

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

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MAY 15 1979

The Honorable Thomas Bevill, Chairman  
Subcommittee on Energy and  
Water Development  
Committee on Appropriations  
House of Representatives

Dear Chairman Bevill:

On February 26, 1979, GAO representatives met with you to discuss our report on water resources. 1/ At that meeting we agreed to provide you information on our position on full funding and on construction delays at the Warm Springs, New Melones, and Alameda Creek projects.

FULL FUNDING

Generally, we consider a program or project to be fully funded when the budget authority requested and made available is for the total cost of that program initiated in the budget year. Full funding is usually discussed in terms of multi-year programs, whether or not obligations for the entire program are made at one time.

In some cases we have supported full funding as a means of acquiring projects economically and efficiently. Full funding, we have found, improves many aspects of management, such as minimizing construction delays, facilitating better budget estimates, and providing cost savings in conjunction with multiyear contracting. Some concerns include diminished control by the Congress over outlays, fluctuation of budget estimates, and increases in unobligated balances. However, each of these factors should be considered on its relative merits in analyzing the feasibility of selecting specific programs for full funding.

Congressional decisionmaking

The full funding concept has a significant effect on congressional decisionmaking, especially in setting priorities

1/"Congress Needs Reliable Cost Estimates and Established Priorities for Allocating Funds for Water Resources Projects," PSAD-79-13, 1/29/79.

in the Federal budget. The fundamental objective of the Congressional Budget Act of 1974 was to establish a process through which the Congress could systematically consider the total Federal budget and determine priorities for allocating budget resources. We believe that full funding helps to further this objective since funds are provided at the outset for the total estimated cost of a given project. Because of this, the Congress and the public know the full dimensions and cost of any item when it is first presented for funding. With this knowledge, the Congress can better decide funding priorities within the budget authority ceiling in concurrent resolutions on the budget. Also, programs can compete more equitably under full funding since the full Federal investment for each new start is visible. In our opinion, programs should be funded on as consistent a basis as possible to assist the Congress in its budget deliberations.

At the same time, providing budget authority for the full program costs in one year would require a higher budget authority ceiling in the concurrent resolutions on the budget than would currently be required by providing budget authority for partial costs for the same programs under incremental funding. In short, the political realities of implementing full funding Government-wide may be difficult to accept.

#### Congressional control

We believe that full funding increases the control of the Congress over future spending. By providing funding for the total cost of a project when it is started, future appropriations would only be necessary to allow for possible cost increases, including inflation.

On the other hand, as noted in a previous GAO report 2/, full funding could reduce the ability of the Congress to exercise shortrun control over outlays. If full funding is further implemented in the Federal Government, however, we feel the shortrun control over outlays could be changed through congressional policies governing this control. In another GAO report 3/, we recommended that the Congress and the Executive Branch could establish some oversight procedures to monitor program execution under full funding. In addition, if the Congress is concerned about controlling the program level of obligations each year, one alternative under full funding would be to specify annual targets or ceilings in appropriations language when funding is provided.

2/ FGMS-78-18, 2/23/78.

3/ PAD-78-34, 1/13/74.

Budget estimates

As far back as 1969, when reporting on applying full funding in the Department of Defense, GAO took a position that full funding is an incentive for program managers to produce better budget estimates. Although full funding would encourage better estimates, future uncertainties of future inflation rates could create difficulties in developing long-range estimates for fully funding the total cost of multi-year projects.

Estimating obligation and outlay rates for individual programs under full funding could also be a difficulty. With multiyear programs, spendout rates have more room for variance if total program budget authority is available in the first year.

Unobligated balances

Full funding increases unobligated balance amounts--that portion of the budget authority that has not been obligated. However, we do not think unobligated balances in and of themselves are necessarily a problem.

Delays due to insufficient funding

Full funding also prevents project delays which can occur because of insufficient budget authority having been appropriated. This overcomes the practice of requesting budget authority below that needed for optimum progress on a project which then can lead to increased costs.

PROJECT CONSTRUCTION DELAYS

We obtained the information concerning our position that the Warm Springs, New Melones, and Alameda Creek projects were delayed because of funding below the optimum level at the Corps' Sacramento and San Francisco District Offices. The information came from documents prepared by Corps officials for testifying during congressional budget hearings. Further, the statements concerning the construction delays were contained in our draft report, which Corps representatives from the San Francisco and Sacramento Districts and the South Pacific Division reviewed for accuracy of facts, findings, and conclusions. The accuracy of those statements was not questioned.

We are enclosing copies of the Army's comments dated September 8, 1978, in response to our draft report of July 1978 and the Army's comments of April 26, 1979, in response to our final report of January 29, 1979. Neither set of comments takes issue with the statement that delays in the past were experienced because of insufficient funding.

This letter is also being sent today to Congressman John Myers. If we can be of further assistance, please call us.

Sincerely yours,

(SIGNED) ELMER B. STAATS

Comptroller General  
of the United States

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