

GAO

Briefing Report to the Honorable
David Pryor
United States Senate

July 1986

**BUDGET
REPROGRAMMING**

**Department of Defense
Process for
Reprogramming Funds**



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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

6-223474

July 16, 1986

The Honorable David Pryor
United States Senate

Dear Senator Pryor:

In response to your request, we have reviewed the reprogramming¹ process for the Department of Defense (DOD) budget. We have provided a description of this process concentrating on the activities of DOD and the Congress. To a limited extent, we reviewed the reprogramming process at several civilian agencies to compare their procedures for reprogramming with DOD's procedures. For DOD, we examined reprogramming activities involving funds appropriated in the annual Defense Appropriations Acts. Within the Congress, we focused on the involvement of the House and Senate Committees on Appropriations and on Armed Services in reviewing DOD reprogramming actions. You also asked us several specific questions about the congressional review process, such as how many members serve on the responsible committees and whether there is a mechanism for noncommittee members to review reprogramming actions.

Our review showed that:

- Reprogramming is a cumbersome process within both DOD and the Congress because of the many levels of review and the wide variety of congressional committee review procedures. Some DOD officials and congressional staff said that the degree of difficulty serves to ensure that those reprogramming requests that are submitted are the highest priority items for DOD. (See apps. I and III.)
- Reprogramming is a cooperative effort between DOD and the congressional committees. (See apps. I and III.)
- Participants in the reprogramming process within both the congressional committees and DOD believe that reprogramming is necessary given the long lead times involved in preparing the annual budget and the size and complexity of the Defense budget. Moreover, congressional staff members view the reprogramming review process as an important oversight tool. (See apps. I and III.)

¹ Reprogramming is the use of funds for purposes other than those originally contemplated at the time of appropriation.

- According to key congressional committee staff members, there is no mechanism to obtain the views of or to disseminate information to Members of Congress who are not on the committees reviewing the reprogramming actions. The staff members expressed a variety of views about whether such a process is needed. (See app. III.)
- Civilian agencies also reprogram funds. However, their procedures, requirements, and processes are different from those of DOD. (See app. IV.)

We also found that DOD and the services have directives, instructions, and regulations governing the reprogramming process. These include definitions of reprogramming, allowable congressional limits, and detailed descriptions of the paperwork involved. Each service has definitive paperflow guidelines for requests, as does the Office of the Secretary of Defense, which reviews the requests before they are submitted for congressional review. (See app. I.) In turn, the congressional committees have their own procedures and paperflow processes, although they are not written in the form of rules or regulations. (See app. III.)

On February 28, 1986, we briefed your staff on the volume of reprogrammings in the defense budgets during fiscal years 1981 through 1985. For the five fiscal years that we examined, the Defense Appropriations Acts provided about \$1,067 billion. Of those funds, DOD reprogrammed about \$29 billion, or about 2.7 percent. (See app. II for statistics on the volume of reprogramming.)

In conducting our review, we met with officials from the Departments of Defense, the Air Force, the Army, and the Navy; the General Services Administration; the National Aeronautics and Space Administration; the U.S. Department of Agriculture; the Department of Housing and Urban Development; and the Office of Management and Budget. We also met with staff members from the House and Senate Committees on Appropriations and on Armed Services. We reviewed applicable laws, directives, instructions, and regulations for DOD. Our review efforts at the civilian agencies were limited and conducted to provide a perspective of the processes used by other agencies. We did not examine the process as it applies to funds appropriated annually in the Military Construction Act because these funds are handled under separate processes both within DOD and the Congress. Our work was performed from December 1985 to May 1986 in accordance with generally accepted government auditing standards.

As agreed with your office, we did not obtain official agency comments on this report. However, the views of officials were sought during our work and have been incorporated in the report where appropriate. We plan no further distribution of this report until 30 days after its issue date unless you publicly announce its contents earlier. At that time, we will send copies to the House and Senate Committees on Appropriations and on Armed Services; the Secretary of Defense; the Director, Office of Management and Budget; and other interested parties on request.

B-223474

If we can be of further assistance, please contact me on 275-4268.

Sincerely yours,

A handwritten signature in cursive script that reads "Harry R. Finley". The signature is written in black ink and is positioned above the typed name.

Harry R. Finley
Senior Associate Director

C o n t e n t s

	<u>Page</u>	
LETTER	1	
APPENDIX		
I	THE REPROGRAMMING PROCESS AT DOD	6
	DOD guidance on reprogramming	9
	Service instructions and regulations	10
	The paperflow process	11
II	REPROGRAMMING STATISTICS FOR DOD	14
III	CONGRESSIONAL COMMITTEES'	
	REPROGRAMMING PROCESS FOR DOD	19
	Committees' processes	19
	Staff comments on the reprogramming process	22
IV	REPROGRAMMING IN SELECTED CIVILIAN AGENCIES	24
	Specific agency requirements	24
	Paperflow process at civilian agencies	27
	Role of OMB	27
GLOSSARY		29
TABLE		
II.1	Changes to the Congressional Base by Fiscal Year	14
II.2	Total Gross Changes to Appropriation Accounts During Fiscal Years 1981 - 1985	15
II.3	Line Items Affected by Reprogramming Actions During Fiscal Years 1981 - 1985	16
II.4	Appropriation Accounts Which Had Line Items Added After Establishment of the Congressional Base During Fiscal Years 1981 - 1985	17
II.5	Appropriation Accounts Which Had Line Items Reduced to Zero After Establishment of the Congressional Base During Fiscal Years 1981 - 1985	18

		<u>Page</u>
III.1	Committee Members Involved in the Reprogramming Review Process	20
FIGURE		
I.1	Criteria for Notification by Appropriation Account	10
I.2	Service Regulations	11
I.3	Flowchart for Air Force Prior Approval Reprogramming Requests	12

ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
GSA	General Services Administration
HUD	Department of Housing and Urban Development
NASA	National Aeronautics and Space Administration
O&M	Operation and Maintenance
OMB	Office of Management and Budget
RDT&E	Research, Development, Test, and Evaluation
USDA	U.S. Department of Agriculture

THE REPROGRAMMING PROCESS AT DOD

Reprogramming is the use of funds for purposes other than those originally contemplated by the Congress at the time of appropriation. DOD's reprogramming guidance, developed in consultation with the pertinent congressional committees, stipulates that requests for reprogramming of funds shall not be presented to the Congress except for higher priority items based on unforeseen military requirements. Reprogramming actions do not represent requests for additional funds from the Congress. Rather, they normally involve the reapplication of resources. A reprogramming action can, however, involve an increase of quantities to be procured without necessarily entailing any movement of funds.

Although they are related and often discussed as the same concept, reprogramming of funds is distinguishable from transfer of funds. Reprogramming, in general, is the shifting of funds from one item within an appropriation to another; generally, transfers are the shifting of funds between appropriation accounts. Thus, if an agency receives a lump-sum appropriation for Operation and Maintenance (O&M) and another for Personnel, a shifting of funds from O&M to Personnel is a transfer, while a shifting of funds from one project to another within the Personnel account is reprogramming. Reprogramming is a nonstatutory arrangement, in that no general statutory provision either authorizes or prohibits it. It has evolved largely in the form of informal agreements between various agencies and congressional committees. Transfers, however, are prohibited without statutory authority and the Congress has provided DOD annually with such authority.

In some cases, the Congress directs DOD to fund particular programs or aspects of line items through reprogramming or transfer actions. For example, in 1983, at the direction of the Congress, DOD transferred \$31 million to the Defense Agencies, O&M appropriation from several projects in the Air Force Aircraft Procurement appropriation. These monies were used to fund a pay raise.

Another aspect of any reprogramming action is identifying the source of funds to be moved. Officials said that this identification process can create controversy within the services because it is sometimes necessary to arbitrarily take funds from one program for a higher priority need.

Transfers

Transferring funds between appropriation accounts is prohibited without statutory authority. Some agencies have limited transfer authority which commonly sets a percentage limit on the amount that may be transferred from a given appropriation and/or the amount by which the receiving appropriation may be augmented.

Congress provides DOD general transfer authority annually in appropriations acts. Section 8020 of the DOD Appropriations Act, 1986, for example, grants the general authority and limits the amount that can be transferred between DOD appropriations or funds available for military functions (except military construction) to \$950 million. This section reads:

"Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed \$950,000,000 of working capital funds of the Department of Defense or funds made available in this Act to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, 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: Provided, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by Congress: Provided further, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority."

In addition, according to congressional testimony of the Deputy Secretary of Defense, although a transfer usually involves movement of funds between appropriation accounts, in certain appropriation accounts, where the Congress has enacted legal subdivisions of funds, transfer authority is involved in the movement of funds between budget activities of subdivisions of the same appropriation account. For example, some of these appropriation accounts with subdivisions of funds are: Missile

Procurement, Army; Weapons Procurement, Navy; Other Procurement, Navy; and Shipbuilding and Conversion, Navy.

Reprogramming

During congressional testimony, the Deputy Secretary of Defense stated that reprogramming actions are authorized for all of the appropriation accounts in the annual DOD Appropriations Act; that is, Military Personnel, O&M, Procurement, and Research and Development. According to the DOD directive on reprogramming, there are four types of reprogrammings.

1. Congressional Prior Approval Reprogrammings occur when DOD increases a congressionally approved procurement quantity for certain weapon systems, or involves items which are known to be or have been designated as matters of special interest to one or more committees, regardless of the dollar amount. Additionally, when DOD uses its general transfer authority to fund a program, the directive requires the military departments to follow the procedures outlined therein. Congressional prior approval reprogrammings require approval by the Secretary or Deputy Secretary of Defense.

2. Congressional Notification Reprogrammings are initiated when the reprogrammings will exceed established dollar thresholds for the various appropriation accounts or would initiate new programs or line items which would result in significant follow-on costs. They require approval by the Secretary or Deputy Secretary of Defense.

3. Internal Reprogrammings are accounting actions for realigning or reclassifying dollar amounts within or between appropriation accounts. These actions do not involve changes from the purposes and amounts justified in the budget presentations to the Congress. They require approval by the Assistant Secretary of Defense (Comptroller) and provide audit trail information to the congressional committees.

4. Below-Threshold Reprogrammings are those that do not meet the criteria for prior approval or notification. These actions do not require approval by the Secretary or Deputy Secretary of Defense and are handled within the individual service. Congressional oversight of these reprogramming actions is through DOD's semiannual submission of report DD 1416, "Report of Programs," which contains cumulative below-threshold actions for each line item. For below-threshold reprogrammings which would initiate new programs that are less than the amount requiring a notification reprogramming, advance notification is made by letter to the congressional committees.

DOD GUIDANCE ON REPROGRAMMING

DOD has two documents which provide official guidance on reprogramming. They are DOD Directive 7250.5 entitled "Reprogramming of Appropriated Funds," dated January 9, 1980, and DOD Instruction 7250.10 entitled "Implementation of Reprogramming of Appropriated Funds," dated January 10, 1980. The directive states the policies of DOD with respect to reprogramming proposals and actions relating to the appropriation accounts covered by the DOD Appropriations Act. The instruction explains how to implement those policies, covering the various reprogramming actions, forms, and procedures.

The congressional committees involved in reviewing DOD reprogramming actions, in conjunction with DOD, have established criteria which stipulate the conditions under which either congressional prior approval or notification are required. The criteria determine the extent of approval needed for the reprogramming of funds.

Criteria for prior approval

DOD is required to obtain prior approval from the congressional committees when the reprogramming request, irrespective of the amount:

- Uses the general transfer authority. (See discussion on congressional prior approval reprogramming on the previous page.)
- Increases the procurement quantity of a specific
 - aircraft and related support equipment,
 - missile and related support equipment,
 - naval vessel and related support equipment,
 - tracked combat vehicle and related support equipment,
 - torpedo and related support equipment, or
 - other weapon and related support equipment.
- Affects an item that is known to be or has been designated as an item which is of special interest to one or more of the congressional committees.

Criteria for notification

DOD is required to notify the congressional committees when the reprogramming request would initiate new programs or line items which will result in significant follow-on costs or when the request affects the following appropriation accounts by the indicated amounts. (See glossary for definitions of budget activity, line items, and program element.)

Figure I.1: Criteria for Notification by Appropriation Account

<u>Appropriation account</u>	<u>Criteria</u>
Military Personnel	Increases a budget activity by \$10 million or more
Operation & Maintenance	Increases a budget activity by \$5 million or more
Procurement	Increases an existing line item by \$10 million or more
	Adds a line item of \$2 million or more
Research, Development, Test, & Evaluation (RDT&E)	Increases an existing program element in an account by \$4 million or more
	Adds a new program of \$2 million or more
	Adds a new program estimated to cost \$10 million or more within a 3-year period

SERVICE INSTRUCTIONS AND REGULATIONS

Each service has its own directives and regulations which implement the DOD guidance on reprogramming. The directives and regulations are all similar in degree of detail and description and each contains the DOD directive and instruction on reprogramming.

Figure I.2: Service Regulations

<u>Service</u>	<u>Regulation</u>
Air Force	HQ Operating Instruction 172-6, "Reprogramming of Appropriated Funds," April 24, 1981
Army	"Reprogramming Action Directive," December 1984
Navy	NAVCOMPT Instruction 7133.1C, "Procedures and reporting requirements related to the reprogramming of appropriated funds," May 8, 1980

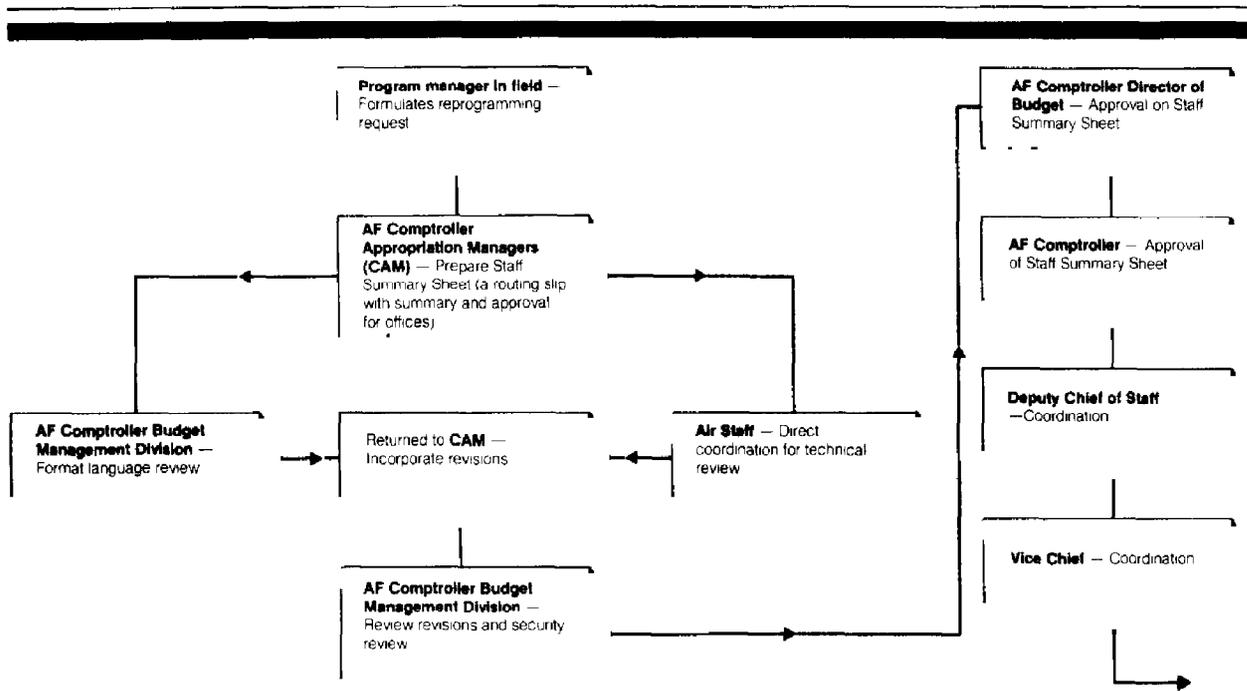
THE PAPERFLOW PROCESS

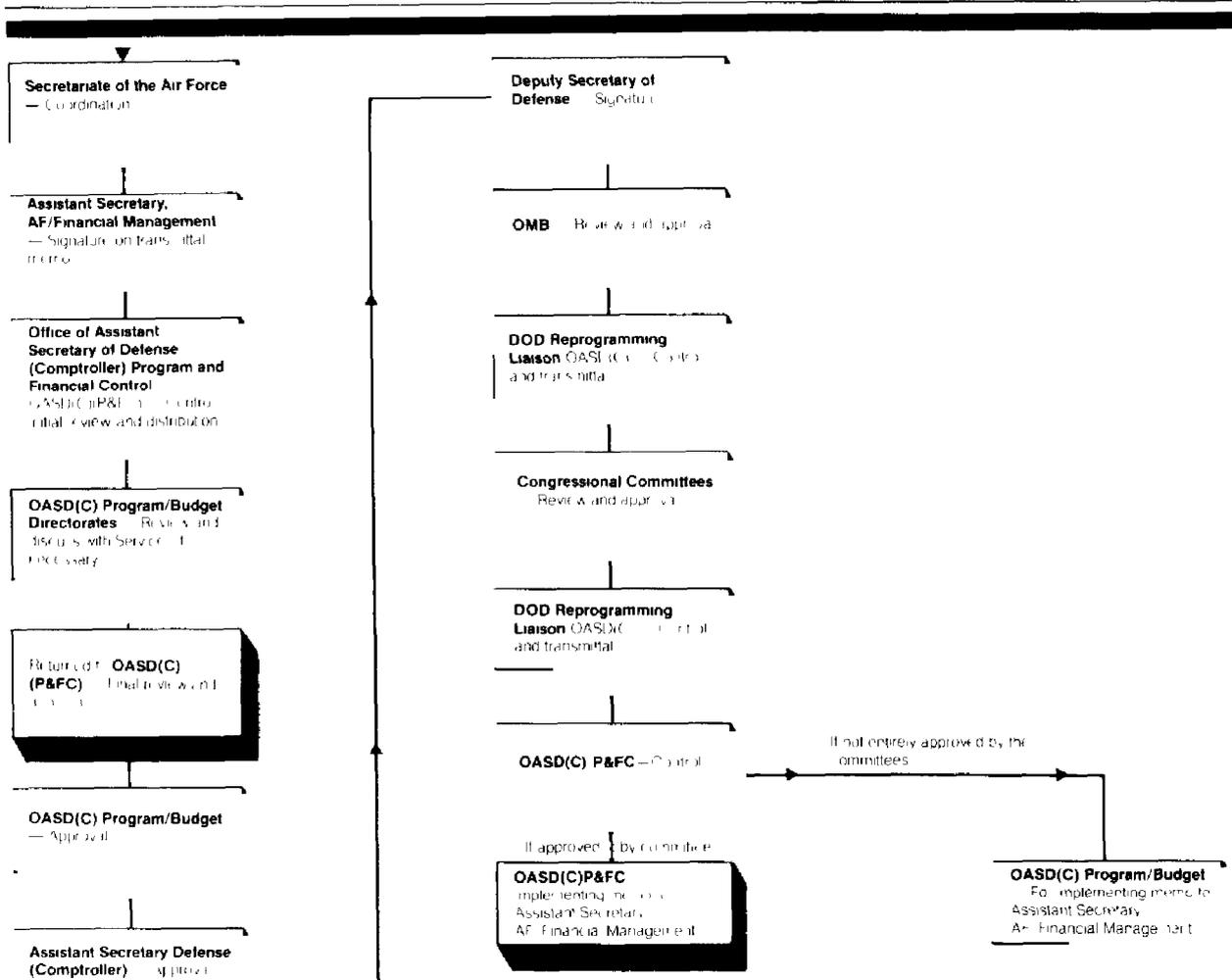
Each service reported that the paperwork for reprogramming requests normally flows from the program managers or base level managers up through the individual service with several review points.

Figure I.3 illustrates how a reprogramming request would flow through the Air Force, to the Office of the Secretary of Defense, to the congressional committees, and back to the Air Force. This sample request is of a prior approval type of reprogramming which requires the preparation and processing of a form DD 1415-1, "Reprogramming Action." The process would be similar for notification type of reprogramming.

The entire review and approval process by the congressional committees is represented by one single box. In reality, at least four, and at times, six committees or subcommittees are involved in the congressional review. An important aspect of the congressional review is that each committee must respond to DOD in writing before DOD can proceed with a requested prior approval reprogramming action. DOD cannot assume a positive response after a set period of time. For notification reprogramming actions, DOD can proceed without a congressional response after a 15-day waiting period, except in the case of the Senate Committee on Appropriations. (See app. III for a further discussion of congressional review.)

Figure I.3: Flowchart for Air Force Prior Approval Reprogramming Requests





REPROGRAMMING STATISTICS FOR DOD

DOD is required to submit to the Congress a semiannual report (March 31 and September 30) showing cumulative effects of all reprogramming and transfer changes to each individual line item within each appropriation account. This report is called a DD 1416, "Report of Programs." We analyzed the value and volume of reprogramming activity shown in the DD 1416 reports for fiscal years 1981 through 1985. The following tables summarize our analysis.

Table II.1 shows the gross changes to the congressionally approved program (congressional base) by fiscal year. It divides the changes into those which require the Secretary's approval (SECDEF gross change) and those not requiring the Secretary's approval (Service gross change).

Table II.1: Changes to the Congressional Base by Fiscal Year

<u>Fiscal year</u>	<u>Congressional base</u>	<u>SECDEF gross change^a</u>	<u>Service gross change</u>	<u>Total gross change</u>	<u>Percent total gross to base</u>
- - - - - (000 omitted) - - - - -					
1981	\$ 156,968,104	\$ 1,486,064	\$ 2,096,546	\$ 3,582,610	2.3
1982	189,817,313	2,795,078	3,170,960	5,966,038	3.1
1983	215,002,870	4,884,799	3,772,616	8,657,415	4.0
1984	231,967,079	2,673,184	2,764,187	5,437,371	2.3
1985	<u>273,960,412</u>	<u>2,936,604</u>	<u>2,552,255</u>	<u>5,488,859</u>	2.0
Total	<u>\$1,067,715,778</u>	<u>\$14,775,729</u>	<u>\$14,356,564</u>	<u>\$29,132,293</u>	2.7

^aGross means the sum of all changes, whether the changes were additions or deletions.

It should be noted that funds in some appropriations are available for obligations later than the fiscal year in which the funds were appropriated. For example, the Air Force Aircraft Procurement account is a 3-year appropriation, which means that funds appropriated in fiscal year 1984 are available for obligation until the end of fiscal year 1986. For the Navy Shipbuilding and Conversion account, funds are available for obligation for 5 years. According to a DOD official, even though accounts are available for a number of years, DOD guidance

stipulates that reprogramming actions involving the application of funds to any new program or increases in quantity or enlargement of scope of existing approved programs, will not be taken after the first fiscal year of availability of an account. Reprogramming because of congressional direction as to the use of unobligated balances and increased contract costs may occur after the first year of availability.

Table II.2 shows the total gross changes to the congressional base by appropriation account. The accounts are ranked from the one with the highest gross change to the one with the lowest.

Table II.2: Total Gross Changes to Appropriation Accounts During Fiscal Years 1981 - 1985

<u>Service</u>	<u>Account</u>	<u>Congressional base</u>	<u>Total gross change</u>	<u>Percent total gross to base</u>
- - - (000 omitted) - - -				
Air Force	Aircraft Procurement	\$ 89,763,002	\$ 2,649,859	3.0
Navy	Ship Conversion	55,849,100	2,529,662	4.5
Army	Other Procurement	20,458,221	2,039,725	10.0
Navy	Other Procurement	20,083,266	2,033,538	10.1
Navy	Aircraft Procurement	46,743,020	1,823,082	3.9
Navy	RDT&E	33,487,643	1,708,048	5.1
Air Force	RDT&E	52,045,111	1,579,528	3.0
Army	Weapons Procurement	21,201,349	1,424,301	6.7
Army	Ammunition Procurement	10,686,494	1,364,273	12.8
Air Force	Other Procurement	29,915,790	1,285,661	4.3
Army	RDT&E	19,165,132	1,171,371	6.1
Army	O&M	80,103,267	1,052,636	1.3
Navy	Weapons Procurement	17,663,972	969,941	5.5
Air Force	Missile Procurement	27,542,919	798,923	2.9
Navy	Procurement Marine Corps	7,790,380	772,094	9.9
Air Force	O&M	84,907,665	756,736	0.9
Army	Aircraft Procurement	12,747,320	633,725	5.0
Army	Military Personnel	77,432,674	603,268	0.8
Navy	Military Personnel	57,124,864	586,896	1.0
Army	Missile Procurement	12,412,900	491,150	4.0
Defense agencies	O&M	28,977,207	480,129	1.7
Air Force	Military Personnel	64,414,690	430,553	0.7
Navy	O&M	106,239,517	401,069	0.4
Defense agencies	RDT&E	12,030,690	327,673	2.7
Navy	Military Personnel Marine Corps	17,535,697	200,928	1.1
Air Force	O&M National Guard	8,506,236	198,800	2.3
Army	Reserve Personnel	6,640,000	179,376	2.7
Army	National Guard Personnel	9,142,080	154,105	1.7
Defense agencies	Procurement	3,771,367	125,809	3.3
Navy	O&M Marine Corps	6,965,119	83,248	1.2
Navy	Reserve Personnel	3,262,702	56,805	1.7
Army	O&M National Guard	5,889,411	47,764	0.8
Army	O&M Reserve	3,322,664	33,816	1.0
Air Force	National Guard Personnel	2,889,744	32,587	1.1
Air Force	Reserve Personnel	1,920,637	30,070	1.6
Air Force	O&M Reserve	3,717,880	27,950	0.8
Navy	O&M Reserve	3,231,237	26,940	0.8
Navy	Reserve Personnel Marine Corps	892,835	12,329	1.4
Navy	O&M Marine Corps Reserve	231,533	4,099	1.8
Defense agencies	Test and Evaluation	258,100	3,736	1.4
Defense agencies	National Guard Equipment	731,000	90	0.0
Defense agencies	Foreign Currency	21,343	0	0.0
Total		<u>\$1,067,715,778</u>	<u>\$29,132,293</u>	2.7

Table II.3 shows the total number of line items in the accounts over the 5-year period and how many of them had their funding increased and/or decreased as a result of reprogramming actions. We are using line item as a general term to describe the categories within accounts that identify purposes, projects, or types of activities financed.

Table II.3: Line Items Affected by Reprogramming Actions During Fiscal Years 1981 - 1985

<u>Service</u>	<u>Account</u>	<u>Line items</u>		
		<u>Total</u>	<u>Total increased</u>	<u>Total decreased</u>
Navy	RDT&E	1,572	508	920
Navy	Other Procurement	1,563	511	826
Army	Other Procurement	1,258	487	577
Air Force	Other Procurement	1,215	425	560
Army	RDT&E	1,093	499	506
Air Force	RDT&E	1,045	350	508
Navy	Procurement Marine Corps	659	256	325
Navy	Aircraft Procurement	387	157	166
Army	Ammunition Procurement	358	143	132
Navy	Weapons Procurement	318	87	117
Air Force	Aircraft Procurement	259	82	123
Defense agencies	RDT&E	219	91	65
Army	Weapons Procurement	207	68	81
Air Force	Missile Procurement	192	55	80
Navy	Ship Conversion	163	32	50
Army	Aircraft Procurement	149	77	54
Defense agencies	Procurement	130	50	55
Army	Missile Procurement	110	42	32
Defense agencies	O&M	101	46	38
Air Force	O&M	40	21	19
Navy	O&M	37	25	12
Army	Military Personnel	31	21	9
Air Force	Military Personnel	31	12	16
Navy	Military Personnel	31	19	7
Army	O&M	30	20	10
Navy	Military Personnel Marine Corps	26	14	11
Navy	O&M Marine Corps	20	15	5
Army	O&M National Guard	20	9	11
Defense agencies	National Guard Equipment	19	0	0
Air Force	O&M National Guard	18	12	6
Navy	O&M Marine Corps Reserve	15	5	5
Air Force	O&M Reserve	15	9	6
Army	O&M Reserve	15	6	9
Navy	O&M Reserve	15	7	8
Army	Reserve Personnel	11	5	5
Air Force	Reserve Personnel	11	7	4
Defense agencies	Test and Evaluation	11	1	2
Army	National Guard Personnel	11	5	5
Air Force	National Guard Personnel	11	6	5
Navy	Reserve Personnel	10	6	4
Navy	Reserve Personnel Marine Corps	10	5	6
Defense agencies	Foreign Currency	5	0	0
Total		<u>11,441</u>	<u>4,196</u>	<u>5,380</u>

Table II.4 shows, for the 5-year period, how many line items were added after the congressional base was established. Added line items represent programs, projects, or activities not funded by the Congress in the DOD Appropriations Act. The table does not distinguish between actions requiring the Secretary's approval and those actions not requiring the Secretary's approval.

Table II.4: Appropriation Accounts Which Had Line Items Added After Establishment of the Congressional Base During Fiscal Years 1981 - 1985

<u>Service</u>	<u>Account</u>	<u>Line Items Added</u>
Army	Other Procurement	74
Navy	RDT&E	37
Army	RDT&E	33
Navy	Other Procurement	20
Air Force	Other Procurement	19
Army	Ammunition Procurement	17
Army	Aircraft Procurement	17
Defense agencies	RDT&E	16
Army	Weapons Procurement	13
Navy	Weapons Procurement	12
Air Force	RDT&E	12
Navy	Ship Conversions	8
Air Force	Aircraft Procurement	7
Air Force	Missile Procurement	5
Army	Missile Procurement	5
Navy	Procurement Marine Corps	5
Navy	Aircraft Procurement	<u>4</u>
Total		<u>304</u>

Table II.5 displays how many line items were deleted or reduced to zero, over the five-year period, as a result of reprogramming actions after the congressional base was established. The table does not distinguish between actions requiring the Secretary's approval and those not requiring the Secretary's approval.

Table II.5: Appropriation Accounts Which Had Line Items Reduced to Zero After Establishment of the Congressional Base During Fiscal Years 1981 - 1985

<u>Service</u>	<u>Account</u>	<u>Line Items Zero</u>
Army	Other Procurement	79
Navy	Procurement Marine Corps	39
Air Force	Other Procurement	34
Navy	Other Procurement	33
Army	Ammunition Procurement	16
Army	RDT&E	11
Navy	RDT&E	10
Navy	Aircraft Procurement	9
Navy	Weapons Procurement	8
Army	Weapons Procurement	6
Air Force	Aircraft Procurement	4
Defense agencies	Procurement	2
Air Force	Missile Procurement	2
Army	Aircraft Procurement	2
Air Force	RDT&E	2
Navy	Ship Conversions	2
Defense agencies	RDT&E	1
Army	Missile Procurement	1
Total		<u>261</u>

CONGRESSIONAL COMMITTEES' REPROGRAMMINGPROCESS FOR DOD

Four congressional committees are normally involved in the review process for DOD reprogramming requests. These are the Subcommittees on Defense of the House and Senate Committees on Appropriations, and the House and Senate Committees on Armed Services.² Staff members from these committees view the reprogramming review process as an important oversight tool. In their opinion, it discourages DOD from starting new projects or changing the scope of its efforts without congressional review. In addition, the reprogramming requests serve to notify the committees of changes to the budget and help to focus attention on problem areas.

COMMITTEES' PROCESSES

The committees' review processes for reprogramming requests are nonstatutory. In this context, they provide an element of congressional control over spending flexibility short of resorting to the full legislative process. Absent a statutory basis, requirements imposed by committees for prior approval and/or notification of reprogrammings are not legally binding upon the agencies.³ Compliance with such nonstatutory requirements is largely a matter of "keeping faith" with the pertinent committees.

Under the current reprogramming review process, all four committees must approve prior approval requests before DOD can proceed with the action. As a result, disapproval by any one committee negates the necessity of other committee action. In the event that one or more committees disapprove a proposed prior approval reprogramming request, DOD may request reconsideration or may modify the request to gain approval. In addition, the Subcommittee on Defense of the Senate Committee on Appropriations prohibits DOD from proceeding with notification reprogrammings

² If the request deals with intelligence-related items being funded through the DOD budget, then the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence are also involved in reviewing the reprogramming requests.

³ See GAO decision B-174702, July 24, 1974.

until it approves the actions. This procedure, in essence, changes notification reprogrammings to prior approval reprogrammings for this committee.

Table III.1 shows the number of committee members involved in the reprogramming review process. (Members serving on more than one of these committees were only counted once.)

Table III.1: Committee Members Involved in the Reprogramming Review Process

	<u>House</u>	<u>Senate</u>	<u>Total</u>
Appropriations			
Subcommittees on Defense	11	16	27
Armed Services	<u>46</u>	<u>19</u>	<u>65</u>
Total	<u>57</u>	<u>35</u>	<u>92</u>
Percent of total membership	13.1	35.0	17.2

The processes and procedures differ somewhat among the four committees involved in reviewing reprogramming requests. The following descriptions highlight these differences.

House Committee on Appropriations

The House Committee on Appropriations processes reprogramming requests through its Subcommittee on Defense. Following receipt of a number of DD 1415 request forms, the Subcommittee holds hearings at which the Service Comptrollers testify. Copies of the DD 1415 documents which are under consideration are distributed to the subcommittee members at the time of the hearings. Committee discussion and action is then taken during mark-up sessions, which are held several times a year. The Committee will include notification reprogrammings in the hearings, especially if it appears that DOD is starting a new program or the affected programs are of congressional interest. If there are no problems with a notification reprogramming, the staff advises DOD either by telephone or letter; however, a letter is sent if there are problems.

If a particular reprogramming request is time urgent, the staff will send a memorandum to the subcommittee members requesting a response by a specific date in lieu of a hearing.

If no comments are received, the staff forwards the committee's decision to DOD.

Senate Committee on Appropriations

The Senate Committee on Appropriations also processes reprogramming requests through its Subcommittee on Defense. When reprogramming requests are received by the Subcommittee, they are assigned to specific staff who review the DD 1415 documents and bring them to the attention of appropriate members, including the Chairman and Ranking Minority Member. Following the review by staff and the Chairman and Ranking Minority Member, a letter is sent to DOD advising it of the Committee's decision. If a request is on a sensitive issue, the staff will request a committee vote through memorandum with a 5- to 7-day response limit. In these cases, a response must be received from each subcommittee member.

Although the Subcommittee does not usually hold hearings on reprogramming requests, requests can be discussed at other hearings or at mark-up sessions.

DOD is to wait, under committee procedures, for a response letter on all reprogramming requests. In this regard, prior approval and notification reprogrammings are considered equivalent by the Subcommittee. This procedure assures review of all requests, even those that arrive during a congressional recess.

House Committee on Armed Services

When reprogramming requests are received by the House Committee on Armed Services, they are assigned to specific staff members who review the DD 1415 documents and bring them to the attention of appropriate members, including the Chairman and Ranking Minority Member. Prior approval reprogramming requests receive a full committee review and are discussed during regular committee business meetings. Objections to prior approvals are handled during the discussion at committee meetings. Special hearings on reprogramming requests are atypical. During congressional recesses, the Chairman and Ranking Minority Member have generally been given the authority to act on time urgent requests.

If the DD 1415 is a notification reprogramming, the committee takes no action unless the staff identifies a problem. Notifications are not sent to members; they are only sent to the staff who have 15 days for review. Objections are normally handled through discussions with the Chairman. A letter is sent

to DOD expressing the objection. This will generally stop the reprogramming.

The committee staff also review internal reprogrammings. If the staff have a concern about the internal reprogramming, it is raised to the committee. However, there is no formal procedure for committee involvement.

Senate Committee on Armed Services

Upon receipt of DD 1415 reprogramming requests (prior approval, notification or internal reprogrammings), the Senate Committee on Armed Services staff distributes copies to all full committee professional staff members and the legislative assistants of senators serving on the committee. If no objections are received within 10 days, a positive response is prepared for transmittal to DOD. This letter is circulated to the committee's professional staff members for approval and signature on a routing slip. This step ensures that all are aware of the reprogramming request and that no one has objections to the reprogramming. After staff approval, the letter is sent to the majority and minority staff directors and the committee general counsel for approval. One senator can deny a reprogramming; however, the denial can be overridden by a full committee vote. (We were told that the need to override a denial has not arisen.)

For notifications, the committee will only take action if a staff member has a problem with the reprogramming. There is normally no response to DOD on notifications. The committee will telephone DOD if a problem arises.

STAFF COMMENTS ON THE REPROGRAMMING PROCESS

In response to your concern, we asked key congressional committee staff if there was a mechanism to obtain the views of or disseminate information to members of Congress who are not on the committee reviewing the reprogramming actions. There is no such mechanism. The staff members expressed a variety of views about whether such a process is needed or is accomplished through other mechanisms. One staff member said that the committee is under no obligation to provide such information or solicit views. The staff member said that any member is welcome to attend committee hearings on reprogramming, however, it would be the member's responsibility to find out about a particular reprogramming request. He added that this would be difficult for a noncommittee member. Another staff member said that the views of other members of Congress are considered informally, in that

the annual budget review process brings members' concerns to light. Another staff member said that, although there is no formal mechanism to solicit views of noncommittee members, there is an informal process. In this case, committee staff are responsible for knowing the interests of members (from congressional debate or hearing statements). If a member has displayed interest in a particular area, the tasked staffer will contact the member's legislative assistant regarding those reprogramming requests.

One staff member said that the below-threshold reprogramming actions are assumed to be minor and are within the management prerogative of DOD. He added that if problems began to occur with the below-threshold reprogramming actions, then the ground rules for them would have to be rethought. Currently, there is no formal process for congressional denial of below-threshold and/or internal reprogramming actions. One staff member said that if his committee had a problem with these types of actions, informal pressure would be applied to DOD to change its action. Another staff member said that DOD needs flexibility and that the Congress may be managing DOD too extensively at the line-item level.

As discussed earlier, if an item is known to be or has been designated as a special interest item, DOD uses the prior approval reprogramming process to obtain congressional approval. According to staff from several committees, special interest items evolve out of the deliberations of the committee or the Congress. More than one member would normally have to express concern. Special interest items usually involve controversial issues or problem areas. One staff member said that DOD interprets special interest very liberally and generally chooses to include an item if there is any question that it is of special interest.

Each of the staff members we interviewed stressed that reprogramming is an important process that is needed. One said that the process requires a degree of trust from both parties toward each other. He believes that the Secretary of Defense has been vested with the authority to reprogram and, as long as it is used appropriately, the delegation will continue.

REPROGRAMMING IN SELECTED CIVILIAN AGENCIES

In order to obtain a perspective on DOD's reprogramming process, we discussed reprogramming procedures with officials of the U.S. Department of Agriculture (USDA), the Department of Housing and Urban Development (HUD), the General Services Administration (GSA), and the National Aeronautics and Space Administration (NASA). We also met with an official from the Office of Management and Budget (OMB) to discuss its role and the requirements it places on agencies in relation to reprogramming.

Although these civilian agencies reprogram funds, certain aspects of reprogramming differ between DOD and the civilian agencies. Generally, procedures are less involved and less cumbersome for the civilian agencies.

One major difference between the reprogramming process for DOD and the civilian agencies is the congressional response. DOD waits for a written affirmative response before proceeding with certain reprogramming actions. At the civilian agencies, the general concept is that if no response is received, it means approval is granted. One agency official said that his agency can proceed with a reprogramming action even if objections are made. He said that the normal response from the congressional committee, though, is "Thank you for keeping us informed."

Also, these civilian agencies do not have regular or standard reports or forms associated with the reprogramming process. For example, rather than use a form similar to the DD 1415 to request a reprogramming action review by congressional committees, these agencies write a letter outlining the request. Also, these agencies do not file a report similar to DD 1416, which summarizes all reprogramming actions during the prior reporting period. In general, the agencies we met with maintain no statistics on reprogramming requests and actions.

SPECIFIC AGENCY REQUIREMENTS

Each of the agencies we visited was unique in some aspect of its reprogramming processes and/or procedures. Examples below show the variety of procedures involved and provide some insights on the specific differences between these civilian agencies and DOD.

NASA

NASA has three types of requirements affecting reprogramming. Under its annual Authorization Act, Public Law 99-170 in 1986, NASA must wait 30 days for a response to certain specified reprogramming requests. If NASA receives no reply, a "yes" response is assumed. This act also states that transfers between appropriations are limited to only transfers from "Research and Development" or "Space Flight Control and Data Communications" to "Construction of Facilities" and are limited to one-half of 1 percent of the budgeted line item amount. In addition, NASA notifies the committees if a reprogramming action would cause a program to exceed its authorized level.

The second type of requirement stems from an informal agreement between NASA and the appropriations committees whereby NASA submits an annual Operating Plan. The Plan provides details of planned operations, and although it is not submitted under any legal requirement, the committees can object to aspects of the Plan. If NASA exceeds funding of an Operating Plan budget item by \$1 million or more, NASA notifies the committees.

In addition, committee reports annually place funding ceilings on various projects which can only be exceeded with approval of the appropriations committees. Committee reports also state that committee approval is required before personnel compensation funds can be used for any other purpose.

Five subcommittees are involved in NASA's budget--the Subcommittees on HUD-Independent Agencies of the House and Senate Committees on Appropriations; the Subcommittees on Space Science and Applications and on Transportation, Aviation and Materials of the House Committee on Science and Technology; and the Subcommittee on Science Technology and Space of the Senate Committee on Commerce, Science and Transportation.

USDA

According to USDA officials, there are three methods of moving funds within USDA--reprogramming, interchange, and emergency.

Reprogramming actions at USDA require written notification to the appropriations committees with 2 weeks allowed for comment. USDA also notifies the committees if the planned movement of funds from one program to another equals 10 percent, or \$50,000, whichever is lower. Reprogramming actions in the Forest Service require written approval from the appropriations committees.

The USDA's Interchange Authority (7 U.S.C. 2257) authorizes, within certain limits, bureaus, divisions, or offices within USDA to interchange appropriations for expenditures on items included within expenses of the bureaus, divisions, or offices. We were told that only one or two of these interchanges are made a year.

USDA has authority to transfer funds between USDA agencies in only one situation. The Animal and Plant Health Inspection Service can, in the event of an emergency (e.g., avian flu in chickens), receive transferred funds from any USDA account and then inform the congressional committees of the action. USDA will sometimes offset emergency situation transfers with supplemental appropriation requests.

USDA has several appropriations subcommittees involved in its reprogramming actions. The Subcommittees on Agriculture, Rural Development and Related Agencies of the House and Senate Committees on Appropriations handle most appropriations for USDA while the Subcommittee on Interior of the House Committee on Appropriations and the Subcommittee on Interior and Related Agencies of the Senate Committee on Appropriations handle appropriations for the Forest Service. Authorization for most USDA programs is provided by the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry.

HUD

HUD's official handbook on reprogramming states that funds can be reprogrammed between programs and activities without committee approval as long as the funds do not exceed \$250,000 or a 10 percent threshold. If the reprogramming action exceeds the threshold, HUD requests committee approval. In addition, the Subcommittees on HUD-Independent Agencies of the House and Senate Committees on Appropriations desire notification of reprogramming actions involving less than the above-mentioned thresholds if the actions would have the affect of committing HUD to significant funding requirements in future years. In some cases, HUD will inform the subcommittees, through the reprogramming process, of program changes even if no funds are involved when the programs are those in which the subcommittees have shown particular interest. According to a HUD official, the department's budget justification is very detailed and is viewed as a type of contract between the agency and the Congress. Thus, all significant changes are reported.

HUD's authorization is through the House Committee on Banking, Finance and Urban Affairs and the Senate Committee on Banking, Housing and Urban Affairs.

GSA

According to a GSA official, the closest parallel GSA has to DOD's reprogramming occurs within the Consumer Information Center. In this case, the Subcommittees on HUD-Independent Agencies of the House and Senate Committees on Appropriations require detailed tracking of reprogrammings. GSA can reprogram up to \$250,000, or 10 percent, whichever is less, between line items within the Center's budget. The committees request a meeting for any reprogramming that exceeds these levels. In contrast, according to the GSA official, the Subcommittees on Treasury, Postal Service and General Government of the House and Senate Committees on Appropriations, which oversee other aspects of the GSA budget, give GSA flexibility in spending the budget, but want to be informed of major changes.

GSA also has general transfer authority, which it uses to administer accounts in the Public Buildings Service. In this case, GSA has the authority to move funds between the various Public Buildings Service appropriation accounts to meet mandatory requirements (for example, increased heating costs) with committee approval. GSA can reprogram funds between all other individual congressionally appropriated accounts up to a limit of 1 percent of the account. GSA receives written approval from the committees before proceeding.

In addition to the appropriations subcommittees, authorization for the Public Buildings Service is provided by the Subcommittee on Public Buildings and Grounds of the House Committee on Public Works and Transportation and the Senate Committee on Environment and Public Works. The GSA official added that permanent authorization alleviates the need for routine oversight of the remainder of GSA's budget.

PAPERFLOW PROCESS AT CIVILIAN AGENCIES

Each of the agencies has regulations or rules regarding reprogramming. They range from formal regulations at HUD to a very informal set of "Ground Rules" at USDA to no written procedures at NASA. In general, the process was described as one where requests originate at the program working level, flow through several levels of review throughout the organization, and receive final review and approval by the agency head.

ROLE OF OMB

OMB plays a role in all reprogramming requests, whether from DOD or the civilian agencies. OMB provides guidance for the preparation and submission of annual budgets and associated

materials concerning the budget process for all agencies of the government in its Circular Number A-11. This circular requires that agencies submit all proposed budget justification materials to OMB for clearance prior to transmittal to congressional committees or individual members of the Congress or their staff. It defines these materials to include reprogramming requests.

Pursuant to DOD's general transfer authority, OMB approval is required for any DOD transfer of funds. According to an OMB official, OMB usually can process a DOD request in 3 or 4 days. The OMB examiners review prior approval DD 1415 forms for any problems or areas of concern.

OMB examiners do not normally discuss DOD reprogramming requests with congressional staff; they leave that to the service representatives. An OMB official mentioned that long time frames are sometimes required for processing reprogramming requests by both DOD and the congressional committees. He said that quicker responses might be desired, however, he concurred with the statements of several other agency officials and congressional staff who said that the cumbersome process ensures that only high priority requests are submitted.

Officials at two of the civilian agencies stated that their relationship with OMB is an informal one. Clearance is normally by phone or memorandum. There is no set time limit regarding the reprogramming action. OMB is sent a copy of the reprogramming request. If there is a problem, the agency involved will hold the reprogramming until the problem is solved.

GLOSSARY

Activity	A specific and distinguishable line of work performed by one or more organizational components of a governmental unit for the purpose of discharging a function or subfunction for which the governmental unit is responsible.
Authorizing Committee	A standing committee of the House or Senate with legislative jurisdiction over the subject matter of those laws, or parts of laws, that set up or continue the legal operations of Federal programs or agencies.
Budget Activity	Category within accounts that identifies purposes, projects, or types of activities financed. For DOD, Budget Activity is normally associated with Personnel Compensation and O&M accounts. A similar definition applies to Line Item for Procurement accounts and Program Element for RDT&E accounts.
Object Classification	A uniform classification identifying the transactions of the federal government by the nature of the goods or services purchased (such as personnel compensation, supplies and materials, and equipment), without regard to the agency involved or the purpose of the programs for which they are used.
Oversight Committee	The congressional committee charged with general oversight of the operation of an agency or program. In most cases, but not all, the oversight committee for an agency is also the authorizing committee for that agency's programs.
Program	Generally defined as an organized set of activities directed toward a common purpose, or goal, undertaken or proposed by an agency in order to carry out its responsibilities. In practice, however, the term program has many uses and thus does not have a well-defined standard meaning in the legislative process. Program is used to describe an agency's mission, programs, functions, activities, services, projects, and processes.

Reprogramming Use of funds in an appropriation account for purposes other than those contemplated at the time of appropriation. Reprogramming is generally preceded by consultation between the federal agencies and the appropriate congressional committees. It may involve formal notification and opportunity for disapproval by congressional committees.

Transfer of Funds When authorized in law, all or part of the budget authority in one account or subdivision, may be transferred within that account or to another account.

(392212)

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