



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1100

28 JAN 2020

COMPTROLLER

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Applying Reductions to Fiscal Year 2020 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, 2020 (Division A of Public Law 116-93), which includes a general provision (GP) that gives statutory effect to certain tabular entries in the explanatory statement accompanying the Act, as well as several 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. Section 8006 incorporates into law the funding levels specified in tables titled Explanation of Project Level Adjustments in the explanatory statement for a particular program, project, or activity whenever the amount provided for a program, project, and activity (PPA) exceeds the amount requested in the President's Budget. The Components may not reduce such statutory adds for general administrative costs or for any other general reduction, unless the statutory language mandating such reduction expressly requires or authorizes that it be applied to each PPA within the affected appropriation account or accounts. Further, reduction to a statutory add that is made must be applied on a proportional, pro-rata basis. Components may use a portion of a section 8006 "statutory add" for program oversight or administrative costs if directly allocable to the execution of the statutory adds, as it would not entail a reduction of the add.

Two GPs in this year's Act expressly require proportional allocation of reductions against PPAs described in the GP. Thus, statutory add PPAs should be reduced under the following GPs:

- Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR) program set-asides (sec. 8052)
- Programs, projects or activities in Research, Development, Test and Evaluation, and Procurement accounts for cost overrun penalty reductions (sec. 8106)

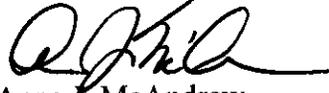
Section 8133 of this year's Act requires an \$81.6 million general undistributed reduction to appropriations to reflect favorable exchange rates. Other provisions of law also may require reductions. Certain GPs statutorily earmark a portion of an appropriation for a specific purpose.



No general, undistributed reduction may be taken against amounts provided for or pursuant to the following GPs:

- Indian Financing Act of 1974 (sec. 8021);
- Civil Air Patrol Corporation (sec. 8024);
- Operation and Maintenance, Defense-wide (O&M, DW) Mitigation of Environmental Impacts (sec. 8039);
- Working Capital Fund, Army, Competitive Rates at Arsenals (sec. 8049);
- United Service Organizations and Red Cross Grants (sec. 8050);
- Sexual Assault Special Victims' Counsel Program (sec. 8057);
- Fisher House Foundation (sec. 8068);
- Israeli Cooperative Programs (sec. 8072);
- O&M, DW, Project in designated country (sec. 8116);
- O&M, DW, Public Schools on Military Installations (sec. 8121);
- 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.



Anne J. McAndrew
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cc:
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