



COMPTROLLER

**UNDER SECRETARY OF DEFENSE**

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WASHINGTON, DC 20301-1100

**JUN 13 2005**

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  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF  
DEFENSE  
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Fiscal Year (FY) 2005 Below Threshold Reprogramming (BTR) Authority  
Policy

In accordance with the Joint Explanatory Statement accompanying the FY 2005 Defense Appropriations Act, the BTR limits for the Procurement and Research, Development, Test, and Evaluation (RDT&E) titles for FY 2005 continue to be the same as approved by Congress for FY 2004. The thresholds are as follows:

- RDT&E: \$10 million
- Procurement: \$20 million

Any movement of funds between appropriations or between legal subdivisions requires 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 2005, decreases to a line item are limited to the limitation stated above or 20 percent of the value of the line item, whichever is less.

The attached Summary of Reprogramming Requirements lists these exceptions for FY 2005 (Attachment 1) and provides an overview of the reprogramming requirements for FY 2004 (Attachment 2) and FY 2003 (Attachment 3).

Section 8106 of the FY 2005 Defense Appropriations Act requires that the congressional oversight committees receive prior written notification of ALL program new starts. Addressees will review their procedures to ensure that this requirement is adhered to.

  
Tina W. Jonas

Attachments:  
As stated

**Summary of Reprogramming Requirements**  
**Effective for FY 2005 Appropriations**

**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).
2. Involves the use of general transfer authority (GTA) (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 of \$15 million or more in a budget activity.
    - b.2. Increase of \$15 million or more in a Defense Agency.***

Exception is the Defense Health Program Operation and Maintenance account; PA is required for all transfers in or out of the Private Sector Care activity group.

- c. Procurement appropriations:
  - (1) Increase: \$20 million or more in a procurement line item;
  - (2) Decrease: \$20 million or 20 percent of the appropriated amount, whichever is less.
- d. RDT&E appropriations:
  - (1) Increase: \$10 million or more in an existing program element;
  - (2) Decrease: \$10 million or 20 percent of the appropriated amount, whichever is less.
4. Establishes New Programs (i.e. New Starts)
  - a. New procurement program, procurement subprogram, or modification estimated to cost \$20 million or more within the first 3 years. Exceptions are safety programs and safety modifications costing less than \$20 million.
  - b. New RDT&E program, RDT&E project, or RDT&E subproject estimated to cost \$10 million or more within the first 3 years.
5. Establishes New Line Items (Fiscal Year 2005).
  - a. Establishes new procurement line item, subprogram, or modification of \$20 million or more.
  - b. Establishes new RDT&E program element, project, or subproject of \$10 million or more.

**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2005 Appropriations**

6. 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, and may involve congressional special interest items.
2. Transfers funds from the transfer accounts - Foreign Currency, Environmental Restoration, Drug Interdiction, Overseas Contingency Operations Transfer Fund, etc.
3. Documents transfers identifying specific line items when a letter notification is being used to satisfy congressional or specific transfer notification requirements.

**Notification Letters (in advance of initiating) Requirements**

1. Established new programs or line items not otherwise requiring prior approval action.
2. Establishes new procurement programs, including modifications, costing less than \$20 million within the first 3 years.
3. Establishes new development programs costing less than \$10 million within the first 3 years.
4. Initiate safety programs or safety modifications costing less than \$20 million for the entire effort; can be initiated *immediately following* congressional notification.
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 program element is not eliminated.
6. Identify specific line items to satisfy specific transfer notification requirements.
7. Requires 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.

**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2005 Appropriations**

**Below Threshold Reprogramming (BTR) Authority Ground Rules**

1. 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.
2. The BTR shall not exceed the established thresholds. Each threshold reflects aggregate levels of reprogramming activity within 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.*
3. The Components shall not use BTR authority to reduce congressional special interest items.
4. 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.
5. No BTR 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.

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**Summary of Reprogramming Requirements**  
**Effective for FY 2004 Appropriations**

**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). Exception: RDT&E, DW Missile Defense Agency may use below threshold authority if movement is < \$10 million.
2. Involves the use of general transfer authority (GTA) (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: Increase of \$15 million or more in a budget activity.

***Exception is the Defense Health Program Operation and Maintenance account; PA is required for all transfers in or out of the Private Sector Care activity group.***

- c. Procurement appropriations:
  - (1) Increase: \$20 million or more in a procurement line item;
  - (2) Decrease: \$20 million or 20 percent of the appropriated amount, ***whichever is less.***
- d. RDT&E appropriations:
  - (1) Increase: \$10 million or more in an existing program element;
  - (2) Decrease: \$10 million or 20 percent of the appropriated amount, ***whichever is less.***
4. New Starts.
  - a. New procurement program, procurement subprogram, or modification estimated to cost \$20 million or more within the first 3 years. Exceptions are safety programs and safety modifications costing less than \$20 million.
  - b. New RDT&E program, RDT&E project, or RDT&E subproject estimated to cost \$10 million or more within the first 3 years.
5. New Line Items (Fiscal Year 2004).
  - a. Establishes new procurement line item, subprogram, or modification of \$20 million or more.
  - b. Establishes new RDT&E program element, project, or subproject of \$10 million or more.
6. Terminations.
  - a. Eliminates a procurement program, subprogram, or modification of \$20 million or more.

**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2004 Appropriations**

- 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 (no change in purpose) (can involve GTA) (may involve congressional special interest items).
- 2. Transfer of funds from the transfer accounts - Foreign Currency, Environmental Restoration, Drug Interdiction, Overseas Contingency Operations Transfer Fund, etc.
- 3. Documents transfers identifying specific line items when a letter notification is being used to satisfy congressional or specific transfer notification requirements.

**Notification Letters (in advance of initiating)**

- 1. New programs or line items not otherwise requiring prior approval action.
- 2. New procurement programs, including modifications, costing less than \$20 million for the entire effort.
- 3. New development programs costing less than \$10 million for the entire effort.
- 4. Safety programs and safety modifications costing less than \$20 million for the entire effort can be initiated in advance of the congressional notification.
- 5. Program termination of 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 program element is not eliminated.
- 6. Specific line items to satisfy specific transfer notification requirements.
- 7. A 30-day notification to the Defense Committees is required. The Component may implement reprogramming action 30-days after notification unless an objection is received from a committee.

**Below Threshold Reprogramming (BTR) Authority Ground Rules**

- 1. A BTR 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

**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2004 Appropriations**

between appropriations or between legal subdivisions within an appropriation is a “transfer” and requires transfer authority.

2. The BTR shall not exceed the established thresholds. Each threshold reflects aggregate levels of reprogramming activity within Procurement line items, and within RDT&E program elements.
3. The BTR shall not decrease congressional special interest items.
4. The BTR shall not increase lines specifically reduced by congressional action. You may use below threshold reprogramming authority to restore non-specific reductions to these items, however, but only to the original level of the budget request or the level determined in the account tables, whichever is less.
5. No BTR 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.

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**Summary of Reprogramming Requirements**  
**Effective for FY 2003 Appropriations**

**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). Exception: RDT&E,DW Missile Defense Agency may use below threshold authority if movement is < \$10 million.
2. Involves the use of general transfer authority (GTA) (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: Increase of \$15 million or more in a budget activity.

Exception is the Defense Health Program Operation and Maintenance; PA is required for cumulative transfers in excess of \$25 million into the Private Sector Care activity group.

- c. Procurement appropriations:
  - (1) Increase: \$20 million or more in a procurement line item;
  - (2) Decrease: The greater of \$20 million or 20 percent of the appropriated amount.
- d. RDT&E appropriations:
  - (1) Increase: \$10 million or more in an existing program element;
  - (2) Decrease: The greater of \$10 million or 20 percent of the appropriated amount.

4. New Starts.

- a. New procurement program, procurement subprogram, or modification estimated to cost \$20 million or more within the first 3 years. Exceptions are safety programs and safety modifications costing less than \$20 million.
- b. New RDT&E program, RDT&E project, or RDT&E subproject estimated to cost \$10 million or more within the first 3 years.

5. New Line Items (Fiscal Year 2003 and subsequent years).

- a. Establishes new procurement line item, subprogram, or modification of \$20 million or more.
- b. Establishes new RDT&E program element, project, or subproject of \$10 million or more.

6. Terminations.

- a. Eliminates a procurement program, subprogram, or modification of \$20 million or more.

**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2003 Appropriations**

- 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**

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**Summary of Reprogramming Requirements (Continued)**  
**Effective for FY 2003 Appropriations**

2. The BTR shall not exceed the established thresholds. Each threshold reflects aggregate levels of reprogramming activity within Procurement line items, and within RDT&E program elements.
3. The BTR shall not decrease congressional special interest items.
4. The BTR shall not increase lines specifically reduced by congressional action. You may use below threshold reprogramming authority to restore non-specific reductions to these items, however, but only to the original level of the budget request or the level determined in the account tables, whichever is less.
5. No BTR decrease may exceed the above thresholds or 20 percent, ***whichever is greater***, of the appropriated level for each Procurement line item or RDT&E program element.

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