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

February 27, 1976

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B-115398



Speaker of the House
President of the Senate

We were furnished copies of deferrals and proposed rescissions which the President submitted to the Congress on February 6, in his 11th special message for fiscal year 1976 pursuant to the Impoundment Control Act of 1974. The special message transmits one revised rescission proposal, three new deferrals, and four revised deferrals. The President estimates that the impoundments will reduce fiscal year 1976 outlays by \$9.5 million--the Department of Agriculture \$9 million and the Department of Interior \$.5 million.

The Impoundment Control Act requires us to review each message and report promptly to the House and Senate as to the facts surrounding each action, including the probable effect thereof and, in the case of deferrals, to render a judgment as to whether the action is in accordance with existing legal authority. We are also required to notify the Congress if supplementary information revising earlier messages necessitates changes in the original reports submitted by GAO. Our comments on each impoundment transmitted by the President's 11th special message are enclosed.

We call your attention to the information furnished the Congress regarding the Youth Conservation Corps (D76-101). As the message is now, it would be possible to conclude that \$15.7 million is available for use instead of \$8.3 million which is actually available (see page one of the enclosure).

Sincerely yours,

Comptroller General
of the United States

Enclosure

ACG-76-18

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ENCLOSURE

President's
[COMMENTS ON THE 11TH FY 1976 SPECIAL MESSAGE
TRANSMITTED BY THE PRESIDENT ON FEBRUARY 6, 1976
PURSUANT ^{6N} TO] THE IMPOUNDMENT CONTROL ACT OF 1974]

DEPARTMENT OF AGRICULTURE

D76-101 Youth Conservation Corps
Forest Service
125/61125
126/71125

The information furnished the Congress in the above message is incomplete and could be misleading. The message shows total budgetary resources as \$39.4 million, however the actual resources available for the program should total \$32 million. As the message is now, it would be possible to conclude that \$15.7 million (\$39.4 million less the proposed deferral \$23.7) is available for use instead of \$8.3 million actually available (\$32 million less deferral \$23.7). The following schedule more clearly shows the reasons for the differences.

COMPARISON OF BUDGET AUTHORITY--D76-101

(dollars in millions)

<u>Source of Budget Authority (BA)</u>	<u>Amounts from D76-101</u>	<u>Actual</u>
P.L. 94-165	\$25.0	\$25.0
P.L. 94-41	10.0	7.0 available for calendar year (CY) 76 [3.0] forced release for CY 75 <u>a/</u>
Other BA	4.4	[4.4] released for CY 75
TOTAL BA FOR CY 76	\$39.4	\$32.0
Deferred for:		
CY 77	16.0	16.0
CY 76	7.7	7.7
Total deferred	\$23.7	\$23.7
BA immediately available for CY 76	\$15.7	\$ 8.3

a/ This was the subject of a GAO disclosure of an unreported deferral in July 1976 which was rejected by the Senate in July, hence a forced release of these funds.

According to available agency records, the \$32 million available is to be used equally--\$16 million in 1976 and \$16 million in 1977. The bulk of the Youth Conservation Corps (YCC) budget authority is used during the summer months of July, August, and September. The current deferral message, however, if accepted, will defer until June 30

almost half (\$7.7 million) of the budget authority to be used this summer. Program officials estimate that unless the funds are made available by early March, they will have difficulty in fully and efficiently utilizing the budget authority for this summer.

The Youth Conservation Corps has repeatedly been the subject of impoundment actions which, according to program officials, is having a serious impact on program execution. For example, YCC had been planning a \$27 million program for this summer and, based on this estimate, the States had developed expansion plans which in some cases included State appropriations for cost sharing. States were required to submit their grant applications by January 1, 1976. The Administration on January 8, notwithstanding YCC officials' objections, decided to defer budget authority and cut the 1976 summer program to the \$16 million level. Program officials inform us that if program funds are deferred as proposed, some States will probably drop the program because of the small amount of funds they would receive.

The President's message contains the statement that FY 76 budget resources are "almost three times the amount available in [FY] 1975." This statement does not take into consideration the following factors:

--\$7.4 million claimed as resources still available for FY 76 was, in fact, spent for the CY 1975 program.

--due to the change of the fiscal year, calendar year 1975 and 1976 summer programs will be in FY 1976 and transition which ends on September 30, 1976.

--increased Administrative expenses and 10 percent inflation factor.

This deferral is authorized by the Impoundment Control Act and the authority exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

DEPARTMENT OF THE INTERIOR

D76-102 Land Management
Oregon and California Grant Lands
14X5136

D76-103 Bureau of Indian Affairs
Construction
14X2301

The information provided in the above messages is essentially correct and the actions being taken are reasonably clear. For D76-103, the study, mentioned in the message, to develop the necessary criteria and policies is estimated to be completed in June 1976.

D76-102 is in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). D76-103 is authorized by the Impoundment Control Act. In our opinion, it could have been authorized by the Antideficiency Act. The

authority exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

R76-28A Community Planning and Development
Rehabilitation Loan Fund
86X4036
8664036

DEPARTMENT OF AGRICULTURE

D76-38A Forest Service
Licensee Programs
12X5214

DEPARTMENT OF THE INTERIOR

D76-12A Public Lands Development
Roads and Trails
14X1113

D76-20A Bureau of Indian Affairs
Road Construction
14X2364

GENERAL SERVICES ADMINISTRATION

D76-48A Rare Silver Dollar Program
47X0701

The President's supplementary information generally increases the amount of budget authority being proposed for impoundment. In the case of D76-12A, the amount being deferred is decreased. The revised messages do not require us to modify our earlier reports to Congress which commented on the original message except as follows:

For R76-28A, according to HUD officials, there exists in 26 States a legal question as to whether municipalities have the authority under their State laws to make rehabilitation loans or grants to private persons with block grant funds.