



UNDER SECRETARY OF DEFENSE

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COMPTROLLER

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
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UNDER SECRETARIES OF DEFENSE  
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DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, NET ASSESSMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Applying Reductions to Fiscal Year 2014 Appropriations and Prior Year  
Unobligated Balances

This memorandum provides guidance on how to apply reductions to congressionally directed spending items in the Department of Defense Appropriations Act, 2014 (Division C of Public Law 113-76), which includes 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), the Defense Acquisition Workforce Development Fund (DAWDF), or any other reduction, unless the explicit language of such reduction requires that it be applied to each program, project, and activity within the affected appropriation account or accounts, or unless otherwise noted herein. 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.

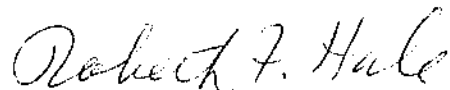
In addition, no reductions for program oversight and administrative costs (unless directly allocable to the execution of the statutory adds), SBIR/STTR, DAWDF, or any other reduction

(unless the explicit language of such reduction requires that it be applied to each program, project, and activity within the affected appropriation account or accounts, or unless otherwise noted herein) may be taken against amounts provided for or pursuant to 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);
- Review of Superintendents of Military Service Academies (sec. 8108); and
- Sexual Assault Special Victims Program (sec. 8124).

If limited to a proportionally spread pro-rata share, undistributed reductions may be taken for Federally Funded Research Development Centers (FFRDC), where execution of the project level adjustment congressional add involves FFRDCs (sec. 8023(f)). Proportionally spread pro-rata reductions may also be applied to congressional adds in Title I – Military Personnel, and Title II – Operation and Maintenance, for Favorable Exchange Rates Savings (sec. 8109).

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



Robert F. Hale