



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

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COMPTROLLER

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) 2006 Below Threshold Reprogramming (BTR) Authority Policy

In accordance with the Joint Explanatory Statement accompanying the FY 2006 Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, the BTR limits for the Procurement and Research, Development, Test, and Evaluation (RDT&E) titles for FY 2006 continue to be the same as approved by Congress for FY 2005. The dollar thresholds are as follows:

- 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 2006, decreases to a line item are limited to the dollar threshold stated above or 20 percent of the value of the line item, whichever is less, and the thresholds are cumulative. If the cumulative value of transfers in or out of a procurement or RDT&E line exceeds the established thresholds, the Department is required to submit a prior approval reprogramming request.

The attached Summary of Reprogramming Requirements lists these exceptions for FY 2006 and FY 2005 and provides an overview of the reprogramming requirements.



Tina W. Jonas

Attachment:
As stated

Summary of Reprogramming Requirements
Effective for FY 2006 and 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 appropriation, a PA reprogramming 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.

- 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 in a line, 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 in a line, whichever is less.
4. Establishes New Programs (i.e., New Starts) (See New Starts Requirements Section)
5. Terminates Appropriated Programs.
 - a. Eliminates a procurement program, or a subprogram, of \$20 million or more.
 - b. Eliminates an RDT&E program element, or a project or subproject of \$10 million or more.

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.

Summary of Reprogramming Requirements (Continued)
Effective for FY 2006 and FY 2005 Appropriations

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 for the **entire** effort.
3. Establishes 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.
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. 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.

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.

Summary of Reprogramming Requirements (Continued)
Effective for FY 2006 and FY 2005 Appropriations

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.

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 8106 of Public Law 108-287, the Department of Defense Appropriations Act, 2005, and Section 8093 of Public Law 109-148, the Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, the congressional oversight committees and the Office of the Secretary of Defense (Comptroller) must be notified, in writing, **prior** to the initiation of any new start program. The notification/approval procedures below 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 subprogram 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" programs, 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 2006 and FY 2005 Appropriations

- 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-1 sub-activity 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-40 exhibit are considered to be new starts.
 - (2) Aggregate lines (Items Less Than \$5 Million): End items not specifically justified in the P-40 exhibit 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 exhibit 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.