



COMPTROLLER

(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1 100

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
BUDGET, OFFICE OF THE ASSISTANT SECRETARY OF
THE ARMY (FINANCIAL MANAGEMENT AND
COMPTROLLER)
DIRECTOR, OFFICE OF BUDGET/FISCAL MANAGEMENT, OFFICE OF THE ASSISTANT
SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT
AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY (BUDGET), OFFICE OF THE ASSISTANT
SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
COMPTROLLERS OF THE DEFENSE AGENCIES
COMPTROLLERS OF THE DEFENSE FIELD ACTIVITIES

SUBJECT: OUSD(C) Interim Guidance Regarding Increased Threshold for Determination of
Expense and Investment Costs

The Department of Defense (DoD) Appropriations Act, 2023 (division C, P.L. 117-328) (the Act) includes a general provision (section 8039) that provides authority to use operation and maintenance appropriations to purchase items having an investment item unit cost of not more than \$350,000. This is an increase from the \$250,000 cost threshold in prior year appropriations acts, and the DoD Financial Management Regulation (DoDFMR), DoD 7000.14-R, still reflects the now-outdated threshold (Volume 2A, Chapter 1, Section 2.1). Section 8039 also maintains a provision increasing the threshold to not more than \$500,000, upon a determination by the Secretary that such action is necessary to meet the operational requirements of a commander of a combatant command engaged in a named contingency operation overseas.

In accordance with the Act, the Services and Defense Agencies may use operation and maintenance appropriations available in Fiscal Year (FY) 2023 for investment purchases up to the \$350,000 threshold for any FY 2023 investment requirements that are not already explicitly budgeted for in investment appropriations. Operation and maintenance appropriations should not be used to procure centrally-managed items that are budgeted for in procurement appropriations.

Combatant commands seeking to purchase items having an investment item unit cost of not more than \$500,000, shall continue the practice of formally requesting authority from the Under Secretary of Defense (Comptroller) each year. Any such requests should provide the name of the overseas contingency operation, evidence of the need for the authority in the form of a list of examples of the use of the authority in the previous year, as well as a list of known requirements for the year in which the authority is requested. The second list of requirements need not be exhaustive, but the list should demonstrate the existence of a tangible operational need for the authority for an overseas contingency operation in the year in which the authority is requested. Each item on these lists should include a description of the item, unit cost, total cost, a mission impact statement, and the name of the contingency operation supported.

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The guidance of the published DoDFMR language on the determination of expense and investment costs remain unchanged, notwithstanding the above changes. This memo will remain effective until an update to the corresponding DoDFMR chapter is published.

For questions on this topic, contact Vincent Sipple at vincent.p.sipple.civ@mail.mil or (703) 571-1682.

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cc: Comptroller, Director of National Intelligence

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