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

January 29, 1976

B-115398



Speaker of the House
President of the Senate

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We were furnished copies of deferrals and proposed rescissions which the President submitted to the Congress on January 6, in his ninth special message for fiscal year 1976 pursuant to the Impoundment Control Act of 1974. The special message transmits one rescission proposal, nine new deferrals, and eleven revised deferrals. The President estimates that the impoundments will reduce fiscal year 1976 outlays by \$32.1 million-- the Department of Housing and Urban Development by \$18.4 million and the Department of Health, Education, and Welfare by \$13.7 million.

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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 us. Our comments on each impoundment transmitted by the President's ninth special message are enclosed.

The President's message contains several administrative errors which adversely affect our ability to report to the Congress in an expeditious and complete manner. While some of these errors could be dismissed as clerical and of minor importance, others were substantial in nature. We found that three of the new deferrals (D76-86, D76-91, and D76-93) reported the deferral of budget authority which was the subject of prior deferral messages that are still outstanding-- have not been rejected by either House of the Congress.

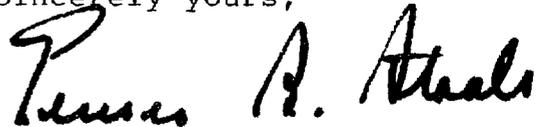
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These three deferral messages do not include information which the Congress needs in order to be aware of the prior deferrals. This reporting practice results, in part, in the double reporting of the same budget authority. The current amounts being reported for deferral, when combined with the prior reported deferrals for the same programs, grossly overstates the amount of budget authority actually being proposed for deferral. We believe that these three deferrals should have been reported as supplementary messages to the original deferrals as required by section 1014(c) of the Act. OMB agrees and informs us that they will correct these deferrals in the near future.

Sincerely yours,

Handwritten signature of Thomas A. Steals in black ink.

Comptroller General
of the United States

Enclosure

COMMENTS ON THE NINTH FY 1976 SPECIAL MESSAGE
TRANSMITTED BY THE PRESIDENT ON JANUARY 6, 1976
PURSUANT TO THE IMPOUNDMENT CONTROL ACT OF 1974

DEPARTMENT OF DEFENSE

D76-86 Military Construction: Army 21X2050;
Navy 17X1205; Air Force 57X3300;
Defense Agencies 97X0500; Army
National Guard 21X2085; Air National
Guard 57X3830; Army Reserve 21X2086;
Naval Reserve 17X1235; Air Force
Reserve 57X3730; Family Housing,
Defense 97X0700 and 9760700

DEPARTMENT OF TRANSPORTATION

D76-91 U.S. Coast Guard
Acquisition, Construction, and
Improvement--0240

D76-93 Federal Aviation Administration
Civil Supersonic Aircraft Development
Termination 69X0106
Civil Supersonic Aircraft Development
69X1358

Because of an apparent administrative error, the above three deferral messages report the impoundment of budget authority which was the subject of prior deferral messages. The original deferral messages have not been rejected by either House of the Congress. The manner used by OMB to report these impoundments does not provide a reasonably clear statement of the actions being

taken. The current amounts being reported for deferral, when combined with the original amounts deferred for the same programs grossly overstates the amount of budget authority actually being proposed for deferral. This results, in part, from the double reporting of the same budget authority. Because of the unusual nature of the reporting of these deferrals, we have set forth the series of events affecting each case.

D76-86 Military Construction.

The Military Construction budget authority was first proposed for deferral (D75-33) in the President's second FY 75 special message dated October 4, 1974. That deferral was subsequently increased and reported in the ninth FY 75 special message (D75-33A). At the end of the fiscal year on June 30, 1975, all outstanding FY 75 deferrals ended under the provisions of section 1013(a) of the Impoundment Control Act. At that time, \$233 million of deferred budget authority remained. The President's first FY 76 message, dated July 1, 1975, included a deferral (D76-5) for the \$233 million. During the period July 1 through December 31, 1975, the deferred amounts were reduced by use until \$98 million remained outstanding at the date of the new deferral (D76-86).

Available Department of Defense records disclose that the new deferral of budget authority is all inclusive, i.e., the latest deferral includes the \$98 million that remained in D76-5. However, this information is not included in the D76-86 message to the Congress. Therefore, the Congress has before it two open deferrals for the military construction budget authority--D76-5 for \$98 million and D76-86 for \$596 million--making a total of \$694 million, reported as being deferred whereas the proper total actually being deferred is \$596 million. We believe this latest deferral should have been submitted as a supplementary message to D76-5--the original deferral.

D76-91 U.S. Coast Guard

The President's first FY 76 message, dated July 1, 1975, reported a deferral (D76-21) of \$707,000 in budget authority for the U.S. Coast Guard's Acquisition, Construction, and Improvements Program. The President's ninth FY 76 message reports a deferral (D76-91) of \$1,061,000 in budget authority for the same program. Available Department of Transportation records disclose that this latest deferral of budget authority incorporates the \$707,000 that was originally reported in

D76-21. This information, however, was not included in the message to the Congress. Therefore, the Congress has before it two open deferrals for the U.S. Coast Guard's budget authority--D76-21 for \$707,000 and D76-91 for \$1,061,000--making a total of \$1,768,000 reported as being deferred, whereas the proper total actually being deferred is \$1,061,000. We believe the latest deferral message should have been submitted as a supplementary message to D76-21--the original deferral message.

We also noted that deferral message D76-91 fails to cite the full and proper appropriation symbols. The correct appropriation symbols for D76-91 should be 694/60240, 695/70240, 696/80240, and 69X0240, instead of only the last four digits (0240) of the symbol as noted in the message. The lack of completeness in reporting appropriation symbols makes it difficult for us to trace current impoundment actions back to previous impoundment messages which could affect the same budget authority. In addition, administrative errors of this sort can adversely affect our ability to report to the Congress in an expeditious and complete manner.

D76-93 Civil Supersonic Aircraft Development
Termination

The President's special message dated July 1, 1975, proposed a deferral (D76-22) of \$7,686,000 in budget

authority for the Civil Supersonic Aircraft Development Termination program. The amount being deferred was subsequently reduced by the transfer of \$6 million of the budget authority to FAA "operations." This transfer was authorized by P.L. 94-133 and left an outstanding deferral as of January 1, 1976, of \$1,686,000.

FAA records disclose that the \$2,179,123 of budget authority being proposed for deferral in D76-93 includes the \$1,686,000 that is still outstanding for D76-22. D76-22, however, has not been rejected by either House of the Congress. There was nothing in the President's message which informed the Congress of the existence of the other related deferral. As a result of this action, Congress has before it two open deferrals totaling over \$3.8 million--D75-22 for \$1,686,000, and D76-93 for \$2,179,123--when only \$2,179,123 is actually being deferred for this program. As reported, the combined amounts for deferral actually exceed the total budgetary resources available for this program. In our opinion, the latest deferral message should have been submitted as a supplemental message to D76-22--the original deferral.

OMB agrees with us that these three deferrals should have been submitted as supplemental messages and

informs us they will correct these deferrals in the near future.

These three deferrals are in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). We agree with this citation. 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

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

The information provided in the above message is essentially correct and the actions being proposed are reasonably clear. Based on the current congressional schedule, the 45 days of continuous session will end on March ¹²~~1~~, 1976.

Agency officials state that no new loan reservations will be processed after December 31, 1975. In their opinion, this may cause communities to expend additional block grant funds for housing rehabilitation which otherwise could have been used for other high priority community development needs. The Congress has extended this program twice: first by the Housing and

Community Development Act of 1974 (P.L. 93-383) to August 22, 1975, and second by the Emergency Housing Act of 1975 (P. L. 94-50) to August 22, 1976.

PANAMA CANAL

D76-87 Canal Zone Government
Capital Outlays
38X0118

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

D76-88 National Institutes of Health
National Institute of Arthritis, Metabolism,
and Digestive Diseases 7560884

D76-89 National Institutes of Health
Research Resources
7560848

DEPARTMENT OF STATE

D76-90 Acquisition, Operation and Maintenance
of Buildings Abroad (Special Foreign
Currency Program) 19X0538

DEPARTMENT OF TRANSPORTATION

D76-92 Federal Aviation Administration
Construction, National Capital
Airports 69X1333 694/61333
695/71333 696/81333

INTERSTATE COMMERCE COMMISSION

D76-94 Payments for Directed Rail Service
30X0103

The information provided in the above six messages is essentially correct and the actions taken are reasonably clear. The amount of new budget authority shown in D76-88 is incorrect. The proper amount should be \$110,973,000 as shown in total budgetary resources. Last year the Executive

Branch proposed a rescission of budget authority for this program (R75-60). The proposal was rejected.

In the case of D76-89, the message does not inform the Congress that the majority of the budget authority being deferred is for the General Research Support Program. This program has been previously proposed for rescission in FY 1975 (see R75-67). The proposed rescission was rejected by the Congress.

The budget authority in deferrals D76-88 and D76-89 is authorized by continuing resolution. These deferrals are authorized by section 1013 of the Impoundment Control Act. Deferrals D76-87, D76-90, D76-92, and D76-94 are in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). We agree with these citations. 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 HEALTH, EDUCATION, AND WELFARE

D76-57A Health Services Administration
Health Services
(Medical care standards, Trust
Funds; Program management)
7560350

D76-58A National Institutes of Health
National Cancer Institute
7560849

D76-59A National Institutes of Health
National Heart and Lung Institute
7560872

D76-60A National Institutes of Health
National Institute of Dental
Research 7560873

D76-61A National Institutes of Health
National Institute of Neurological
and Communicative Disorders and
Stroke 7560886

D76-62A National Institutes of Health
National Institute of General
Medical Sciences 7560851

D76-63A National Institutes of Health
National Institute of Child
Health and Human Development
7560844

D76-64A National Institutes of Health
Office of the Director
7560846

D76-40C Alcohol, Drug Abuse, and Mental
Health (General Mental
Health, Research; Program Direction)
7561361

D76-65A Office of the Assistant Secretary
for Health
Assistant Secretary for Health
7561101

D76-45B Social and Rehabilitation Service
Public Assistance
(Child Welfare Services)
755/60581

Our November 7, 1975, report to the Congress commented on the original deferral messages related to D76-57A through 64A. Our original comments on D76-65A were included as part of our report dated December 12, 1975, while D76-40C

was originally included in our August 12, 1975, report. The President's supplementary information generally reduces the expenditure of budget authority provided by continuing resolution to the level of the President's budget request and does not require us to modify our earlier comments except as follows.

The amount shown for budget authority in deferral D76-62A is incorrect. The amount should be \$162,431,000. The current rate of expenditures under the NIH deferrals does not include the pay raise increases. NIH officials state that the effect of the deferral will be to delay funding for new high priority grants, while continuing funding for some older, but lower priority, grant programs. The budget authority for programs concerning deferrals D76-59A, 60A, 61A, 62A, 63A, and 40C was the subject of proposed rescissions in fiscal year 1975--rescissions R75-58, R75-59, R75-61, R75-63, R75-64, R75-67, and R75-70 respectively. Each of those proposed rescissions were rejected by the Congress.