

DOCUMENT RESUME

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[Impoundments: Comments on the Seventh Special Message for Fiscal Year 1977]. OGC-77-11; B-115398. February 17, 1977. 2 pp. + 1 enclosure (5 pp.).

Report to the Congress; by Robert F. Keller, Acting Comptroller General.

Contact: Office of the General Counsel: Special Studies and Analysis.

Budget Function: Miscellaneous: Impoundment Control Act of 1974 (1005).

Organization Concerned: Department of Agriculture; Department of Defense; Department of Commerce; Department of State; Department of Transportation; Energy Research and Development Administration; Small Business Administration; Department of the Interior.

Congressional Relevance: Congress.

Authority: Impoundment Control Act of 1974.

Nine new rescissions and eight new deferrals were proposed in the President's seventh special message for fiscal year 1977. Findings/Conclusions: The funds currently sought for rescission (R77-5) were included in an earlier deferral (D77-38). The sums deferred have been reduced by the amount of the proposed rescission. The rescission proposal R77-9, involving funds for Naval shipbuilding and conversion, includes some funds that have already been the subject of impoundment action. The remainder of the sum has already been obligated. The Small Business Administration advises that they cannot support the justification used for the proposed rescission of funds for that agency (R77-13). The indication in the message that none of the funds in a Federal Aviation Administration budget account would lapse if deferral D77-25A is not disapproved is incorrect. GAO thinks that there is sufficient legislative basis on which to initiate an Energy Extension Service program, although the lack of such authority was used as the justification for the proposed deferral of funds for the Energy Research and Development Administration (P77-49). The information provided in the remainder of the rescission and deferral proposals and supplementary reports is correct and the actions being proposed have been clearly and accurately stated. (SC)



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

February 17, 1977

B-115398

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

On January 17, 1977, we received copies of the President's seventh special message for Fiscal Year 1977 that was transmitted to the Congress pursuant to the Impoundment Control Act of 1974.

The special message proposed nine new rescissions, eight new deferrals, and provided five supplementary reports to previously proposed deferrals. Our comments on the rescission and deferral proposals are enclosed.

Based upon the current congressional calendar, the 45 days of continuous session during which the funds proposed for rescission in this message may be withheld will end on March 14, 1977.

There were two proposed rescissions, R77-2 and R77-3, pending when the 94th Congress adjourned sine die on October 1, 1976. Because of the dates on which these actions were reported to the Congress (September 22, 1976), there was insufficient time for the 45-day period of continuous congressional session to run after the receipt of these proposed rescissions. Accordingly, for these actions a new 45-day period began on January 5, 1977--the day after the new Congress convened. Based upon the current congressional schedule, the budget authority proposed to be rescinded in these two rescissions must be made available for obligation on March 2, 1977, if the Congress does not complete favorable action on a rescission bill before that date. The two rescissions are for the following programs.

DEPARTMENT OF DEFENSE

R77-2	Army Corps of Engineers, Civil Revolving Fund, Civil 96X4902	\$6,600,000
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DEPARTMENT OF INTERIOR

R77-3

Bureau of Mines
Helium Fund
14X4053

\$47,500,000

R. F. Kelly
ACTING Comptroller General
of the United States

Enclosure

GAO COMMENTS ON THE SEVENTH
SPECIAL MESSAGE FOR FISCAL YEAR 1977

FUNDS APPROPRIATED TO THE PRESIDENT

R77-5 International Security Assistance
Foreign Military Credit Sales, 1977
1171082

The funds currently sought for rescission in this message were included in deferral D77-38, proposed to the Congress on December 3, 1976. The sums deferred in message D77-38 have been reduced by \$41.5 million (the current rescission proposal). This adjustment is reflected in the February 1977 Cumulative Report.

DEPARTMENT OF DEFENSE

R77-9 Shipbuilding and Conversion Navy
177/11611

This rescission proposal concerns some funds that already are the subject of impoundment action. Specifically, deferral D77-34, proposed on November 5, 1976, reserved \$929,250,000 from budget authority available for Navy shipbuilding. Of the \$721 million proposed for rescission in the current message, \$452 million was included in D77-34. When we brought this to the attention of OML we were informed that deferral D77-34 would be reduced by \$452.6 million. This adjustment is reflected in the February cumulative

report that was sent to the Congress on February 10, 1977. The remainder of the sum proposed for rescission (\$268.4 million) has already been obligated. If the Congress approves this rescission proposal, DOD will deobligate these amounts (terminate contracts) for that part of the budget authority included in the rescission.

SMALL BUSINESS ADMINISTRATION

R77-13 Business Loan Investment Fund
73X4154
(Section 7(a) Regular Business
Loan Program)

Small Business Administration (SBA) officials were unable to support the justification in the message that, since 1975, the private credit market has provided small businesses with greater access to debt financing at lower interest rates and that these conditions are expected to continue in 1977 and 1978. A SBA official told us that the demand for direct loans from eligible small businesses is unlimited and that SBA could easily utilize the funds sought for rescission.

DEPARTMENT OF TRANSPORTATION

D77-25A Federal Aviation Administration
Facilities and equipment
(Airport and airway trust fund)
69X8107
695/78107
696/88107
697/98109

The indication in the message that, if the deferral is not disapproved, none of the funds in budget account 695/78107

will lapse is incorrect. Approximately \$5,000,000 of this deferral is annual funds which, if unobligated, will lapse on September 30, 1977. This budget authority is to be used for designing, constructing, and equipping a Common Radar Control Room at Kennedy International Airport.

When we brought this matter to the attention of OMB, we were informed that OMB and the agency were considering release of the annual budget authority in this message and that OMB would entertain an agency proposal seeking legislation to extend the period during which the budget authority is available.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

D77-49 Operating Expenses
 89X0100

We do not agree with the statement in the message that there does not exist a sufficient legislative basis on which to initiate an Energy Extension Service program. We think ERDA can undertake such a program on the basis of authority provided to the agency in the Energy Reorganization Act of 1974.

DEPARTMENT OF COMMERCE

R77-6 United States Travel Service
 Salaries and expenses
 1370700

R77-7 National Oceanic and Atmospheric
 Administration
 Operations, Research and Facilities
 13X1450 (OCEANLAB)

DEPARTMENT OF DEFENSE

R77-8 Office of the Secretary of Defense
Retired Pay, Defense
9770030

R77-10 Department of the Air Force
Other Procurement, Air Force
575/73080

DEPARTMENT OF STATE

R77-11 International Organization Affairs
Contributions for International
Peacekeeping Activities
1971124

DEPARTMENT OF TRANSPORTATION

R77-12 U.S. Coast Guard
Retire Pay
6970241

DEPARTMENT OF AGRICULTURE

D77-2A Foreign Agricultural Service
Special Foreign Currency
Program 12X2901

D77-5A Forest Service
Licensee Programs
Forest Service
12X5214

DEPARTMENT OF COMMERCE

D77-45 General Administration
Special Foreign Currency
13X0160

D77-46 National Oceanic and Atmospheric Administration
Operations, Research, and Facilities
(Ship Construction)
13X1450

D77-47 Maritime Administration
Ship Construction
13X1706

DEPARTMENT OF DEFENSE

D77-10B Military Construction

DEPARTMENT OF TRANSPORTATION

D77-24A Federal Aviation Administration
Civil Supersonic Aircraft
Development Termination, 69X0106
Civil Supersonic Aircraft
Development 69X1358

D77-48 Federal Highway Administration
Trust Fund Share of other Highway
Program (Great River Road)
69X8009

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

D77-50 Operating Expenses
89X0100

D77-51 Operating Expenses
89X0100

D77-52 Operating Expenses
89X0100

We conclude that the information provided in the above rescission and deferral proposals and supplementary reports is correct and that the actions being proposed have been clearly and accurately stated.