



COMPTROLLER

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MAY 13 2011

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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SUBJECT: Applying Reductions to Fiscal Year 2011 Appropriations

This memorandum provides guidance on how to apply reductions to congressionally directed spending items in the Department of Defense Appropriations Act, 2011 (Pub. Law 112-10, Div. A). Specifically, this provides guidance in applying reductions to statutory congressional adds provided for in the text of the act, as well as project level adjustments identified in tables in the act's explanatory statement published in the Congressional Record (157 Cong. Rec. H2747, April 14, 2011). Although this year tabular funding increases in the explanatory statement were not incorporated into law by operation of section 8006 of the Appropriations Act, the Department will fully adhere to established guidance for congressional special interest items, reprogrammings, reprogramming reporting requirements, and funding increases.

In applying the following general provisions, the Components may not reduce statutory congressional adds for program oversight and administrative costs (except when directly allocable to execution), for the Small Business Innovation Research/Small Business Technology Transfer Program, or for remittances into the Defense Acquisition Workforce Development Fund:

- Indian Financing Act of 1974 (sec. 8020)
- Civil Air Patrol Corporation (sec. 8023)
- Operation and Maintenance, Defense-Wide (O&M, DW) Mitigation of Environmental Impact (sec. 8035)



- Fisher House Foundation (sec. 8071)
- Israeli Cooperative Programs (sec. 8072)
- Operation and Maintenance, Defense-Wide Grants (sec. 8079)
- Public Schools on Military Installation (sec. 8109)
- Tanker Replacement Transfer Fund (sec. 8106)
- Leveraging Contractor Manpower Reporting Application (sec. 8108)
- Transportation Infrastructure Improvements Associated with Medical Facilities Related to Recommendations of the Defense Base Closure and Realignment Commission (sec. 8110)
- Energy Security Pilot Projects (sec. 8114)

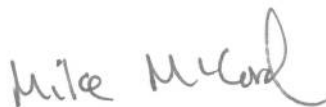
For Title II - Operation and Maintenance accounts, in applying the Explanatory Statement's undistributed reductions for Historic Under execution and for Energy and Utilities Project Cost Savings, the Components must ensure that any reductions they elect to take to project level adjustment congressional adds are limited to amounts that do not exceed a pro-rata share for that project level adjustment. Further, the Components shall not apply the Working Capital Fund excess cash balance undistributed reduction (sec. 8097) to congressional adds in Title II accounts in amounts in excess of a pro-rata share.

Similarly, *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. 8024).

Proportionally spread pro-rata reductions shall be applied to congressional adds in Title II – Operation and Maintenance, Title III - Procurement, and Title IV – Research, Development, Test and Evaluation accounts for Revised Economic Assumptions (sec. 8117).

The Civilian Pay Raise Freeze reduction should be proportionally applied to congressional adds based in all Titles, to the extent that civilian personnel labor costs will be funded in execution of the congressional add (sec. 8118).

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



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