

Subject: September 2014 Prior Approval Request	DoD Serial Number: FY 14-16 PA
Appropriation Title: Various Appropriations	Includes Transfer Yes

Component Serial Number:	(Amounts in Thousands of Dollars)							
	Program Base Reflecting Congressional Action		Program Previously Approved by Sec Def		Reprogramming Action		Revised Program	
Line Item	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
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This reprogramming action is submitted for prior approval because this action uses general transfer authority, exceeds established reprogramming thresholds, and affects congressional special interest items. This reprogramming action provides funding in support of higher priority items, based on unforeseen military requirements, than those for which originally appropriated; and are determined to be necessary in the national interest. The adjustments meet all administrative and legal requirements, and none of the items have previously been denied by the Congress.

This reprogramming action transfers or realigns \$202.957 million among Fiscal Year (FY) 2014 Defense appropriations. This reprogramming action uses \$109.9 million of general transfer authority pursuant to section 8005 of division C of Public Law 113-76, the Department of Defense (DoD) Appropriations Act, 2014, and section 1001 of Public Law 113-66, the National Defense Authorization Act for FY 2014.

FY 2014 REPROGRAMMING INCREASES: **+202,957**

ARMY INCREASE: **+101,100**

National Guard Personnel, Army, 14/14 **+101,100**

<u>Budget Activity 01: Reserve Component Training and Support</u>				
	8,194,915	8,194,915	+101,100	8,296,015

Explanation: Funds are required to support Pay Group A (\$38.0 million) and Pay Group F (\$63.1 million) requirements.

- \$+38.0 million is required in Pay Group A due to substantial increases in participation rates for both officer and enlisted Annual Training and Inactive Duty Training. The President's Budget Pay Group A Inactive Duty Training (IDT) combined participation rate was 77% and current combined (officer and enlisted) participation in Pay Group A is forecast to execute at ~87%. The President's Budget Pay Group A Annual Training (AT) combined (officer and enlisted) participation rate was 74% and estimates for AT participation is ~84%. The increases in participation rates (~10% IDT and ~12% for AT) have resulted in a total shortfall of approximately \$270 million in the Pay Group A IDT and AT accounts most of which has been internally mitigated by curtailment of non-statutory activities (primarily special and school training). This is a base budget requirement.
- \$+63.1 million is required in Pay Group F due primarily to an underestimate of the pay and allowance rate for Army National Guard Soldiers attending initial entry training (IET). At mid-year, the Army National Guard recognized that the number of FY 2014 IET seats were nearly 7,000 less than the President's Budgeted amount (~37,000 versus ~44,000) and shifted funds to Pay Group P in order to meet the expected shortfall for pipeline Soldiers awaiting IET seats.

Approved (Signature and Date)

Michael McCord

Sept. 6, 2014

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However, the actual FY 2014 rate (~\$12,419) has exceeded the budgeted rate (\$10,798) by \$1,621 more per seat. The rate increase is caused by an increase in the number of days Army National Guard Soldiers are in IET status. The President's Budget assumed that Soldiers would remain in Pay Group F for an average 139 days number of days while the average time in Pay Group F has been 153 to date. This increase is driven primarily by longer than anticipated time between IET and Advanced Individual Training and leave accrual. Further, the FY 2014 training pipeline loss rate was at its lowest rate (27.5%) since 2011, directly resulting in more Soldiers filling programmed seats than anticipated in the budget. This is a base budget requirement.

NAVY INCREASES:**+29,800****Military Personnel, Navy, 14/14****+21,000****Budget Activity 01: Pay and Allowances of Officers**

7,718,666

7,718,666

+21,000

7,739,666

Explanation: Funds are required for the following:

- \$+5.0 million is required for officer base pay, retired pay accrual, and social security tax due to execution of an additional 68 officer workyears. This is a base budget requirement.
- \$+16.0 million is required due to the overseas station allowance rate executing higher than planned. This is a base budget requirement.

Reserve Personnel, Marine Corps, 14/14**+8,800****Budget Activity 01: Reserve Component Training and Support**

696,696

696,696

+8,800

705,496

Explanation: Funds are required for officer and enlisted pay and allowances and enlisted subsistence-in-kind due to higher than budgeted participation rates in Pay Group A Annual Training (Officer = 69% versus 65% budgeted; Enlisted = 79% versus 66% budgeted), and slightly higher than projected Pay Group A average strength (+36 Officers and +221 Enlisted). This is base budget requirement.

AIR FORCE INCREASES:**+72,057****Military Personnel, Air Force, 14/14****+64,057****Budget Activity 05: Permanent Change of Station**

1,205,537

1,205,537

+64,057

1,269,594

Explanation: The Air Force conducted a comprehensive review of PCS rates and the processes for recording PCS charges. This analysis yielded discoveries of erroneous coding within the Defense Enterprise Accounting and Management System (DEAMS) that impacted rates and resulted in the need to realign

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funding between various PCS lines to ensure proper accounting of costs. Funds are required for the following requirements:

- \$+61.002 million is required for Air Force Rotational Permanent Change of Station (PCS) travel. This is a congressional interest item and a base budget requirement.
- \$+3.055 million is required for Non-Temporary Storage. This is a congressional interest item and a base budget requirement.

National Guard Personnel, Air Force, 14/14

+8,000

Budget Activity 01: Reserve Component Training and Support

3,177,882

3,177,882

+8,000

3,185,882

Explanation: Funds are required for additional Active Duty Training (AT) Travel in Pay Group A. The Air National Guard realigned funds in a May reprogramming action (FY 14-08 PA) to address an anticipated shortfall; however, travel execution is now projecting higher than anticipated in May. This is a congressional interest item and a base budget requirement.

FY 2014 REPROGRAMMING DECREASES:

-202,957

ARMY DECREASES:

-101,100

Military Personnel, Army, 14/14

-35,000

Budget Activity 02: Pay and Allowances of Enlisted

27,164,229

27,164,229

-14,000

27,150,229

Explanation: Funds are available from the selective reenlistment bonus (SRB) program due to lower than budgeted retention levels. The Army anticipates ~14K fewer enlisted Soldiers to re-enlist than initially budgeted. The Army reduced the SRB program by \$6 million to \$142 million in the Omnibus reprogramming action (FY 14-11-R PA). The Army has since lowered its requirement for year-end funding and anticipates total SRB requirements of \$128 million (based on ~54K re-enlistments). This is base budget funding.

Budget Activity 06: Other Military Personnel Costs

636,317

636,317

-21,000

615,317

Explanation: Funds are available for reprogramming from the unemployment compensation program. This funding is available in light of the Army's receipt of the 3rd quarter unemployment compensation bill from the Department of Labor which led to an adjustment to year-end projections. Overall, fewer unemployment claims have materialized than those included in the budget. This is base budget funding.

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<u>Operation and Maintenance, Army National Guard, 14/14</u>						<u>-66,100</u>	
<u>Budget Activity 01: Operating Forces</u>							
		6,615,653		6,618,868		-27,432	6,618,841
<u>Explanation:</u> Funds are available due to requirement reductions for contracts, spare parts, and supplies in ground and aviation OPTEMPO accounts. In addition, there are reductions in base operations support contracts costs. This is base budget funding.							
<u>Budget Activity 04: Administration and Servicewide Activities</u>							
		386,940		386,940		-38,668	386,979
<u>Explanation:</u> Funds are available due to reductions in administrative costs and requirement reductions in recruiting and advertising activities. In addition, funds are available due to lower than budgeted transportation costs. This is base budget funding.							
<u>NAVY DECREASES:</u>						<u>-29,800</u>	
<u>Military Personnel, Navy, 14/14</u>						<u>-21,000</u>	
<u>Budget Activity 02: Pay and Allowances of Enlisted</u>							
		17,445,559		17,445,559		-21,000	17,424,559
<u>Explanation:</u> Funds are available due to lower than anticipated execution of enlisted separation pays. This is base budget funding.							
<u>Military Personnel, Marine Corps, 14/14</u>						<u>-8,800</u>	
<u>Budget Activity 06: Other Military Personnel Costs</u>							
		164,801		164,801		-8,800	156,001
<u>Explanation:</u> Funds are available for reprogramming from the unemployment compensation program. This funding is available based on the Marine Corps' third quarter unemployment compensation bill from the Department of Labor which led to an adjustment to year-end projections. Overall, fewer unemployment claims have materialized than those included in the budget. This is base budget funding.							

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Explanation: The Air Force conducted a comprehensive review of PCS rates and the processes for recording PCS charges. This analysis yielded discoveries of erroneous coding within the Defense Enterprise Accounting and Management System (DEAMS) that impacted rates and resulted in the need to realign funding between various PCS lines to ensure proper accounting of costs. Funds are available from the following:

- \$-33.670 million is available from Operational PCS travel. This is a congressional interest item and base budget funding.
- \$-26.257 million is available from Training PCS travel. This is a congressional interest item and base budget funding.
- \$-4.130 million is available from Unit PCS. This is base budget funding.

National Guard Personnel, Air Force, 14/14**-8,000****Budget Activity 01: Reserve Component Training and Support**

3,177,882

3,185,882

-8,000

3,177,882

Explanation: Funds are available within Pay Group A Pay & Allowances due to projected underexecution of Annual Training (AT) workdays. This is base budget funding.