



Highlights of [GAO-04-944](#), a report to the Subcommittees on Defense, Committees on Appropriations, U.S. Senate and House of Representatives

DEFENSE ACQUISITIONS

Better Information Could Improve Visibility over Adjustments to DOD's Research and Development Funds

Why GAO Did This Study

Congress recognizes that the DOD needs some flexibility to adjust research and development program levels. A key mechanism—below threshold reprogramming (BTR)—enables DOD to adjust program funding levels without seeking prior congressional approval as long as a certain dollar amount or percentage threshold is not exceeded.

In response to a mandate by the appropriations committees, this report addresses (1) the quality of the information available about DOD's use of BTRs and withheld funds in fiscal years 2002 and 2003 and (2) the amount and volume of BTRs and temporarily withheld funds for those years. The report also addresses recent congressional direction on providing information on funding adjustments.

DOD disagreed that its recent reports to Congress provide BTR information of limited quality but noted that the issues GAO raised in this regard can be addressed and that DOD was open to suggestions and will gladly work with committee staff to satisfy their needs. DOD also offered suggestions to clarify language on certain issues and to put its use of BTRs more in context. DOD's willingness to work with Congress is a constructive response that can lead to reporting changes that can meet the needs of both Congress and DOD. GAO has made appropriate clarifications of language and overall BTR context.

www.gao.gov/cgi-bin/getrpt?GAO-04-944.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Paul L. Francis at (202) 512-4841 or francisp@gao.gov.

What GAO Found

DOD's recent reports to Congress provide BTR information of limited quality and do not contain data about funds withheld from DOD's research and development programs in fiscal years 2002 and 2003. DOD delivered its reports to Congress months after the time that Congress began considerations for the new budget, and accessibility was limited because the reports were classified. BTR data in the reports to Congress were derived through subtraction, rather than totaling the actual value of BTR transactions. The reports do not provide a complete picture of how BTRs are implemented on a program-by-program level. DOD has no overall system for maintaining detailed BTR and withhold data across organizations, although such data can be reconstructed from DOD's multiple data collection systems.

GAO found that DOD organizations used BTRs frequently to increase or decrease research and development program funding levels. The Air Force, Army, Navy, and Missile Defense Agency (MDA) executed 1,927 BTRs, amounting to about \$1 billion in fiscal year 2003. This amounted to about 2 percent of the research and development funds for these organizations. Among the programs affected by BTRs, about half lost funds and more than one-fourth gained funds. While the dollar amounts and frequency differed for fiscal year 2002, the patterns were similar. Although GAO did not observe any instances in which DOD's use of BTRs exceeded the thresholds, GAO's work was not conclusive on this point, as GAO did not design steps to assess compliance with thresholds.

Organization	Number of programs	Number of BTRs	Total value of BTRs
Air Force	174	286	\$211,236,000
Army	165	312	105,652,000
Navy	194	932	330,316,000
MDA	12	397	335,870,000
Office of the Secretary of Defense	64	N/A ^a	N/A ^a
Total	609	1,927	\$983,074,000

Sources: Air Force, Army, Navy, MDA, Office of the Secretary of Defense (data); GAO (analysis).

^aOffice of the Secretary of Defense data for BTRs were not available.

DOD withheld about \$2.8 billion in funds in fiscal year 2003. Officials cited several reasons for implementing BTRs and withholds, including accommodating unanticipated changes or events, implementing congressional mandates, and, in the case of some withholds, controlling the execution of individual programs. Congress has required DOD to provide better and more timely information on reprogramming and withhold activities.