

W2408/111182



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

IN REPLY
REFER TO:

B-196797



111182

December 27, 1979

To the President of the Senate and the
Speaker of the House of Representatives

On November 15, 1979, the President's second special message for fiscal year 1980 was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message proposes six new deferrals of budget authority totalling approximately \$511.1 million and revisions to two previously transmitted deferrals increasing the amounts deferred by approximately \$14.9 million as follows:

DEPARTMENT OF AGRICULTURE

49

D80-6A

National Oceanic and Atmospheric
Administration
Coastal Zone Management
13X1451

Our joint comments on this deferral and deferral D80-6 from the President's first special message for fiscal year 1980 are enclosed in an attachment to this report.

DEPARTMENT OF JUSTICE

37

D80-17A

Federal Prison System
Buildings and Facilities
15X1003

This revision is consistent with our report to the Congress on deferral D80-17 from the President's first special message in which we reported that the deferred amount should be \$37,741,400 instead of \$22,853,300. The revised deferral makes that adjustment and, as did the initial deferral, identifies \$6.2 million of the total amount deferred as a part-of-year deferral.

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32
27
2613
253
D. 3545

008172

OGC-80-5

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DEPARTMENT OF STATE

32

D80-32 International Organizations and Conferences
Contributions for International Peacekeeping
Activities
1901124

DEPARTMENT OF TRANSPORTATION

29

D80-33 Federal Highway Administration
Federal-Aid Highways (Trust Fund)
20X8102

INTERNATIONAL COMMUNICATION AGENCY

D 513

D80-34 Salaries and Expenses
67X0201, 6700201

D80-35 Salaries and Expenses
(Special Foreign Currency Program)
67X0205

RAILROAD RETIREMENT BOARD

253

D80-36 Regional Rail Transportation
Protective Account
60X0110

PRESIDENT'S COMMISSION ON PENSION POLICY

3545

D80-37 Salaries and Expenses
48X2300

We conclude that the information provided in the second special message is correct and the actions being proposed have been clearly and accurately stated.


Luther B. Starks
Comptroller General
of the United States

Enclosure

GAO COMMENTS ON DEFERRALS APPLICABLE TO
THE NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION'S COASTAL ZONE MANAGEMENT
ACCOUNT

In our November 26, 1979, report on the President's first special message for fiscal year 1980, we informed the Congress that our comments on the initial deferral of funds from this account, deferral D80-6, would be delayed until additional information had been obtained concerning the operation and funding of the program involved in the deferral. The revision to D80-6 does not substantively change the deferral but merely acknowledges that additional funds were appropriated to that account in Public Law 96-68 and that the deferral applies to those funds as well as funds carried forward from prior years. The amount of the deferral is unchanged by the revision and the issues in D80-6 and D80-6A are identical. Therefore, we are commenting on D80-6 and D80-6A jointly.

The deferrals apply to the National Oceanic and Atmospheric Administration's Coastal Zone Management account and, specifically, to the energy impact formula grant program authorized by section 308(b) of the Coastal Zone Management Act of 1972, as amended (16 U.S.C. §1456a(b)). Paragraph (1) of section 308(b) instructs the Secretary of Commerce to make grants annually to coastal states in accordance with the other provisions of the subsection. Paragraph (2) contains the formulas and paragraph (3) contains the adjustments to be applied in calculating the amounts payable to the States. The formulas are applied against the amount appropriated for funding these grants. Our understanding is that the formulas are applied and allotments to the States are made in January after the Secretary receives the results of a geological survey provided to him under paragraph (4). The States then submit applications for the formula grant funds allotted to be used for projects approved as being consistent with the purposes and requirements of the Coastal Zone Management Act. As applications are approved, States draw on their allotments with the formula grant funds being delivered to the States from the U. S. Treasury.

Concern has been expressed as to the effect of the deferrals on a State's entitlement to the funds appropriated and its ability to obtain needed funds. The President stated in

both his first and second messages for fiscal year 1980 that the deferrals were precipitated by the Commerce Department's estimate that the demand for these funds would be significantly less than the total funds available and, therefore, the deferral would have no effect on the program.

Demand projections are subject to a number of variables, and we have some reservations concerning the reliability of the current Commerce Department estimates. Nevertheless, since the statute requires that the formulas determining a State's allotment be applied against the funds appropriated, the fact that some funds are presently withheld from obligation by the deferrals will have no effect on the amount which each State is allotted. Once that allotment is made, a State may requisition the proceeds of its formula grant in accordance with the procedural and substantive requirements established by the Secretary of Commerce under 16 U.S.C. §1456a (a)(2). See also, 15 C.F.R. 931.78. Upon satisfaction of these requirements and the submission of a requisition and application, allotted formula grant proceeds are to be awarded to the State.

Nor will the deferral have an effect on the amount of funds awarded. We view section 308(b)(1) and (2) as creating entitlements to the States upon their satisfaction of the appropriate statutory and regulatory requirements. Once such entitlements are perfected, the states should have access to the full amount of the funds allotted to them. If it is necessary to release the funds deferred in order to satisfy the demands of the states, it would be incumbent on the Commerce Department and the Office of Management and Budget (OMB) to take the requisite action. The deferral was prompted by the belief that the funds would not be used if available. Therefore, the Department has informed us that should their estimates turn out to be in error and the demand for funds be in excess of those presently available for obligation, it then would be an appropriate time for them to request that OMB release the funds. OMB has informally advised us that they would honor such a request.