



DEPARTMENT OF THE AIR FORCE  
WASHINGTON, DC

01 JUL 2004

Office of the Assistant Secretary

SAF/IEI  
1665 Air Force Pentagon  
Washington DC 20330-1665

The Honorable Duncan Hunter  
Chairman, Committee on Armed Services  
United States House of Representatives  
Washington DC 20515-6035

Dear Mr. Chairman

Language contained in the FY2004 House Military Construction Appropriations Conference Report 108-342 requires reporting the transfer of funds between the Operation and Maintenance accounts or sub-accounts, whenever the amount transferred exceeds the amount appropriated in that account or sub-account by 10 percent. In accordance with this direction, the Air Force reports the Military Family Housing Utilities sub-account has exceeded the threshold.

The amount appropriated for the Utilities sub-account is \$132,651,000. The current funding amount is \$164,650,200, an increase of \$31,999,200 or 12.40 percent above the transfer amount allowed in report language. The Utility account is a 'must-pay' account; therefore, reprogramming is necessary to satisfy the unfunded requirements. The cumulative costs required to support the privatization projects that did not meet the privatization schedule as identified in the FY04 budget and the rising cost for gas, electricity, steam and water are the reasons for the increase.

Funds within the Maintenance sub-account were used to finance the increase in the Housing Utility account.

A similar letter has been sent to the Ranking Minority Member of your Committee and to the Chairmen and Ranking Minority Members of the Subcommittee on Readiness and the Senate Armed Services Committee.

Sincerely

A handwritten signature in black ink, appearing to read "Fred W. Kuhn".

FRED W. KUHN  
Deputy Assistant Secretary of the Air Force  
(Installations)