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Report to Rep. George H. Mahon, Chairman, House Committee on Appropriations; by Elmer B. Staats, Comptroller General.

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Organization Concerned: Department of Defense; Department of the Air Force; Department of the Navy; Department of the Army; Office of Management and Budget.  
Congressional Relevance: House Committee on Appropriations.  
Authority: Economy Act (31 U.S.C. 686(a)). Anti-Deficiency Act (31 U.S.C. 665(a)). (22 U.S.C. 239(c)-(d); 22 U.S.C. 2355(a); 22 U.S.C. 2761-62; 22 U.S.C. 2777). (10 U.S.C. 2005; 10 U.S.C. 2110(a)).

Various laws generally provide the Department of Defense options for crediting reimbursements for certain expenditures for the cost of material, work, or services furnished to other activities. Reimbursable transactions include inter- or intra-Federal agency transactions, foreign military sales and assistance transactions, and United Nations support transactions. The Department of Defense can credit reimbursements either to the appropriation current in the year in which the reimbursement was earned or to the similar appropriation current at the time the reimbursement was collected. Recommendations: Legislation authorizing Defense's current practices should be amended by the Congress so that all reimbursements are credited to appropriations current in the year the reimbursements are earned. (Author)

Released 11/10/76

**REPORT TO THE HOUSE  
COMMITTEE ON APPROPRIATIONS**

**RELEASED**

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

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# Reimbursements To Appropriations: Legislative Suggestions For Improved Congressional Control

Various laws generally provide the Department of Defense options for crediting reimbursements for certain expenditures for the cost of material, work, or services furnished to other activities. The Department of Defense can credit reimbursements either to the appropriation current in the year in which the reimbursement was earned or to the similar appropriation current at the time the reimbursement was collected.

As a result, the Congress does not have adequate control over the use of these funds. GAO recommends that legislative changes be made to provide the Congress increased control over reimbursements.

00256



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-179708

The Honorable George H. Mahon  
Chairman, Committee on Appropriations  
House of Representatives

Dear Mr. Chairman:

You asked for our opinion on the legality of a Department of Defense practice which permits the crediting of reimbursements to the appropriation current at the time of collection in those cases where the reimbursements were earned during a prior year. You also asked us, if we felt the practice was legal, to determine whether its continuation was warranted.

The report by the Surveys and Investigations Staff of the House Committee on Appropriations, which accompanied your request, criticized this practice. The Staff concluded that reimbursements should not be available to increase the obligational authority of the military services in the appropriation year in which the reimbursements are collected, if they were earned in previous years. In its report on the fiscal year 1975 Defense Appropriations Bill (report number 93-1255), the House Committee on Appropriations reached the same conclusion.

We found that under certain laws, Defense can credit reimbursements to appropriations current in the year collected. We do not believe Defense should continue to have this authority since the Congress is not aware of funds available to Defense and therefore, cannot exercise control over their use.

PROCEDURES FOR CREDITING  
REIMBURSEMENTS TO APPROPRIATIONS

Reimbursements are amounts collected or to be collected by an agency for the cost of material, work, or services furnished or to be furnished to others. Reimbursable transactions include inter- or intra-Federal agency transactions, foreign military sales and assistance transactions, and United Nations support transactions.

The Defense Department can incur obligations for performing reimbursable work on the basis of customer orders up to the amount of reimbursable obligational authority apportioned by the Office of Management and Budget. These amounts are in addition to the annual funds appropriated by the Congress.

Defense regulations provide that reimbursements collected must generally be accounted for and credited to the appropriation account in the year in which the agency earned the reimbursement. However, the regulations also provide that at the end of each fiscal year a determination will be made as to any earned but uncollected reimbursements not required to cover existing or anticipated obligations against the appropriation for that year. Further, the regulations provide that, subject to approval by the Assistant Secretary of Defense (Comptroller), such reimbursements may be transferred and credited to the next year's appropriation.

For example, assume that the following transactions occurred in a Defense agency in fiscal year 1975.

|  |                |                   |
|--|----------------|-------------------|
| Annual funds appropriated by the Congress  |                | \$2,000,000       |
| Reimbursements earned and collected  | \$375,000      |                   |
| Reimbursements earned but not collected  | <u>125,000</u> |                   |
| Reimbursements earned  |                | <u>500,000</u>    |
| Total obligational authority   |                | 2,500,000         |
| Obligations incurred   |                | <u>2,400,000</u>  |
| Uncollected reimbursements not required to cover obligations as of June 30, 1975 |                | \$ <u>100,000</u> |

Since the agency had not collected \$125,000 of the reimbursements earned at the close of the fiscal year 1975 it would be permitted, with Defense approval, to credit the fiscal year 1976 appropriation account, based on collections in that year, up to \$100,000. This amount represents the balance of reimbursements earned but not collected which were not needed to liquidate obligations in the fiscal year 1975 appropriation.

If the agency had a need for additional funds in the appropriation year from which the reimbursement was transferred (fiscal year 1975) it would be permitted to transfer the reimbursement back. For example if there was a \$25,000 unanticipated increase in obligations incurred in the fiscal year 1975 appropriation, \$25,000 of those reimbursements transferred by the agency to the fiscal year 1976 appropriation could be returned to the fiscal year 1975 appropriation to cover the increase.

LEGAL AUTHORITY TO CREDIT REIMBURSEMENTS  
TO APPROPRIATIONS CURRENT WHEN  
PAYMENT IS RECEIVED

Our legal analysis (see app. I) shows that reimbursements received by Defense agencies are subject to many statutory provisions. A summary of our analysis and opinions on the more important provisions follows.

- Reimbursements for materials or services furnished under inter- or intra-agency transactions which are governed wholly by the Economy Act, 31 U.S.C. 686, must be credited, when collected, to the appropriation which furnished, or earned them. However, as shown below, several statutes supersede the Economy Act as to the treatment of reimbursements in transactions involving Defense.
- Under 10 U.S.C. 2205 and 2210(a), Defense has authority to credit collections for sale of materials in general, as well as inter- and intra-agency furnishing of services, to appropriations current at time of collection. This authority is permissive only, and does not, therefore, preclude the option of crediting such collections to the appropriation which earned them.
- 22 U.S.C. 2392(c) and (d), concerning reimbursements under Military Assistance Program transactions, grants Defense authority to credit collections to appropriations current at the time of collection. Pursuant to other statutes, notably 22 U.S.C. 2355(a), (c), and (d), it seems that Defense has the additional option to credit reimbursements to the appropriation which earned them.
- Statutory language indicates Defense may retain amounts received under the Foreign Military Sales

Act, 22 U.S.C. 2761, 2762, and 2777, for services rendered or supplies furnished. Neither statutory provisions nor legislative history specify how such amounts are to be credited once Defense receives them. Accordingly, we have no basis on which to challenge the Defense practice of crediting such payments to either the accounts in which the reimbursement was earned or accounts current at time of collection.

In view of the above, we believe that with certain exceptions, such as orders which are governed solely by the Economy Act, Defense is authorized to credit reimbursements for materials, work, or services provided to appropriations current at the time of collection.

LEGISLATION SHOULD BE CHANGED TO  
PRECLUDE THE DEPARTMENT OF DEFENSE FROM USING  
REIMBURSEMENT CREDITS TO INCREASE CURRENT  
APPROPRIATIONS

As described above, under the law Defense has the opportunity to increase current year appropriations without congressional approval through the transfer of reimbursement credits.

At our request the military services furnished us the following data showing the amount of reimbursement credits which have been transferred from the year in which they were earned to the year of collection.

Military component  
and appropriation

Fiscal year

| <u>1970</u>           | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>Total</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| ------(millions)----- |             |             |             |             |             |              |

## Army:

|  |      |      |      |     |     |     |              |
|--|------|------|------|-----|-----|-----|--------------|
| Operation and Maintenance                  | 61.8 | 46.0 | 31.9 | 6.0 | 4.9 | -   | 150.6        |
| Military Personnel                         | 32.7 | 15.8 | 22.4 | -   | -   | -   | 70.9         |
| Research, Development, Test and Evaluation | -    | -    | -    | 1.5 | -   | 6.8 | 8.3          |
| Reserve Personnel                          | -    | -    | .1   | -   | -   | -   | .1           |
| Operation and Maintenance, National Guard  | -    | -    | .3   | -   | -   | -   | .3           |
| <b>Total</b>                               |      |      |      |     |     |     | <u>230.2</u> |

## Navy:

|                                      |      |      |      |      |   |   |              |
|--------------------------------------|------|------|------|------|---|---|--------------|
| Operation and Maintenance (note a)   | 29.1 | 33.0 | 30.5 | 6.2  | - | - | 98.8         |
| Other Procurement                    | -    | -    | -    | 35.6 | - | - | 35.6         |
| Procurement of Aircraft and Missiles | -    | -    | -    | 10.7 | - | - | 10.7         |
| Military Personnel, Marine Corps     | -    | -    | -    | .8   | - | - | .8           |
| <b>Total</b>                         |      |      |      |      |   |   | <u>145.9</u> |

## Air Force:

|                       |              |             |             |             |            |            |              |
|-----------------------|--------------|-------------|-------------|-------------|------------|------------|--------------|
| Military Personnel    | -            | -           | 1.2         | 11.7        | -          | -          | 12.9         |
| Department of Defense |              |             |             |             |            |            |              |
| <b>Total (note b)</b> | <u>123.6</u> | <u>94.8</u> | <u>86.4</u> | <u>72.5</u> | <u>4.9</u> | <u>6.8</u> | <u>389.0</u> |

a/Includes transfers made by the Marine Corps.

b/Defense officials informed us that the above represents all of the reimbursement transfers made by the Department.

As shown above, the military services increased current year appropriations by almost \$400 million during fiscal years 1970 through 1975. Defense officials said that congressional approval to transfer the reimbursement credits was not required by law and therefore was not requested.

The above table also shows that the amount of reimbursements transferred to fiscal years 1974 and 1975 was appreciably less than in prior years and that only the Army made such transfers.

### CONCLUSIONS

To improve congressional control over reimbursements, statutory provisions governing credits to appropriations should be changed to require that all Defense reimbursements be credited to appropriations current in the year the reimbursements are earned. Although the total amount of reimbursement credits transferred to appropriations in recent years has decreased, Defense may still make such transfers legally. Therefore, the Congress has no assurance that in the future appropriations current will not be substantially increased through the use of reimbursement credits transferred from prior year appropriations.

### AGENCY COMMENTS AND OUR EVALUATION

In a letter dated May 20, 1976, (see app. III), the Assistant Director for Budget Review, Office of Management and Budget, agreed that legislative changes are needed to insure that reimbursements are credited to appropriations current in the year the reimbursements are earned. The Assistant Director pointed out that crediting reimbursements to the appropriation current at the time of collection when the reimbursements were earned in prior years would seem to enable the Department of Defense to augment their authority to incur obligations.

On August 12, 1976, the Assistant Secretary of Defense (Comptroller) commented on the report. (See app. IV). The Assistant Secretary did not agree that legislative changes were needed and stated that congressional review and control over the use of reimbursements is assured through the disclosure of receipt and reimbursement information in the prior, current, and budget year columns of the President's Budget and that the reprogramming system provides the Congress with an additional measure of control during the program execution phase. The Assistant Secretary stated that congressional control is augmented by the Office of Management and Budget's apportionment process and that in the Defense Department's view the Congress would gain no additional control by restricting the transfer of reimbursements.



We agree that the apportionment process, administered by the Office of Management and Budget, augments congressional control over reimbursements. However, as noted above, the Office agrees with our view that the Department should not have the authority to augment its appropriations by crediting appropriations in the year reimbursements are collected.

The disclosure of receipt and reimbursement information in the President's Budget is of value to the Congress as noted by the Assistant Secretary. The budget, however, does not disclose whether reimbursements resulted from amounts earned during a given period or were generated through collections in a period subsequent to the year earned.

With regard to the Assistant Secretary's position that the reprogramming system provides congressional control over reimbursements during the program execution phase, it should be noted that Department of Defense procedures which implement reprogramming agreements do not require that the request for reprogramming state whether the funds involved were generated by crediting reimbursements earned in prior years to the appropriation current during the year of collection.

We asked Defense officials if any of the reimbursement amounts transferred to the year of collection during fiscal years 1974 and 1975 were reprogrammed. They could find no evidence of any reprogramming involving these reimbursements and indicated that this information would not be available because reprogramming actions do not designate whether funds were generated by reimbursements. Military service officials confirmed that this information was not available.

After considering the Assistant Secretary's comments, we believe that to insure more adequate congressional control over reimbursements, statutory provisions governing credits to appropriations should be changed.

#### RECOMMENDATION

We recommend that legislation authorizing Defense's current practices be amended by the Congress so that all reimbursements are credited to appropriations current in the year the reimbursements are earned. Proposed language for legislative change is in appendix II.

Most of the legislative changes we propose which involve title 22 U.S.C. could affect the way reimbursements are recorded in other agencies. We made inquiries

at the following agencies to determine if any difficulties would be caused if legislation regarding reimbursements in title 22 was changed:

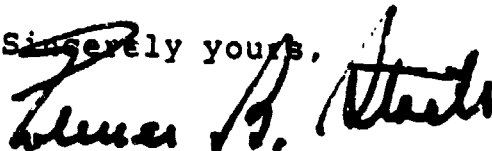
- Health, Education, and Welfare.
- Commerce.
- State.
- Agency for International Development.
- Interior.
- Transportation.

We found that these agencies would not have any problems with our proposed changes to title 22.

Further, in commenting on our report, the Assistant Secretary of Defense (Comptroller) objected that our proposed amendment to 10 U.S.C. 2205 (see app. II) was too broad since it may include other statutes covering relatively minor amounts for which special accounting provisions are appropriate.

We do not agree with the Assistant Secretary on this matter. The basic premise of the amendments we propose is that all reimbursements should be credited to appropriations current in the year the reimbursements are earned irrespective of when they are actually collected. Accordingly, we are proposing amendments to all readily identifiable statutes relating to Defense Department reimbursements which are contrary, and are including provisions in our proposed amendment to 10 U.S.C. 2205 to cover other statutory provisions which were not readily identifiable. We believe that it is Department of Defense's responsibility to identify and justify retention of any statutes which were not readily identifiable and for which special accounting provisions may be appropriate.

Sincerely yours,



Comptroller General  
of the United States

CREDITING OF COLLECTED REIMBURSEMENTS AND OTHER AMOUNTS  
RECEIVED IN PAYMENT FOR SERVICES OR SUPPLIES FURNISHED  
BY OR THROUGH THE DEPARTMENT OF DEFENSE AND ITS COMPONENTS

A report issued by the Surveys and Investigations Staff of the House Appropriations Committee on the management of "M" and "Surplus Fund" accounts in the Federal Government discusses at pages 36-48 several areas concerning the treatment of reimbursements, with particular reference to the practices of the Department of Defense (DOD). The report, at pages 41-47, addresses DOD's practice of exercising an option to credit reimbursements either to the appropriation which "earned" them or to the appropriation current at the time of collection. The report points out the potential for augmentations as a result of this option approach, as well as some potential for avoiding what might otherwise be violations of the Anti-deficiency Act, 31 U.S.C. § 665(a) (1970).

An October 13, 1972 memorandum from the Assistant Comptroller of the Army Department to the Army Audit Agency explains the option approach as follows:

"The provision [DOD Instruction] in question permits earned but uncollected reimbursements to be credited either to the year in which earned or to the year in which collected. The basis for crediting earned reimbursements to the year in which the services were performed or the supplies furnished is Section 601 of the Economy Act (31 USC 686). Subparagraph (b) of that statute provides that amounts paid in reimbursement will be credited to the appropriation or fund against which charges have been made pursuant to such order. Obviously charges against the appropriation of the agency receiving an order would be made in the year in which the work is actually performed, or the supplies furnished. The basis for crediting reimbursements to the appropriation for the year in which the collection is received is Section 2205 of Title 10, U. S. Code. That statute provides that reimbursements may be credited to authorized accounts and when so credited are available for obligation for the same period as the funds in the account so credited. This statute has been interpreted by legal counsel in OSD as authorizing the crediting of reimbursements to current appropriations in

the case of annual accounts, on the premise that only a current annual account would be available for obligation, as indicated in the statute.

"Since there are two statutes, as outlined above, governing the crediting of reimbursements, one to the year in which the work was performed, and the other to the year in which the collection is received, an option exists as to which method to follow. Thus, when a receivable is set up in the year of work performance, and it is later found that the reimbursements will not be needed in that year, the receivable may be moved forward to the appropriation for the succeeding fiscal year, in the manner outlined in the cited DODI in anticipation of the receipt of the collection in that fiscal year."

### I

The reimbursements referred to in the Comptroller memorandum are payments for the furnishing of goods or services by DOD or a component thereof to another DOD component or another Federal agency. Section 601(a) of the so-called "Economy Act," as amended, 31 U.S.C. § 686(a) (1970), referred to in the memorandum, constitutes general authority for inter- or intra-agency transactions involving the furnishing of materials, work, or services on a reimbursable basis. Subsection (b) of 31 U.S.C. § 686 provides:

"Amounts paid as provided in subsection (a) of this section shall be credited, (1) in the case of advance payments, to special working funds, or (2) in the case of payments other than advance payments, to the appropriations or funds against which charges have been made pursuant to any such order, except as hereinafter provided. The Secretary of the Treasury shall establish such special working funds as may be necessary to carry out the provisions of this subsection. Such amounts paid shall be available for expenditure in furnishing the materials, supplies, or equipment, or in performing the work or services, or for the objects specified in such appropriations or funds. Where materials, supplies, or equipment are furnished from stocks on hand, the amounts received in payment therefor shall be credited to appropriations or funds, as may be authorized by other law, or, if not so

authorized, so as to be available to replace the materials, supplies, or equipment, except that where the head of any such department, establishment, bureau, or office determines that such replacement is not necessary the amounts paid shall be covered into the Treasury as miscellaneous receipts."

By the terms of subsection 686(b), reimbursements are to be credited to the appropriation which financed the transaction and thus "earned" the reimbursement, except as further provided in subsection (b). It is further provided in subsection (b) that reimbursements in payment for materials, supplies or equipment furnished from stocks on hand shall be credited to appropriations or funds authorized by other law, or if not so authorized, to be available for replacement (to the extent that replacement is necessary). Our long-standing construction of subsection 686(b) is that reimbursements for stocks on hand may be credited only to accounts currently available for replacement of such stocks at the time that they were furnished.

In view of the foregoing, the basic rule with respect to transactions governed solely by the provisions of 31 U.S.C. § 686 is that reimbursements for work, services, or materials (including stocks on hand) must be credited to the account which earned them, irrespective of when the reimbursements are collected. If the appropriation which earned the reimbursement remains available at the time of collection, there is, of course, no distinction between a credit to the year earned or to the year collected. But if the appropriation which earned the reimbursement has expired for obligation purposes at the time of collection, such reimbursement can only be credited to the expired account or to the appropriate "M" account, as the case may be. See 31 U.S.C. § 701(c) (1970).

There are, however, many transactions, particularly in the case of DOD, subject to specific statutory provisions which either supplement or wholly supersede 31 U.S.C. § 686.

The most notable example of a statute superseding 31 U.S.C. § 686 is section 2208 of title 10, United States Code (1970), pursuant to which working capital (revolving) funds have been established within DOD to finance transactions among DOD components involving the exchange of common goods and services on a reimbursable basis. Since such transactions are independently authorized and governed by the title 10 provision, they are not subject at all to

31 U.S.C. § 686. Cf., 31 Comp. Gen. 83, 87 (1950). Moreover, since these transactions are financed by revolving funds, the timing of collections vis-a-vis the furnishing of goods or services is immaterial.

With reference to statutes supplementing 31 U.S.C. § 686, as already pointed out, subsection 686(b) itself provides that reimbursements for materials, supplies or equipment furnished from stock "shall be credited to appropriations or funds as may be authorized by other law \* \* \*." In this regard, 10 U.S.C. § 2210(a) (1970) provides:

"Current applicable appropriations of the Department of Defense may be credited with proceeds of the disposals of supplies [that] are not financed by stock funds established under section 2208 of this title."

This provision was enacted originally as part of section 645 of the Department of Defense Appropriation Act, 1954, approved August 1, 1953, ch. 305, 67 Stat. 336, 357. Section 645 also repealed a number of so-called "replacing accounts" which had theretofore served as a device for applying reimbursements to replace stocks and materials. The "replacing accounts" generally provided that moneys arising from the disposal of various materials would be available for the same purposes as the appropriation from which they were furnished during the fiscal year in which the disposal occurred and through the following year. See H.R. Rep. No. 680, 83d Cong., 1st Sess., 56-57 (1953), for the language of the replacing accounts repealed by section 645.

Under the language of 10 U.S.C. § 2210(a), quoted above, it seems clear that the "current applicable appropriations" to be "credited with proceeds of the disposals of supplies" are meant to be applicable appropriations current at the time proceeds are received. This construction is reinforced by the fact that, as noted, the replacing accounts superseded by what is now 10 U.S.C. § 2210(a) were apparently designed in effect to preserve the obligational availability of reimbursements for a full year after expiration of the appropriations which "earned" them.

In view of the foregoing, we believe that, by virtue of 10 U.S.C. § 2210(a), reimbursements for supplies may clearly be credited to the appropriation current at the time of collection. Moreover, since the language of section 2210(a) is permissive, it does not preclude the option of crediting such reimbursements instead to the

appropriation which earned them. Finally, it might be noted that, inasmuch as section 2210(a) refers generally to "proceeds of the disposals of supplies" (excluding only those financed by stock funds), its application is not limited to Economy Act transactions.

A related statute concerning the crediting of reimbursements is 10 U.S.C. § 2205 (1970), which provides:

"Reimbursements made to appropriations of the Department of Defense or a department or agency thereof under section 686 of title 31, or other amounts paid by or on behalf of a department or agency of the Department of Defense to another department or agency of the Department of Defense, or by or on behalf of personnel of any department or organization, for services rendered or supplies furnished, may be credited to authorized accounts. Funds so credited are available for obligation for the same period as the funds in the account so credited. Such an account shall be accounted for as one fund on the books of the Department of the Treasury."

This provision derives originally from section 408 of the National Security Act Amendments of 1949, approved August 10, 1949, ch. 412, 63 Stat. 578, 590.

To the extent that reimbursements relate to the furnishing of supplies, 10 U.S.C. § 2205 appears to overlap with 10 U.S.C. § 2210(a), discussed above. Thus it is clear that the "current applicable appropriations" referred to in section 2210(a) are "authorized accounts" within the contemplation of section 2205. In fact, the original version of section 2205 (i.e., section 408 of the 1949 statute, supra) used the language "authorize[d] replacing or other accounts." (Underscoring supplied.)

Therefore, sections 2205 and 2210(a) are mutually reinforcing with respect to crediting reimbursements for stocks and materials to the appropriation year in which collected. However, while section 2210(a) applies only to reimbursements for stocks and materials, section 2205 applies as well to reimbursements for services furnished. Thus it remains to consider the treatment of the latter under section 2205.

The purpose of section 408 of the 1949 statute was explained in the House Armed Services Committee report on that legislation, H.R. Rep. No. 1064, 81st Cong., 1st Sess., 14 (1949) as follows:

"Availability of reimbursements (section 408)

"This section is intended to simplify procedures presently required under the Economy Act. Based upon the theory that the National Military Establishment should, where advantageous, have an integrated operation despite the fact that it is composed of three departments separately administered, it permits the crediting of reimbursements and sums paid by a department or organization for supplies furnished or for services rendered to authorized replacing or other accounts. The need for continuing use of existing replacing accounts which are now available to the Department of the Army and to a limited extent to the Department of the Air Force, will diminish as the working-capital inventory accounts are implemented--a further step in the clarification of the appropriation and accounting structure. Funds so credited will remain available for obligation for the period for which the funds in the receiving account are available and such accounts will appear as one fund on the books of the Treasury Department. Also, the effect of this section will be to eliminate some of the procedures necessary under the Economy Act in that it permits the direct charging of appropriations of the Department which orders certain work or services from another department. It eliminates the necessity of establishing working-fund advance accounts between the military departments.

"Inasmuch as the armed services have available the facilities of general accounts of advances, interdepartmental settlements can, therefore, be made at the end of a month without the necessity of advance of funds."

The legislative history of the Act approved September 7, 1962, Pub. L. No. 87-651, 76 Stat. 506, 520, which codified section 408 of the 1949 statute as 10 U.S.C. § 2205, also emphasized the purpose of this section "to authorize the Department of Defense to operate as an integrated department \* \* \*." RH.R. Rep. No. 1401, 87th Cong., 2d Sess., All (1962): S. Rep. No. 1876, 87th Cong., 2d Sess., 19 (1962).

In contrast to 10 U.S.C. § 2210(a), discussed hereinabove, the legislative history of 10 U.S.C. § 2205 does not seem to be of direct assistance in considering whether reimbursements for services may be credited to appropriations current at the time of collection. While section



2205 permits reimbursements to be credited to "authorized accounts," we are not aware of any provision comparable to 10 U.S.C. § 2210(a) which specifically deals with authorized accounts for services reimbursements.

As noted at the outset of this memorandum, DOD maintains that the "authorized accounts" referred to in section 2205 must mean appropriations current at the time reimbursements are collected since section 2205 also provides that funds so credited remain available for the same period as the receiving account and only the appropriation current at the time of collection would be available for obligation. In our view, this rationale has some logic and seems consistent with the language of section 2205. Inclusion of the second sentence of section 2205, referring to the obligational availability of reimbursements, is apparently designed to do more than merely describe earning accounts. Moreover, it would seem somewhat anomalous to construe section 2205 contemplating a different treatment for services reimbursements than for reimbursements for supplies.

Accordingly, in the absence of any legislative history or other authority to the contrary, we would concur in DOD's position that 10 U.S.C. § 2205 does generally allow the crediting of reimbursements covered thereunder to the appropriation current at the time of collection. As in the case of 10 U.S.C. § 2210(a), the authority so conferred is permissive and therefore does not exclude the alternative of crediting such reimbursements to the year earned. Thus we would also agree that DOD's option approach is legally valid.

There exist several other statutory provisions which govern reimbursements for particular transactions which are, in effect, independent of either sections 2205 or 2210(a) of title 10. Most notable, perhaps, are the statutes governing reimbursements for military sales or assistance transactions. Although these statutes often use language similar to that used in the statutes discussed above, the Army Comptroller memorandum, supra, is not directly relevant to their operation.

## II

Crediting of reimbursements under the Military Assistance Program is covered generally by 22 U.S.C. § 2392(d) (1970), which provides:

"Except as otherwise provided in section 2318 of this title, reimbursement shall be made to any

United States Government agency, from funds available for use under subchapter II of this chapter [military assistance and sales], for any assistance furnished under subchapter II of this chapter, from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 2403(m) of this title) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under subchapter II of this chapter. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency. (Emphasis supplied.)

Section 2318 authorizes the President to order defense articles from DOD stocks and defense services subject to subsequent reimbursements. Subsection (b) of this section authorizes DOD to incur obligations in applicable appropriations in anticipation of such reimbursements.

The language used in 22 U.S.C. § 2392(d) parallels that in 10 U.S.C. § 2210 in that "current applicable appropriations" are to be credited with reimbursements. Similar language is also used in 22 U.S.C. § 2392(c) (1970) which deals with reimbursements for commodities, services, and facilities provided. Section 2392(c) provides as follows:

"In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out subchapter I of this chapter [economic assistance], reimbursement or payment shall be made to such agency from funds available to carry out such subchapter. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriation, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefore shall be deposited into the Treasury as miscellaneous receipts." (Emphasis supplied.)

It would appear that the above-quoted language clearly contemplates that, with the exceptions specified, reimbursements and payments shall be credited to appropriations current at the time of collection, rather than the appropriation against which charges were made when the articles or services were furnished.

Several other sections of title 22 which were derived from the same original statute as sections 2392(c) and (d) (i.e., the Foreign Assistance Act of 1961, Pub. L. No. 87-195, 75 Stat. 424, 440, as amended), are also relevant to the treatment of particular reimbursements. For example, 22 U.S.C. § 2390 provides in pertinent part:

"Terms of detail or assignment of personnel.

"Details or assignments may be made under section 2387 or 2388 of this title or section 1928 of this title.

"(1) without reimbursement to the United States Government by the foreign government or international organization;

"(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, benefits and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, benefits or allowances, or to the appropriation, fund, or account currently available for such purposes; \* \* \*  
(Emph. is supplied.)

Similarly, 22 U.S.C. § 2355(a), (c) and (d) provide respectively:

"(a) Commodities and defense articles; disposal to prevent spoilage or wastage or to conserve usefulness; funds realized from disposal or transfer.

"Any commodities and defense articles procured to carry out this chapter shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as

the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgement of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

\* \* \* \* \*

"(c) Funds realized as result of illegal transactions.

"Funds realized as a result of any failure of a transaction financed under authority of subchapter I of this chapter to conform to the requirements of this chapter, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of subchapter I of this chapter, shall revert to the respective appropriation, fund, or account used to finance such transaction or to the appropriation, fund, or account currently available for the same general purpose.

"(d) Funds realized from sale, transfer, or disposal of returned defense articles.

"Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account currently available for the same general purpose."  
(Emphasis supplied.)

It is reasonable to assume that by using different language in different sections of the same original statute regarding the crediting of reimbursements, Congress intended that different methods of crediting reimbursements be used. Yet if it was concluded that by using the language "currently applicable appropriations, funds, or accounts," the Congress merely intended to mean that appropriations current at the time the reimbursements were earned or their successor accounts were to be so credited, then this would render nugatory the additional language in 22 U.S.C. §§ 2390 and 2355(a), (c), and (d) indicating that reimbursements may also be credited to the appropriation, fund, or account used to "finance a transaction," "procure such commodity," or "utilized for paying" certain expenses. Therefore, the language in 22 U.S.C. §§ 2390 and 2355(a), (c), and (d) appears to authorize an option of crediting the reimbursement either to the appropriation which earned the reimbursement or to the appropriation current at the time of collection, whereas 22 U.S.C. §§ 2392(c) and (d) would appear to authorize crediting of reimbursements to the appropriations current at the time of collection. With regard to 22 U.S.C. § 2355, see S. Rep. No. 612, 87th Cong., 1st Sess. 29 (1961) wherein it was stated:

"Funds realized from such disposal (or, in the case of transfer, funds accruing from inter-agency reimbursements) are to revert to the appropriation account from which the goods were procured in the first instance or to the amount [sic] currently available for such procurement."

### III

With reference to Foreign Military Sales Act transactions, 22 U.S.C. § 2761 (1970) authorizes cash sales of defense articles from DOD stocks and of DOD defense services. 22 U.S.C. § 2762 (Supp. III, 1973) provides for (a) the procurement of defense articles and services for foreign cash sales and (b) use of DOD appropriations to make contract payments subject to reimbursement. 22 U.S.C. § 2763 authorizes foreign credit sales of defense articles and services to be financed for a period not exceeding 12 years. 22 U.S.C. § 2777(a) (1973) provides that:

"Cash payments received under sections 2761 and 2762 of this title and advances received under section 2763 of this title shall be available solely for payments to suppliers (including the military departments) and refunds to purchasers and shall not be available for financing credits and guaranties."

It is clear that DOD may retain reimbursements and other payments made to it under the foregoing provisions. (Compare 22 U.S.C. § 2777(b), which requires that certain other collections from foreign countries and international organizations be transferred to the Treasury as miscellaneous receipts.) However, these statutory provisions do not specify how such payments are to be treated once they are received by DOD.

It appears that the proceeds of sales from DOD stocks could be credited to accounts current at the time of collection pursuant to 10 U.S.C. § 2210(a). See discussion supra. The situation is less clear in the case of other Sales Act payments received by DOD. As noted, 22 U.S.C. §§ 2761-63 and 2777(a) are silent in this regard; and so is the legislative history of the Foreign Military Sales Act. Nevertheless, certain additional title 22 provisions are of relevance here. As discussed previously, reimbursements to DOD (and other Federal agencies) from military assistance appropriations may generally be credited to accounts current at the time of collection. See 22 U.S.C. §§ 2355(a), (c), and (d), 2390, 2392(c) and (d), supra. While it appears to be of limited application at present, as to sales, section 2392(d) literally authorizes the crediting to current DOD accounts of reimbursements made from military assistance appropriations for military sales, as well as grant, transactions. Similarly, sections 2355(a) and (d), by their terms, authorize crediting to current accounts of proceeds realized from the transfer to United States agencies of defense articles originally procured for foreign grant or sale, or from the disposal of defense articles returned by a foreign country or international organization.

While the foregoing provisions do not expressly address the treatment of reimbursements under all types of military sales transactions, they do seem to reflect a basic approach in favor of permitting credits to current accounts. Accordingly, and in the absence of any contrary statutory provisions or legislative history, we have no basis to challenge the DOD practice of crediting Sales Act payments of all types to either the earning accounts or accounts current at the time of collection.

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Finally, there are numerous other statutes involving particular transactions which provide that payments received thereunder shall be deposited to the Treasury as miscellaneous receipts or more or less clearly indicate against which appropriations such reimbursements shall be credited.

Most of these statutory provisions use language similar to that discussed above, and thus do not require extensive discussion.

10 U.S.C. § 2211 (1970), concerning reimbursement for equipment, material, and services furnished to members of the United Nations, specifically provides for crediting of such reimbursements in the manner authorized by 22 U.S.C. § 2392(d), and, therefore, as discussed above, would permit credits to appropriations current at the time of collection.

10 U.S.C. § 2481 (1970), dealing with sales by the military departments of utilities or related services, provides for crediting of proceeds of such sales " \* \* \* to the appropriation currently available for the supply of that utility or service." This would also provide for the crediting of proceeds to appropriations current at the time of collection.

10 U.S.C. § 2575 (1970), dealing with the disposition of unclaimed property specifically provides for proceeds of sales to " \* \* \* be covered into the Treasury as miscellaneous receipts."

10 U.S.C. § 2633 (1970) deals with the furnishing of stevedoring and terminal services. Subsection (c) provides for crediting of proceeds to " \* \* \* the appropriation or fund out of which the services or facilities were supplied." This would appear to provide for credit to the appropriation which earned the payment.

Proceeds of sales of certain interests in land, covered by 10 U.S.C. § 2665 (1970), are to be " \* \* \* credited to the appropriations under which the property was procured." Again, this apparently provides for credit to the appropriation which earned the payment.

10 U.S.C. § 2667(d) (1970), concerning leasing by the military departments, clearly provides for depositing of rental into the Treasury as miscellaneous receipts. As for payments for utilities or services furnished to the lessee, credit is to be made to the " \* \* \* appropriation from which the cost of furnishing them was paid." This indicates that payments for utilities are to be credited to the appropriation which earned them.

Proceeds derived from the sale of certain surplus cuttings of materials are to be credited to the " \* \* \* appropriation out of which the material was purchased." 31 U.S.C. § 488 (1970). Again, this indicates that credit is to be made to the appropriation which earned the payment.

## V

To summarize the foregoing, whether reimbursements may be credited to the appropriation current at the time of collection (assuming such appropriation is not the same one that "earned" the reimbursement) depends upon the statutory authority under which the reimbursable transaction occurred. With respect to inter- or intra-agency transactions operating solely under the Economy Act, 31 U.S.C. § 686 (i.e., where 10 U.S.C. § 2205 or other law is not applicable), reimbursements may only be credited to the appropriation account which earned them, irrespective of when such reimbursements are actually collected. However, many DOD reimbursable transactions are subject to specific statutory provisions which wholly or partially supplant the Economy Act, as follows:

- Transactions financed by working capital funds under 10 U.S.C. § 2208 operate independently of any other statute including the Economy Act. Since these are revolving funds, the timing of reimbursement collections is immaterial.
- Under 10 U.S.C. §§ 2205 and 2210(a), we believe that DOD has authority to credit collections representing proceeds from disposals of supplies, i.e., materials, to appropriations current at the time of collection. Since 10 U.S.C. § 2210(a) refers generally to "disposals of supplies," this provision is apparently not limited in its application to transactions between DOD components.
- 10 U.S.C. § 2205 deals generally with reimbursements for materials and services in inter- and intra-agency transactions. We believe that this section permits the crediting of reimbursements for materials and services to the appropriation current at the time of collection (although, in view of 10 U.S.C. § 2210(a), it is somewhat redundant in the case of reimbursements for materials).
- Under 22 U.S.C. § 2392(c) and (d) and as to other Military Assistance Program transactions, we are of the view that DOD has authority to credit collections to appropriations current at the time of collection. Moreover, pursuant to certain other statutes, notably 22 U.S.C. § 2355(a), (c), and (d), it appears that DOD has the additional option of crediting reimbursements to the appropriation which earned them.



--Although not wholly clear, Military Sales Act transactions, covered by 22 U.S.C. § § 2761, 2762, 2763 and 2777 also appear to permit crediting of reimbursements or payments to appropriations current at the time of such reimbursement or payment.

PROPOSED LANGUAGE FOR  
CHANGES TO LEGISLATION

The proposed amendments are as follows (new matter underscored and bracketed matter deleted):

10 U.S.C. § 2205:

"(a) Notwithstanding any other provision of law (consistent with subsection (b) of the section), reimbursements made to appropriations of the Department of Defense or a department or agency thereof [under section 686 of title 31], or other amounts [paid by or on behalf of a department or agency of the Department of Defense to another department or agency of the Department of Defense, or by or on behalf of personnel of any department or organization,] payable to such appropriations from any source, for services rendered or supplies furnished, [may be credited to authorized accounts. Funds so credited are available for obligation for the same period as the funds in the account so credited. Such an account shall be accounted for as one fund on the books of the Department of the Treasury.] shall be credited to the appropriation, fund, or account charged in connection with the furnishing of such services or supplies, or when no such charges are made, to the appropriation, fund, or account available for replacement thereof at the time furnished.

"(b) Subsection (a) of this section applies only to reimbursements and other payments which are otherwise authorized by law to be credited to agency appropriations or funds in lieu of transfer or deposit to the Treasury as miscellaneous receipts."

(10 U.S.C. § 2210 should be repealed since it would overlap section 2205 as proposed.)

10 U.S.C. § 2481(b):

"(b) Proceeds of sales under subsection (a) shall be credited to the appropriation [currently] available for the supply of that utility or service at the time of such sale."

22 U.S.C. § 2355(a) (last sentence):

"\* \* \* Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account [currently] available for the same general purpose at the time of disposal or transfer."

22 U.S.C. § 2355(c):

"Funds realized as a result of any failure of a transaction financed under authority of subchapter I of this chapter, shall revert to the respective appropriation, fund, or account used to finance such transactions or to the appropriation, fund, or account [currently] available for the same general purpose at the time of sale, disposal, or transfer giving rise to such funds."

22 U.S.C. § 2355(d):

"Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account [currently] available for the same general purpose at the time of sale, transfer, or disposal."

22 U.S.C. § 2390(2) (following the first semicolon):

"\* \* \* and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, benefits or allowances. [or to the appropriation, fund, or account currently available for such purpose]: \* \* \*

22 U.S.C. § 2392(c) (last sentence):

"\* \* \* The amount of any such reimbursement or payment shall be credited to [currently applicable appropriations, funds, or accounts, from which there

may be procured replacements of [similar commodities, services, or facilities.] the appropriation, fund; or account charged in connection with the furnishing of such commodities, services, or facilities, or when no such charges are made, to the appropriation, fund, or account available for replacement thereof at the time furnished, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that [such] replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts."

22 U.S.C. § 2392(d) (last sentence):

"\* \* \* The amount of such reimbursement shall be credited to [the current applicable appropriations, funds, or accounts of such agency] the appropriation, fund, or account of such agency charged in connection with the furnishing of such defense articles, services, or other assistance, or when no such charges are made, to the appropriation, fund, or account available for replacement thereof at the time furnished."

22 U.S.C. § 2777(a) (new sentence at end of subsection):

"\* \* \* Payments to the military departments, and other Federal departments and agencies as suppliers, shall be credited to the appropriation, fund; or account charged or used in connection with the furnishing of such defense article or service, or in the case of defense articles furnished from stock, to the appropriation, fund; or account available for replacement of such article at the time furnished."



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 10 1976

Mr. D. L. Scantlebury  
Director, Division of Financial  
and General Management Studies  
General Accounting Office  
425 Eye Street, N.W.  
Washington, D.C. 20548

Dear Mr. Scantlebury:

We have reviewed your draft report on the Department of Defense practice of crediting certain reimbursements to the appropriation account current at the time of collection rather than to the appropriation or fund used to finance the transaction. As you point out in the report, this practice would seem to enable the Department of Defense to augment their authority to incur obligations.

Your report recommends that authorizing legislation be amended so that all reimbursements to the Defense Department are credited to the appropriations that earned the reimbursements. We agree that legislative changes are necessary to ensure that different appropriations, current at the time of collection, are not credited


[See GAO note]

Your transmittal letter correctly acknowledges that many of the proposed changes to Title 22 (U.S.C.) will affect reimbursements to Federal agencies other than the Department of Defense and asks whether we concur that all agencies receiving reimbursements under Title 22 should credit only the appropriation that originally financed the costs of material, work, or services furnished. While in the abstract, we would be inclined to concur, we cannot take a definitive position on the proposals with respect to agencies other than Defense without knowing the identity of the agencies and programs affected and assessing the impact.

Perhaps the General Accounting Office can undertake a study to obtain such information, either in conjunction with this report or as a follow-on to it.

We shall be happy to discuss this matter further, should that be your desire.

Sincerely,

  
Dale R. McOmber  
Assistant Director  
for Budget Review

GAO note: The deleted comments relate to matters which are not included in this report.



COMPTROLLER

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

12 AUG 1976

Mr. D. L. Scantlebury  
Director, Division of Financial  
and General Management Studies  
U. S. General Accounting Office  
Washington, D. C. 20548

Dear Mr. Scantlebury:

This is in reply to your letter to Secretary Rumsfeld regarding your draft report, dated April 14, 1976, entitled, "Reimbursements to Appropriations: Legislative Suggestions for Improved Congressional Control" (OSD Case 4059-A).

We are pleased that your office has confirmed that this Department is authorized under the law to credit reimbursements for materials, work, or services to appropriations current at the time of collection. However, we do not agree that such credits in any way impede Congressional control.

We believe that present statutes should be continued since they insure Congressional review and control over the use of reimbursements through the presentation of receipt and reimbursement information in the prior, current and budget year columns of the President's Budget and subsequent control of program execution through the reprogramming system. The system of Congressional control is augmented by the Office of Management and Budget which exercises control over reimbursements through the apportionment process.

[See GAO note]



There is a further problem with the proposed amendment to 10 U. S. C. 2205. The statutory requirements governing accounts receivable are known (the Economy Act, the Foreign Military Sales Act, 10 U. S. C. 2210, etc.). If the intent is to affect these laws, it should be so stated. The broad sweep of the proposed phrase "notwithstanding any other provision of law" may include other statutes covering relatively minor amounts for which special accounting provisions are appropriate.

In conclusion, it is our view that Congress would gain no additional control by restricting the transfer of reimbursement credits to appropriations current at the time of collection. Furthermore, in trying to impose such a restriction, there is a danger that legislation might be passed which would impede the operations of this Department.

Sincerely,



GAO note: The deleted comments relate to matters which are not included in this report.



**PRINCIPAL OFFICIALS**  
**RESPONSIBLE FOR ADMINISTERING ACTIVITIES**  
**DISCUSSED IN THIS REPORT**

Tenure of office  
From                      To

**DEPARTMENT OF DEFENSE**

**SECRETARY OF DEFENSE:**

|                              |           |           |
|------------------------------|-----------|-----------|
| Donald H. Rumsfeld           | Nov. 1975 | Present   |
| Dr. James R. Schlesinger     | July 1973 | Nov. 1975 |
| William P. Clements (acting) | May 1973  | July 1973 |
| Elliot L. Richardson         | Jan. 1973 | May 1973  |
| Melvin R. Laird              | Jan. 1969 | Jan. 1973 |

**ASSISTANT SECRETARY OF DEFENSE  
(COMPTROLLER):**

|                         |            |           |
|-------------------------|------------|-----------|
| Fred P. Wacker          | Sept. 1976 | Present   |
| Terence E. McClary      | June 1973  | Aug. 1976 |
| Don R. Brazier (acting) | Jan. 1973  | June 1973 |
| Robert C. Moot          | Aug. 1968  | Jan. 1973 |

**DEPARTMENT OF THE ARMY**

**SECRETARY OF THE ARMY:**

|                    |           |           |
|--------------------|-----------|-----------|
| Martin R. Hoffman  | Aug. 1975 | Present   |
| Howard H. Callaway | May 1973  | July 1975 |
| Robert F. Froehke  | July 1971 | May 1973  |

**ASSISTANT SECRETARY OF THE ARMY  
(FINANCIAL MANAGEMENT):**

|                                   |            |           |
|-----------------------------------|------------|-----------|
| Hadlai A. Hull                    | Mar. 1973  | Present   |
| Richard L. Saint Sing<br>(acting) | Sept. 1972 | Mar. 1973 |

**COMPTROLLER OF THE ARMY:**

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Lt. Gen. John A. Kjellstrom     | July 1974 | Present   |
| Lt. Gen. E. M.<br>Flanagan, Jr. | Jan. 1973 | July 1974 |
| Lt. Gen. John H. Wright, Jr.    | Aug. 1970 | Jan. 1973 |

**DEPARTMENT OF THE NAVY**

**SECRETARY OF THE NAVY:**

|                          |           |           |
|--------------------------|-----------|-----------|
| J. William Middendorf II | June 1974 | Present   |
| John W. Warner           | May 1972  | Apr. 1974 |

Tenure of office  
From                      To

DEPARTMENT OF THE NAVY (con't)

**ASSISTANT SECRETARY OF THE NAVY  
(FINANCIAL MANAGEMENT):**

|                  |           |           |
|------------------|-----------|-----------|
| Gary D. Penisten | Oct. 1974 | Present   |
| Vacant           | May 1974  | Oct. 1974 |
| Robert D. Nesen  | May 1972  | Apr. 1974 |

**COMMANDANT MARINE CORPS:**

|                         |           |           |
|-------------------------|-----------|-----------|
| Gen. Louis H. Wilson    | July 1975 | Present   |
| Gen. R. E. Cushman, Jr. | Jan. 1972 | June 1975 |

DEPARTMENT OF THE AIR FORCE

**SECRETARY OF THE AIR FORCE:**

|                              |           |           |
|------------------------------|-----------|-----------|
| Thomas C. Reed               | Jan. 1976 | Present   |
| James W. Plummer (acting)    | Nov. 1975 | Jan. 1976 |
| Dr. John J. McLucas          | July 1973 | Nov. 1975 |
| Dr. John J. McLucas (acting) | May 1973  | July 1973 |
| Dr. Robert C. Seamans, Jr.   | Feb. 1969 | May 1973  |

**ASSISTANT SECRETARY OF THE AIR  
FORCE (FINANCIAL MANAGEMENT):**

|                           |            |            |
|---------------------------|------------|------------|
| Everett Keech             | Sept. 1976 | Present    |
| Francis Hughes            | Mar. 1976  | Sept. 1976 |
| Arnold G. Bueter (acting) | Aug. 1975  | Mar. 1976  |
| William W. Woodruff       | Apr. 1973  | July 1975  |
| Spencer J. Schedler       | June 1969  | Apr. 1973  |

**COMPTROLLER OF THE AIR FORCE:**

|                                   |            |           |
|-----------------------------------|------------|-----------|
| Lt. Gen. Charles G.<br>Buckingham | Sept. 1975 | Present   |
| Lt. Gen. J. R. DeLuca             | Oct. 1973  | Aug. 1975 |
| Lt. Gen. D. L. Crow               | Apr. 1969  | Oct. 1973 |

OFFICE OF MANAGEMENT AND BUDGET

**DIRECTOR OF THE OFFICE OF  
MANAGEMENT AND BUDGET:**

|                      |           |           |
|----------------------|-----------|-----------|
| James T. Lynn        | Feb. 1975 | Present   |
| Roy L. Ash           | Feb. 1973 | Feb. 1975 |
| Caspar W. Weinberger | June 1972 | Feb. 1973 |
| George F. Shultz     | July 1970 | June 1972 |

**ASSISTANT DIRECTOR FOR BUDGET  
REVIEW:**

|                 |           |          |
|-----------------|-----------|----------|
| Dale R. McOmber | May 1973  | Present  |
| Samuel M. Cohn  | July 1970 | May 1973 |