



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

COMPTROLLER

Jan 07 2021

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Applying Reductions to Fiscal Year 2021 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, 2021 (Division C of Public Law 116-260), 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 increased funding levels specified in the Explanation of Project Level Adjustments tables in the joint 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.

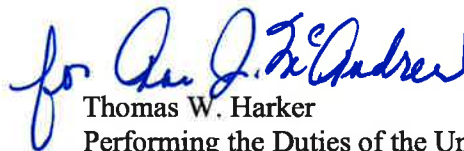
Two GPs in this year’s Act expressly require proportional allocation of reductions against PPAs described in the GP. Thus, statutory add PPAs should be reduced under the following two GPs:

- Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR) program set-asides (sec. 8052)
- PPAs in Research, Development, Test and Evaluation, and Procurement accounts for cost overrun penalty reductions (sec. 8107)

Two GPs provide for a general undistributed reduction to the total amount appropriated in this year’s Act: Section 8129, to reflect favorable exchange rates, and Section 8130 to reflect savings due to lower than anticipated fuel costs. Because these provisions do not mandate proportional allocation of the reduction, they should not be applied against statutory add PPAs, or against amounts provided for or pursuant to the following GPs:

- Civil Air Patrol Corporation (sec. 8025);
- Asia Pacific Regional Initiative Program (sec. 8035);
- Operation and Maintenance, Defense-wide (O&M, DW) Mitigation of Environmental Impacts (sec. 8039);
- Working Capital Fund, Army, Competitive Rates at Arsenal (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, Public Schools on Military Installations (sec. 8118);
- Defense industrial base and supply chain resiliency (sec. 8132);
- O&M, DW, mitigating military aviation noise (sec. 8136);
- Ukraine Assistance Initiative (sec. 9013);
- O&M, DW, International Security Cooperation Programs (sec. 9024);
- O&M, DW, key cooperating nation reimbursements for logistical support (sec 9025); and
- O&M, DW, section 1226 reimbursements (sec. 9026).

Any questions concerning this matter should be directed to Monica Davis at (703) 697-7566 or monica.a.davis.civ@mail.mil.



Thomas W. Harker

Performing the Duties of the Under Secretary of
Defense (Comptroller)/Chief Financial Officer

cc:
Director of National Intelligence

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