



**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**

October 25, 2006

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
COMMANDER, U.S. TRANSPORTATION COMMAND
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Ground Rules and Process for FY '07 Spring Supplemental

By this memo, the ground rules for the FY '07 Spring Supplemental are being expanded to include the Department's overall efforts related to the Global War on Terror and not strictly limited to Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Accordingly, in preparing the subject estimates for Comptroller review and evaluation, the following ground rules apply:

- Estimates are to include incremental costs related to the longer war against terror (not just OEF/OIF).
 - Reconstitution/reset costs for combat losses, accelerated wear and necessary repairs to damaged equipment or replacement to newer models when existing equipment is no longer available or repair economically feasible.
 - Costs to accelerate specific force capability necessary to prosecute the war.
 - Funds must be executable in FY '07; that is, money obligated for specific tasks. Funds that cannot be obligated in FY '07 will be requested in a following supplemental.

Only costs associated with the Global War on Terror will be included in the Supplemental. All other costs are to be included in the base budget.



Time is of the essence. Attached is a schedule to completion. By way of process, all military service and agency data will be reviewed by the Comptroller, PA&E and J-8. They will make recommendations to this office regarding costs/specific items to be included/excluded in the Supplemental.

Final decision regarding requested FY '07 supplemental funding will be made by SECDEF at a SLRG on November 15. At that meeting, components will have an opportunity to further discuss their requests as needed/as appropriate.

A handwritten signature in black ink, appearing to read "Andrew Egan", with a long horizontal flourish extending to the right.

Enc.



FY07 Spring Supplemental Schedule

1. Services and Agencies submit requests to Comptroller November 1
2. OSD & Joint Staff complete review of Service & Agency requests November 8
3. OSD & Joint Staff review analysis with DSD for preliminary decisions November 9
4. DSD provide determinations to Services & Agencies November 9
5. SLRG for final SecDef decisions November 15