



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

OCT 15 2018

COMPTROLLER

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Applying Reductions to Fiscal Year 2019 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, 2019 (Division A of Public Law 115-245), which includes a general provision (GP) that gives statutory effect to certain tabular entries in the explanatory statement accompanying the Act, as well as GPs that earmark a portion of an appropriation for a specific purpose.

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. 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 such statutory adds for general administrative costs or any other general reduction, unless the explicit statutory language mandating such reduction requires or authorizes that it be applied to each program, project, and activity within the affected appropriation account or accounts. Any reduction that is made to a statutory add must be applied on a proportional, pro-rata basis. Use of a portion of a section 8006 "statutory add" for program oversight or administrative costs directly allocable to the execution of the statutory adds is permissible, as it would not entail a reduction of the add.

If limited to a proportionally spread pro-rata share, undistributed reductions may be taken to congressional adds for:

- Federally Funded Research Development Centers (FFRDC), where execution of the project level adjustment congressional add involves FFRDCs (sec. 8024(f))
- Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR) program set-asides (sec. 8050)
- Programs, projects or activities in Research, Development, Test and Evaluation, and Procurement accounts for cost overrun penalty reductions (sec. 8109)

Certain GPs earmark a portion of an appropriation for a specific purpose. No reductions may be taken against amounts provided for or pursuant to the following general provisions:

- Indian Financing Act of 1974 (sec. 8020);
- Civil Air Patrol Corporation (sec. 8023);

- Operation and Maintenance, Defense-wide (O&M, DW) Mitigation of Environmental Impacts (sec. 8037);
- Working Capital Fund, Army, Competitive Rates at Arsenal (sec. 8047);
- United Service Organizations and Red Cross Grants (sec. 8048);
- Sexual Assault Special Victims' Counsel Program (sec. 8055);
- Fisher House Foundation (sec. 8067);
- Israeli Cooperative Programs (sec. 8070);
- O&M, DW, Project in designated country (sec. 8121);
- O&M, DW, Public Schools on Military Installations (sec. 8128);
- Ukraine Assistance Initiative (sec. 9013)
- Intelligence, surveillance and reconnaissance capability transfers (sec. 9018)

Any questions concerning this matter should be directed to Cynthia Jones at (703) 697-0023 or cynthia.a.jones90.civ@mail.mil.



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