



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

~~76-0207~~

098289

February 20, 1976

B-115398

C1 Speaker of the House
President of the Senate

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2 We were furnished copies of [deferrals and proposed rescissions which the President submitted to the Congress on January 23, in his tenth special message for fiscal year 1976] pursuant to the Impoundment Control Act of 1974. The special message transmits 16 rescission proposals, five revised proposed rescissions, six new deferrals, and two revised deferrals. The President estimates that the impoundments will reduce fiscal year 1976 outlays by \$99.8 million; the majority of which was in the Department of Agriculture--\$15.4 million, and the Department of Health, Education, and Welfare--\$76.1 million. 42

The Impoundment Control Act requires us to review each message and report promptly to the House and Senate as to the facts surrounding each action, including the probable effect thereof and, in the case of deferrals, to render a judgment as to whether the action is in accordance with existing legal authority. We are also required to notify the Congress if supplementary information revising earlier messages necessitates changes in the original reports submitted by GAO. Our comments on each impoundment message are enclosed.

The President's impoundment message does not contain adequate information on proposed rescissions. We found that two of the new proposed rescissions, R76-40 and R76-41, reported the rescission of budget authority that had already been deferred and was still in effect--not rejected by either House of the Congress. As a consequence, the combined amount of budget authority reported being impounded in these two cases exceeds the amount of budget authority provided by the Congress. In neither case did the rescission message include a cross reference or explanation that referred to prior deferral actions that are still in effect.

ACG-76-17

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OMB officials have informed us that this situation 27
resulted from the reporting procedures they have been
following. In one case, a supplemental message revising
the amount being deferred was to be included in the next
presidential message (D76-12A, submitted February 6). In
the other case, a part of the budget authority being deferred
has been released by OMB and will be shown on the monthly
cumulative report for February.

We believe that complete reporting requires the Executive
Branch to make Congress aware of related impoundment actions.
Furthermore, Congress should not have to rely on future re-
ports when considering current impoundments. OMB officials
inform us that beginning with the eleventh special message,
they are instituting a new series of checks designed to pre-
vent this type of problem, and they will include references
to earlier reports for the same fiscal year that are pertinent.

Sincerely yours,



Comptroller General
of the United States

Enclosure

ENCLOSURE

COMMENTS ON THE TENTH FY 1976 SPECIAL MESSAGE
TRANSMITTED BY THE PRESIDENT ON JANUARY 23, 1976
PURSUANT TO THE IMPOUNDMENT CONTROL ACT OF 1974

DEPARTMENT OF THE INTERIOR

- R76-40 Bureau of Land Management
Public Lands Development
Roads and Trails 14X1113
- R76-41 National Park Service
Road Construction
14X1037

The information furnished the Congress by the above two messages is incomplete and could be misleading. The amount of budget authority (contract authority) proposed for rescission, as reported, when combined with the amount of budget authority being deferred for the same programs exceeds the amount of budget authority provided by the Congress. In neither case did the rescission message include a cross reference or explanation that related deferral action had been taken and was still outstanding.

In the case of R76-40, total budget resources available are \$30,050,000. The message proposes a rescission of \$4,900,000 which, when combined with the outstanding deferral (D76-12--\$25,847,000) for the same program, is \$697,000 more than resources available.

For R76-41, the proposed rescission amount of \$58,500,000 and the deferred (D76-18) amount of \$237,092,000 exceed total resources by \$18,810,000.

OMB officials have informed us that the over reporting of budget authority being impounded resulted from "the standard reporting procedures they have been following--new rescissions (or deferrals) are reported when they are established, but releases of previously deferred funds are routinely reported on the tenth of each month in the cumulative report." They also stated that each of the two over-reports in the tenth special message will be corrected soon. In one case, a supplemental message revising the amount being deferred was to be included in the next presidential message (D76-12A submitted February 6), and in the other case, a part of the budget authority being deferred has been released by OMB and will be shown on the monthly cumulative report for February.

We believe that complete reporting requires the Executive Branch to make Congress aware of all related impoundment actions taken during the same fiscal year. Furthermore, the Congress should not have to rely on future reports when considering a current impoundment--we don't believe, in this case, that it was reasonable

to expect the Congress to wait until February 10 to learn (via the status report) that the deferral has been reduced or to wait for an unknown deferral message that may be forthcoming sometime in the future.

Beginning with the eleventh special message, OMB is instituting a new series of checks designed to prevent double reporting and has agreed to include references to earlier messages for the the same fiscal year that are pertinent.

The program related to R76-41 was the subject of FY 1975 impoundment actions.

COMMUNITY SERVICES ADMINISTRATION

R76-43 Community Services Program
 (Research and Demonstration)
 8160500

Proposed rescission R76-43 affects the same program as prior rescission R76-7. Although R76-7 was rejected by the Congress, the related budget authority lapsed before the prescribed 45-day time period expired. P.L. 94-206 extended the termination date of the budget authority thus making it available until June 30, 1976. Because of the complex and technical nature of these actions, including the status of the rejected rescission, we plan to study the situation in greater detail and report--if warranted--to the Congress at a later date.

U.S. DEPARTMENT OF AGRICULTURE

R76-30 Food and Nutrition Service
Special Milk Program

1263502

The proposed rescission, if accepted, could have an adverse effect on the agreements already in existence between the States and the individual schools. The special milk program is administered by the States through agreements with the Food and Nutrition Service (FNS). The States in turn make agreements with the individual schools. The FNS-State agreements say, in essence, that FNS will reimburse the State 5.5 cents for each half-pint of milk served provided that funds (budget authority) are available. The proposing of a rescission by the Administration could affect whether enough funds are available. This budget authority was added by the 1976 Supplemental Appropriations Act (P.L. 94-157).

The message includes a statement that "the rescission will result in termination of this program on March 4, 1976." Unless the proposed rescission is accepted by the Congress on that date, the statement is incorrect.

DEPARTMENT OF JUSTICE

D76-98 Law Enforcement Assistance Admin.
Salaries and Expenses
(Juvenile Justice and Delinquency
Prevention Program) 15X0400

Agency officials are of the opinion that the deferral will have an immediate and significant impact on the formula grant program and State participation. They inform us that nine States have elected not to participate due, in part, to the low funding level and a number of States have indicated their possible withdrawal if funding is not increased. As for formula grants, agency records indicate that with the deferral the number of States receiving an amount of funds over the "minimum level" will be reduced from 31 to 19. In several cases, the reductions will be significant--43 percent--California reduced \$829,000; New York \$730,000; Texas \$500,000; and Pennsylvania \$481,000.

The deferral is authorized by section 1013 of the Impoundment Control Act. The authority exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

R76-38 Office of Education
Indian Education
7560204

R76-39 Assistant Secretary for Human Development
Human Development
7560136

Agency officials state that these messages appear to minimize the impact the proposed rescissions, if accepted will have on the programs.

In the case of the Indian Education Program (R76-38), agency officials stated that the appropriated level would not increase the number of LEA grant awards by 355 as reported, but would instead increase the average grant expenditure per child to \$107. If funds are not rescinded, 213 (not 170 as reported) awards for Special Projects for Indian Children averaging \$75,000 could be made.

In the case of the Human Development Program (R76-39), agency officials noted that a funding restraint in the Developmentally Disabled Assistance and Bill of Rights Act would require funds for each HEW region to be reduced by about 1/6 for all continuing projects if the rescission is agreed to. The restraint in the Act requires not less than 25 percent of the funds available for this program to be used for projects of national significance. This requirement reduces the total funds available for continuing projects. In addition, HEW has determined that \$1.4 million of the \$18.5 million available for transfer to this program from other sources will not be transferred. Agency officials estimated that the rescission's overall effect on the program, together with the HEW decision on the transferred funds, would reduce the funds for continuing projects by about 33 percent.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

- R76-35 Center for Disease Control
 Preventive Health Services
 (Project Grants-Rat Control)
 7560943
- R76-36 Alcohol, Drug Abuse, and Mental
 Health Administration
 Alcohol, Drug Abuse, and Mental
 Health 7561361
- R76-37 Health Resources
 Health Resources
 7560712

The information in the above three messages is essentially correct and the actions being proposed are reasonably clear. In some instances, however, the justification and estimated effects cited in the messages are not consistent with the findings of congressional committee deliberations or GAO reports to the Congress.

For instance, in the case of Project Grants--Rat Control (R76-35), GAO reported to the Congress on September 29, 1975, that local communities have not established necessary funding mechanisms to continue their programs at the level achieved with Federal support. Thus, new projects may not be initiated and gains achieved by projects under the existing funding program may be lost.

In the case of Community Mental Health Centers (R76-36), the Senate Committee on Labor and Public Welfare

stated (Senate Report 93-29) that there is no evidence to support the position that States and localities can now finance new CMHCs.

For the Health Resources Program (R76-37), the Senate Committee on Labor and Public Welfare contends there are serious shortages of nursing services in a number of categories, particularly those requiring advanced preparation.

DEPARTMENT OF AGRICULTURE

- R76-29 Farmers Home Administration
Rural Housing Insurance Fund
12X4141
- D76-95 Soil Conservation Service
Watershed and Flood Prevention
Operations 12X1072

DEPARTMENT OF THE ARMY

- R76-32 Corps of Engineers, Civil
Construction, General
Civil 96X3122
- D76-96 Corps of Engineers, Civil
Revolving fund, COE
Civil 96X4902

DEPARTMENT OF COMMERCE

- R76-31 Economic Development Administration
Economic Development Assistance
Programs (Planning III) 1362050

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

- R76-33 Health Services Administration
Health Services 7560350
- R76-34 Health Services Administration
Indian Health Services
7560390

D76-97 Health Services Administration
Indian Health Facilities
75X0391

DEPARTMENT OF LABOR

D76-99 Employment and Training Administration
Advances to the Unemployment Trust
Fund and Other Funds 166/70327

DEPARTMENT OF STATE

R76-42 Mutual Educational and Cultural
Exchange Activities
1961128

NATIONAL SCIENCE FOUNDATION

D76-100 National Science Foundation
Salaries and Expenses
496/70100

SELECTIVE SERVICE SYSTEM

R76-44 Selective Service System
Salaries and Expenses
9060400

The information provided in the above messages is essentially correct and the actions being proposed are reasonably clear. Based on the current congressional schedule, the 45 days of continuous session for the proposed rescissions will end on March 19, 1976.

We noted that in the case of R76-32 agency records indicate \$1,287 million total budgetary resources--a difference of \$15 million. The \$15 million represents a transfer of funds from the General Construction appropriation to the Flood Control and Coastal Emergencies appropriation.

Part of the budget authority proposed for rescission in R76-33 was the subject of D76-57A for continuing resolution budget authority. Enactment of P.L. 94-206 ended the deferral.

Deferrals D76-95, D76-96, D76-97, and D76-100 are authorized by section 1013 of the Impoundment Control Act. Deferral D76-99 is in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). We agree with these citations. The authority for the deferrals exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

DEPARTMENT OF AGRICULTURE

R76-17A Agriculture Stabilization and
 Conservation Service
 Forestry Incentives Program-
 1976 12X3336

R76-19A Farmers Home Administration
 Rural Development Grants
 1262065

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

R76-9A Office of Education
 Elementary and Secondary Education
 7560279
 756/70279
 75X0279

R76-10A Office of Education
 School Assistance in Federally
 Affected Areas
 7560280
 75X0280

CONSUMER PRODUCT SAFETY COMMISSION

R76-27A Consumer Product Safety Commission
Salaries and Expenses 6150100

DEPARTMENT OF STATE

D76-85A Refugee and Migration Affairs
Special Assistance to Refugees from
Cambodia and Vietnam

DEPARTMENT OF TREASURY

D76-25D Office of the Secretary
State and Local Government Fiscal
Assistance Trust Fund
20X8111

The President's supplementary information generally adjusts the amount of budget authority being proposed for rescission or deferral and does not require us to modify our earlier reports to the Congress which commented on the original special messages. For R76-9A and R76-10A, the 45 days of continuous session is now scheduled to end on February 20, 1976.