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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

October 13, 1976

B-115398



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

The purpose of this letter is to report on the status of budget authority involved in three rescissions that were proposed to, but rejected by, the Congress.

R76-9/9A Department of Health, Education and Welfare (HEW)
Elementary and Secondary Education Program

In his seventh (November 18, 1975) special message for Fiscal Year 1976, the President proposed the rescission of \$220,403,852 in Fiscal Year 1976, 1977, and Transition Quarter budget authority available for the Elementary and Secondary Education Program. This proposal was amended by the President on January 23, 1976, (special message R76-9A) which reduced the total amount proposed for rescission by \$10 million. The Congress did not act favorably on this rescission proposal and the budget authority was required to be made available for obligation on February 20, 1976.

On March 22, 1976, we reported to the Congress that a portion of the funds (Fiscal Year 1976) sought for rescission had been released. We have confirmed that the remainder of the budget authority (Fiscal Year 1977) has been made available for obligation in accordance with law.

R76-26 Department of Housing and Urban Development (HUD)
State Housing Production and Mortgage Credit
Housing Finance and Development Agencies

Budget authority amounting up to \$600 million for this program was proposed for rescission in the President's eighth special message for Fiscal Year 1976 on November 29, 1975. Specifically, contract authority of \$15 million in annual Federal assistance payments for a period of 40 years was sought for rescission. Regarding Fiscal Year 1976, the \$15 million provided in the HUD appropriation (Pub. L. 94-116)

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for making that year's payments pursuant to contract obligations was part of the rescission proposal. The Congress did not approve this rescission proposal within the prescribed 45-day period and the budget authority was required to be made available for obligation.

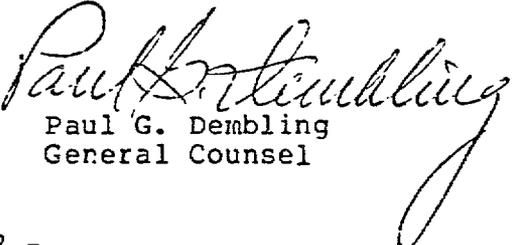
On April 6, 1976, we reported to the Congress that, while OMB had made the budget authority available to HUD, the latter was withholding the budget authority until regulations for the section 802 program were developed.

HUD made the contract authority and Fiscal Year 1976 liquidating cash available for obligation on August 16, 1976, when regulations were published in the Federal Register on that date inviting applications for Federal assistance. Responses from nine states were received by the September 20, 1976, application deadline. HUD informs us that about \$3.8 million of the available total of \$15 million in contract authority remained unused at the end of Fiscal Year 1976. While the money that was provided in the HUD appropriation act for liquidating Fiscal Year 1976 contract obligations that would have arisen utilizing the contract authority lapsed on September 30, 1976, the unused contract authority (\$3.8 million) remains available for use.

Our information suggests that HUD's delay in issuing the program regulations was a factor that resulted in additional states not seeking assistance during Fiscal Year 1976 --too little time remained after the regulations were issued for states to determine whether section 802 Federal assistance should be sought using the Fiscal Year 1976 liquidating cash. However, because the contract authority remains available for use, additional states still can take advantage of the section 802 Federal assistance.

R76-43 Community Services Administration (CSA)
Community Services Program
(Research and Demonstration)

On January 23, 1976, the President proposed the rescission of \$2.5 million available for the above program in his tenth special message for Fiscal Year 1976. This proposal was not favorably acted upon by the Congress and the budget authority was required to be made available. We have confirmed that CSA has obligated all of the funds that were proposed but rejected for rescission.


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General Counsel