduce these "statutory adds" only under limited circumstances, as defined below.

Because section 8006 incorporates into law the funding levels specified in the explanatory statement for a particular program, project, or activity when that level exceeds the amount requested for that program, project, or activity in the President's Budget, the Components may not reduce these statutory adds for general administrative costs, the Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR), or the Defense Acquisition Workforce Development Fund (DAWDF). However, a portion of the add may be used by the Components for program oversight or administrative costs directly allocable to the execution of these statutory adds. In addition, no reductions for program oversight and administrative costs (unless directly allocable to the execution of the statutory adds),

SBIR/STTR, or DAWDF may be taken against statutory adds in applying the following general provisions:

- Indian Financing Act of 1974 (sec. 8019);
- Civil Air Patrol Corporation (sec. 8022);
- Operation and Maintenance, Defense-wide (O&M, DW) Mitigation of Environmental Impact (sec. 8034);
- Fisher House Foundation (sec. 8069);
- Israeli Cooperative Programs (sec. 8070);
- Operation and Maintenance, Defense-Wide Grants (sec. 8077); and
- Public Schools (sec. 8108).

Section 8006 does not preclude the Components from reducing statutory adds in complying with the across-the-board rescissions in sections 3001 and 3004 of division G of Public Law 113-6. Similarly, the law does not preclude the application of reductions in current appropriations and unobligated balances in complying with the requirement to sequester funds. Reductions resulting from both the rescissions in P.L. 113-6 and the March 1 sequester order are required to be spread proportionally to each account, and within each account, to each program, project and activity (PPA). Thus statutory adds will absorb their proportional share of these reductions.

Any questions concerning this matter should be directed to Kathy Sherrill at (703) 697-0023 or Kathy.Sherrill@osd.mil.



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cc:
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