



COMPTROLLER

UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

FEB 13 2010

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL  
MANAGEMENT AND COMPTROLLER)  
COMPTROLLER, THE JOINT STAFF  
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)  
COMPTROLLER, U. S. SPECIAL OPERATIONS COMMAND  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF  
DEFENSE  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Guidance Defining Permissible FY 2010 Reductions to Statutory Adds

This memorandum provides guidance on implementing Public Law 111-118 (Department of Defense Appropriations Act, 2010), which includes provisions that give statutory effect to certain tabular entries in the explanatory statement accompanying the Act. Specifically, 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, as defined below.

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 these statutory adds for general administrative costs, the Small Business Innovation Research (SBIR)/Small Business Technology Transfer Program (STTR), or the Defense Acquisition Workforce Development Fund (DAWDF). However, a portion of the add may be used by the Components for program oversight or administrative costs directly allocable to the execution of these statutory adds.

In addition, no reductions for program oversight and administrative costs (unless directly allocable to the execution of the statutory adds), SBIR/STTR, or DAWDF may be taken against statutory adds in applying the following general provisions:

- Indian Financing Act of 1974 (sec. 8021);
- Civil Air Patrol Corporation (sec. 8025);
- Operation and Maintenance, Defense-wide (O&M, DW) Mitigation of Environmental Impact (sec. 8037);
- Fisher House Foundation (sec. 8074);
- Israeli Cooperative Programs (sec. 8075);
- Public Schools (sec. 8081);
- Center for Military Retirement, Assessment and Veterans Employment (sec. 8082);
- Operation and Maintenance, Defense-Wide Grants (sec. 8085);
- Joint Interagency Training and Education Center and the affiliated Center for National Response at the Memorial Tunnel (sec. 8092); and

Further, Components may not reduce the statutory adds in complying with the following undistributed reductions in the Military Personnel and Operation and Maintenance title:

- Unexpended/Unobligated Balances;
- Undistributed Transfer to Title IX;
- Lower than Budgeted Pay Grade Mix;
- Eliminate Growth in CAAS Shown in Object Class;
- Undistributed Reduction due to Historical Underexecution;
- Civilian Personnel Hiring Plan;
- Undistributed Excessive Growth of Civilian Personnel;
- Unjustified Program Growth Transferred from SAG 434; and

Section 8006 does not preclude the Components from reducing statutory adds in complying with the following general provisions:

- Federally Funded Research Development Centers (FFRDC's) (sec. 8026) -- Reductions may be taken only to those FFRDC's reflected in the President's Budget submission;
- Revised Economic Assumptions -- Reductions may be taken only from the programs funded in Title II – Operation and Maintenance, Title III - Procurement, and Title IV – Research, Development, Test and Evaluation; such reductions must be spread proportionally to each budget activity, activity group, subactivity group, and each program, project and activity, within each appropriation account (sec. 8097); and
- Title II – Operation and Maintenance -- Reduction for excess cash balances of the Defense Working Capital Funds for the Army and the Air Force may be taken (sec. 8107).

Each Military Department, Defense Agency, and Defense-Wide activity must review its accounting records immediately and adjust them accordingly based on the guidance provided in this memorandum. Timely adjustments will avoid potential year-end violations of the Anti-deficiency Act and enable the Department to certify that no improper reductions were taken against statutory adds when the Department updates the Office of Management and Budget's detailed earmark database for FY 2010.

Any questions concerning this matter should be directed to Ms. Pam Bell at (703) 697-0733 or [Pamela.Bell@osd.mil](mailto:Pamela.Bell@osd.mil).

A handwritten signature in black ink that reads "Robert F. Hale". The signature is written in a cursive style with a large, prominent "R" and "H".

Robert F. Hale