



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

July 9, 1986

B-220532

The Honorable Henry B. Gonzalez
House of Representatives

Dear Mr. Gonzalez:

As you know, this Office is required to comment on impoundments proposed by the President under the Impoundment Control Act (the Act). 2 U.S.C. § 685(b). On March 12, 1986, in his fourth special message, the President reported a deferral (D86-60) of \$700 million of budget authority made available to the Farmers Home Administration (FmHA) from the Rural Housing Insurance Fund (the Fund), for loans under title V of the Housing Act of 1949, as amended.

This deferral was disapproved by the Urgent Supplemental Appropriations Act, Pub. L. No. 99-349, July 2, 1986. The Office of Management and Budget has indicated to us that the \$700 million deferred will be released for obligation during the week of July 7. We will monitor the Administration's actions to assure release of the funds.

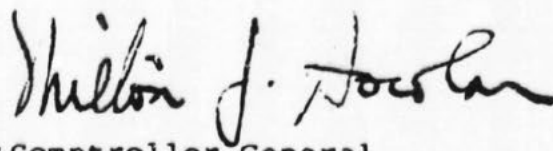
In your joint letter with Representative Stan Lundine of March 24, 1986, you suggested that the deferral should be reclassified as a rescission proposal. As you pointed out, the Department of Agriculture originally proposed a rescission of this budget authority. That characterization was changed to a deferral by OMB.

We have examined the FmHA deferral and discussed this issue at length with OMB and FmHA officials. OMB recently assured us that the funds would be released in time to be prudently obligated in fiscal year 1986, unless the Congress first enacted a law either repealing the \$700 million or disapproving the deferral. For that reason, no legal basis existed to object to the characterization of the withholding as a deferral.

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We are enclosing a copy of our report of today to the Congress on this deferral.

Sincerely yours,

for 
Comptroller General
of the United States

Enclosure