



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

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JUL 11 1979

The Honorable William Proxmire
Chairman, Committee on Banking,
Housing and Urban Affairs
United States Senate

Sen 00700

Dear Mr. Chairman:

Following are our [E] comments on S. 1150 [7] which, if enacted, would be cited as the "Development Financing Act of 1979."

Title II of S. 1150, which relates to the business development financing program of the Public Works and Economic Development Act of 1965, would, among other things,

- clarify that interest subsidies are to be made only if, and to the extent that, the Secretary of Commerce finds this action necessary to accomplish the project;
- delineate the primary and secondary factors to be considered in the selection of projects;
- establish various limitations on direct loans and guarantees, in order to target the assistance provided to achieve the purposes of the act; and
- provide separate authorizations for direct loans, interest subsidies, and loan guarantees.

Section 303(c) of the bill would require the General Accounting Office to conduct a thorough review of the development financing programs authorized under Title II and to submit a report to the Congress not later than July 1, 1980. The report would be required to include an assessment of the effectiveness of the development financing programs in achieving the purposes of the act, a

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description of any failure to comply with the act's requirements, and recommendations for corrective legislative or administrative action.

In our opinion, existing legislation gives our Office adequate authority to conduct the evaluation that would be required by section 303(c) of the bill. Under the Budget and Accounting Act of 1921 as amended (31 U.S.C. 53, as amended), the Comptroller General has the authority to investigate and report on "all matters relating to the receipt, disbursement, and application of public funds." This authority was modified and expanded in section 204(a) of the Legislative Reorganization Act of 1970, as amended (31 U.S.C. 1154(a)), which directs the Comptroller General to "review and evaluate results of the Government programs and activities carried on under existing law."

Under section 204 of the Legislative Reorganization Act of 1970, our Office is required to perform work requested by the chairmen of congressional committees. If section 303(c) were deleted, you, as Committee Chairman, could request our Office to perform desired work relating to the development financing programs. We believe such an arrangement would be mutually advantageous because it would permit us, through discussions with the Committee, to reach agreement regarding the scope and reporting time frame for any desired work, thereby allowing us to concentrate on matters of greatest concern to the Committee. We therefore suggest that this section be deleted.

In the event the Committee desires to retain a reporting date in the bill, we believe that the July 1, 1980, reporting date would be too restrictive because the Economic Development Administration (EDA) would not have sufficient time to implement the new requirements set forth in the bill to permit an effective review by our Office. We suggest that, if a reporting date is included, the Committee require the General Accounting Office to report to the Congress by February 1981, on the status of actions taken by EDA in implementing provisions of the bill.

Sincerely yours,

R. F. WILSON

Acting
Comptroller General
of the United States

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