

CHAPTER 6

REPROGRAMMING OF DOD APPROPRIATED FUNDS0601 PURPOSE

060101. This chapter establishes the policies of the Department for the reprogramming of appropriated funds. Guidance in this chapter reflects recognition by the Congress of the practice of reprogramming DoD funds covered in DoD Appropriations Acts as a necessary, desirable and timely device for achieving flexibility in the execution of DoD programs. (See Chapter 7 for reprogramming policy for military construction and family housing funds covered by the Military Construction Acts.)

060102. Procedures are provided for establishing the base for reprogramming actions; submitting, approving, and processing reprogramming actions; and submitting a semiannual report of programs reflecting all reprogramming actions.

060103. The policy herein replaces reprogramming guidance formerly printed in the June 1992, Budget Guidance Manual (DoD 7110-1-M), that reflected policy contained in the DoD Directive 7250.5, dated February 5, 1990, and DoD Instruction 7250.10, dated January 10, 1980, which were canceled effective July 17, 1990.

0602 REPROGRAMMING DOCUMENTS IN GENERAL

060201. Base for Reprogramming Actions (DD 1414). The DD 1414 establishes the base from which reprogramming actions may be taken based on the DoD Appropriations Act. A Revised Base for Reprogramming Actions (DD 1414-R) also is prepared as required to reflect subsequent supplemental appropriations acts. These documents should be footnoted to identify those items known to be of special interest to one or more of the congressional committees and those items specifically denied by the Congress.

060202. Reprogramming Actions (DD 1415). Reprogramming actions, upon approval of the Department, will be used to request the prior approval of (DD 1415-1) or provide prior notification (DD 1415-2) to the congressional committees. In addition, internal actions requiring audit-trail type actions (DD 1415-3) will be implemented by the Department.

060203. Report of programs (DD 1416). This report reflects the congressionally approved programs as enacted, reprogramming actions which have been approved, congressionally directed undistributed amounts and transfers, and reprogramming of funds that are implemented by a DoD Component using below threshold reprogramming flexibility. This report is prepared twice yearly, as of March 31 and September 30.

0603 DETAILED PROCEDURES FOR BASE FOR REPROGRAMMING ACTIONS

060301. General. The Base for Reprogramming Actions (DD 1414) establishes the base from which reprogramming actions may be taken. It identifies line items for each appropriation covered in the DoD Appropriations Acts, except those appropriations having no budget activity subdivisions in the budget document presentation. In addition, accounts which are available solely for transfer to another appropriation for a specified purpose are excluded. A Revised Base for Reprogramming Actions (DD 1414-R) is prepared as required to reflect supplemental appropriations acts.

060302. Due Date. Following completion of congressional action on the DoD Appropriations Act, or a DoD Supplemental Appropriations Act, a memorandum will be transmitted to the Components to establish the due date and address any specific guidance, as appropriate. The DoD Components shall submit two copies (not the original) of the "Base for Reprogramming Actions" to the OUSD(C)/P&FC for review prior to submission to the congressional committees.

060303. Transmittal. Upon notification from the OUSD(C)/P&FC that the advance copy of the Base for Reprogramming Action is acceptable, or after the DoD Components have made any necessary changes, the originals and one copy of the DD 1414 will be submitted to the OUSD(C)/P&FC for printing and transmittal to the congressional committees. In some instances, copies of the DD 1414s are provided to the congressional committees for clearance prior to final printing. Each DoD Component shall provide an index and number the pages within each appropriation account and in sequence. Final printed copies will be distributed to the DoD Components.

060304. Security Classification. Each DoD Component will be responsible for proper security review and classification of its DD 1414. Each page will be given an appropriate security classification based solely on the data shown on that page, except for the first page of an account section having classified pages. In this instance, the first page shall be marked with the highest classification of the following pages and be footnoted to state that upon removal of pages (classified page numbers) the document will become unclassified. All other pages not having classified data shall be marked "Unclassified." Classified data listed may not be higher than "SECRET" and should be bracketed using black lead pencil. The classifying activity and the appropriate downgrading instruction shall be shown on each page that is classified.

060305. Detailed Instructions for Preparation of the DD 1414. Detailed instructions for the Base for Reprogramming Actions for the initial appropriations act are provided beginning with page 6-19. Detailed instructions for documenting supplemental appropriations acts using the DD 1414-R are provided at page 6-22.

0604 REPROGRAMMING ACTIONS

060401. Reprogramming Actions Requiring Congressional Approval. Two types of reprogramming actions, when approved by the Department, will be used to request the prior approval of, or notification to, the congressional committees. During FY 1991, the concept of an "omnibus" reprogramming action (prior approval) was initiated to streamline the reprogramming process for the congressional committees and the Department. Specific approval of the USD(C) is required on all reprogramming actions prior to submission for approval to the House National Security and Senate Armed Services Committees, House and Senate Committees on Appropriations, and House and Senate Committees on Intelligence. The following defines those actions requiring prior congressional approval or congressional notification.

A. Reprogramming actions requiring prior approval of the congressional committees (DD 1415-1) are actions involving the application of funds, regardless of the amount, which:

1. Increase the procurement quantity of a major end item, such as an individual aircraft, missile, naval vessel, tracked combat vehicle, and other weapon or torpedo and related support equipment for which funds are authorized. (In such cases where specific congressional language is provided allowing for additional quantities to be procured within

appropriated funds, increases to quantities for major end items shall be submitted to the USD(C) for approval as an internal reprogramming action.)

2. Affect an item that is known to be or has been designated as a matter of special interest to one or more of the congressional committees. (In rare instances, when funds from special interest items are required to be reprogrammed within the same program line item or program element, to an existing program or project, notification to the congressional committees may be made by letter. Letters shall be submitted to the congressional committees by the DoD Component involved only after advance coordination with the applicable OUSD(C)/(P/B) Directorate.)

3. Involve the use of general transfer authority. The DoD Appropriations and Authorization Acts include a general provision to transfer funds, known as general transfer authority. Transfers may be made between appropriations, or appropriation subdivisions approved in the Acts, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred. Transfer may be made upon determination by the Secretary of Defense that such action is necessary in the national interest; provided that such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than the items for which funds were originally appropriated, and in no case where the item for which funds are requested has been denied by the Congress. The Congress must be notified promptly of all transfers made under this authority. The general provisions of the Appropriations Acts require approval of the transfers from the OMB. (Exceptions to the use of a prior approval reprogramming action may apply for reclassification of programs to the proper appropriation for execution of the intended program or congressional adds and do not change the purpose for which the funds were originally appropriated. These actions, however, still require the use of general transfer authority and compliance with the provision in law.)

Reprogramming actions requiring notification to congressional committees (DD 1415-2) are actions involving changes in the application of funds within an appropriation in amounts (thresholds) greater than those agreed upon between the committees and the Department, as follows:

1. Military Personnel: A cumulative increase of \$10 million or more in a budget activity.

2. Operation and Maintenance: A cumulative increase of \$20 million or more in a budget activity. (In the past, the congressional committees have imposed a reprogramming decrease threshold from specific subactivity group categories. When this is the case, these threshold amounts are separately identified on the Base for Reprogramming Actions, DD 1414.)

3. Procurement: For any program year, a cumulative increase of \$10 million or more in a procurement line item, the addition of a new procurement program of \$2 million or more; an addition of a new procurement program estimated to cost \$10 million or more within a three-year period; a cumulative decrease of more than \$10 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater or the termination of any program which results in the elimination of a procurement program, or elimination of a subprogram \$10 million or greater within a procurement program. (For new start programs less than \$2 million for the entire effort, a notification letter to the congressional committees is required in advance of initiating the

program. For terminations of programs falling within the amounts normally allowed by “below threshold” reprogramming, then notification prior to any reprogramming shall be made by letter. Letters for new start programs or program terminations shall be signed by the notifying Component, after coordination of the OUSD(C).)

4. RDT&E: For any program year, a cumulative increase of \$4 million or more in an existing program element; the initiation of a new program of \$2 million or more, the addition of a new program whose cost is estimated to be \$10 million or more within a three-year period; a cumulative decrease of more than \$4 million, or 20 percent of the appropriated amount (inclusive of supplemental appropriations and rescissions), whichever of the two is greater; or the termination of any program which is equal to the total amount of the program element, or elimination of a subprogram or project \$10 million or greater within such a program element. (For new start programs less than \$2 million for the entire effort, a notification letter to the congressional committees is required in advance of initiating the program. For terminations of programs falling within the amounts normally allowed by “below threshold” reprogramming, then notification prior to any reprogramming shall be made by letter. Letters for new start programs or program terminations shall be signed by the notifying Component, after coordination of the OUSD(C).)

060402. Internal Reprogramming Actions. Reprogramming actions internal to the Department are audit-trail type actions (DD 1415-3) processed within the Department and serve various needs. One type is a reclassification of funds, not otherwise constrained by law or other provisions, and the action does not involve any change from the purpose justified in budget presentations to the Congress and appropriated by the Congress. This reclassification may involve the realignment between different DoD appropriations and require the use of general transfer authority. Other internal actions include those involving reprogramming to or from transfer accounts, such as Foreign Currency Fluctuations, Environmental Restoration, and Drug Interdiction. A third type of reclassification reflects approval to increase quantities, when not otherwise requiring prior approval of the congressional committees.

A. Reclassification Actions. In certain instances, it is necessary to reclassify the application of funds, different from that shown in the budget justification material presented to the Congress and subsequently appropriated by the Congress. Such reclassifications do not involve any change in the substance of the program or amounts from the purposes originally contemplated and budgeted for, testified to, and described in the justifications submitted to the congressional committees, and subsequently appropriated by the Congress. These actions may also involve realignment of congressionally added programs that are more appropriately executed in a different program line or in a different account from which the funds were appropriated. In cases where the realignment is between DoD appropriations, then the use of general transfer authority would be involved, along with the legal requirements thereof.

B. Foreign Currency. Transfers are approved pursuant to authority provided by the Foreign Currency Fluctuations, Defense appropriation, as enacted in Public Laws 95-457 (92 Stat. 1236), 96-38 (93 Stat. 100), 97-377 (96 Stat. 1865), and 99-500 and 99-591 (100 Stat. 3341-116), to reflect fluctuations in currency exchange rates.

C. Environmental Restoration. Transfers are approved pursuant to the authority provided in the appropriation language for the Environmental Restoration, Defense appropriation, as enacted in DoD Appropriations Acts.

D. Drug Interdiction. Transfers are approved pursuant to the authority provided in the appropriation language for the Drug Interdiction and Counter-Drug Activities, Defense appropriation, as enacted in DoD Appropriations Acts.

E. Procurement Quantities. Approval for increases to procurement quantities for major end items, not otherwise requiring prior approval of the congressional committees, shall be provided through the use of an internal reprogramming action. A sample reprogramming action is provided at page 6-29.

060403. Detailed Instructions and Formats for Preparation of DD 1415. Detailed instructions for DD 1415s submitted for prior approval, notification, or as internal reprogramming actions are provided beginning with page 6-23. Incoming requests for the DD 1415-1, 2 and 3 reprogramming actions should be submitted in Microsoft Word format with a disk to be provided along with the original DD 1415. Templates are available by contacting the OUSD(C)/P&FC point of contact for reprogramming,

060404. Submittal by Components. Military Departments must submit their proposed DD 1415 action formally by memorandum addressed to the USD(C) from the Assistant Secretary (Financial Management and Comptroller) of the Military Department. Requests from a Defense Agency should be signed by its Comptroller (or equivalent official). The due date for the "omnibus" reprogramming action will be addressed by separate memorandum. For all reprogramming actions, the original, two copies, and the security review copy are to be handcarried to the OUSD(C)/ P&FC for processing.

A. The DoD Component memorandum shall include the following:

1. Exceptions outside the "omnibus" process, before or after the submission date to the congressional committees, will only be made for those actions involving critical requirements or unforeseen circumstances that due to contract award dates or other time sensitive reasons cannot wait for implementation of the "omnibus." In these cases, individual reprogramming actions will be entertained, and the transmittal memorandum must clearly define the urgency of the requirement.

2. A statement that the reprogramming document has been cleared by the Director for Security Review, Office of the Assistant Secretary of Defense (Public Affairs). The copy showing the original security stamp of approval should accompany the transmittal memorandum.

3. A statement to the effect that the reprogramming document has been coordinated with the appropriate intelligence activities within the respective DoD Component and that the action does or does not affect an intelligence related activity.

4. Identification of any "new starts" being requested, and whether they were approved by PBD or other action.

B. All reprogramming actions that propose to use O&M resources as a source of funding for other requirements will be transmitted to the Director for Operations, J-3, The Joint Staff for review prior to submission to the OSD. The DoD Component memorandum transmitting the reprogramming action to the OSD will include the evaluation of The Joint Staff and indicate either that the O&M reprogramming should have no impact on readiness or that the

benefit to readiness from the reprogramming increase should outweigh any negative readiness impact from the reprogramming decrease.

060405. OMB Approval. For the purposes of Prior Approval Reprogramming Actions (DD 1415-1), any reprogramming action requiring the use of general transfer authority will be forwarded by the USD(C) to the OMB for endorsement of the proposed transfer of funds. Such action will be taken prior to the OSD forwarding the action to the cognizant congressional committees. The USD(C) shall obtain formal OMB approval for the specific transfer of funds after congressional responses on the action are received and final results on implementation of the action are determined. For the purposes of Internal Actions (DD 1415-3), that do not require the approval of the congressional committees, but do use general transfer authority, the approval of OMB is received after signature of the reprogramming action by the USD(C).

060406. Signed DD 1415s. The USD(C) has authority to sign all reprogramming actions and upon signature the reprogrammings are returned to OUSD(C)/P&FC for dissemination. A DoD Serial Number, in sequence, will be assigned to the signed DD 1415. When the use of general transfer authority is involved, the DoD Serial Number is not assigned to the reprogramming action until after the endorsement or approval of the transfers is received from OMB.

060407. Distribution of the DD 1415. After receipt of the DD 1415 by the congressional committees a copy of the signed DD 1415 will be provided to the submitting DoD Component, with a note indicating the date the action was submitted to the committees.

060408. Congressional Committee Approval of DD 1415 Requests

A. Copies of the congressional committee approval letters will be forwarded to the applicable DoD Components and OUSD(C)/(P/B) appropriation directors. When the final committee approval has been received, an OSD implementation memorandum will be prepared.

B. No reprogramming request will be approved if the funds requested have been obligated or committed prior to congressional committee review and approval. The obligation of funds prior to consideration by the cognizant committees denies them a realistic option to deny the request. Such a procedure places the committee(s) in the position of having to approve the request or deny all funds for the continuation of the program in the latter part of the fiscal year. This practice is unfair and impinges upon the responsible committee's rights and responsibilities.

C. Approval for a Prior Approval Reprogramming Action (DD 1415-1) is obtained by letter from the congressional committees prior to implementation of the action. Each separate committee response is weighted the same and final implementation by OSD of the action reflects the lowest of the approvals received for proposed sources and increases. Often the action is implemented for less than originally requested due to the denial of sources.

D. Approval for a Notification Reprogramming (DD 1415-2) for the House Appropriations Committee, House National Security Committee, and House and Senate Intelligence Committees (when applicable) may be assumed after 15 days from receipt of the reprogramming action, unless a hold or objection is received from the committee. Senate Appropriations Committee (SAC) and Senate Armed Services Committee (SASC) approvals must be received in writing. An automatic hold is placed on each DD 1415-2 upon delivery to the SAC and SASC and may be removed only through correspondence obtained from the

committee. As is the case with the DD 1415-1, each separate committee response is weighted the same and final implementation of the results will be provided by OSD.

E. Reprogramming hearings and transcripts will be handled by each Component involved, unless there is an OSD principal witness.

F. If a reprogramming increase has been denied by the congressional committees, DoD policy prohibits use of a series of below threshold reprogramming actions as a means of financing the requested increase. However, in the case of the “omnibus,” an increase approved by the congressional committees, but not funded within DoD due to a lack of congressionally approved sources, may be funded using below threshold authority so long as the below threshold reprogramming otherwise does not exceed a threshold limitation.

G. Approvals for an Internal Action Reprogramming (DD 1415-3) are assumed upon signature by the USD(C), except for those actions using general transfer authority. For those actions, OMB approval of the transfers involved must be obtained prior to forwarding an implementation memorandum to the submitting Component.

060409. Implementation Memorandums for Reprogramming Actions

A. After all approvals have been obtained for a reprogramming action, a memorandum to be signed by the USD(C), Deputy Comptroller (P/B) or Director, Program and Financial Control will be provided to the applicable Components. The memorandum will include instructions as to what extent the reprogramming action maybe implemented.

B. If the reprogramming action includes an appropriation transfer, the memorandum will include instructions for processing the SF 1151 transfer document, and include a copy of the combined Secretary of Defense Determination and OMB Approval document approving the transfer.

C. When appropriate, the implementation memorandum to be signed will be coordinated through the appropriate OUSD(C)/(P/B) appropriation director, so that he or she will be aware that the DD 1415 has been approved by the Congress and funds maybe released.

060410. Alternate Letters or Revised Actions for New Sources

A. Reprogramming actions may be submitted prior to or after the “Omnibus” Reprogramming Action. When sources are denied by a congressional committee, new sources to fund the requested increase may be submitted in DD 1415 format or letter format. Except in the most unusual circumstances, alternate sources for items denied in the “Omnibus” Reprogramming Action will not be submitted to the congressional committees.

B. Revised actions or letters for the signature of the USD(C) should be prepared by the submitting DoD Component. Normal reprogramming procedures apply for processing the revised actions or letters to the congressional committees.

C. The committees have asked that the same data that is furnished with the original submission be provided when identifying a new source of funds.

060411. Appeal to Congressional Committees. The USD(C) may appeal the decision of a committee on a reprogramming action. All proposed appeals to committees

initiated by a DoD Component shall be forwarded by memorandum to the USD(C) for further processing within the Department. Any action on a reprogramming subsequent to its original submission to the committees is subject to the same procedures as the original reprogramming.

060412. Withdrawal of Reprogramming Actions

A. When approval of a reprogramming action that was submitted to the congressional committees, but not fully approved, is no longer required, then that action should be formally withdrawn from congressional committee consideration. The need for withdrawal may result when too much time has elapsed for the proposed increase to go under contract or when proposed sources are needed to fund a higher priority reprogramming than that originally submitted.

B. Withdrawal letters for the signature of the USD(C) should be prepared by the submitting DoD Component. Normal reprogramming procedures apply for processing the letters to the congressional committees.

C. Sufficient rationale on the reason for withdrawal should be provided to the congressional committees so they will not question why the action was originally submitted for their approval. If the action already has been approved by one or more committees, letters should be written to those committees expressing appreciation for their approval.

0605 REPORT OF PROGRAMS (DD 1416)

060501. General. The Report of programs (DD 1416) reflects the congressionally approved programs as enacted, reprogramming actions which have been approved by the Department and congressional committees, congressionally directed undistributed amounts and transfers, and reprogramming actions of lesser significance that are implemented by a DoD Component using below threshold reprogramming flexibility. The amounts on the DD 1416 for column "m" should be identical to the amounts on the Appropriation Status by Fiscal Year Program and Subaccounts, (DD 1002) for column "b" for comparable "as of dates" and stub entries. Amounts should only deviate when Secretary of Defense approved reprogramming actions have not received final congressional approval or when other reconcilable differences exist due to posting errors in the DD 1002.

060502. Due Date. The Report of Programs is submitted semi-annually as of March 31 and September 30 and will include all formal reprogramming actions approved by the Department through that date, together with below threshold reprogramming made by the DoD Components through that date. The due dates for these reports shall be approximately 30 working days after the "as of dates." Specific dates will be announced by USD(C) memorandum to the DoD Components. The DoD Components will submit two copies (not the original) of the "Report of Programs" to the OUSD(C)/P&FC for review prior to submission to the congressional committees.

060503. Transmittal. Upon notification from OUSD(C)/P&FC that the advance copy of the Report of Programs is acceptable, or after the DoD Components have made any necessary changes, the original and one copy of the DD 1416 will be submitted to the OUSD(C)/P&FC for printing and transmittal to the congressional committees. Each DoD Component shall provide an index and number the pages within each appropriation account and in sequence. Final printed copies will be distributed to the DoD Components.

060504. Security Classification. Each DoD Component is responsible for proper security review and classification of its DD 1416. Each page will be given an appropriate security classification based solely on the data shown on that page, except for the first page of an account section having classified pages. In this instance, the first page shall be marked with the highest classification of the following pages and be footnoted to state that upon removal of pages (classified pages numbers) the document will become unclassified. All other pages not having classified data shall be marked "Unclassified." Classified data listed may not be higher than "SECRET" and should be bracketed using black lead pencil. The classifying activity and the appropriate downgrading instruction shall be shown on each page that is classified.

060505. Procurement Line Items "Items Less Than \$2,000,000." Beginning in FY 1987, the content of the "Items Less" line item was increased from \$900,000 to \$2,000,000. Program or cost growth will be accommodated within the \$9.999 million below threshold authority for the total line item value. The amount of growth of an individual program will not be restricted as long as the aggregate line item total does not exceed \$9.999 million.

060506 Program Base Columns Reflecting Congressional Action. Beginning with the March 31, 1996, Report of Programs, changes due to supplemental appropriations and rescissions, will be shown in a separate column from the basic Appropriations Act. The combination of the "Program Base Reflecting Basic Congressional Action" and "Program Base Adjustments Reflecting Enacted Supplementals and Rescissions" columns shall be used for determining how much of the procurement and RDT&E appropriations can be decreased based on percentages when determining the amount that can be reprogrammed using below threshold authority.

060507. Detailed Instructions for Preparation. Detailed instructions for the DD 1416 are provided beginning with page 6-30.

0606 REPROGRAMMING OF INTELLIGENCE RESOURCES

060601. Intelligence Reprogramming Authorities and Flexibilities

A. Section 504 of the National Security Act of 1947 (50 U.S.C. 414): This section provides the authority to reprogram funds provided for an intelligence or intelligence related activity only if the funds being reprogrammed were specifically authorized for an intelligence or intelligence related activity. Therefore, funds appropriated but not authorized for an intelligence or intelligence related activity cannot be reprogrammed unless authorization is obtained statutorily. Only activities specifically identified in the Congressional Justification Books as modified by the schedule of authorizations contained in the classified annex or specific statutory authority referencing section 504, or incorporated as law by reference in the Intelligence Authorization Act for NFIP activities, or activities contained in the classified annex to the National Defense Authorization Act for JMIP and TIARA activities are considered to be authorized. Funds that are both authorized and appropriated for one intelligence, or intelligence related activity, may be reprogrammed to an intelligence or intelligence related activity that is considered to be a higher priority unforeseen requirement. Funds may not be reprogrammed for an intelligence or intelligence related activity that was specifically denied by Congress.

B. Section 104(c) of the National Security Act of 1947 (50 U.S.C. 403-4): This section prohibits reprogramming National Foreign Intelligence Program (NFIP) resources without the approval of the Director of Central Intelligence (DCI) except in accordance with procedures issued by the Director. Therefore, reprogramming affecting NFIP resources must

contain the statement that “this reprogramming action affects elements of the National Foreign Intelligence Program and has the concurrence of the Director of Central Intelligence.” DCI approval is only required for reprogramming NFIP resources, not Joint Military Intelligence Program (JMIP) or Tactical Intelligence and Related Activities (TIARA) resources. A reprogramming action affecting JMIP or TIARA resources must contain the statement “this reprogramming affects intelligence programs.”

C. Section 104(d) of the National Security Act of 1947 (50 U.S.C. 403-4): This section provides the DCI with essentially the same authority as Section 5 of the Agency Act of 1949, described below; however, the section 104(d) authority is broader in that it provides the DCI with the authority to transfer funds appropriated for an NFIP program to another NFIP program with the approval of the Office of Management and Budget (OMB). Similar to the Section 5 authority, use of this authority does not require the submission of a reprogramming action (DD 1415), but does require notification to the House and Senate Appropriations Committees, House National Security and Senate Armed Services Committees and House and Senate Intelligence Committees.

D. Section 5 of the Agency Act of 1949 (50 U.S.C. 403f): This section gives the CIA authority to transfer to and receive from other government agencies such sums as may be approved by OMB for activities authorized under section 102(a)(B) and (C), 103(c)(5) and (d), 104(a) and (g), and 303 of the National Security Act of 1947. This authority applies only when the CIA is either the transferring or receiving agency, not to the other transactions involving the NFIP. Use of this authority does not require the submission of a reprogramming (DD 1415) or the use of transfer authority, but does require notification to the cognizant six committees of the Congress.

060602. Procedures. Depending on the reprogramming of funds involved, prior approval may be obtained using a reprogramming action (DD 1415) or maybe obtained through letters sent to the cognizant committees of the Congress.

A. The transmittal memorandum of an incoming reprogrammingg action from a DoD Component to the USD(C) shall state that the reprogramming document has been coordinated with the appropriate intelligence activities within the respective Military Departments or Defense Agencies and does (or does not) affect an intelligence related activity.

B. When intelligence resources are included in a reprogramming action, a statement regarding involvement of intelligence resources shall be included in the introductory paragraph of the DD 1415 reprogramming action. If the proposed reprogramming document has been National Foreign Intelligence Program (NFIP), the action must be coordinated with the Director of Central Intelligence and a statement to that effect must also appear in the first paragraph of the DD 1415.

C. The Office of Deputy Assistant Secretary of Defense (Intelligence and Security) shall develop, maintain, and distribute a composite listing of all JMIP and TIARA intelligence-related items. This list will be used by the OUSD(C)/(P/B) and all DoD Components to annotate the DD 1414, Base for Reprogramming Actions. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) has program responsibility for determining the applicability of these provisions to above or below threshold reprogramming actions that may affect intelligence or intelligence-related activities. Accordingly, the C4 Intelligence Support Activity (CISA) staff should be informed of all adjustments to intelligence programs prior to initiating an action.

D. National Reconnaissance program. The National Reconnaissance Program (NRP) budget is a single program element, comprised of a number of major functional activities, each of which is treated as a virtual program element (hereafter known as “NRP programs”), For purposes of the NRP only, there are two separate definitions and procedures that apply, i.e., reprogramming and reallocation:

1. A reprogramming is defined as a transfer of appropriated funds either in or out of the NRP program element. The reprogramming of NRP funds is subject to the same rules and procedures that apply to the reprogramming of other DoD funds.

2. A reallocation is the transfer of appropriated funds between NRP programs within the NRP program element. The reallocation of NRP resources is subject to the following rules:

(a) All reallocations of NRP resources require the approval of the Executive Director for Intelligence Community Affairs, and review by the offices of the Under Secretary of Defense (Comptroller), the Under Secretary of Defense (Acquisition and Technology), and the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), prior to submission of justification documentation to the House Permanent Select Committee for Intelligence, the Senate Select Committee for Intelligence and the House and Senate Appropriations Committees.

(b) Prior approval of the House and Senate Committees on Intelligence and Appropriations is required for the reallocations of appropriated NRP funds that: (1) increase the procurement quantity of an individual satellite system for which funds are authorized and appropriated, (2) affect an item that is known to be or is designated as a matter of special interest to one or more of the Congressional committees, (3) initiate a new program or (4) involves an increase of \$4 million or more or a decrease of \$4 million or more in a NRP program.

(c) A separate justification document will be prepared for each proposed prior approval reallocation request and provided to the Executive Director for Intelligence Community Affairs and the Under Secretary of Defense (Comptroller). The justification documents will be submitted to the House Permanent Select Committee for Intelligence, the Senate Select Committee for Intelligence and the House and Senate Appropriations Committees. Each justification document will contain the following information: (1) why the action is being submitted for prior approval, (2) a concise statement of the purpose of the action, (3) identification of the amount and source of funds to be reallocated, (4) identification of how the funds will be used, and (5) an explanation of why the action proposed is consistent with the fiscal year budget approved by Congress and signed by the President.

060603. Oversight. Per agreements between the various congressional committees, the House Permanent Select Committee on Intelligence (HPSCI) has jurisdiction over the NFIP, Joint Military Intelligence Program (JMIP), and the TIARA programs, while the Senate Select Committee on Intelligence (SSCI) has jurisdiction over the NFIP only. Therefore, NFIP reprogrammings, other than below threshold actions, must receive prior approval, or at least notify, the HPSCI, SSCI, HAC, and SAC, while reprogramming affecting the JMIP and the TIARA program must receive prior approval, or at least notify, the HPSCI, SASC, HAC, and

SAC. However, as a matter of practice, the Department submits reprogramming actions to all six committees for the NFIP, JMIP, and TIARA programs for action and/or information.

060604. Below Threshold Reprogramming. Below threshold reprogramming limitations applicable to DoD appropriations (section 0608) also apply to the NFIP except when the below threshold action within an account crosses Agencies. In this instance, the below threshold transfer of funds between Agencies, but within the same account, requires the prior approval of all six committees. (Slight differences may apply for other than DoD funds.)

060605. Congressional Approval. Implementation of the requested actions; whether by reprogramming action, letter notification, or justification documentation will not take effect until the action has been approved or cleared by all applicable committees.

0607 REPROGRAMMING OF SPECIAL ACCESS PROGRAMS

060701. Provision in Law. Section 8008 of the FY 1996 DoD Appropriations Act states: "Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 calendar days in session in advance to the congressional defense committees."

060702. General. For other than reprogramming of new starts, normal reprogramming procedures as described in this chapter apply to special access programs.

0608 BELOW THRESHOLD REPROGRAMMINGS

060801. Purpose. To Provide DOD Components with the discretion flexibility to realign, within prescribed limits, congressionally approved finding to satisfy unforeseen, higher priority requirements. As with formal reprogrammings (DD 1415s), below threshold actions should net to zero.

060802. Guidelines

A. Below threshold reprogramming are minor actions not otherwise requiring congressional approval that may be accomplished within the DoD Components and are measured cumulatively over the entire obligational availability of the appropriation. Reprogramming thresholds apply to increases and decreases made to line items in the Procurement and RDT&E accounts. Below threshold amounts for the Military Personnel and Operation and Maintenance accounts are measured only by increases. Any action, when combined with other below threshold reprogramming for the same budget activity, line item or program element, must not exceed the established threshold in total, except when thresholds are exceeded due to the provisions of the Closing Accounts Legislation (P.L. 101-510).

B. Threshold amounts agreed upon among the committees and the Department that may be reprogrammed by the DoD Components without the approval of the Secretary of Defense or congressional committees areas follows:

1. Military Personnel: Cumulative increases of less than \$10 million in a budget activity for other than congressional special interest items.

2. Operation and Maintenance: Cumulative increases of less than \$20 million in a budget activity for other than congressional special interest items.

3. Procurement: Cumulative increases of less than \$10 million to a procurement program; or for decreases, the greater of either cumulative decreases of \$10 million or less or the decrease of 20 percent of the appropriated level of the procurement line item (inclusive of supplemental appropriations and rescissions) for other than congressional special interest items.

4. RDT&E: Cumulative increases of less than \$4 million to an existing program element; or for decreases, the greater of either cumulative decreases of \$4 million or less or the decrease of 20 percent of the appropriated level of the program element (inclusive of supplemental appropriations and rescissions) for other than congressional special interest items.

C. Normal reprogramming thresholds will not apply based on Closing Accounts Legislation (P.L. 101-510) when currently available appropriations are used to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled. Within an appropriation, reprogramming thresholds may be exceeded in currently available appropriations for increases or sources used to finance the "Canceled Account Adjustments" line item. If reprogramming thresholds are exceeded for increases or sources to finance these obligations or adjustments to obligations, then column "k," "Below Threshold Actions not Requiring Approval by the SecDef or Committees" of the DD 1416 should be footnoted to indicate that the threshold amount has been exceeded due to canceled account adjustments.

D. If a reprogramming increase has been denied by the congressional committees, DoD policy prohibits the use of a series of below threshold reprogramming actions finance the requested increase. However, below threshold reprogramming that preceded the congressional denial will be recognized as valid.

E. Below threshold reprogramming authority may be used to finance increases on reprogramming actions that were approved by the congressional committees, but were not able to be accommodated within the implementation process, so long as the below threshold reprogramming otherwise do not exceed a threshold limitation, affect an item of special congressional interest, or have not been specifically denied by a congressional committee as a reprogramming source. This policy has evolved out of recognition of there being congressionally-approved increases within the "omnibus" reprogramming action that were unable to be funded in the USD(C) implementation memorandum, due to a lack of congressionally-approved sources.

0609 REPROGRAMMING NEW STARTS

060901. General. Congressional committees discourage the use of the reprogramming process to initiate programs. Except for extraordinary situations, consideration will not be given new start reprogramming requests for which the follow-on funding is not budgeted or programmed.

060902. Identification of New Starts. New starts should be identified in the DoD Component memorandum and the reprogramming action submitted to the USD(C). If the new start is included in the budget, the memorandum shall identify that fact along with the PBD number in which the action was addressed. If not included in the budget, identify that fact and explain why the action now is necessary.

060903. New Start Criteria

A. A program not previously justified and appropriated by the Congress through the normal budget process is considered to be a new start. Funding for new programs may not be done without some type of prior notification, either by letter for those new starts under \$2 million for the entire cost of the new effort, or by notification reprogramming (DD 1415-2) for new starts \$2 million or more for the entire effort, or more than \$10 million over a three-year period.

B. The congressional committees expect to be notified whenever a DoD Component intends to initiate any new modification, except for those safety modifications which are expected to cost less than \$10 million over three years.

C. A program effort in one year in the Procurement and RDT&E accounts may be extended into a subsequent fiscal year without constituting a new start. This is considered an extension of the effort initiated in the prior year program. When this occurs, the program should be footnoted as such on the semi-annual Report of Programs.

D. Due to the characteristics of Military Personnel and Operation and Maintenance programs, new starts seldom occur. New starts would be significant new programs, contracts, or activities that have not been explicitly justified to the Congress in budget justification material. An example maybe the establishment of a Pacific Distribution System.

060904. Notification Reprogrammings (DD 1415-2). Notification Reprogrammings are required for actions, not otherwise requiring prior approval, for new programs or line items which:

A. Will result in estimated follow-on costs of \$10 million or more within a three-year period for any RDT&E subproject or project, and procurement program.

B. Are additions of \$2 million or more in any RDT&E subproject or project, or procurement program.

060905. Letter Notification. Advance notification by letter for new programs or line items not otherwise requiring prior approval (DD 1415-1) or notification action (DD 1415-2) will be made by the DoD Component involved to the House National Security and Senate Armed Services Committees and the House and Senate Committees on Appropriations.

A. Notification will be made by letter directly to the cognizant committees only after advance coordination with the applicable OUSD(C)/(P/B) Directorate. The letter must be signed by the same level authorized to transmit reprogramming actions to OSD. The signatory authority may be delegated to the senior financial manager or budget officer of the Component.

B. The notification letter should include a brief description of the total program being initiated, total program costs, proposed funding and procurement quantities by year, enough background information to demonstrate that the item is ready for research or procurement and an explanation of how subsequent years' funding will be provided, if the budget line is not included in the budget.

C. The notification letter should also provide a description of source of funds and why source funds are no longer needed and the impact.

D. Copies of the letters to the congressional committees must be furnished to the ODC(P/B) at the time of transmittal to the committees.

E. Approvals by the House and Senate Appropriations Committees and House National Security and Senate Armed Services Committees require a 30-day automatic hold.

F. The DoD Component may implement the subject reprogramming 30 calendar days after receipt by the cognizant committees unless notification to the contrary is received from a committee.

0610 PROGRAM TERMINATION

061001. Policy. The House and Senate Committees on Appropriations and the House National Security and Senate Armed Services Committees shall be notified of any program termination which results in the elimination of a procurement program or RDT&E program element, or a subprogram or project \$10 million or greater within such a program line item, prior to any reprogramming from that program.

061002 Guidelines. If elimination of a procurement or RDT&E program element, or subprogram or project \$10 million or greater within such a program line item, is reflected on a DD 1415 submitted to the congressional committees, then the DD 1415 serves the purpose of notification. If the amount of the termination falls within those amounts normally allowed through below threshold reprogrammings, then notification prior to any reprogramming may be made by letter. Procedures used for notification letters for below threshold new starts will apply. After coordination with ODC(P/B), the DoD Components shall transmit the notification letters directly to the congressional committees and transmit copies of the letters to ODC (P/B).

0611 REPLACEMENT OF ITEMS SOLD FROM INVENTORY

061101. Policy. The current budget policy requires that reimbursements cannot be used to replace end items sold from inventory if the replacement end item is not the identical type, model, and series designation unless a reprogramming action is approved by the congressional committees.

061102. Guidelines

A. The requirement for a reprogramming action for small dollar value end items where replacements vary only to a minor extent from the item sold has resulted in unnecessary paperwork and serves no substantive purpose. Replacement of items sold from inventory with a unit cost of less than \$5,000 will be treated as a replacement-in-kind (RIK) if an improved model of the same end item is being procured, performs the same warfighting capability, and the inventory objective presented to the Congress is not exceeded. Items satisfying all of these criteria will be financed with the reimbursable proceeds of the sale of the end items issued from inventory without processing a DD 1415 reprogramming action. The amount applied toward the RIK may not be increased beyond the proceeds of that sale.

B. The requirement for a reprogramming action exists when an item of materiel is sold which will require replacement to compensate DoD inventories for the resultant loss of capability or readiness and the replacement item will not be identical to the item sold. It must, however, be a later series of “mod” designation of the same basic model (e.g., sale of a C-130A aircraft and purchase of a C-130E) or an acceptable substitute item used against the same inventory objective or authorized acquisition objective in requirements computations (e.g., sale of an M-48 tank and purchase of an M-60 tank). In this situation, the reimbursement from the sale will be included under reimbursable financing but the buyback of the replacement items must be shown as direct program financing.

C. Exceptions to the above guidance occur when authorizing language is specified in law, as in the instance of the FY 1993 DoD Appropriations Act. As part of the language on Procurement of Weapons and Tracked Combat Vehicles, Army, the Army was authorized to use proceeds from the sale of M-48 and M-60 series tanks for the M-1 Series Tank Upgrade Program.

0612 REPROGRAMMING POLICY FOR CLOSING ACCOUNTS LEGISLATION
(P.L. 101-510)

061201. Definitions of Contract Changes for Reprogramming Purposes. For purposes of this reprogramming policy guidance, adjustments to amounts initially obligated in accounts, that now are expired, are categorized either as within-scope or change-in-scope contract changes. Within-scope changes generally are funded from the appropriation that originally financed the contract until cancellation. Change-in-scope contract changes are financed from appropriations currently available for obligation at the time the change is made. Specific guidelines for determining scope of work changes are defined in Chapter 8 of this Volume.

061202. Use of Currently Available Appropriations to Fund Contract Changes

A. Normal applicable reprogramming (DD 1415) procedures and thresholds will apply when currently available appropriations are used to fund contract changes.

B. Contract changes funded from currently available appropriations will be funded from, and reflected against, the current corresponding line item, program element or program applicable, or comparable, to the program for which the contract change is being made.

C. If an applicable corresponding program no longer exists in the currently available appropriation for the program for which the contract change is being made, a new line item for the program in question will be created to reflect the contract change adjustment. Reprogramming threshold procedures for this newly created line will be the same as for the creation of any other new line item.

D. Any line item or program can be the funding source for contract changes funded from currently available funds. However, the funding source line item or program will be subject to normal reprogramming thresholds.

061203. Use of Currently Available Appropriations to Fund Obligations or Adjustments to Obligations that Otherwise Would Have Been Funded from a Canceled Account Except it is Canceled.

A. Obligations or adjustments to obligations, which otherwise would be chargeable to an appropriation before it was canceled, shall be charged to an appropriation currently available for the same purpose. Specific limitations are as follows:

1. The sum of all such amounts funded from currently available appropriations shall not exceed the lower of (a) one percent of the originally appropriated amount of the current appropriation being charged or (b) the current unexpended balance of the canceled account.

2. For the purpose described in subparagraph 061203.A. 1. above, the unexpended balance is the net of (a) the sum of the unobligated balance plus the unliquidated obligated balance of the account at the time it was canceled and; (b) less any and all obligations incurred and payments made subsequent to the cancellation of the original account when such obligations and payments would otherwise have been properly charged to the appropriation had the appropriation not been canceled.

B. Normal reprogramming procedures (DD 1415) and thresholds will not apply when currently available appropriations are used to fund obligations or adjustments to obligations which would otherwise have been funded from a canceled account before it was canceled.

C. Charges to currently available appropriations for obligations or adjustments to obligations that would otherwise have been charged to canceled accounts shall be reflected in a line item on the Report of Programs (DD 1416) entitled "Canceled Account Adjustments."

1. Within an appropriation, reprogramming thresholds may be exceeded in currently available appropriations for increases or sources used to finance the "Canceled Account Adjustments" line item.

2. If reprogramming thresholds are exceeded for increases or sources to finance these obligations or adjustments to obligations, column "k," "Changes not Requiring Approval by Secretary of Defense" of the DD 1416 should be footnoted to indicate that the threshold amount has been exceeded due to canceled account adjustments.

3. The new line, "Canceled Account Adjustments," will be a separate line item or program element and added as an entry within a single budget activity. A memo line on the DD 1416 shall be shown under BA 5, PCS Travel for active military personnel appropriations, and under BA 4, Administration and Servicewide Activities for active O&M appropriations. For all other accounts which do not display line item detail, a memo line shall be shown under any single budget activity.

061204. Use of Expired Appropriations to Fund Contract Changes

A. An expired appropriation remains available for recording, adjusting and liquidating obligations properly chargeable to that appropriation until the appropriation is closed under 31 U.S.C. 1552. Accordingly, an expired appropriation may be used to fund within-scope contract changes properly chargeable to that appropriation in accordance with Chapter 8 of this Volume.

B. Expired Operation and Maintenance, Navy appropriations may be used to fund certain payments required because of changes in scope of work in connection with ship overhaul, maintenance, and repair work under 10 U.S.C. 7313.

C. For purposes of the Shipbuilding and Conversion, Navy appropriation, appropriation language normally provides for additional obligations to be incurred after the five years of obligational availability, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction.

D. There has been no requirement to submit reprogramming actions for expired accounts, and this policy shall continue.

0613 NATIONAL GUARD AND RESERVE EQUIPMENT ACCOUNT NOTIFICATION PROCEDURES

061301. General. In the National Guard and Reserve Equipment appropriation (NGREA), the Congress typically appropriates funds in lump-sum amounts to be used for aircraft and miscellaneous equipment, and requests submission of a detailed assessment of modernization priorities by each of the Reserve Component (RC) Chiefs. The Assistant Secretary of Defense (Reserve Affairs) (ASD(RA)) forwards the RC acquisition plans to the congressional committees, along with a consolidated equipment requirements list for all Reserve Components, called the Summary NGREA Acquisition Report.

061302. Procedures for Revisions to the Summary NGREA Acquisition Report

A. Procurement of any item not included in the Summary NGREA Acquisition Report for allocation of the funds appropriated in lump-sum amounts for aircraft and miscellaneous equipment cannot be initiated by a Component until the proper notification to the congressional committees is made.

B. Letters requesting a change to the initial report should be submitted by the cognizant Military Department Assistant Secretary (Financial Management and Comptroller) for the respective Reserve Component requiring a change from the initial allocation directly to the ASD(RA). The ASD(RA) shall obtain coordination from ODC(P/B) and transmit letters to the congressional committees.

C. Consistent with other procedures in place for letter notifications pertaining to new starts (section 060905 of this chapter), the following procedures for assuming approval by the committees shall apply.

1. Approvals by the House and Senate Appropriations Committees and the House National Security and Senate Armed Services Committees constitute a 30-day automatic hold.

2. The DoD Component may implement reprogramming 30 calendar days after receipt by these committees unless notification to the contrary is received from a committee.

061303. Program Line Items Specifically Identified in Congressional Committee Reports. Normal DoD reprogramming procedures apply for any reprogramming of funds affecting line items that specifically are identified by the Congress in committee report language.