

DOCUMENT RESUME

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GAO's Views on Export-Import Bank Being an Off-Budget Agency.
ID-77-4; B-114823. December 17, 1976. 2 pp.

Report to Rep. Thomas M. Rees, Chairman, House Committee on Banking, Currency and Housing: International Trade, Investment and Monetary Policy Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: International Economic and Military Programs (600).
Contact: International Div.

Budget Function: General Government: Legislative Functions (801).

Organization Concerned: Export-Import Bank of the United States.
Congressional Relevance: House Committee on Banking, Currency and Housing: International Trade, Investment and Monetary Policy Subcommittee.

A return of the Export-Import Bank to its status as an off-budget agency is not necessarily a good idea.
Findings/Conclusions: For many years GAO has favored the principle of full disclosure to the Congress of budgetary programs submitted by the Executive Branch. It is impossible to differentiate between the Export-Import Bank's program and other loan programs in the budget. Excluding the Export-Import Bank's receipts and disbursements from the budget totals is undesirable and could set a precedent for other loan programs. The conclusion reached by the President's Commission on Budget Concepts of October 1967 that all loan programs operated by Federal entities in which the capital stock is owned by the Government should be included in the budget is valid.
Recommendations: It is very important to maintain the integrity of the unified budget as recommended by the President's Commission on Budget Concepts. If the Congress is to exercise control over Federal expenditures through the budget, programs such as those of the Export-Import Bank should not be excluded.
(RRS)

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

B-114823

DEC 17 1976

The Honorable Thomas M. Rees, Chairman
Subcommittee on International Trade,
Investment and Monetary Policy
Committee on Banking, Currency and Housing
House of Representatives

Dear Mr. Chairman:

We have reviewed the staff report and recommendations resulting from the May 10 and 11, 1976, Subcommittee Hearings on the Export-Import Bank. We are pleased to note that the findings and recommendations regarding the Export-Import Bank's role in East-West trade, the Private Export Funding Corporation operations, and Nuclear Reactor Loans are similar to the views we have expressed in our reports. We believe these recommendations will help to improve the operations of the Bank. However, we are concerned with the recommendation to return the Export-Import Bank to its status as an off-budget agency beginning with fiscal year 1978.

The General Accounting Office has for many years favored the principle of full disclosure to the Congress and review by the Congress of the budgetary programs submitted by the executive branch. It is impossible to differentiate between the Export-Import Bank's program and other loan programs in the budget, and the exclusion of such programs would weaken the budgetary process and reduce the ability of the Congress to establish national priorities. In our view, excluding the Export-Import Bank's receipts and disbursements from the budget totals is undesirable and could set a precedent for the exclusion of other loan programs.

We fully support the conclusion reached by the President's Commission on Budget Concepts of October 1967, that all loan programs operated by Federal entities in which the capital stock is owned by the Government should be included in the budget. The Commission recommended that these activities be reflected on the basis of net lending, defined essentially as gross loan disbursements less repayments.

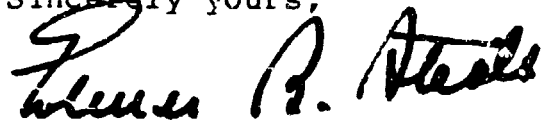
In a separate review of the operations of revolving funds in general, which is now in process within GAO, we are considering alternatives to this method of presentation. One possible approach which we are examining is the inclusion in the budget of the outlays of revolving funds on a gross, rather than net basis. While we have reached no final conclusions on this matter, the presentation of revolving fund data on a gross basis appears to provide more effective disclosure of the true magnitude and impact of programs financed through revolving funds.

Regardless of whatever recommendations we may offer with respect to the method of presenting data on revolving funds, we continue to believe that it is highly important to maintain the integrity of the unified budget as recommended by the President's Commission on Budget Concepts. If the Congress is to exercise control over Federal expenditures through the budget, programs such as those of the Export-Import Bank should not be excluded.

We plan to address this subject in our report to the Congress on the examination of the financial condition of the Export-Import Bank for fiscal year 1976.

If we can be of any further assistance to you on this matter, please let us know.

Sincerely yours,



Comptroller General
of the United States