

July 1989

# BUDGET REPROGRAMMING

## Opportunities to Improve DOD's Reprogramming Process





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

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National Security and  
International Affairs Division

B-223474

July 24, 1989

The Honorable Sam Nunn  
Chairman, Committee on  
Armed Services  
United States Senate

The Honorable John W. Warner  
Ranking Minority Member  
Committee on Armed Services  
United States Senate

This report completes our response to your joint request of March 4, 1987, that we evaluate the reprogramming process.

As agreed with your offices, we are also sending copies to interested committees and other Members of Congress; the Secretaries of Defense, the Army, Navy, and Air Force; and the Director, Office of Management and Budget. We will also make copies available to other parties upon request.

This report was prepared under the direction of Louis J. Rodrigues, Director, Logistics Issues. Other major contributors are listed in appendix VII.

*for*   
Frank C. Conahan  
Assistant Comptroller General

faster disposition of requests is partly due to their processing some requests on an exception basis. Such requests are considered approved after 15 days if committee members raise no objections. Senate committees, in contrast, prepare a written decision on each request.

GAO also noted that substantial movements of funds fall outside the definition of reprogramming and require neither congressional review nor disclosure. Prior review of such changes appears impractical, but some disclosure may be desirable.

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## GAO's Analysis

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### Reprogramming Requests Meet Congressional Guidance

GAO found that DOD's fiscal year 1987 reprogramming requests met mutually established congressional and DOD guidance. GAO also made selected tests of the fiscal year 1986 service-approved reprogramming actions, which require summary congressional disclosure but not prior review. These tests also showed no exceptions to reprogramming guidance.

### Increasing Dollar Thresholds Would Have Limited Effect

GAO found that doubling the amounts of the current thresholds would have eliminated only eight actions, or 6 percent of fiscal year 1986 and 1987 reprogramming requests. A 10-fold increase would have eliminated 27 actions, or 20 percent of the requests. Other requests either continued to exceed the thresholds or involved other factors, such as use of transfer authority, which required their submission, regardless of dollar amount.

### Request Data Can Be Improved

The form DOD uses to request congressional approval of reprogramming could be improved by including additional financial data, such as the President's budget request, committee-approved and/or pending reprogramming, DOD/service reprogramming, other adjustments, and the actual current program balance. Including this information would consolidate key data needed for congressional review.

### Reporting Can Be Improved

DOD's semiannual report to the Congress provides summary reprogramming data. The report, however,

- include information on the urgency of a request, other relevant data, and a more complete financial status on the form used to request congressional approval of a reprogramming request and
- modify the format of the semiannual reprogramming report by adding summary data, distinguishing congressionally reviewed—approved and pending—reprogramming from self-initiated changes, and separately identifying nonreprogramming changes.

The Committee may also wish to consider requesting the disclosure of major shifts of funds from their originally proposed purposes, even though the changes were within appropriation subaccounts and modifying the requirement to provide written approval on every reprogramming request.

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## Agency Comments

DOD said it was willing to provide additional information as needed, but noted that it already provided the information GAO said was missing. DOD also stated that GAO's suggestions would substantially increase the work load of the Congress, DOD, and the services without any measurable benefit to the process.

GAO agrees that DOD already submits much of the data. In most cases, GAO's suggested improvements would only substitute or reformat data in a way that GAO believes would be more useful to the committees. Since GAO suggestions focus on providing information that is already available at DOD and the services, it is unlikely that the suggested changes would cause more work. In addition, GAO believes its suggested changes would reduce the Congress' work load by consolidating and more clearly presenting information from several current reports. (See appendix VI for DOD's comments and GAO's evaluation.)

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**Abbreviations**

DOD	Department of Defense
GAO	General Accounting Office
OSD	Office of the Secretary of Defense

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## Reprogramming Guidance

DOD's reprogramming guidance provides that such requests will only be for high priority items based on unforeseen military requirements. The guidance identifies four categories of reprogramming.

1. Congressional prior approval reprogramming requires approval by the Secretary or Deputy Secretary of Defense and up to six congressional committees (see ch. 3). It applies to actions involving general transfer authority, certain procurement quantity increases, or items that are known to be or have been designated as matters of special interest to one or more committees, regardless of the dollar amount.
2. Congressional notification reprogramming requires approval by the Secretary or Deputy Secretary of Defense. The notification requests primarily involve actions exceeding the dollar thresholds shown in table 1.1. Notification actions also include those initiating new programs exceeding a certain dollar threshold or resulting in significant follow-on costs. The Secretary of Defense assumes automatic congressional approval of notification requests, if notice of committee action is not received within 15 days after their delivery to the committees. Subsequent to January 1980, the Senate Committees on Appropriations and Armed Services required DOD to wait for their written approval before reprogramming funds (see ch. 3).
3. Internal reprogramming requires approval by the DOD Comptroller. Internal reprogramming creates an audit trail and documents reclassification actions that do not involve changes from the purposes and amounts justified in the budget presentations to the Congress. For example, the Congress established an Environmental Restoration Defense appropriation. The allocation and reallocation of this appropriation among defense agencies for use on environmental projects were done by internal reprogramming.
4. Below-threshold reprogramming is approved by the individual services and defense agencies. This includes all actions that do not meet the criteria for prior approval, notification, or internal reprogramming. The cognizant committees receive advance notice if a below-threshold reprogramming initiates a new program.

Reprogramming guidance generally applies to increasing a program's funding. However, the fiscal year 1988 Defense Appropriations Act required quarterly reporting of decreases of \$10 million or more to the Procurement appropriation accounts and \$4 million or more to the Research, Development, Test and Evaluation appropriation accounts.

Chapter 1  
Introduction

**Table 1.2: Fiscal Year 1987 Reprogramming Actions**

Dollars in millions

Appropriation title	Amount available for obligation	Reprogramming approved by <sup>a</sup>					
		Congress <sup>b</sup>		DOD/service		Total	
		Amount	Percent	Amount	Percent	Amount	Percent
Military Personnel	\$74,501	\$401	.54	\$96	.13	\$497	.67
Operation and Maintenance	80,945	71	.09	100	.12	171	.21
Procurement	127,959	185	.15	1,118	.87	1,303	1.02
Research, Development, Test and Evaluation	39,454	258	.65	412	1.05	670	1.70
Military Construction and Family Housing	11,755	183	1.56	<sup>c</sup>	<sup>c</sup>	183	1.56
Other	8,991	0	0	0	0	0	0
<b>Total</b>	<b>\$343,605</b>	<b>\$1,098</b>	<b>.32</b>	<b>\$1,726</b>	<b>.50</b>	<b>\$2,824</b>	<b>.82</b>

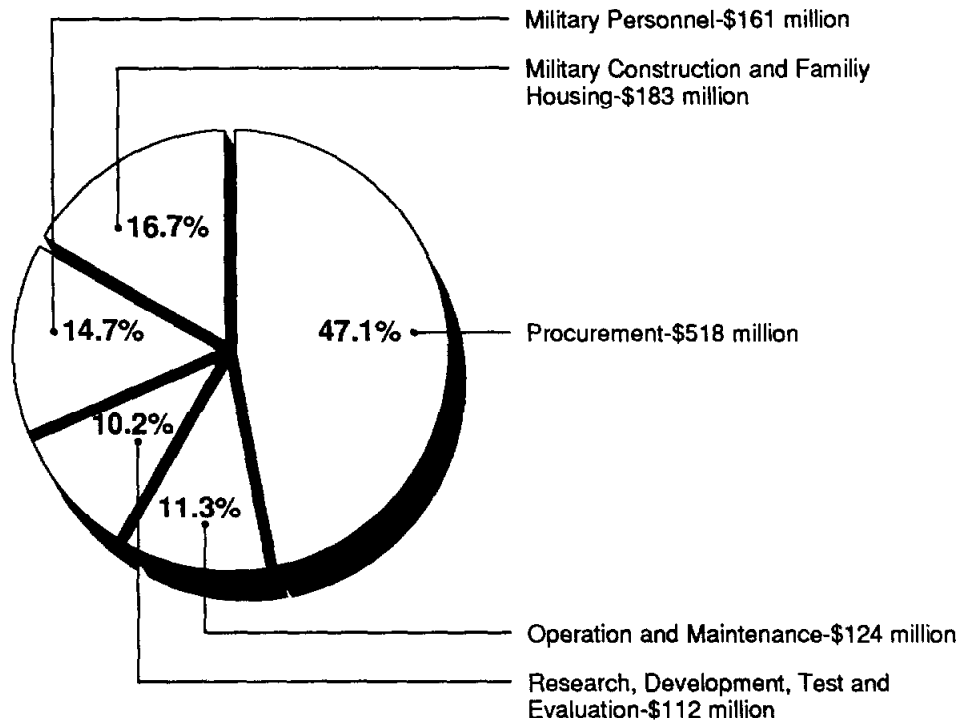
<sup>a</sup>Approved reprogramming actions as of January 31, 1988.

<sup>b</sup>Amounts exclude extraordinary actions totaling \$490 million to fund increased overseas station allowances due to the rapid decline in the value of the dollar.

<sup>c</sup>Data are not centrally maintained.

Figure 1.1 shows the application of funds for congressionally approved reprogramming and transfers during fiscal year 1987. Figure 1.2 shows the sources of those funds. The Military Personnel and the Research, Development, Test and Evaluation appropriations were the primary applications of funds, and the Procurement appropriation was the primary source of funds.

**Figure 1.2: Source of Reprogrammed Funds** (Fiscal Year 1987)



Note: Data current as of January 31, 1988.

We evaluated the adequacy of DOD's fiscal year 1987 reprogramming request documentation submitted to the Committees and discussed improvements with staff members of the Senate and House Committees on Appropriations and Armed Services. We made selected tests of fiscal year 1986 program changes to determine if they met established guidelines. To address DOD's concern over the timeliness of committees' action on reprogramming requests, we reviewed the response time for fiscal years 1986 and 1987 requests. We also discussed different issues with the Office of the Secretary of Defense (OSD) and service officials throughout our study.

We performed our work at DOD (Comptroller) and service headquarters locations in Washington, D.C., from May 1987 to March 1988 in accordance with generally accepted government auditing standards.



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**Chapter 2**  
**Reprogramming Guidelines Are Followed, but**  
**Documentation Could Be Improved**

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and \$142.6 million under at least 28 self-initiated reprogramming actions. Even though the self-initiated reprogramming would be indicated in DD Form 1416, "Report of Programs," the disclosure would not be timely since the report is submitted in March and September, which is just before and after the period of most reprogramming.

When the full extent of the reprogramming became known, the House Committee on Appropriations denied the use of the Small Inter Continental Ballistic Missile Program as the source of funds for \$130.9 million for four of the seven proposed prior approval requests. Also, the Congress subsequently rescinded \$266 million of the program's funds, thereby eliminating them as a source for reprogramming. The rescission caused the Air Force to reverse some of its self-initiated reprogramming because the Congress had eliminated its funding source. According to a Senate Committee on Appropriations staff member, the extent of self-initiated actions also precipitated the legislation requiring quarterly reporting of reductions to programs under the Procurement and Research, Development, Test and Evaluation appropriations.

Staff of the Senate Committee on Armed Services suggested that reprogramming requests include a section on "Other Relevant Data." We believe that disclosing the availability of \$330 million from the Small Inter Continental Ballistic Missile Program for reprogramming to several other programs is an excellent example of the type of data that would be appropriate for this section.

At the Committee's request, we provided information on the urgency of 48 fiscal year 1987 reprogramming requests to assist it in ranking its work load. DOD did not routinely submit this information. The information identified several cases when delays in acting upon the request could have resulted in added costs or other harm. For example, in one case the Air Force estimated that \$13 million would have been lost due to the necessity to phase down and subsequently restart work. In another case, the Army estimated that a delay would have required furloughing 2,982 civilian employees.

Service officials had mixed views on our proposed changes to the DD Form 1415, "Reprogramming Action." For example, one official believed the additional data would help to reduce the number of repetitive requests received from committees and their staffs. Another official, however, was opposed to more disclosure because he believed it would simply lead to additional congressional inquiries.

base to provide a ready indication of the significance of the dollar changes.

DOD's guidance requires a semiannual "Report of Programs," DD Form 1416. The report summarizes all reprogramming actions submitted to the Congress and other actions not requiring submission or approval. Extensive time and effort is required to distinguish congressionally reviewed reprogramming from other changes included in the report because of the following:

- The report does not show the actual amount reprogrammed that is subject to prior congressional review. The reported program amount under the heading "Program Approved by the Secretary of Defense" combines three types of reprogramming: internal, congressionally approved, and actions pending congressional approval. All actions within these change categories have been approved by the Secretary of Defense or a designee. The report does not show, however, how much money is attributed to each category.
- The report does not provide any overall reprogramming summary data or highlight items of interest to the Congress, such as the percent of change to a program. Lack of summary data precludes a reviewer from obtaining an overview of reprogramming activity in any one year or comparing activity among years. At the individual program level, the report shows the revised program total, leaving it to the user to compute the amount of reprogramming.

That portion of the report covering the Air Force's fiscal year 1986 Operation and Maintenance appropriation as of September 30, 1986, illustrates the above problems. The DD Form 1416 report showed that the budget authority had increased \$430.5 million. Separate analysis showed that the increase was not the same as the congressionally approved reprogramming. The \$430.5 million was a net amount consisting of \$20.9 million of congressionally reviewed reprogramming decrease actions and \$451.4 million of self-initiated comptroller-approved internal reprogramming increases. Although DOD instructions direct that details on internal reprogramming will be made available to congressional committees if requested, the committees do not now automatically receive information that would allow them to determine whether they should request the details of a reprogramming action. (See appendixes IV and V for DOD's Form 1416 and our proposed alternative, respectively.)

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## Matters for Congressional Consideration

To facilitate the review and reporting of reprogramming requests, the Committee, after consulting with the other responsible committees, may wish to direct the Secretary of Defense to modify

- DD Form 1415, "Reprogramming Action," to add information on the urgency of requests, other relevant data, and a more complete financial status on programs being changed (see app. III) and
- DD Form 1416, "Report of Programs," by adding summary data, distinguishing congressionally reviewed—approved and pending—reprogramming from self-initiated changes and separately identifying nonreprogramming changes (see apps. IV and V).

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## Agency Comments

Although DOD stated it was willing to provide additional information to the committees as needed, it generally disagreed with our suggestions. DOD stated that it already provides the information we said was missing or that additional information was unnecessary. DOD also said that our recommendations would substantially increase the work load of the Congress.

We agree that much of the data is already submitted by DOD. However, in most cases our suggested improvements would only substitute or reformat data in a way that would be more useful to the committees. For example, in lieu of reporting a single net revised program value approved by the Secretary of Defense our proposed modifications to DD Form 1415 would include reprogramming approved by the Congress, reprogramming pending congressional approval, other major nonreprogramming categories, as appropriate, and finally the revised program amount. Our suggestions focus on providing information that is already available at DOD and the services; therefore, it is unlikely that our suggested changes would cause substantial additional work. In addition, we believe our suggested changes would reduce the Congress' work load by consolidating and more clearly presenting information from several current reports. (See appendix VI for DOD's complete comments and our evaluations.)

mark-up of the next year's budget. Given this timing, the prospects for accelerating congressional processing of reprogramming requests appear limited.

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### Raising Dollar Thresholds Would Not Significantly Reduce Requests

We evaluated the impact that increased dollar thresholds would have in reducing the number of requests submitted for congressional review. We found that 27 requests were submitted for congressional review during fiscal years 1986 and 1987 based on dollar threshold criteria. The requests accounted for about 20 percent of fiscal year 1986 and 1987 reprogramming requests. If the thresholds had been doubled for those 2 years, the number would have been reduced by eight requests, or 6 percent of the total. A 10-fold increase in thresholds would have eliminated all requests in this category. The primary reason for the change is that criteria other than dollar thresholds, such as the use of transfer authority, governed about 80 percent of the requests.

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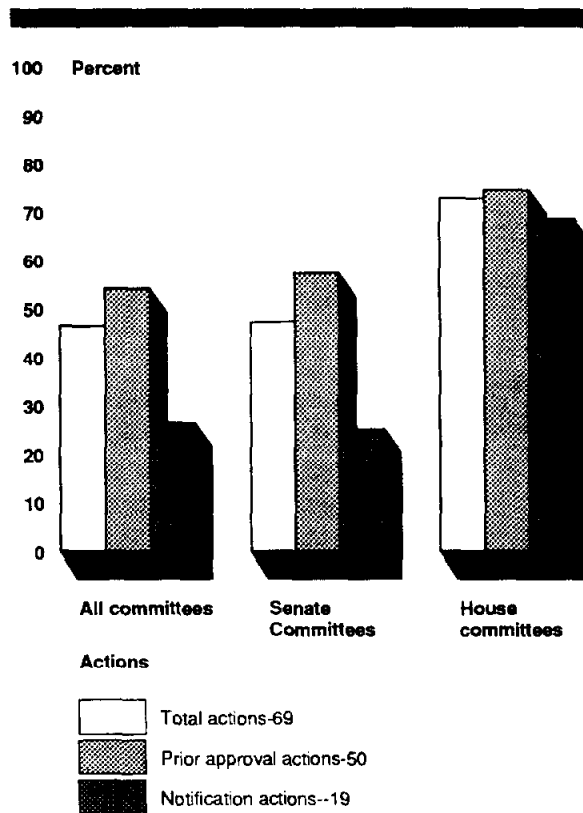
### Expanded Use of Notification Review Procedure Could Expedite Review Action

Although DOD officials expressed concern over the timeliness of the process, they did not provide us with examples of adverse impacts, and our tests did not show any. Figure 3.1 shows the time taken for the committees to act upon fiscal year 1987 reprogramming requests.

For fiscal year 1987 actions, we found notification actions were acted upon less quickly than prior approval actions, as shown in figure 3.2. Also, the House committees processed actions more quickly than the Senate committees, particularly notification actions.

The Senate committees acted on fewer notification actions within a 90-day period than the House committees—25 percent and 68 percent, respectively, during fiscal year 1987. The Senate committees approved all but two notification requests as submitted.

**Figure 3.2: Reprogramming Requests Processed Within 90 Days by Congressional Committees (Fiscal Year 1987)**



Note: Data current as of January 31, 1988.

## Matters for Congressional Consideration

If the Senate Committee on Armed Services wishes to accelerate the processing of reprogramming requests, it may wish to consult with other responsible committees and consider processing "Prior Notification" reprogramming requests under procedures similar to those followed by House committees. Such action could expedite the process since requests are considered approved a specified number of days after their receipt, unless a committee raises an objection.

## Agency Comments

DOD agreed with the findings and conclusions in this chapter.

perception that funding for depot maintenance can be obtained more easily from the Congress because it is more closely related to readiness.

Similarly, we found that although the budget and actual operations had numerous differences within the Navy's General Purpose Forces Budget activity, the Navy does not routinely identify and disclose why the differences occurred. From fiscal years 1984 through 1987, the Navy shifted \$469.5 million (6 percent of the total budget) among the various categories within this activity.

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## Congressional Concern

The House Committee on Armed Services, on April 5, 1988, (H.Rep. 110-563), directed the Navy to provide budget justifications that include measurable mission-related goals tied to the needed resources and to develop a method for measuring them. It also told the Navy to examine and explain the differences between its objectives and results. The Navy is to submit the analysis along with its annual budget justification.

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## Conclusions

The Congress provides DOD with the flexibility to shift funds within appropriation subaccounts. It would be impracticable and probably counterproductive to control subaccounts of appropriations, such as Operations and Maintenance, through the structured reprogramming process. However, changes that involve hundreds of millions of dollars appear to warrant routine reporting to help the Congress evaluate current budget requests. We believe reporting on significant shifts of prior years funding should be timely (i.e., made available to the Congress for the ensuing year's budget deliberations). We also believe that such disclosure would provide the Congress with helpful trend data.

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## Matters for Congressional Consideration

The Committee may wish to consider requiring the reporting of major shifts of funds within subaccounts. The services could prepare an addendum to their budget backup books to explain significant changes between prior years requested/appropriated amounts and actual obligations.

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## Agency Comments

DOD stated that it already provides information contained in our suggested addendum to budget backup books. DOD stated that it (1) submits reprogramming actions for programs of special interest, and (2) discloses material current year funding changes in its budget justification books.

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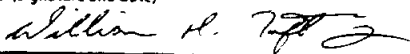
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Appendix I  
 Current Reprogramming Action DD  
 Form 1415

See comment 1.

Unclassified  
 CLASSIFICATION

2 of 2  
 Page 4 of 4 Pages

REPROGRAMING ACTION									
Appropriation Account Title: All Military Personnel Appropriations, Air Force, FY 1987 (Includes Transfers)							DoD Serial Number:		
Component Serial Number:							FY 87-55 PA		
FY 87-36 PA							(Amounts in Thousands of Dollars)		
LINE ITEM	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program		
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
a	b	c	d	e	f	g	h	i	
<b>PRIOR APPROVAL ACTION</b>									
[Note: Balance of increases omitted.]									
<b>TOTAL REPROGRAMING INCREASES</b>						<b>+84,836</b>			
<b>REPROGRAMING DECREASES:</b>									
<b>Research, Development, Test and Evaluation, Air Force, 87/88</b>									
Budget Activity 3, Strategic Programs									
64312F ICBM Modernization	1,610,000		1,483,382		-60,800		1,422,582		
Explanation: Evaluation of program requirements versus available funding resulted in the availability of the source without impacting the direct program.									
<b>Total Reprograming Decrease (RDT&amp;E, AF, 87/88)</b>						<b>-60,800</b>			
[Note: Balance of decreases omitted.]									
<b>TOTAL REPROGRAMING DECREASES</b>						<b>-84,836</b>			
Approved (Signature and Date)									
						25 AUG 1987	WILLIAM H. TAFT, IV Deputy Secretary of Defense		

DD FORM 1415-1  
 1 Mar 83

UNCLASSIFIED  
 CLASSIFICATION

Replaces DD Form 1415 1  
 1 Jul 79, which is obsolete



# DOD's Reprogramming Action 87-55PA Under GAO's Proposed Revised DD Form 1415 Format

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

**DOD's REPROGRAMMING ACTION 87-55PA  
UNDER  
GAO's PROPOSED REVISED DD 1415 FORMAT**

Page 1 of 2

CLASSIFICATION	REPROGRAMMING ACTION	
Component Serial No.:	Prior Approval Action	DOD Serial No.:

**Appropriation Account Title:**

**PURPOSE:** This programming action is necessary to finance (1) the partially funded January 1, 1987, military pay raise (\$28.7 million), (2) increases in overseas station allowances due to the rapid devaluation of the dollar against major foreign currencies (\$24.6 million), (3) the implementation of the revised Spendable Income Table for cost-of-living allowances (\$17.7 million), and (4) costs of retention improvements on the active and reserve enlisted force (\$13.8 million).

**SOURCE:** This action reprograms \$84.836 million from five appropriations—Research, Development, Test and Evaluation, Air Force, 87/88, Budget Activity 3, Strategic Programs, 64312F Inter Continental Ballistic Missile (ICBM) Modernization, Small ICBM Program (\$60.8 million); Operation and Maintenance (O&M), Air Force Reserve, Fiscal Year 1987—Depot Maintenance (\$5.701 million); O&M FY1987 Air National Guard, FY1987—Mission Forces (\$1.335 million); and Other Procurement, Air Force, 87/89 Budget Activity 3, Electronics and Communications Equipment—Spares and Repair Parts (\$17 million).

**OTHER RELEVANT FACTS:** An evaluation of the Small ICBM Program showed that available resources exceed requirements by \$330 million due to contract savings of which \$60.8 million is proposed for use under this action. The balance of the excess Small ICBM Program funds have been applied as follows: \$.9 million to a congressionally approved action (FY-87-22N); \$106.7 million to five actions pending congressional approval (FY-87-12N, 41N, 49PA, 50PA, and 55PA); \$19 million to restructure the Small Business Innovative Research program; and \$142.6 million for service-approved reprogramming to more than 28 programs.

**AUTHORITY:** This action is submitted for prior approval since it proposes the use of general transfer authority pursuant to Section 9015, P.L. 99-500 and P.L. 99-591, DOD Appropriations Act, 1987. The request is for higher priority items, based on unforeseen military requirements, than those for which funds were originally appropriated. This meets all administrative and legal requirements of the Congress and has not been denied by the Congress.

**BUDGET REFERENCE:** This reprogramming action is partially reflected in the FY1987 column of the FY1988/1989 President's budget.

**URGENCY:** This action is considered urgent because funding is needed on or before September 30, 1987, to meet the requirements of the Anti-Deficiency Act.

**Approved (Signature and Date)**

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**Appendix II  
DOD's Reprogramming Action 87-55PA Under  
GAO's Proposed Revised DD Form  
1415 Format**

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**GAO Comments**

1. Balance of decreases not shown.

**Appendix III  
GAO Proposed Revised DD Form 1415 Format**

**GAO PROPOSED DD 1415 FORMAT**

Unclassified

Page 2 of 2

**CLASSIFICATION**

**REPROGRAMMING ACTION**

**Component Serial No.:**

Prior Approval Action

**DOD Serial No.:**

**Appropriation Account Title(s):**

(Dollars in thousands)

Line item	President's Budget request		Program base reflecting cong. action		Reprogramming						Other DOD changes <sup>3</sup>		Proposed revised program	
					Congressionally reviewed				Service approved <sup>2</sup>					
					Approved by Congress		Pending before Congress <sup>1</sup>							
Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	

<sup>1</sup>Pending before Congress represents in-process previously submitted actions.

<sup>2</sup>Service-approved reprogramming represents below-threshold reprogramming.

<sup>3</sup>Other DOD changes includes undistributed congressional cuts, undistributed transfers, and internal reprogramming actions.

# GAO Proposed Revised DD Form 1416 Format

**PROPOSED REVISED DD 1416 FORMAT**

Page \_\_\_\_ of \_\_\_\_ pages

**CLASSIFICATION**

**REPORT OF PROGRAMS**

Appropriation Account Title(s):

As of

LINE ITEM	(Dollars in thousands)												
	Program base reflecting congressional action		Committee approved reprogramming				Other changes not requiring congressional approval			Current approved program			
			Since date of last report		Cumulative as of this report		Reprogramming	Other <sup>1</sup>					
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount	%	Qty.	Amount	Qty.	Amount
a	b	c	d	e	f	g	h	i	j	k	l	m	

<sup>1</sup>All significant changes should be explained, such as the allocation of a congressional across-the-board percentage budget cut directed toward reducing the use of consultants.

Appendix VI  
Comments From the Department of Defense

The committees can be assured that any additional information needed to consider the reprogramming action will be provided as needed. No matter how much information is submitted on the original document, the need to provide additional information, either written or oral, will occasionally exist. Since each reprogramming action is a separate action, it would appear more sensible to deal with questions individually as they arise, rather than substantially increase the work load of the congressional committees, the Services, and the Office of the Secretary of Defense without any measurable benefit to the entire process. The reprogramming process is already a lengthy process; it does, however, work.

In summary, the DoD is interested in working with those involved in the reprogramming process in the Congress to further promote a more complete understanding of the process. The DoD has always cooperated with the congressional committees on reprogramming matters and looks forward to continuing the close working relationship to improve the process in our mutual best interest.

Sincerely,

  
Clyde O. Glaister  
Comptroller

Attachment

Appendix VI  
Comments From the Department of Defense

a consistent manner under appropriate side captions. According to the GAO, the DoD submissions it reviewed lacked pertinent financial data because:

- data are shown at a summary level rather than at the specific program level;
- the existence of other pending reprogramming actions for the same account are not identified;
- the reprogramming actions external to the congressional review process are not shown; and
- the amount included in the President's budget request is not shown.

The GAO concluded that reprogramming requests can be improved by providing complete financial disclosure on the program affected. (pp. 3-4, pp. 20-21, p. 26/GAO Draft Report)

**DOD RESPONSE:** Nonconcur.

The DoD disagrees with the GAO observation that DoD submissions lack pertinent financial data. All of the data listed by the GAO as lacking on the DD 1415 are provided to the Congress either on the DD 1415 itself or in a different report, as discussed below:

- The level of detail shown on the DD 1415 is consistent with the level against which reprogramming thresholds are applied.
- The dollar magnitude of pending and approved reprogrammings is shown on the current DD 1415 ("Program Base Reflecting Congressional Action" less "Program Previously Approved by Sec Def").
- The dollar magnitude of reprogrammings external to the congressional review process is available on the "Report of Programs," DD 1416. The DD 1416 report, which is approximately 480 pages long, is provided to the congressional committees semiannually and reflects data as of March 31 and September 30.
- The dollar magnitude of each line item included in the President's budget request is shown in a separate report, "Base for Reprogramming Actions," DD 1414. The DD 1414 shows the President's budget request, changes reflecting congressional action/intent, and the revised program base for reprogramming. That report also establishes congressional special interest items.

The DoD agrees that significant funding data associated with a reprogramming request can be accommodated through expanding the narrative without getting bogged down with detail on every

Now on pp. 3-4, 14-15,  
and 18.

See comment 1.

See comment 2.

See comment 3.

See comment 4.

See comment 5.

The formal (or above) threshold reprogramings and the self-initiated or (below) threshold reprogramings made to the ICBM Modernization program, were made within established reprogramming procedures. However, new language contained in the FY 1989 Appropriations Conference Report 100-1002, page 35, now restricts the amount that may be taken from a line by below threshold action within the Procurement and Research, Development, Test and Evaluation appropriations.

Although the House Appropriations Committee denied funds for \$130.9 million for four of the seven proposed prior approval reprogramming requests, the DoD disagrees that the Small Inter-Continental Ballistic Missile (SICBM) program funds were rescinded solely due to excessive use of the SICBM funds as sources for reprogramming. The Congress rescinded \$3.5 billion from approximately 150 prior year programs, including the SICBM program. Some of the other rescinded funds were also sources that had been identified on reprogramming actions submitted to the congressional committees.

**FINDING D: Urgency of Reprograming Requests.** The GAO stated that, at the request of the Senate Committee on Armed Services, it provided information on the urgency of 48 FY 1987 reprogramming requests to assist in ranking its work load. According to the GAO, the DoD does not routinely submit this information. The GAO observed that the urgency ranking identified several cases where a delay in acting upon the request could have resulted in added costs or other harm. The GAO cited, for example, one case in which the Air Force estimated that \$13 million would be lost due to the necessity to phase down and subsequently restart work. In another case cited by the GAO, the Army estimated that a delay would require furloughing 2,982 civilian employees. (p. 4, pp. 22-23, p. 26/GAO Draft Report)

**DOD RESPONSE:** Concur.

The DoD would not object to submitting information on the urgency of reprogramming requests, when applicable. The fact that a reprogramming request is submitted reflects an urgent mission requirement and should not be considered routine by congressional committees. In the past, the DoD has hesitated to dictate a suspense to the congressional committees as to when approval is required. Each committee has its own procedure for considering and approving a reprogramming action, and the Department relies on the committees to respond as soon as practical. Avenues already exist if it becomes necessary to communicate with the committees concerning an extraordinary need for action. Also, from time to time, the DoD initiates lists of pending reprogramming actions and needed dates for approval of each and submits the lists for information to the congressional committees. Each reprogramming action is a stand alone request

undistributed reductions are reflected in a separate column. The last of these three columns was recently added to the Report of Programs to better monitor threshold limitations.

The quarterly report identifying reductions that aggregate \$4 million for RDT&E programs and \$10 million or more for procurement appropriation programs has been replaced by the requirement to submit a notification reprogramming action. Appropriations Conference Report language accompanying the FY 1989 DoD Appropriations Act now requires a notification reprogramming action for reductions to investment accounts of 20 percent of the appropriated level of the P-1/R-1 line, or \$10.0 million for procurement or \$4.0 million for RDT&E, whichever is greater.

In addition to being unnecessary, the GAO proposal for the DD Form 1416 has the following shortcomings:

See comment 7.

- Two duplicative columns - Committee Approved Reprogramming Actions Since Date of Last Report and As of Date of This Report.

See comment 8.

- Combines Internal Reprogramming Actions approved by the Secretary of Defense in the same column with below threshold reprogramming actions of the Military Departments. These actions are very different in nature and should not be merged.

See comment 9.

- Current quantities are not reflected in the GAO format. Since quantities are an important control measure for major weapons systems, the GAO format would not comply with a major element of the Congressional/DoD reprogramming agreement.

- Omits those reprogramming actions that have been submitted to the congressional committees that are pending congressional approval. These actions change the reprogramming base amounts and should be considered in determining the current program.

Also, the DoD is concerned with the added work load that will result in complying with the GAO suggestion to show the percent of the amounts of change. As yet, the DD 1416 is not fully automated and the level of effort required to manually display the percent for each line does not appear reasonable considering that little benefit would be gained from doing so.

**FINDING F: Congressional Committee Options to Improve the Reprogramming Process.** The GAO reported that the Senate Committee on Armed Services requested that it determine if increasing the dollar thresholds for requests requiring congressional approval could reduce the number of such requests submitted for review. The GAO found, however, that only 20 percent of the reprogramming requests for FY 1986 and FY 1987



Now on pp. 4, 24-26.

GAO found that during the period FY 1984 through FY 1987, the Navy reallocated \$469.5 million among the various categories. The GAO concluded that, while it would be impracticable and probably counterproductive to control appropriations subaccounts through the structured reprogramming process, changes involving millions of dollars appear to warrant some type of routine reporting and explanation to assist the Congress in evaluating current budget requests. The GAO suggested the timely disclosure -- of significant shifts of funds during the preceding years and earlier years available to the Congress for the ensuing year's budget deliberations -- could provide helpful trend data. (p. 5, pps. 29-37/GAO Draft Report)

DOD RESPONSE: Partially concur.

The DoD agrees with the GAO observation that the reprogramming process agreed upon between the DoD and congressional committees allows DoD the flexibility to shift funds within subaccounts; such as budget activities, program elements, or line items in the Operation and Maintenance, Research, Development, Test and Evaluation, and Procurement appropriations. The reprogramming process restricts the amount of funds that can be moved from one budget activity or line item to another.

The DoD agrees that it would be impracticable to effect prior congressional review of funding realignments within the subaccounts through the structured reprogramming process because of the volume of such changes and the need for prompt action during program execution. The DoD uses the current reprogramming concept of identifying "congressional special interest items" as a means of protecting programs that are of special interest to a particular oversight committee. Proposed realignments in programs of special interest to the committees are identified during the budget execution process through submission of prior approval reprogramming actions. This keeps Congress apprised of significant funding changes.

In addition, disclosure of material funding changes in the current year is also reflected in the budget justification books submitted to the Congress. Thus Congress is already provided funding information for the current year of execution to enable use in evaluating budget year requests. Therefore, the Department does not believe an addendum to the justification material is necessary.

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The following are GAO's comments on the Department of Defense's letter dated March 6, 1989.

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## GAO Comments

1. DOD correctly noted that the level of detail shown in the DD Form 1415 is consistent with the level against which reprogramming thresholds are applied. However, the purpose of reprogramming requests are to justify individual actions. We believe each request should therefore show data below the summary level of appropriation accounts to provide the Congress with the information needed to make informed decisions regarding the specific programs affected by the request.
2. We do not agree with DOD that pending and approved reprogramming actions are shown on DD Form 1415. The change in program funding can be determined, as suggested by DOD. However, DD Form 1415 does not show how much of the change has been congressionally approved, is pending congressional approval, or is attributed to changes not subject to prior congressional review. As a result, we do not believe DD Form 1415 provides adequate disclosure on congressional actions with respect to approved and pending reprogramming actions.
3. We agree that the dollar magnitude of reprogramming external to the congressional review process is available on DD Form 1416 as of March 31 and September 30 of each year. However, the difficulty with the report is that it is not timely for reviewing individual requests, and the individual requests themselves do not disclose self-initiated reprogramming actions that affect the request.
4. DD Form 1414 shows the congressionally approved baseline dollar amount at the line item level but not the major subprograms that make up the total. Thus, this form does not provide information at the level of detail that will be affected by the congressional reprogramming actions. For example, the Inter Continental Ballistic Missile Modernization Program (see app. I) does not show information on the specific subprogram affected by the reprogramming request, the Small Inter Continental Ballistic Missile Program. Thus, the form does not provide the information we said was missing.
5. We do not agree with DOD that DD Form 1416 appropriately identifies the status of reprogramming by congressionally approved or pending congressional approval, for the same reasons noted in comment 2 for DD Form 1415. DOD's changes to DD Form 1416 do not distinguish the types of reprogramming (congressionally approved versus DOD approved) or

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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.

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Reprogramming

Utilization 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.

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Transfer

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

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# Glossary

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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.
Appropriation	An authorization by an act of the Congress that permits federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. A summary account is established in the Treasury for each appropriation.
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.
General Transfer Authority	An annual provision in the DOD Appropriations Act that sets a ceiling on the amounts of funds that can be moved between specified appropriations or legal subdivisions of the same appropriation.
Budget Activity	Category within accounts that identifies activity, purposes, projects, or types of activities financed. For DOD, the Budget Activity is normally associated with reprogramming in the Personnel Compensation and Operation & Maintenance accounts. In other accounts, subelements of the Budget Activity may be associated with reprogramming; for example, Line Item for Procurement accounts and Program Element for Research, Development, Test and Evaluation 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.

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the status of requests (congressionally approved versus actions pending approval).

6. DOD apparently misinterpreted our proposal for revising the DD Form 1416. The two columns, "Since Date of Last Report" and "As of Date of this Report," are not duplicative. They respectively show the magnitude of reprogramming that has taken place since the last report and the cumulative reprogramming to date. The current form displays cumulative Secretary of Defense Approved-Program in these columns, not committee-approved reprogramming amounts as we suggest.

7. Our proposed revised DD Form 1415 contains two columns under the column "Other Changes Not Requiring Congressional Approval: Reprogramming" and "Other." DOD may wish to include its internal audit trail reprogramming in the "Other" column. From a congressional perspective, however, we disagree with DOD that internal reprogramming is very different from service reprogramming as neither requires prior committee review. Further, we believe that DOD's current reporting of internal transfers under the column "Program Approved by Secretary of Defense" is not particularly useful for the reasons stated in chapter 2. DOD's concern about the integrity of the DD Form 1416 report, with respect to the Secretary of Defense approval authority, is appropriate for an internal DOD report.

8. We agree and have added quantity columns to our proposed revised DD Form 1416 as suggested by DOD.

9. GAO's proposed revised DD Form 1416 intentionally omits reprogramming actions pending congressional approval. We do not believe it is appropriate to include these actions in the report until they have been approved. It may be useful, however, to annotate the report where such actions are pending.

MATTERS FOR CONGRESSIONAL CONSIDERATION

ITEM 1. To facilitate the review and reporting of reprogramming requests, the GAO suggested that, after consulting with the other responsible committees, the Senate Committee may wish to direct the Secretary of Defense to add information on the urgency of requests, other relevant data, and a more complete financial status on programs being changed in the "Reprogramming Action," DD Form 1415; and to modify the "Report of Programs," DD Form 1416, by adding summary data, distinguishing congressionally reviewed--approved and pending--reprogramming from self-initiated changes and separately identifying nonreprogramming changes. (pps. 27-28/GAO Draft Report)

Now on p. 19.

DOD RESPONSE: Please refer to the DoD responses provided for FINDINGS B, C, D, and E.

ITEM 2. If it wishes to accelerate the processing of reprogramming requests, the GAO suggested that the Senate Committee may wish to consult with other responsible committees and consider processing threshold-driven reprogramming actions under the notification process. (The GAO observed that such actions could expedite the process since requests are considered approved a specified number of days after their receipt, unless a committee raises objection.) (p. 34/GAO Draft Report)

Now on p. 22.

DOD RESPONSE: Please refer to the DoD response provided for FINDING F.

ITEM 3. The GAO suggested that the Committee may wish to consider requiring the report of major shifts of funds within subaccounts. (The GAO observed that an addendum to the Service budget back-up books could be prepared to explain significant changes between prior years requested/appropriated amounts and actual obligations. (p. 37/GAO Draft Report)

Now on p. 25.

DOD RESPONSE: Please refer to the DoD response provided for FINDING G.

were submitted because of dollar thresholds. The GAO observed that doubling the thresholds would only have eliminated 7 requests, while a 10-fold increase would have only eliminated 27 requests, or 20 percent of all requests submitted for Congressional review. The GAO also found that the Senate Committee acts slower on requests than the House Committee because the House Committee permits the DoD to move funds 15 days after notification, if action is not taken beforehand, while the Senate Committee treats reprogramings requiring notification the same as those requiring prior approval. The GAO further reported that the DoD cannot shift funds until all cognizant congressional committees act. The GAO also noted that, although DoD officials expressed concern over the timeliness of the process, the DoD could not provide any examples of adverse impacts nor did the GAO tests show any. The GAO concluded that raising dollar thresholds would not significantly reduce reprogramming requests. The GAO further concluded that the time of the DoD request submissions and congressional reviews limits how much timeliness can be improved. (pps. 4-5, 29-34, GAO Draft Report)

Now on pp. 3-4, 20-23.

DOD RESPONSE: Concur.

The GAO should note, however, that during the review of the FY 1989 DoD Appropriations bill, the House and Senate Appropriations Committees included language in their reports which increased the dollar threshold for Operation and Maintenance programs from \$5 million to \$10 million.

Increasing dollar thresholds, having the Senate Committees honor the concept of 15-day approvals for notification reprogramming actions, and having the committees approve reprogramming actions sooner would be ideal. However, at this time, the DoD acknowledges the fact that changing these thresholds would not have a significant impact on the overall reprogramming process. The process has served the DoD well and the DoD hopes the process will continue doing so.

FINDING G: Other Funding Changes. The GAO found that the Congress does not restrict the DoD flexibility to shift funds within subaccounts; such as budget activities, program elements, or line items in the Operation and Maintenance, Research, Development, Test and Evaluation, and Procurement appropriations. In this regard, the GAO found that substantial sums have been shifted to purposes other than those originally proposed in budget submissions. The GAO noted that in the case of some fund shifts, the Congress has become concerned. In citing some examples, the GAO stated that its analysis of the Air Force \$18.5 billion FY 1986 Operation and Maintenance budget showed that \$989 million was shifted within subaccounts. In the Army Operation and Maintenance budgets for FY 1985, FY 1986 and FY 1987 shifts involving depot maintenance were \$37 million, \$170 million and \$169 million respectively. In the Navy, the

for a stand alone increase. Each higher priority, unforeseen military requirement is a separate request with sources identified to fund that request.

FINDING E: DoD Reporting on Requirements Can Be Improved.

The GAO reported that the DoD currently has four reprogramming reports--(1) the semiannual DD Form 1416 "Report of Programs," (2) a quarterly report, which notifies congressional committees of new programs or line items initiated in the prior quarter, (3) the Reprogramming Status Report (FAD 757), which is prepared upon request of the Committee or at the discretion of the DoD, and (4) a quarterly report, which began on March 31, 1988, identifying reductions that aggregate \$4 million for RDT&E programs and \$10 million or more for procurement appropriation programs. According to the GAO, reporting would be improved if the information clearly defined all funding changes to a program. In this regard, the GAO stated that, for each program, this would include showing the amount of change attributed to (1) congressionally approved reprogramming, (2) reprogramming not subject to prior congressional review, and (3) other factors, such as undistributed congressional budget reductions. The GAO also stated that the amounts of change should be stated as a percent of the original congressional base to provide a ready indication of the significance of the dollar changes. The GAO stated that the DoD officials disagreed with its view that internal reprogramming and undistributed congressional budget cuts should be separately identified in the DD Form 1416 report. According to the GAO, the DoD stated that the current reporting under "Program Approved by Secretary of Defense" and "Changes Not Requiring Prior Approval by Secretary of Defense" headings is consistent with the program as approved by the Secretary. The GAO concluded that improved reporting of DoD reprogramming actions could improve congressional oversight because, without a complete summary of DoD reprogramming actions, the Congress cannot readily identify issues requiring its attention. (pp. 4-5, pp. 23-26, p. 27, GAO Draft Report)

DOD RESPONSE: Partially concur.

The Department agrees that the congressional committees require pertinent information to allow for proper congressional oversight and identification of issues requiring their attention. However, DoD maintains that present procedures adequately satisfy reprogramming reporting requirements needed by the committees.

The DoD does not agree that a change is required since the DD Form 1416 divides reprogramming actions into the categories as desired by GAO. Reprogramming actions requiring congressional approval or already approved by Congress are reflected as "Programs Approved by Sec Def," changes not subject to congressional approval are reflected as changes not requiring Secretary of Defense approval or internal SOF changes and

Now on pp. 3-4, 16-18,  
and 19.

See comment 6.

change. Significant changes, such as planned termination of a program, can be covered in the narrative. Also, in compliance with new direction provided in the FY 1989 Appropriations Conference Report 100-1002, the appropriations committees will be provided advance notice by the Services of terminated R-1 or P-1 programs, or a project or subprogram \$10.0 million or greater within such a line item, prior to using those sources for above or below threshold transactions.

Additionally, significant decreases to programs will now be accommodated through the formal reprogramming process due to the new thresholds for decreases implemented in the FY 1989 Appropriations Conference Report. Accordingly, the Services cannot decrease or increase an RDT&E program by \$4 million or procurement program by \$10, or decrease the R-1/P-1 line item by 20 percent of the appropriated amount without a notification reprogramming action.

FINDING C: Funding Changes Did Not Always Include Data on Prior or Pending Reprogramings. The GAO found that, although reprogramming requests contained explanations for proposed funding changes, they sometimes did not include data on changes resulting from prior or pending reprogramming. The GAO cited one proposed request, for example, which showed \$60.8 million was being reprogrammed from the Small Inter-Continental Ballistic Missile Program; however, the DoD did not show that this was part of \$330 million that it had reprogrammed (or was in the process of reprogramming) from the program--i.e., \$168.4 million under seven reprogramming requests requiring prior congressional review, and \$142.6 million under at least 28 self-initiated reprogramming actions. The GAO pointed out that, when the full extent of the reprogramming became known, the House Committee on Appropriations denied the Small Inter-Continental Ballistic Missile Program as a source of funds for \$130.9 million for four of the seven proposed prior approval requests and the Congress subsequently rescinded \$266 million of the program's funds causing the Air Force to reverse some of its self-initiated reprogrammings because the Congress had eliminated its funding source. The GAO concluded that significant program changes (such as the availability of \$330 million under the Small Inter-Continental Ballistics Missile Program) should be clearly indicated when the initial and subsequent reprogramming requests are made. (p. 4, pp. 21-22, pp. 26-27/GAO Draft Report)

DOD RESPONSE: Nonconcur.

The DoD disagrees with the GAO observation that funding changes did not always include data on prior or pending reprogramming. The formal reprogramming actions (DD 1415s) do include data as to what program was previously approved, what action is being requested, and what the revised program will be.

Now on pp. 3-4, 14-15,  
and 18.

GAO DRAFT REPORT - DATED DECEMBER 21, 1988  
(GAO CODE 391600) OSD CASE 7865

BUDGET REPROGRAMING: OPPORTUNITIES TO  
IMPROVE DOD'S REPROGRAMING PROCESS

DEPARTMENT OF DEFENSE COMMENTS

\* \* \* \* \*

FINDINGS

FINDING A: DoD Reprograming Authority. The GAO explained that current reprograming authority permits the DoD to use funds for purposes other than those specified in the budget submission, although within the general authority of the appropriation. The GAO further explained that the DoD and the cognizant congressional committees have agreed upon specific reprograming guidelines which are set forth in DoD directives. The GAO observed that the directives specify that prior congressional review is required when reprograming would:

- exceed specified dollar thresholds;
- affect an item of special interest to one or more congressional committees;
- increase authorized procurement quantities; or
- start a new program that would result in significant follow-on costs.

The GAO further observed that there are two types of prior review requests--(1) prior approval and (2) prior notification--with all prior approval requests requiring written congressional approval. The GAO found that, during the 5 fiscal years ending September 30, 1987, the DoD reprogramed an average of \$3.3 billion a year, or 1.3 percent of the total obligational authority. According to the GAO, about half of the reprogramed amounts required prior congressional review or notification. (p. 2, pp. 9-19/GAO Draft Report)

DOD RESPONSE: Concur.

FINDING B: Reprograming Request Data Can Be Improved. Based on the tests it conducted of reprograming actions during FY 1987, the GAO found that the DoD complied with the guidance. The GAO also found that very few reprograming requests were submitted. The GAO observed, however, that reprograming request documentation could be improved by providing additional financial information on the programs affected. In using the DD Form 1415, the GAO found that submissions were often difficult to analyze because key data were not set forth in

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Now on pp. 2, 9-13.

# Comments From the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



COMPTROLLER OF THE DEPARTMENT OF DEFENSE

WASHINGTON, DC 20301-1100

MAR 6 1989

Mr. Frank C. Conahan  
Assistant Comptroller General  
United States  
General Accounting Office  
National Security and International  
Affairs Division  
Washington, DC 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) Draft Report "BUDGET REPROGRAMING: Opportunities to Improve DoD's Reprograming Process," dated December 21, 1988 (GAO Code 391600, OSD Case 7865).

The DoD appreciates the favorable comments contained in the GAO's review of the DoD reprogramming process. The GAO found that the DoD submits relatively few requests to reprogram funds, and those submitted appeared to reasonably describe their intended purposes. In addition, the GAO found no deviations from DoD reprogramming directives during the fiscal year ending September 30, 1987. The numbers of requests and dollars reprogrammed were small when compared to the total budgets in both 1986 and 1987. The GAO also found that the DoD FY 1987 reprogramming requests met mutually established congressional and DoD guidance. Moreover, the GAO also made selected tests of the FY 1986 Service-approved reprogramming actions, which required summary congressional disclosure but not prior review. Those tests also showed no exceptions to reprogramming guidance. The GAO selective tests of reprogramming actions showed that DoD complied with its reprogramming guidance during the fiscal year ending September 30, 1987.

Although the DoD reprogramming requests met mutually established congressional and DoD guidance, the thrust of the GAO observations appear to be that pertinent financial information is not provided to the committees. It is the DoD position that current reprogramming action request documents have sufficiently conveyed the need to reprogram funds. Also, reprogramming reports sufficiently convey detailed data required by the congressional committees. The reprogramming process has been formalized, refined and modified to meet changing needs and is based on long standing agreements between the DoD and the congressional oversight committees.

# DOD Revised Report of Programs DD Form 1416

CLASSIFICATION	<b>REPORT OF PROGRAMS</b> (Dollars in Thousands)	Page of Pages						
Appropriation Account Title: <b>DoD Format</b>		Program Approved by Secretary of Defense as of Date of This Report						
Line Item  <i>a</i>	Program Base Reflecting Congressional Action	Congressionally Directed Undistributed Amounts and Undistributed Transfers						
	Qty <i>b</i> Amount <i>c</i>	Qty <i>d</i> Amount <i>e</i> Qty <i>f</i> Amount <i>g</i>						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">As of</td> <td style="text-align: center;">Total Program Columns d and e through h and i</td> </tr> <tr> <td style="text-align: center;">Changes not Requiring Prior Approval by Secretary of Defense and Internal Changes to Special Operations Forces</td> <td style="text-align: center;">Qty <i>h</i>    Amount <i>i</i></td> <td style="text-align: center;">Qty <i>j</i>    Amount <i>k</i></td> </tr> </table>			As of		Total Program Columns d and e through h and i	Changes not Requiring Prior Approval by Secretary of Defense and Internal Changes to Special Operations Forces	Qty <i>h</i> Amount <i>i</i>	Qty <i>j</i> Amount <i>k</i>
As of		Total Program Columns d and e through h and i						
Changes not Requiring Prior Approval by Secretary of Defense and Internal Changes to Special Operations Forces	Qty <i>h</i> Amount <i>i</i>	Qty <i>j</i> Amount <i>k</i>						
<p><b>"Program Base Reflecting Congressional Action."</b> This column is the result of the program base presented to Congress in printed justification and changes reflecting congressional action/intent shown on the "Base for Reprogramming Actions," DD 1414 report as the "Revised Program Base for Reprogramming." This column is the base for reprogramming actions.</p> <p><b>"Program Approved by Secretary of Defense as of Date of This Report."</b> This column reflects above threshold reprogramming actions approved by the Department. Reprogramming actions requiring prior congressional approval or congressional notification are shown in this column. Also, reprogramming actions internal to DOD are reflected in this column. These internal actions are audit-trail actions processed within DOD not otherwise constrained by law or other provisions and do not involve any changes from the purposes justified in budget presentations to the Congress. Internal actions are also actions that involve reprogramming to or from transfer accounts, such as, Foreign Currency Fluctuations, Environmental Restoration, and the Automatic Data Processing Equipment Management Fund.</p> <p>Amounts shown in this column are footnoted to designate those amounts that include a reprogramming that is pending approval of one or more of the congressional committees or approval of OSD or OMB.</p> <p>This column represents the last column or "Revised Program" column on a reprogramming action. Accordingly, this is the column that each above threshold reprogramming action either increases or decreases.</p> <p><b>"Congressionally Directed Undistributed Amounts and Undistributed Transfers."</b> This column will reflect congressionally directed increases or decreases and congressionally directed transfers that are not specific to a program, beginning with the March 31, 1989 report for FY 1989 programs.</p> <p><b>"Changes not Requiring Prior Approval by Secretary of Defense and Internal Changes to Special Operations Forces."</b> This column will reflect only those actions that are made as below threshold transactions, beginning with the March 31, 1989 DD 1416 report for FY 1989 programs.</p>								
DD FORM 1416 20 Oct 88	CLASSIFICATION	REPORT CONTROL SYMBOL DD COMP (SA) 434						



# GAO Proposed Revised DD Form 1415 Format

## GAO PROPOSED REVISED DD 1415 FORMAT

Page 1 of 2

<u>CLASSIFICATION</u>	<u>REPROGRAMMING ACTION</u>	
Component Serial No.:	Prior Approval Action	DOD Serial No.:

Appropriation Account Title:

**PURPOSE:** This section should identify the specific reason(s) for each program funding increase.

**SOURCE:** This section should identify the programs giving up the funds and the reason(s) the funds became available.

**OTHER RELEVANT FACTS:** This section should include other facts deemed pertinent to the reprogramming request.

**AUTHORITY:** Show specific legal authority; e.g., this action is submitted for prior approval since it proposes the use of general transfer authority pursuant to Section 9015, P.L. 99-500 and P.L. 99-591, DOD Appropriations Act, 1987. The request is for higher priority items, based on unforeseen military requirements, than those for which funds were originally appropriated. This meets all administrative and legal requirements of the Congress and has not been denied by the Congress.

**BUDGET REFERENCE:** This reprogramming action is partially reflected in the FY1987 column of the FY1988/1989 President's Budget.

**URGENCY:** Urgency statement should be in reference to a specific consequence if the action is not approved within a specified period of time. For example, this action is considered urgent because funding is needed on or before September 30, 1987, to meet the requirements of the Anti-Deficiency Act.

Approved (Signature and Date)

**Appendix II  
DOD's Reprogramming Action 87-55PA Under  
GAO's Proposed Revised DD Form  
1415 Format**

**GAO PROPOSED REVISED DD 1415 FORMAT**

Unclassified

Page 2 of 2

**CLASSIFICATION**

**REPROGRAMMING ACTION**

**Component Serial No.:** FY 87-36 PA

Prior Approval Action

**DOD Serial No.:** FY 87-55 PA

**Appropriation Account Title(s):** Decreases—Military Personnel, Air Force, FY 1987; Operation and Maintenance, Air Force Reserve, FY 1987; Operation and Maintenance, Air National Guard, FY 1987; Research, Development, Test and Evaluation, Air Force, 87/88; Other Procurement, Air Force, 87/89

(Dollars in thousands)

Line Item	President's Budget request		Program base reflecting cong. action		Reprogramming											
					Congressionally reviewed						Service approved		Other DOD changes <sup>a</sup>		Revised program	
					Approved by Congress		Pending before Congress <sup>b</sup>		Proposed action							
Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.	

**Reprogramming Decreases:**

Research, Development, Test and Evaluation, Air Force, 87/88

Budget Activity 3, Strategic Programs  
64312F ICBM Modernization

Small ICBM Program	1,200,000	1,137,000	-937	-106,700 <sup>c</sup>	-60,800	-142,600	-19,000 <sup>d</sup>	806,963
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**EXPLANATION:** An evaluation of program requirements based on contract savings versus available funding identified \$330 million that could be withdrawn from the program. \$142.6 million has been used and/or committed to service approved reprogramming, \$30 million has been committed to an unsubmitted DD Form 1415 action. \$19 million has been applied against the Small Business Innovative Research realignment.

See comment 1.

<sup>a</sup>Individual pending actions will be described under caption "Other Relevant Facts."

<sup>b</sup>Significant changes should be described.

<sup>c</sup>Includes \$30 million committed to a reprogramming from the Integrated Electronic Warfare System/Integrated Communication, Navigation.

<sup>d</sup>Amount was applied to restructuring of Small Business Innovative Research program.

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**GAO Comments**

1. Pages 2 and 3 of 4 omitted.

# Current Reprogramming Action DD Form 1415

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

See comment 1.

<b>Unclassified</b>		Page 1 of 2 Page 1 of 4 Pages						
<b>CLASSIFICATION</b>								
<b>REPROGRAMING ACTION</b>								
Appropriation Account Title: <b>All Military Personnel Appropriations, Air Force, FY 1987 (Includes Transfers)</b>			DoD Serial Number: <b>FY 87-55 PA</b>					
Component Serial Number: <b>FY 87-36 PA</b>	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
LINE ITEM	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
a	b	c	d	e	f	g	h	i
<b>PRIOR APPROVAL ACTION</b>								
<p>This action is submitted for prior approval since it proposes the use of general transfer authority pursuant to Section 9015, P.L. 99-500 and P.L. 99-591, DoD Appropriations Act, 1987. This action reprograms \$84.8 million from several sources to the Air Force military personnel appropriations. This reprogramming action is necessary to finance the January 1, 1987 military pay raise for which funding was not fully appropriated (\$28.7 million), to offset the impact of increases in overseas station allowances due to the rapid devaluation of the dollar against major foreign currencies (\$24.6 million), to fund the implementation of the revised Spendable Income Table for cost of living allowances (\$17.7 million), and the impact of retention improvements on the active and reserve enlisted force (\$13.8 million). The request is for higher priority items, based on unforeseen military requirements than those for which funds were originally appropriated, meets all administrative and legal requirements of the Congress and has not been denied by the Congress. This reprogramming is partially reflected in the FY 1987 column of the FY 1988/1989 President's budget.</p>								
<b>REPROGRAMING INCREASES:</b>								
<b>Military Personnel, Air Force, FY 1987</b>								
Budget Activity 1, Pay and Allowances of Officers								
	6,037,413		6,190,944		+18,475		6,209,419	
<p>Explanation: Requirements for overseas station allowances have increased by \$9.3 million above the amount recognized in the FY 1987 Supplemental Appropriations Act. Of the total increase, \$4.3 million is due to the continued devaluation of the dollar, primarily in Germany, Japan and the United Kingdom. Also, based on a new Bureau of Labor Statistics survey, the spendable income table, which is one of the components in determining the amount of cost of living allowance to which a member is entitled, was revised for the first time in ten years. The revised table reflects changes in spending habits and inflation levels that have occurred during that period and was implemented on March 1, 1987 by DoD. The remaining \$9.1 million is required to fully fund the pay raise that was authorized January 1, 1987.</p>								
<b>UNCLASSIFIED</b>								

DOD's disclosure of material funding changes of the current year in its budget justification books provides useful information, but does not substitute for the disclosure we suggest. The changes reported by DOD to the Congress are estimates reported after about 3 months of the current budget year have elapsed. Our suggestion is to disclose how actual expenditures at year end differed from the budget. The budget justification books show only the actual for the prior year and do not make a direct comparison to the budget.

As with our other suggestions, we identified these potential changes for congressional consideration.

# Other Funding Changes

Reprogramming controls involve the movement of funds among appropriation subaccounts.<sup>1</sup> The Congress generally does not restrict DOD's flexibility to shift funds within subaccounts. Thus, DOD can shift funds within subaccounts without disclosing or justifying the changes. Substantial sums have been shifted to programs other than those originally proposed in budget submissions, and in some cases, the Congress has become concerned. Although prior congressional review of such changes would be impracticable, some disclosure may assist the Congress in considering the next year's budget.

## Examples of Funding Changes

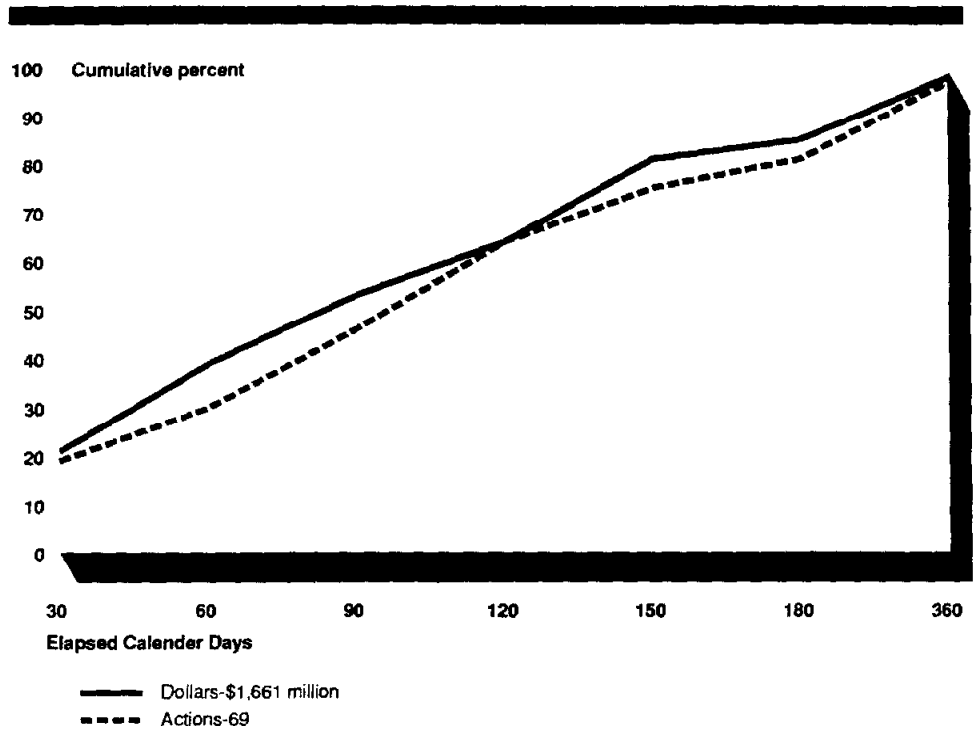
The Air Force's \$18.5 billion fiscal year 1986 Operation and Maintenance appropriation shows the magnitude of funds shifted within subaccounts. The appropriation's eight budget activities had funding shifts within them totaling about \$989 million from the programs specified in the Air Force's budget justification documents. These changes did not require congressional approval or reporting because the funds moved within a single Operation and Maintenance budget activity. The shifts included such changes as increasing Base Operating Support by \$117 million and decreasing Depot Maintenance by \$308 million. One subaccount had a net aggregate movement of \$320 million. The unreported funding shifts for this appropriation were about one-third of the dollar value of all congressionally approved fiscal year 1986 DOD-wide reprogramming.

The changes within subaccounts sometimes involve significant and recurring changes. For example, in September 1988 we reported<sup>2</sup> shifts in the Army's Operation and Maintenance budgets for fiscal years 1985, 1986, and 1987. The shifts involved depot maintenance funds that were not used for such activities: \$37 million in fiscal year 1985, \$170 million in 1986, and \$169 million in 1987. The total depot maintenance funding was about \$2.3 billion for each year. Most of these funds were transferred to the Army's central supply and transportation account. According to an Army budget official, the fund shifts occurred because the Army has traditionally underbudgeted and underfunded the central supply and transportation account. He said that this is caused by the

<sup>1</sup> Appropriation subaccounts are called budget activities, program elements, and line items in the Operations and Maintenance, Research, Development, Test and Evaluation, and Procurement appropriations, respectively.

<sup>2</sup> Army Budget: Potential Reductions to the Operation and Maintenance Budget (GAO/NSIAD-88-223, Sept. 29, 1988).

**Figure 3.1: Elapsed Calendar Days  
 Between Submission and Final  
 Disposition** (Fiscal Year 1987)



Note: Data current as of January 31, 1988.

## Conclusions

Although DOD officials expressed concern about the lack of timeliness in the reprogramming process, they did not give us examples of adverse effects and we did not find any. Raising dollar thresholds would not significantly reduce reprogramming request. Also, the timing of DOD's request submissions and congressional reviews limits how much timeliness can be improved. Some faster action may be possible since the House processes notification requests on an exception basis and the Senate committees give written approval.

# Congressional Committee Options to Improve the Reprogramming Process

The Senate Committee on Armed Services asked us to determine if increasing the dollar thresholds for requests requiring congressional approval could reduce the number of requests submitted for review. We found that only 20 percent of the reprogramming requests for fiscal years 1986 and 1987 were submitted because of dollar thresholds. Doubling the thresholds would have eliminated seven requests, or 6 percent of all requests. A 10-fold increase would have only eliminated 27 requests, or 20 percent of all requests submitted for congressional review.

The budget process prolongs the time between when DOD identifies a funding need and when the committees act upon it. We also found, however, that the Senate committees act slower on requests than the House committees. The Senate Committee on Armed Services may want to consult with other responsible committees and consider adopting procedures similar to those used by the House to speed up the approval process.

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## Criteria for Review

Congressional committees and DOD have mutually agreed on conditions for reprogramming and two types of prior congressional review—prior approval and notification (see ch. 1). The first requires specific approval by each committee before DOD can move the funds. Under the notification procedure, the Secretary of Defense assumes approval to move the funds if he is not informed of the Committee's actions within 15 days after notifying it. Senate committees, however, currently treat reprogramming requiring notification the same as those requiring prior approval. DOD cannot shift the funds on prior approval requests until all cognizant congressional committees act or on notification requests until the cognizant Senate committees act.

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## Systemic Impediments to Faster Action on Reprogramming Requests

During fiscal years 1986 and 1987, most reprogramming actions were submitted and acted upon within a 7-month period—March through September. This time frame represents the period subsequent to the President's Budget Request through the committees' mark-up of the request. Because the budget requirements for the next fiscal year can be affected by the reprogramming of prior year funds, DOD usually submits its current fiscal year reprogramming requests after it submits its next fiscal year's budget. In fact, we noted the President's fiscal year 1988 budget was based upon favorable congressional action on DOD's fiscal year 1987 reprogramming requests, which were submitted shortly after the budget request. The Congress usually acts on requests during its



DOD periodically provides the committees with a "Reprogramming Status Report," FAD 757, which shows the approval status, by committee, for each action it has submitted for approval. The report sometimes includes overall summary data consisting of the total number of actions and dollars by type of action—prior approval, notification, and general transfer authority. The requests are also summarized by their approval status (approved, disapproved, and awaiting action) and appropriation title. We believe such data could provide part of the overview for congressionally reviewed requests now missing from the DD Form 1416 report. The two reports cannot be reconciled with each other, however, because the FAD 757 report includes reprogramming requested within a single fiscal year and appropriations for several fiscal years. The DD Form 1416 report includes the cumulative amount of reprogramming for each program by year of appropriation.

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## Conclusions

Reprogramming requests are the principal documents that committees use to judge the reasonableness of the submissions. We believe the requests can be improved by providing complete financial disclosure on the programs affected. This would include, for example, showing the amount of reprogramming the Congress had approved, amounts pending committee approval, and other DOD or service changes. We also believe that significant program changes, such as the availability of \$330 million under the Small Inter Continental Ballistic Missile Program, should be clearly indicated when the initial and subsequent requests are made.

Also, in our analyses of individual reprogramming requests that we separately reported to the Senate Committee on Armed Services, we reviewed a statement on the urgency of the request and found several cases where delays could have resulted in added costs or other harm. If the Committee believes such information was useful, such data could be routinely added to the request.

We believe also that improved reporting of DOD's reprogramming actions could improve congressional oversight. Without a complete summary of DOD's reprogramming actions, the Congress cannot readily identify issues requiring its attention. By not distinguishing among the types of reprogramming amounts—congressionally approved versus DOD approved, congressionally approved actions versus actions pending approval, and self-initiated reprogramming versus congressional reductions—the Congress cannot easily determine the extent of DOD reprogramming it has approved.

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## Reporting Requirements

DOD currently has four recurring reprogramming reports. The first report is the semiannual DD Form 1416, "Report of Programs." This report displays the initial congressionally legislated program, the program as changed by the Secretary of Defense, other changes not requiring the Secretary's approval, and the program including all changes. The second report is quarterly and notifies congressional committees of new programs or line items initiated in the prior quarter.

The third report, "Reprogramming Status Report," FAD 757, is prepared upon request by the committees or at the discretion of DOD. It provides the approval status, by committee, of each reprogramming request submitted for review. It tracks the status of all requests by fiscal year and sometimes includes a statistical summary.

The fourth report, applicable to selected fiscal year 1988 appropriations, began with the quarter ending on March 31, 1988, and is the only legislatively required reprogramming report. This quarterly report identifies reductions that aggregate \$4 million or more for Research, Development, Test and Evaluation appropriation programs and \$10 million or more for Procurement appropriation programs. Such changes are currently aggregated by program under "Other Changes Not Approved by Secretary of Defense" in the semiannual DD Form 1416 report. The fiscal year 1989 appropriation did not require this report. The Congress did, however, require that DOD obtain prior congressional review before changes in excess of the \$4 million and \$10 million thresholds could be made.

DOD also provides the Congress with DD Form 1414, "Base for Reprogramming Actions." This document shows the program base presented to the Congress in printed justification, approved changes presented prior to final congressional action, changes reflecting congressional action/intent, and the revised program base for reprogramming.

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## Reporting Can Be Improved

Reporting would be improved if the information clearly defined the major categories of funding changes to a program. The categories for each program would include the amount of change attributed to (1) congressionally approved reprogramming, (2) reprogramming not subject to prior congressional review, and (3) other factors, such as undistributed congressional budget reductions. In commenting on our draft report, DOD stated that DD Form 1416 had been revised to separately report other factors, such as undistributed congressional reductions. The amounts of change should also be stated as a percent of the original congressional

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# Reprogramming Guidelines Are Followed, but Documentation Could Be Improved

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Our selective tests of reprogramming actions showed that DOD complied with its reprogramming guidance during the fiscal year ending September 30, 1987. DOD submitted relatively few reprogramming requests. Nonetheless, we found that reprogramming request documentation could be improved with additional financial information on the programs affected. Some requests were difficult to analyze because key data were not consistently presented or appropriately captioned. Also, DOD's "Report of Programs," DD Form 1416, which summarizes reprogramming for individual programs, does not identify congressionally approved, congressionally pending, and self-initiated internal reprogramming, and such nonreprogramming changes as undistributed congressional budgetary decreases. The report showed only the revised program totals without the actual amount reprogrammed. DOD's reports did not individually or collectively provide a complete and accurate status of reprogramming actions.

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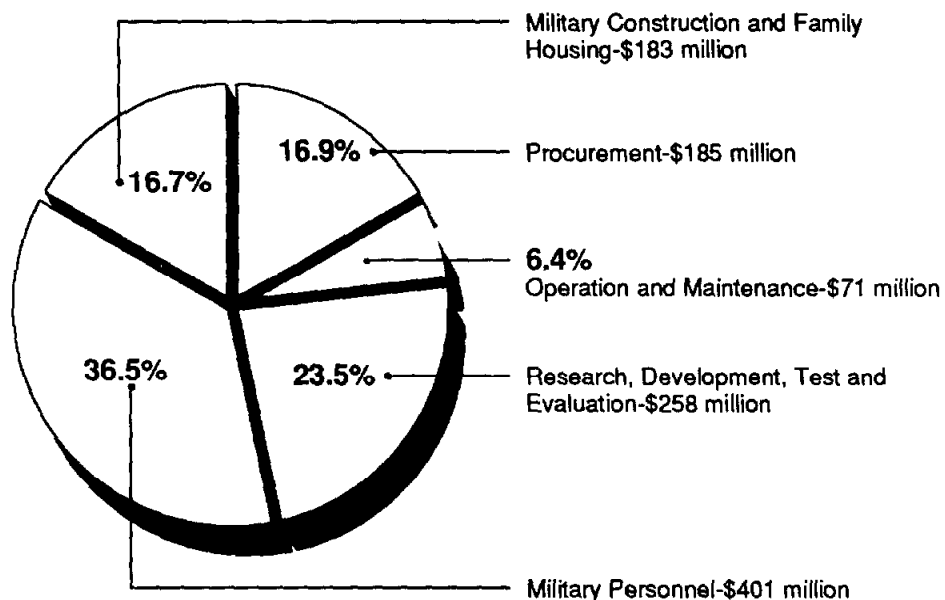
## Reprogramming Request Data Can Be Improved

DD Form 1415, "Reprogramming Action," contains the formal justification submitted to congressional committees to request approval for a reprogramming. We found the DD Form 1415 submissions were often difficult to analyze because key data were not set forth in a consistent manner under appropriate side captions.

The financial status of each program change should be fully reported so the committees can better analyze requests. DOD submissions lack pertinent financial data because (1) data are shown at a summary level rather than at the specific program level affected, (2) the existence of other pending reprogramming actions for the same account is not identified, (3) reprogramming actions external to the congressional review process are not shown, and (4) the amount included in the President's Budget Request is not shown, precluding readily determining whether an item reduced during the budget process is being reinstated. (See appendixes I and III for DD Form 1415 and our proposed alternative, respectively.)

Although requests contained explanations for proposed funding changes, they sometimes did not include data on funding changes resulting from prior or pending reprogramming. For example, one proposed request showed \$60.8 million was being reprogrammed from a single program, the Small Inter Continental Ballistic Missile Program. However, DOD did not show that this was part of \$330 million that it had, or was in the process of reprogramming from the program—\$168.4 million under 7 reprogramming requests requiring prior congressional review,

**Figure 1.1: Application of Reprogrammed Funds (Fiscal Year 1987)**



Note: Data current as of January 31, 1988.

## Objectives, Scope, and Methodology

The Chairman and Ranking Minority Member, Senate Committee on Armed Services, asked us to review fiscal year 1987 reprogramming actions, including an assessment of the urgency of the actions, and to suggest ways to improve the reprogramming process. The Committee also requested us to determine if increased dollar thresholds would help to reduce the number of DOD reprogramming requests requiring congressional approval. We did not examine the Committee's or DOD's internal review processes. A description of these processes is included in an earlier report.<sup>2</sup>

We previously reported the results of our examinations of individual DOD fiscal year 1987 reprogramming requests. In letters to the Chairman and Ranking Minority Member, Senate Committee on Armed Services, we summarized key issues and provided a statement on the urgency of the request (i.e., whether congressional action was required within 60 days to avoid a measurable negative consequence).

<sup>2</sup>Budget Reprogramming: Department of Defense Process for Reprogramming Funds, (GAO/NSIAD-86-164BR, July 16, 1986).

The fiscal year 1989 Defense Appropriations Conference Report requires prior congressional review of such changes. Although reprogramming guidance generally focused on the increase of funds, DOD must also show the source of funds in its congressionally reviewed reprogramming requests, and the committees sometimes take exception to proposed decreases.

**Table 1.1: Dollar Threshold Criteria Requiring Congressional Reprogramming Notification**

Appropriation	Criteria
Military Personnel	Increases a budget activity by \$10 million or more.
Operation and Maintenance	Increases a budget activity by \$10 <sup>a</sup> million or more.
Procurement	Increases an existing line item by \$10 million or more.
	Adds a line item of \$2 million or more.
	Reduces an existing line item by \$10 million or more, or 20 percent of the appropriation level of the line item, whichever is greater, within a single fiscal year.
Research, Development, Test and Evaluation	Adds a new program estimated to cost \$10 million or more within a 3-year period.
	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.
	Reduces an existing program element by \$4 million or more, or 20 percent of the appropriated level of the program element, whichever is greater.

<sup>a</sup>Increased from \$5 million to \$10 million in the fiscal year 1989 DOD Appropriations Bills.

## Extent of DOD Reprogramming

DOD internal reports show that reprogramming actions, exclusive of extraordinary items, totaled between \$3.1 billion and \$4.2 billion a year during the 5 fiscal years ending September 30, 1987, for an average of about 1.3 percent of total obligational authority. About half of all reported reprogramming actions were subject to congressional review. The number of requests ranged from 58 to 96 requests a year. According to DOD reports, the Congress approved about 79 percent of all requests. Some of them, however, required alternate funding sources when the original proposed source of funds was denied.

Table 1.2 shows selected details of \$2.8 billion reprogrammed during fiscal year 1987. Of this, \$1.7 billion was reprogrammed based on DOD's and the services' approvals and \$1.1 billion required congressional approval.

# Introduction

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Reprogramming is the use of funds for purposes other than those contemplated by the Congress at the time originally appropriated. It normally involves the reapplication of funding, but it could also involve increasing the authorized quantity of items to be procured within the available funding. Reprogramming, in general, is the shifting of funds from one item within an appropriation to another. It may involve, for example, the shifting of funds among line items for the Procurement appropriation; budget activities for the Operation and Maintenance and Military Personnel appropriations; or program elements for the Research, Development, Test and Evaluation appropriation.

Generally, reprogramming is a nonstatutory arrangement based upon informal agreements by the Department of Defense (DOD) and congressional committees that DOD has incorporated into two policy documents.<sup>1</sup> Reprogramming guidance generally focuses on the increase to a program's funding. Restrictions on the amount by which programs can be correspondingly reduced have only recently been imposed. Beginning in fiscal year 1988, the Congress required DOD to report specified levels of reductions affecting selected fiscal year 1988 appropriation accounts. The Conference Report on the fiscal year 1989 Defense Appropriations Act extended the decrease thresholds and required that reprogramming requests be submitted for review when an established threshold is breached.

Some program funding shifts are not defined as reprogramming. Legislation and reprogramming guidance set different dollar levels by budget activity, line item, and program element within which fund movement is not considered reprogramming and not subject to congressional review or reporting.

In addition to reprogramming, which involves shifting funds within appropriations, transfers involve shifting funds between appropriations or certain other legal subdivisions. Transfer authority requires specific statutory approval and has been routinely provided by the Congress on an annual basis. Under DOD reprogramming guidance, transfers must go through the same administrative process as certain reprogramming actions. Therefore, unless otherwise specified, the term reprogramming also refers to transfers in this report because of its focus on the reprogramming process.

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<sup>1</sup>These are DOD Directive 7250.5, "Reprogramming of Appropriated Funds," and DOD Instruction 7250.10, "Implementation of Reprogramming of Appropriated Funds," dated January 9 and 10, 1980, respectively.

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- does not summarize reprogramming by fiscal year or highlight items of interest to the Congress, such as procurement programs that decreased by \$10 million or more;
- mixes congressionally approved reprogramming with those requests pending congressional approval and DOD comptroller-approved internal reprogramming. This practice precludes readily determining the amount of program changes that were congressionally approved; and
- mixes undistributed congressionally directed budgetary decreases, which DOD is authorized to allocate, with DOD and service-approved reprogramming. This practice precludes readily identifying the amount of service-approved reprogramming.

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### Opportunities to Increase Timeliness

DOD and the services expressed concern over the collective length of time the cognizant committees take to act on reprogramming requests. They believe the delays restrict the use of funds too long and discourage the use of reprogramming.

About half of DOD's fiscal year 1987 requests were acted upon within 90 days. The House committees acted upon requests more quickly than Senate committees, acting on 73 percent of the actions within 90 days as compared to 47 percent for the Senate.

The time variance is partially attributable to a procedural difference among the committees. The Senate committees provide written approval on every request.

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### Undisclosed Funding Changes

The Congress provides DOD with the flexibility to move funds within subaccounts without the need for prior congressional review or subsequent reporting. GAO found that substantial sums have been shifted to purposes other than those originally proposed in budget submissions and in some cases have become of concern to the Congress. Although GAO does not advocate prior congressional review of such changes, some disclosure may assist the Congress in considering the next year's budget.

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### Matters for Congressional Consideration

To facilitate the review and reporting of reprogramming requests, the Committee, after consulting with other responsible committees, may wish to direct the Secretary of Defense to



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# Executive Summary

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## Purpose

The Department of Defense (DOD) reprogrammed an average of \$3.3 billion a year, or 1.3 percent of total obligational authority, during the 5 fiscal years ending September 30, 1987. About half of the reprogrammed amount, based on an average of 79 requests a year, required prior congressional review or notification. The Chairman and Ranking Minority Member, Senate Committee on Armed Services, asked GAO to examine DOD's budget reprogramming process and to suggest improvements.

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## Background

Reprogramming permits DOD to use funds for purposes other than those specified in the budget submission, although within the general authority of the appropriation. DOD and cognizant congressional committees have agreed upon reprogramming guidelines, which are set forth in DOD directives. The directives specify that prior congressional review is required when reprogramming would (1) exceed specified dollar thresholds, (2) affect an item of special interest to one or more congressional committees, (3) increase authorized procurement quantities, or (4) start a new program that would result in significant follow-on costs. The two types of prior review requests are prior approval and prior notification. All prior approval requests require written approval, and some automatic approval of prior notification requests are allowed by some committees if no objection is raised.

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## Results in Brief

DOD submits relatively few requests to reprogram funds, and those submitted appear to reasonably describe their intended purposes. GAO found no deviations from DOD's reprogramming directives during the fiscal year ending September 30, 1987. The numbers of requests and dollars reprogrammed were small when compared to the total budget in both 1986 and 1987. During fiscal year 1987, the Congress reviewed 69 reprogramming actions involving about \$1.6 billion, or about .5 percent of DOD's total funds available for obligation for the appropriation accounts affected. GAO found that raising dollar thresholds—a criteria for determining whether a reprogramming action is submitted for prior congressional review—would not appreciably reduce the number of requests submitted for review.

GAO believes that reprogramming request submissions and related reports can be improved, and makes several suggestions for changing the format and content of reprogramming reports.

GAO also found that House committees processed reprogramming requests more quickly than Senate committees. The House committees'

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