

<b>Subject:</b> Military Personnel, Army Requirement <b>Appropriation Title:</b> Military Personnel, Army, 05/05; and Defense Working Capital Fund, Army, X	<b>DoD Serial Number:</b> FY 10-27 PA
	<b>Includes Transfer?</b> Yes

<b>Component Serial Number:</b>  <b>Line Item</b>  a	(Amounts in Thousands of Dollars)							
	<b>Program Base Reflecting Congressional Action</b>		<b>Program Previously Approved by Sec Def</b>		<b>Reprogramming Action</b>		<b>Revised Program</b>	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
	b	c	d	e	f	g	h	i

This action is submitted for prior approval because it exceeds established thresholds and uses general transfer authority pursuant to section 8005 of Public Law 108-287, the Department of Defense (DoD) Appropriations Act, 2005; and section 1001 of Public Law 108-375, the Ronald Reagan National Defense Authorization Act for Fiscal Year (FY) 2005. This action reprograms funding in support of higher priority items, based on unforeseen military requirements, than those for which originally appropriated; and is determined to be necessary in the national interest. It meets all administrative and legal requirements and none of the items has been previously denied by the Congress.

<b><u>FY 2005 REPROGRAMMING INCREASE:</u></b>	<b><u>+130,280</u></b>
<b><u>Military Personnel, Army, 05/05</u></b>	<b><u>+130,280</u></b>
<u>Budget Activity 1: Pay and Allowances of Officers</u>	
10,008,155	10,008,155
+21,674	10,029,829
<u>Budget Activity 2: Pay and Allowances of Enlisted</u>	
26,336,528	26,336,528
+108,606	26,445,134

Explanation: Funding is required to make accounting adjustments to the Medicare-Eligible Retiree Health Care Trust Fund (MERHCF) contributions for FY 2005. A review performed by Office of the Assistant Secretary of the Army (Financial Management and Comptroller) determined that while the cumulative monthly payments made to the Trust Fund were correct across FY 2004 and FY 2005, the Army overpaid FY 2004 by \$188.7 million and underpaid FY 2005 by \$187.2 million. The Army’s review found that the Army correctly paid the FY 2005 contributions, but based on advice of the Defense Finance and Accounting Service reversed the September 2005 payment causing the \$188.7 million underpayment. In their letter of June 11, 2010, the Inspector General for the Department of Defense agreed with the Army’s Findings. In order to correct this accounting error, the MERHCF Trust Fund will return \$188.7 million to the Army as an appropriation refund of amounts charged to the Military Personnel, Army, 04/04, appropriation. The Army will reinstate the FY 2005 \$187.2 million payment. The Military Personnel, Army, 05/05, appropriation does not have adequate funds to reinstate this payment and is requesting a reprogramming from the Defense Working Capital Fund, Army. Army recognizes that there is a potential violation of the Antideficiency Act (ADA), has issued a flash report, and will initiate a preliminary investigation.

Approved (Signature and Date)

*Robert F. Hale 9/16/2010*

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**FY 2005 REPROGRAMMING DECREASE:** **-130,280**

**Defense Working Capital Fund, Army, X** **-130,280**

Explanation: Army Working Capital Fund cash is available for this transfer. This transfer will reduce cash but the available balance in the fund will remain above the 7-day requirement.