



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

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B-200685

July 13, 1981

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

On June 8, 1981, the [President's tenth special message for FY 1981] fiscal year 1981 was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message proposes four rescissions of budget authority totalling \$114.1 million as follows:

ENVIRONMENTAL PROTECTION AGENCY

R81-156 Research and Development
681/20107

R81-157 Abatement and Control & Compliance
681/20108



The funds proposed for rescission in R81-156 and R81-157 total \$100 million. EPA officials informed us that in mid-May they were orally notified that these funds were going to be proposed for rescission. Consequently, program activity was delayed and funds were frozen by the agency in order to preserve them pending the formal submission of this impoundment message.

We first became aware of the agency's actions on May 26, 1981. After talking with agency officials, we informed OMB that we believed that impoundments at EPA existed and that a special message was required to be reported to the Congress. OMB acknowledged that impoundment proposals affecting EPA were being considered along with proposals affecting other agencies, and that a special message containing all of these proposals would be transmitted to the Congress in mid-June after the Administration finalized the proposals.

We informed OMB that because EPA was withholding funds from programs and because we already had begun accumulating the information necessary for GAO to issue its own impoundment message as authorized by section 1015(a), 31 U.S.C. 1405(a), it would be inappropriate for the issuance of a special message to be delayed further. OMB agreed to separate the proposed EPA rescissions from other proposals being considered, and transmitted this message to the Congress on June 8, 1981. The other proposals subsequently were reported in the eleventh special message, dated June 19, 1981.

C. [unclear]

The justification statements for rescission proposals R81-156 and R81-157 state that the funds identified for rescission were for lower priority activities, and that these activities are not immediately needed to meet EPA's statutory mandate. The special message states that the estimated effects on contractors will be minimal.

At the time we reviewed these proposals, EPA officials were unable to identify the specific activities that would be affected by the rescission proposals. Therefore, we were unable to verify that the justification and estimated effects statements for R81-156 and R81-157 are accurate.

NATIONAL ENDOWMENT FOR THE ARTS

R81-158 Salaries and Expenses
5910100

The Supplemental Appropriations and Rescission Act, 1981, Pub. L. 97-12, provided an additional \$253,000 for this account. Therefore, the total budgetary resources available are \$126,107,000 instead of \$125,872,400, as was reported in the special message.

NATIONAL ENDOWMENT FOR THE HUMANITIES

R81-159 Salaries and Expenses
5910200

The Salaries and Expenses and Matching Grant Funds accounts for these endowments have been subject to impoundment since May 21, 1981. Although no final decision had been made concerning these accounts and, therefore, no impoundment message was sent, \$32.006 million in funds for the National Endowment for the Arts (NEA) and \$27.877 million in funds for the National Endowment for the Humanities (NEH) were withheld. A review of OMB documents dated May 21, 1981, reveal that these funds were targeted for and were being withheld pending rescission. Of the funds targeted for rescission for NEA, \$13.636 million were for salaries and expenses and \$18.37 million were grant funds. For NEH, \$18.277 million were for salaries and expenses and \$9.6 million were grant funds.

As in the case of the EPA rescissions discussed above, we contacted OMB to inquire about their plans to report these impoundments. We were informed that some of the funds being withheld would be reported as either rescissions or deferrals, and that the remaining funds would be released, although no

determination had yet been made as to how much money would fall into each category. We informed OMB that particularly in the case of rescissions which involve a 45-day withholding period, delaying an impoundment message any further would be improper. Consequently, R81-158 involving \$6.65 million in NEA funds for salaries and expenses and R81-159 involving \$7.417 million in NEH funds for salaries and expenses were reported for rescission in this message on June 8, 1981.

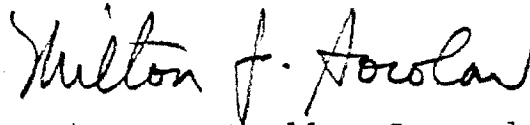
After these rescissions were reported, \$25.356 million in NEA funds and \$20.460 million in NEH funds not included in these impoundment messages still were being withheld. These withholdings ultimately were reported as deferrals in the eleventh special message on June 19, 1981 (D81-118 and D81-119). Of the funds withheld beginning May 21, 1981, \$12 million in NEA funds (\$9 million for salaries and expenses and \$3 million for grants) and \$5 million in NEH funds (\$4 million for salaries and expenses and \$1 million for grants) were released on June 11, 1981, 3 days after the rescissions were reported. The amounts now deferred by D81-118 and D81-119 are \$13.356 million in NEA funds and \$15.46 million in NEH funds, respectively.

We continue to be concerned over the amount of time which elapses between the date funds are withheld from obligation and the date impoundment messages are transmitted to the Congress. If we had not become aware of the situations at EPA, NEA, and NEH, it is likely that these rescissions would have been transmitted along with the other proposals on June 19, 1981, approximately 4 weeks after the funds were being withheld from obligation by the agency. Furthermore, even after our discussions with OMB concerning the withholdings at NEA and NEH, deferrals D81-118 and D81-119 were not reported until a number of weeks later.

As is often the case, the delay in reporting impoundments occurred, in part, because of the Administration's decision to "batch" the proposals in one report. OMB previously has expressed the view that to do otherwise would impose an unnecessary paperwork requirement on the President and the Congress. We have recognized that the speed in reporting routine matters to the Congress should be balanced against administrative efficiencies. However, we are concerned that the "administrative efficiency" argument could be used to justify substantial periods of withholding funds prior to the submission of impoundment messages, and again encourage OMB to place greater emphasis on the need of the Congress to receive timely reports.

Based on the current legislative calendar, the 45-day period of continuous session during which the funds may be withheld pending congressional consideration of a rescission bill will end on September 12, 1981.

We have reviewed the tenth special message. Except as noted above, we have identified no additional information that would be useful to the Congress in its consideration of the President's proposals.

A handwritten signature in cursive script that reads "Milton F. Aroian".

Acting Comptroller General
of the United States