

Subject: Defense Working Capital Fund Prior Approval Request		DoD Serial Number: FY 20-13 PA
Appropriation Title: Various Appropriations		Includes Transfer? Yes

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

This prior approval reprogramming action is submitted for approval because these actions use general or special transfer authority, exceed established reprogramming thresholds, affect special interest items, or otherwise require congressional notification. 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. They meet all administrative and legal requirements, and none of the items have previously been denied by the Congress.

Part I of this reprogramming action transfers \$152.8 million from Fiscal Year (FY) 2020 Army appropriations to the Defense Working Capital Fund (DWCF), Army, appropriation. This reprogramming action uses \$152.8 million of general transfer authority pursuant to section 8005 of division A of Public Law 116-93, the DoD Appropriations Act, 2020; and section 1001 of Public Law 116-92, the National Defense Authorization Act for FY 2020.

Part II of this reprogramming action transfers \$1,334.389 million from the Foreign Currency Fluctuations, Defense (FCF,D) appropriation and Operation and Maintenance appropriation to the DWCF, Army, the DWCF, Navy, and the DWCF, Air Force, appropriations pursuant to section 8008 of division A of Public Law 116-93, the Department of Defense (DoD) Appropriations Act, 2020.

PART III of this reprogramming action transfers \$68.357 million from the Drug Interdiction and Counter-Drug Activities, Defense appropriation to the DWCF, Army, appropriation. This reprogramming action uses \$68.357 million of special transfer authority pursuant to section 9002 of Title IX, Overseas Contingency Operations (OCO), of division A of Public Law 116-93, the DoD Appropriations Act, 2020.

Part IV of this reprogramming action transfers \$19.008 million from FY 2019 Army appropriations to the DWCF, Army, appropriation. This reprogramming action uses \$19.008 million of general transfer authority pursuant to section 8005 of division A of Public Law 115-245, the Department of Defense (DoD) Appropriations Act, 2019; and section 1001 of Public Law 115-232, the John S. McCain National Defense Authorization Act for FY 2019.

Part V of this reprogramming action transfers \$29.051 million from FY 2018 Army appropriations to the DWCF, Army, appropriation. This reprogramming action uses \$29.051 million of special transfer authority pursuant to section 9002 of Title IX, Overseas Contingency Operations (OCO), of division C of Public Law 115-141, the DoD Appropriations Act, 2018; and section 1001 of Public Law 115-91, the National Defense Authorization Act for FY 2018.

Approved (Signature and Date)



AUG 31 2020

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

PART I

FY 2020 REPROGRAMMING INCREASE: **+152,800**

Defense Working Capital Fund, Army, X **+152,800**
+152,800

Explanation: Funds are required to cover Army Working Capital Fund (AWCF) for losses associated with customer modifications to scheduled deployments, cancelled training events, and reduced demand for depot operations linked to Army’s COVID-19 response, and consequently lower revenue. End of July’s preliminary cash balance for the Fund is \$709 million below its lower operating limit. Projecting into FY 2021, Army will remain significantly below the lower limit and any adjustment made during the fiscal year will have significant readiness impacts. This is a base budget requirement.

FY 2020 REPROGRAMMING DECREASES: **-152,800**

Reserve Personnel, Army, 20/20 **-79,200**

Budget Activity 01: Reserve Component Training and Support

	4,963,411	4,887,211	<u>-79,200</u>	4,808,011
--	-----------	-----------	-----------------------	-----------

Explanation: Funds are available due to DoD COVID-19 Stop Movement Order from the following:

- \$-15.0 million from disrupted mandatory and collective training events. This is base budget funding.
- \$-11.0 million from reduced attendance at military schools for leader development, initial skills and proficiency training. This is base budget funding.
- \$-20.5 million from reduced participation in Command Staff, exercises and management support training events. This is base budget funding.
- \$-15.0 million from Army Reserve's hindered ability to offer Officer retention bonuses to Soldiers during drill who meet eligibility requirements. This is base budget funding.
- \$-17.7 million due to fewer enlisted soldiers who transitioned from the Active Component or Individual Ready Reserve participating in the Affiliation Bonus program. Troop Program Unit soldiers are reenlisting for shorter periods (two or three months) rather than the projected 12-month period. This is base budget funding.

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

National Guard Personnel, Army, 20/20						-73,600		
Budget Activity 01: Reserve Component Training and Support								
		9,342,922		9,330,922		-73,600		9,257,322

Explanation: Funds are available due to COVID-19-related disruptions to planned participation in training events. Over 30,000 Army National Guard soldiers served in support of COVID-19 Federal Emergency Management Agency (FEMA) mission assignments for over four months and were not otherwise available for budgeted training and operations. This is base budget funding.

PART II

<u>FY 2020 REPROGRAMMING INCREASES:</u>	<u>+1,334,389</u>
<u>Defense Working Capital Fund, Army, X</u>	<u>+322,889</u>
	<u>+322,889</u>

Explanation: Funds are required to cover AWCF for losses associated with customer modifications to scheduled deployments, cancelled training events, and reduced demand for depot operations linked to Army's COVID-19 response, and consequently lower revenue. End of July's preliminary cash balance for the Fund is \$709 million below its lower operating limit. Projecting into FY 2021, Army will remain significantly below the lower limit and any adjustment made during the fiscal year will have significant readiness impacts. This is a base budget requirement.

<u>Defense Working Capital Fund, Navy, X</u>	<u>+731,000</u>
	<u>+731,000</u>

Explanation: Funds are required for the Navy Working Capital Fund (NWCF) to mitigate a \$731 million shortfall in cash balances to meet operational disbursement requirements and ensure solvency of the fund. The Fiscal Year (FY) 2020 NWCF cash position continues to reflect the impact of a FY 2019 pay raise enacted at higher than budgeted levels, as well as increased FY 2020 expenses, including expenses related to pay and the COVID-19 pandemic. Additionally, the transition of the Facilities Engineering Command from NWCF to the general fund negatively impacts NWCF cash due to ongoing residual outlays at levels greater than anticipated. This is a base budget requirement.

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

<u>Defense Working Capital Fund, Air Force, X</u>						+280,500		
						+280,500		

Explanation: Funds are required for the Air Force Working Capital Fund (AFWCF) to mitigate a \$281 million shortfall in cash balances necessary to meet operational disbursement requirements and ensure solvency of the fund. Non-COVID impacts arose from soft demand in Supply Management activities resulting in less revenue than forecast. COVID-19-related impacts include lower than planned demand and consequentially lower revenue for Industrial Operations activities accompanied by increased expenses, including employee leave (incurring cost while not generating revenue). This is a base budget requirement.

FY 2020 REPROGRAMMING DECREASES: **-1,334,389**

<u>Foreign Currency Fluctuations, Defense</u>						<u>-945,000</u>		
	970,000		970,000			<u>-945,000</u>		25,000

Explanation: Funds are available because of lower than estimated foreign currency losses resulting from the increase in the value of the U.S. dollar compared to foreign currency execution rates. Section 8008 of the Department of Defense Appropriations Act, 2020 authorizes the Department to transfer amounts from the FCF,D appropriation to DWCF to maintain amounts necessary for cash disbursements.

<u>Defense Working Capital Fund, Defense, X</u>						<u>-241,000</u>		
Defense Logistics Agency (DLA)						<u>-241,000</u>		

Explanation: Funds are available because of lower than estimated fuel purchase costs. The fuel market downturn associated with the Russia and Saudi Arabia pricing competition in the spring of FY 2020, combined with the reduced global demand due to COVID-19, resulted in lower than anticipated fuel prices. Section 8008 of the Department of Defense Appropriations Act, 2020 provides that balances in a DWCF may be maintained only in such amounts as are necessary at any time for cash disbursements to be made from such funds. Provided further, that transfers may be made between DWCF. This is base budget funding.

<u>Defense Health Program, 20/20</u>						<u>-127,500</u>		
<u>Budget Activity 01: Operation and Maintenance</u>								
	34,744,157		34,744,157			<u>-127,500</u>		34,616,657

Explanation: Funds are available from the Private Sector Care budget activity group due to lower than expected health care costs. Starting in April 2020, there was a substantial decline in Private Sector Care claims due to pandemic-driven deferred and forgone care. Claims paid in May and June rebounded somewhat. Initial July data indicates further increases but the rate of payments is still below the levels seen in January and February. National civilian estimates indicate a 15 percent to 40 percent reduction in health care spending. This is base budget funding.

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

<u>Operation and Maintenance, Army Reserve, 20/20</u>						<u>-20,889</u>		
<u>Budget Activity 01: Operating Forces</u>								
		2,949,921		2,949,921		-20,889		2,929,032

Explanation: Funds are available due to DoD COVID-19 Stop Movement Order which disrupted operational training events such as Yellow Ribbon, Warrior Transitions, and pre-mobilization deployment training. This is Title IX OCO funding.

PART III

FY 2020 REPROGRAMMING INCREASE: **+68,357**

Defense Working Capital Fund, Army, X **+68,357**
+68,357

Explanation: Funds are required to cover AWCF for losses associated with customer modifications to scheduled deployments, cancelled training events, and reduced demand for depot operations linked to Army’s COVID-19 response, and consequently lower revenue. End of July’s preliminary cash balance for the Fund is \$709 million below its lower operating limit. Projecting into FY 2021, Army will remain significantly below the lower limit and any adjustment made during the fiscal year will have significant readiness impacts. This is an OCO requirement.

FY 2020 REPROGRAMMING DECREASE: **-68,357**

<u>Drug Interdiction and Counter-Drug Activities, Defense, 20/20</u>						<u>-68,357</u>		
<u>Budget Activity 01: Counter-Narcotics Support</u>								
		675,271		107,357		-68,357		39,000

Explanation: Funds are available from the Drug Interdiction and Counter-Drug Activities, Defense, 20/20 appropriation because commencing in FY 2020 the Afghanistan Security Forces Fund fully funds contractor logistics support for the Special Mission Wing, including Special Mission Wing activities countering illicit narcotics production in Afghanistan. This is Title IX OCO funding.

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

PART IV

FY 2019 REPROGRAMMING INCREASE: **+19,008**

Defense Working Capital Fund, Army, X **+19,008**
+19,008

Explanation: Funds are required to cover AWCF for losses associated with customer modifications to scheduled deployments, cancelled training events, and reduced demand for depot operations linked to Army’s COVID-19 response, and consequently lower revenue. End of July’s preliminary cash balance for the Fund is \$709 million below its lower operating limit. Projecting into FY 2021, Army will remain significantly below the lower limit and any adjustment made during the fiscal year will have significant readiness impacts. This is a base budget requirement.

FY 2019 REPROGRAMMING DECREASES: **-19,008**

Research, Development, Test, and Evaluation, Army, 19/20 **-19,008**

Budget Activity 04: Advanced Component Development & Prototypes

0604017A Robotics Development 72,396

	74,346	74,346	-1,950	
--	--------	--------	---------------	--

Explanation: Funds are available due to excess Program Management / Support funding for the Soldier Robotics Systems programs. This is base budget funding.

Budget Activity 05: System Development and Demonstration

0604328A TRACTOR CAGE 25,028

	27,038	27,038	-2,010	
--	--------	--------	---------------	--

Explanation: Funds are available from a classified effort. Additional classified details will be provided under separate cover. This is base budget funding.

0604633A Air Traffic Control 12,066

	12,326	12,326	-260	
--	--------	--------	-------------	--

Explanation: Funds are available because all FY 2019 requirements for the Air Traffic Control program have been met. The remaining funds are excess. This is base budget funding.

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	
Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i
0604713A Combat Feeding, Clothing, and Equipment		4,497		4,497		-1,000		3,497
<u>Explanation:</u> Funds are available due to excess Program Management / Support funding for the Battlefield Kitchen program as they transition into Low Rate Initial Production (LRIP). This is base budget funding.								
0604804A Logistics and Engineer Equipment - Eng Dev		74,353		74,353		-800		73,553
<u>Explanation:</u> Funds are available due to contract cost savings on the 3K Tactical Water Purification System (TWPS), and Armament Repair Shop Set (ARSS) 2 programs as well as Program Management / Support costs on the Engineer Support Equipment program. This is base budget funding.								
0604808A Landmine Warfare/Barrier - Eng Dev		41,078		41,078		-805		40,273
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Mine Neutral/Detection program have been met. The remaining funds are excess. This is base budget funding.								
0605036A Combating Weapons of Mass Destruction (CWMD)		11,297		11,297		-465		10,832
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Combating Weapons of Mass Destruction program have been met. The remaining funds are excess. This is base budget funding.								
0605053A Ground Robotics		68,671		68,671		-2,024		66,647
<u>Explanation:</u> Funds are available due to contract cost savings on the Common Robotic System – Individual (CRS(I)) program as they transition to Low Rate Initial Production (LRIP). This is base budget funding.								
<u>Budget Activity 06: RDT&E Management Support</u>								
0604759A Major T&E Investment		79,192		75,517		-325		75,192
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Warrior Injury Assessment Manikin program have been met. The remaining funds are excess. This is base budget funding.								

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	
Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i
0605326A Concepts Experimentation Program		30,383		30,383		-736		29,647
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Army/Joint Experimentation program have been met. The remaining funds are excess. This is base budget funding.								
0605801A Program wide Activities		60,903		60,903		-1,000		59,903
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Army Science Board program have been met. The remaining funds are excess. This is base budget funding.								
0605803A Technical Information Activities		29,002		29,002		-1,180		27,822
<u>Explanation:</u> Funds are available because all FY 2019 requirements for the Acquisition Tech Activities program have been met. The remaining funds are excess. This is base budget funding.								
<u>Budget Activity 07: Operational Systems Development</u>								
0203744A Aircraft Modifications/Product Improvement Programs		17,678		17,678		-3,000		14,678
<u>Explanation:</u> Funds are available due to a delay in the Warrior Alpha/Block 0 Conversions contract award from FY 2019 to FY 2020. This is base budget funding.								
0203758A Digitization		6,304		6,304		-1,500		4,804
<u>Explanation:</u> Funds are available due to excess Program Support funding for the Army Equipping Enterprise System (AE2S) program. This is base budget funding.								
0205410A Materials Handling Equipment		1,459		1,459		-410		1,049
<u>Explanation:</u> Funds are available because they are excess to the integration efforts of the Commercial – off – the – shelf (COTS) obstacle detector efforts. This is base budget funding.								
0603813A TRACTOR PULL		4,060		4,060		-43		4,017
<u>Explanation:</u> Funds are available from a classified effort. Additional classified details will be provided under separate cover. This is base budget funding.								

Subject: Defense Working Capital Fund Prior Approval Request							DoD Serial Number: FY 20-13 PA	
Appropriation Title: Various Appropriations							Includes Transfer? Yes	

Component Serial Number	<i>(Amounts in Thousands of Dollars)</i>							
	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
a	b	c	d	e	f	g	h	i

0607136A Blackhawk Product Improvement Program		35,182		35,182		-1,500		33,682
--	--	--------	--	--------	--	--------	--	--------

Explanation: Funds are available because they are excess Program Management / Support funds for the Blackhawk Product Improvement Program. This is base budget funding.

PART V

<u>FY 2018 REPROGRAMMING INCREASE:</u>	<u>+29,051</u>
<u>Defense Working Capital Fund, Army, X</u>	<u>+29,051</u>
	<u>+29,051</u>

Explanation: Funds are required to cover AWCF for losses associated with customer modifications to scheduled deployments, cancelled training events, and reduced demand for depot operations linked to Army’s COVID-19 response, and consequently lower revenue. End of July’s preliminary cash balance for the Fund is \$709 million below its lower operating limit. Projecting into FY 2021, Army will remain significantly below the lower limit and any adjustment made during the fiscal year will have significant readiness impacts. This is an OCO requirement.

<u>FY 2018 REPROGRAMMING DECREASES:</u>	<u>-29,051</u>
--	-----------------------

<u>Procurement of Weapons and Tracked Combat Vehicles, Army, 18/20</u>	<u>-29,051</u>
---	-----------------------

<u>Budget Activity 01: Tracked Combat Vehicles</u>								
Paladin Integrated Management (PIM)								
	71	672,248	71		672,248	-8,051	71	669,748

Explanation: Funds are available due to a change in acquisition strategy which results in the delay of awarding the Paladin Integrated Management (PIM) Threshold 2 (T2) armor contract until FY 2021. The PM is planning to compete the T2 contract which will increase the timeline for contract award. This is Title IX OCO (European Reassurance Initiative (ERI)) funding.

Bradley Program	145	290,206	145	290,206		-21,000	145	269,206
-----------------	-----	---------	-----	---------	--	---------	-----	---------

Explanation: Funds are available due to successful contract negotiations which resulted in cost savings for the Bradley A4 Infantry Fighting vehicle contract. This is Title IX OCO (ERI) funding.