UNDER SECRETARY OF DEFENSE
[redacted]
WASHINGTON, DC 20301-1100

MAR 11 2003

COMPTROLLER

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
COMBATANT COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES
DIRECTOR, INTELLIGENCE COMMUNITY STAFF
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Expense-Investment Threshold

Section 106 of Public Law 108-7, the Consolidated Appropriations Resolution, 2003, raises the expense investment threshold from $100,000 to $250,000.

For the remainder of FY 2003, Operation and Maintenance funds (operating expense for the Defense Working Capital Funds (DWCF)) may be used to purchase items with a unit cost of not more than $250,000. However, the Department should continue to use Procurement funds to purchase items that were budgeted in the Procurement appropriations. Except for unusual circumstances, reprogramming actions will not be entertained. In the case of the DWCF, please submit requests to use operating funds to the Revolving Funds Directorate.

The Department will fully implement the increased threshold for fiscal year (FY) 2004 items. To that end, request you provide line item detail of the Procurement items that should now be financed in the Operation and Maintenance appropriations. Also provide the line item detail of the items in the Capital Purchase Program that should now be funded in the operating budgets of the DWCF. We will work with the congressional committees to effect the needed transfers for FY 2004. Please submit the Procurement detail in an Excel format [redacted] and the DWCF detail [redacted] no later than March 21, 2003.

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