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REPORT BY THE
Comptroller General
OF THE UNITED STATES



LM107125

**No-Year Appropriations In
The Department Of Agriculture**

Unobligated balances of budget authority in the Department of Agriculture increased from \$3.2 billion in fiscal year 1973 to \$13.8 billion in fiscal year 1976 and dropped back to \$7.1 billion in 1977. Analysis of 25 selected no-year appropriation accounts (those which remain available for obligation for an indefinite period) disclosed substantial variances between estimated and actual balances of unobligated budget authority.

Reprogrammings and transfers of unobligated balances have given the Department flexibility to use funds not needed in certain programs to meet unanticipated increases in others without having to request additional funds. About \$346 million of unobligated balances have been reprogrammed or transferred within the Food and Nutrition Service and Soil Conservation Service since fiscal year 1976.

No-year appropriations generally should not be used to fund a department's programs unless there is a compelling reason to do so, such as a long-term contractual commitment. GAO concluded that only 10 of 25 Department of Agriculture no-year appropriation accounts met the basic criteria of the use of such funding.

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PAD-78-74
SEPTEMBER 19, 1978

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

B-142011

The Honorable Thomas F. Eagleton
Chairman, Subcommittee on Agriculture,
Rural Development, and Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

This is in response to your letter dated March 24, 1978, requesting GAO to conduct a review of unobligated balances and no-year appropriations in the Department of Agriculture (USDA). The subcommittee has indicated a concern about the large number of no-year appropriation accounts and the fact that large unobligated balances are carried over by USDA from one year to the next. GAO was asked to look specifically at the following:

- (1) The historical record of unobligated balances that have been carried forward during the past several years.
- (2) The extent to which these unobligated balances have been used for purposes other than those for which they were appropriated.
- (3) Providing a recommendation on the advisability of retaining "no-year" funding for each appropriation now so funded.

In summary, we found (1) USDA unobligated balances rose from \$3.2 billion in 1973 to \$13.8 billion in FY 1976 and dropped to \$7.1 billion in FY 1977; (2) transfers of unobligated balances to other accounts and reprogrammings within an account (both for purposes other than those contemplated at the time of appropriation) have occurred only in the Food and Nutrition Service and Soil Conservation Service during the last 5 years; and (3) although several factors influence which type of funding an appropriation account should have, 15 of the 25 USDA no-year accounts you asked us to examine have no compelling programmatic or budgetary reasons to be funded by no-year appropriations.

B-142011

On May 19, 1978, we testified on the use of no-year funding in USDA before the subcommittee. In response to a request at that hearing, we provided for the record our preliminary determination about compelling programmatic reasons for no-year funding of the 25 USDA accounts on the list you provided.

This report provides more detailed information on USDA unobligated balances and appropriation accounts funded on a no-year basis. Due to the short timeframe, however, it was not possible to do an in-depth analysis of the specific funding requirements and program operations for each of the no-year accounts with a view to making specific recommendations on each account. We believe, however, that our analysis supports a determination about whether or not compelling programmatic or budgetary reasons exist for retaining no-year funding.

In compiling our information, we used various appendixes of the Budget of the U.S. Government, budget tapes of the Office of Management and Budget, and information supplied by officials of the Department of Agriculture and its bureaus. At your request we did not obtain written agency comments on the matters discussed in this report.

HISTORICAL ANALYSIS OF DEPARTMENT OF AGRICULTURE UNOBLIGATED BALANCES

During the past year there has been an increased awareness and concern over the increases in unobligated balances in the Government. We have recently issued two studies on the subject: On January 13, 1978, we issued a report on the "Analysis of Department of Defense Unobligated Budget Authority" (PAD-78-34) to the Task Force on National Security and International Affairs, House Committee on the Budget. In April 1978 we published, at the request of the Budget Process Task Force, House Committee on the Budget, a staff study on "An Overview of Unobligated Balances in Civil Agencies" (PAD-78-48). The studies are part of a continuing trend in the Congress to gain a better understanding of unobligated balances and their impact on the Federal budget and appropriations process.

An unobligated balance is that portion of budget authority that has not yet been obligated. In 1-year accounts the unobligated balance expires (ceases to be available for obligation) at the end of the fiscal year except for technical adjustment use. In multiple-year accounts the unobligated balance may be carried forward and remain available for

B-142011

obligation for the period specified. In no-year accounts, the unobligated balance is carried forward indefinitely until specifically rescinded by law or until there have been no transactions in the account for 2 full fiscal years.

Within the Department of Agriculture there was accumulated an increasing amount of unobligated budget authority from 1973 through 1976, when it reached a peak of \$13.8 billion. In 1977, however, these balances dropped to \$7.1 billion. During this timeframe the Department had less than 5 percent of the Government-wide unobligated balances. (See app. I.)

Federal funds--which are collected, owned, and used by the Government--have comprised 97 to 99 percent of USDA's unobligated balances. (Trust funds, which are administered by the Government in a fiduciary capacity, have comprised the remaining 1 to 3 percent.) Federal funds are comprised of: general, special, public enterprise revolving, and intragovernmental revolving funds.

The largest portion of USDA's total unobligated balances (47 to 87 percent during fiscal years 1973 through 1977) have been in the public enterprise revolving funds, primarily due to permanent borrowing authority of the Commodity Credit Corporation. The next largest portion of USDA's total unobligated balances (11 to 41 percent during 1973 to 1977) has been in the general funds. Special funds and intragovernmental revolving funds have historically accounted for less than 10 percent of USDA unobligated balances.

The subcommittee provided us with a list of 25 no-year appropriation accounts in the Agriculture appropriations bill for which it wanted a history of unobligated balances (there are other USDA no-year accounts not under the subcommittee's jurisdiction). Twenty-four of these accounts are general fund appropriation accounts and one is a public enterprise revolving fund. Appendix II provides a listing of the 25 accounts and the unobligated balances for each from 1973 through 1979 (1978 and 1979 are estimates).

As shown in appendix II the actual unobligated balances for the selected general fund accounts have ranged from \$528 million to slightly over \$1 billion from 1973 to 1977. These balances represent between 4.3 and 16.5 percent of the total unobligated balances of the Department, and represented about 41 to 53 percent of USDA's total general fund balances

through the transition quarter. In 1977 the proportion of the balances of these accounts increased substantially to about 93 percent of USDA's general fund balances. This was primarily because about \$455 million in unobligated authority to borrow in the Rural Electrification Administration loan account, which was carried in USDA's general fund balances from 1973 through the transition quarter, was transferred to the Rural Electrification and Telephone Revolving Fund, an off-budget account. (Off-budget accounts are not included in the budget totals.)

Appendix II also shows that most of the unobligated balances in the no-year accounts are attributable to two bureaus within the Department--Agricultural Stabilization and Conservation Service (ASCS) and the Food and Nutrition Service (FNS). While these two bureaus have comprised most of the balances, ASCS balances have been steadily declining since 1973, both in absolute dollars and as a percentage. In 1973 ASCS had over \$288 million or 54.5 percent of the total for the 23 accounts. In 1977 it was reduced to slightly over \$73 million or 9.7 percent. While ASCS balances were declining, FNS balances were on an overall rise from \$28.5 million (5.4 percent) in 1973 to over \$596 million (79.4 percent) in 1977.

The estimated general fund unobligated balances for 1978 and 1979 show dramatic decreases to \$93 million and \$4 million, respectively. We question the accuracy of these estimates, however, because the Department has historically underestimated its unobligated balances by a significant amount. Appendix III shows a comparison of estimates and actual unobligated balances by bureau from 1973 through 1977. Appendix IV lists estimated and actual balances for each of the accounts. For example, in seven budget presentations (1973-1979) budget year estimates for the six appropriation accounts in the Soil Conservation Service have shown no estimated unobligated balances at the end of the fiscal year. Actual balances, however, for the 5 completed fiscal years have ranged from \$32 million to \$90 million (7 to 17 percent of total funds available in these accounts excluding reimbursements).

We did not attempt to analyze the Department's estimates since we currently have underway a Government-wide study of estimating procedures. Estimating in the Department of Agriculture will be included in that review.

REPROGRAMMINGS AND TRANSFERS

In response to your question as to the extent to which unobligated balances have been used for purposes other than those for which they were appropriated, due to the short timeframe, we limited our work to information on transfers and reprogrammings of unobligated balances as provided to us by Department officials. This data disclosed that during the past 3 years \$9.3 million of unobligated balances have been transferred between accounts in the Food and Nutrition Service, \$6.7 million has been reprogrammed within Soil Conservation Service accounts, and about \$330 million was reprogrammed within FNS accounts.

The authority for transferring funds between the appropriation accounts established for the miscellaneous expenses of any USDA bureau, division, or office, is contained in section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257). The amount transferred from an appropriation account is limited to not more than 7 percent of the sums appropriated for the fiscal year. The transfer authority to an account is limited to 7 percent except in emergency situations.

An FNS official stated that there have been three transfers among the FNS no-year accounts during the last 5 years. Each case was described as an emergency in accordance with 7 U.S.C. 2257. In each instance the appropriations committees were advised of the action by letter. In November 1976, FNS transferred \$1.5 million from the Child Nutrition account to the Special Milk account to insure that reimbursement commitments would not exceed available funds. Similarly in September 1977, \$4 million was transferred from the Child Nutrition account to the Special Milk account. More recently, in March 1978, FNS transferred \$1.6 million from the Child Nutrition account to the Food Program Administration account to cover the cost of FNS's regional office running the summer feeding program for New York State. The budget proposal had assumed that the State would continue to administer the program and funds were therefore contained in the Child Nutrition account.

In November 1977, FNS advised the appropriations committees that it had reprogrammed unobligated balances totaling \$2.2 million in the Food Stamp (\$836,000), Child Nutrition (\$1,253,000), and Special Supplemental Food Program (\$111,000) accounts from program to administrative use to fund a contract to develop a Financial Management Improvement System. However, the Department in its letters to the Chairmen, stated that

these balances were carried forward into 1978 in the Food Program Administration account. We believe that this action should be classified as a transfer rather than as a reprogramming because the funds were "moved" from one appropriation account to another as opposed to being diverted to a different item within the overall appropriation account.

Department of Agriculture Administrative Regulations (6 AR 290) state that all "significant changes" in the program plan recommended in the President's budget and approved by the Congress must have prior approval. At the request of the appropriations committees, the Department in April 1978 clarified the guidelines and criteria to be used for reprogramming proposals. (See app. V.)

The Food and Nutrition Service has reprogrammed about \$330 million within its appropriation accounts since March 1976. An FNS official advised us that reprogrammings occur largely because the budget estimates are made so far in advance and because of changes in the law which add activities requiring funding that was unanticipated.

A synopsis of FNS reprogrammings follows:

- In March 1976, FNS reprogrammed Food Stamp Bonus funds (\$2,000,000) to finance a contract for reconciliation of prior year food stamp deposits.
- In July 1976, funds within the Child Nutrition account (\$190,000) were reprogrammed to assist the Trust Territory of the Pacific Islands to carry out developmental and experimental projects.
- In August 1977, FNS reprogrammed funds from program use to administrative use within the Special Supplemental Food Program account (\$144,000) and the Food Stamp account (\$275,000 and \$400,000) for management improvement projects not anticipated during budget formulation. FNS also reprogrammed \$2,085,000 from program funds to administrative expenses.
- In February 1978, because of new legislation and revised program cost projections, FNS reprogrammed \$85,190,000 from child nutrition programs for carry-over into fiscal year 1979 and \$239,796,176 from food stamp carry-over available in 1978 to finance research demonstration and evaluation projects (\$4,823,000) and increased bonus costs (\$234,973,176).

B-142011

The Soil Conservation Service has reprogrammed \$6.7 million in its Conservation Operations account from 1976 through 1977. During 1976 and the transition quarter, respectively, \$2,933,444 and \$744,733 was reprogrammed from technical assistance programs to soil survey programs to accelerate soil surveys in high energy source areas and areas of rapid urban development. During 1977, \$3,642,622 was reprogrammed from technical assistance, of which \$3,022,004 went to the land inventory program. According to the Department, this amount was reprogrammed in response to a request from the Senate Committee on Agriculture, Nutrition and Forestry to provide data needed for their oversight plans to evaluate land and water conservation programs. The remaining \$620,618 went to soil survey programs.

AUTHORITY FOR NO-YEAR APPROPRIATIONS
IN THE DEPARTMENT OF AGRICULTURE

The utilization of no-year budget authority within the USDA is authorized by the Congress in either the authorizing legislation and/or the periodic appropriation acts.

In reviewing the legislative history of the authorizing legislation for those programs which have no-year authority, we found that there is very little or often no public debate to indicate exactly why each one was established. In the majority of cases a statement is included in the act that says "to remain available until expended" or "to be available without fiscal year limitation"; however, there is no explanation as to why. In short, we could find no delineated rationale for the use of this type of funding in the USDA.

Several appropriation accounts have been given no-year status in the appropriations acts where there is no basis in the authorizing legislation. The Agriculture and Related Agencies Appropriation Act for 1978 included nine such accounts. The House Appropriations Subcommittee on Agriculture and Related Agencies in its report on the 1978 appropriation bill provided the only explanation as to why these nine accounts were provided no-year appropriations:

"This authority tends to result in savings by preventing the wasteful practice often found in government of rushing to commit funds at the end of the fiscal year without due regard to the value of the purpose for which the funds are used. Such extended availability is also essential in view of the long lead-time frequently required to negotiate agreements or

contracts which normally extend over a period of more than one year. Under these conditions such authority is commonly provided in appropriations bills where omitted from basic law. These provisions have been carried through the years in this bill to facilitate efficient and effective program execution and to assure maximum savings."

Notwithstanding the lack of a clear reason as to why no-year budget authority is necessary or desirable in other Agriculture accounts, we know that the Congress did authorize its use. The issue then is the choice between the advantages of no-year funds and the risk of reduced congressional control over such funds.

Pros and cons of no-year appropriations

No-year appropriations are those that are available for obligation without time limit. Programs involving long-term contractual agreements such as construction projects could justify the use of no-year appropriations. In these cases the total estimated cost of the project is usually appropriated in the first year but it is expected that obligations will be made over the life of the project. Thus the project's obligational authority is required to be carried over from year to year until completion. In other cases, however, no-year appropriations have been made for programs which do not involve long-term contracts, and therefore in our opinion there is no compelling need for no-year funding.

In considering the desirability of and need for no-year appropriations in those instances where it is not required, a number of factors should be taken into consideration. These include: program management flexibility, financial management, and congressional control.

No-year funding can be considered advantageous in that program administrators are not pressured into premature decisionmaking about obligating funds when there is no threat of funds lapsing. This was emphasized by the House Appropriations Subcommittee on Agriculture and Related Agencies when it stated that no-year funding "prevents the wasteful practice often found in Government of rushing to commit funds at the end of the fiscal year without regard to the value of the purpose for which funds were used." This factor was also stressed by the Department in response to a related study of entitlement programs. According to the Department,

B-142011

no-year funds allow for orderly growth of the special supplemental food program without having to "dump" funds prior to the end of the fiscal year.

Another advantage is the flexibility in using carry-over balances to cover increases in programs above original estimates and the absorption of cost increases due to pay raises and inflation, thus precluding the need for supplemental requests for funds. The Assistant Secretary for Food and Consumer Services has stated that funding for food stamps and child nutrition programs is on a performance basis and that precise funding levels are impossible to predict because program levels are dependent upon the numbers of participants and economic conditions beyond its control. The Department contends that no-year funding is needed for program flexibility to meet changing conditions in the economy and the availability of carry-over authority provides flexibility to use funds from periods when estimates have been too high to offset those periods where the estimates have been too low.

In commenting on proposed legislation, we stated that there are certain financial management advantages in the use of no-year appropriations:

- Such funding can provide a simpler method of accounting for funds than fixed year funding, particularly by eliminating the two intervening year accounts and "M" account as required for fixed year appropriations by 31 U.S.C.A. Sections 701, 705.
- No-year appropriations provide flexibility to the Congress: in any year the Congress can provide that unobligated balances or any portion thereof (a) shall revert to the Treasury i.e., lapse; (b) could be available for obligation in the subsequent year; or (c) could be placed in reserve for later determination.

In contrast to the above advantages, no-year appropriations can have a detrimental effect on the Congress and its control of the budget and program funding. One possible result of no-year funding that should be a concern to the Congress and program administrators alike is the effect it can have on the management of programs and funds--if budget authority for a program does not lapse at the end of the fiscal year, the incentive toward timely planning and execution of programs is lessened since there will be "more time" to obligate funds and carry out program objectives.

B-142011

A disadvantage of more direct concern to the Congress is the loss of control over actual program levels from year to year under no-year funding. For example, if only a portion of the funds appropriated for a program year are obligated in that year, the result would be a program level lower than the Congress expected. Then in the subsequent year, with carry-over authority, the program level could be increased to a level above that intended by the Congress. In any event, the Congress is not in a good position to exercise year to year control over program levels.

The failure to obligate funds appropriated, even if such funds are to remain available until expended, could in some circumstances, raise the question of impoundment; that is, whether the executive branch is slowing down program implementation and, thereby precluding the obligation or expenditure of budget authority. In such cases, the Impoundment Control Act requires the President to notify the Congress whenever he proposes that all or part of budget authority provided by the Congress be deferred or rescinded.

CONCLUSIONS

The accumulation of large unobligated balances by agencies has been of great concern to the Congress recently. This may imply to the Congress that the agencies have poor planning or are not carrying out the programs as intended by the Congress. Large balances of unobligated budget authority can give an agency some degree of independence (either real or imaginary) from program levels set in annual appropriations acts. The Congress may consider this a threat to its control over the "Federal purse strings."

The Department of Agriculture's unobligated balances increased significantly from 1973 through the transition quarter, but dropped in 1977. Estimates for 1978 and 1979 are significantly less, but the Department's estimates of unobligated balances have historically varied significantly from the actual balances. The validity of the estimates for 1978 and 1979 are, therefore, subject to question.

Reprogrammings and transfers of unobligated balances are procedures that aid agencies in meeting unanticipated program demands. They give agencies the flexibility to use funds not needed in certain programs to meet unanticipated increases in others without having to request additional funds. Most of USDA's reprogramming and transfers have been

B-142011

in the Food and Nutrition Service, primarily the food stamp and child nutrition entitlement programs. USDA procedures require that the appropriations committees be advised prior to reprogramming and transfers being effected. This gives USDA flexibility in meeting program needs while still retaining a certain degree of congressional control.

The Congress has expressed its desires relative to the period of availability of funds in Section 253 of the Legislative Reorganization Act of 1970 (2 U.S.C. 190k) which provides that each standing committee in its consideration of bills shall endeavor to ensure that all continuing programs and activities of the Federal Government are carried on with annual appropriations to the extent consistent with the objectives of those programs and activities.

It is our position that programs and activities involving long-term contractual commitments (such as construction and other capital needs) could constitute compelling reasons for the use of no-year appropriations. Conversely, programs and activities not involving long-term contractual commitments should generally be provided funds on a fixed period basis such as 1-year or multi-year. Departures from this position should be permitted only on a clear showing that a program or activity cannot be successfully and effectively operated with fixed period appropriations or that advantages such as program flexibility and financial management and accounting efficiency attributable to the departure clearly outweigh the disadvantages of the risk of reduced congressional control.

Our analysis of the need for no-year appropriations for the 25 accounts you provided us was based solely upon whether there is a compelling programmatic or budgetary reason (i.e., long-term contractual commitments) for no-year funds. While we did not consider management flexibility or financial management and accounting efficiency as compelling reasons, these factors should clearly be considered in any decision about whether or not no-year funding should be continued. Appendix VI contains a complete listing of these accounts with USDA and GAO comments.

We concluded that 10 of the accounts warrant no-year appropriations since they involve construction and long-term contractual agreements. The other 15 accounts which include performance and entitlement programs, salaries and expenses type accounts, and grant programs, did not fund programs involving long-term contractual commitments and, therefore in our opinion, do not have compelling reasons for no-year

B-142011

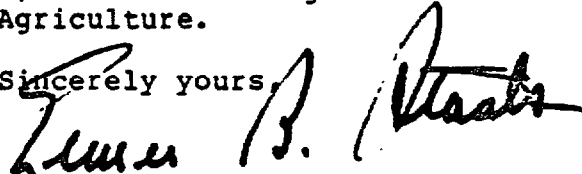
funding. We believe that a change from no-year funding in these 15 accounts would cause no serious impact on the programs funded through them. We are not, however, making any recommendations as to how those accounts without compelling reasons for no-year funds should be funded.

The Department's rationale for having no-year funding is based primarily on a desire to retain the flexibility afforded by having funds available until expended. While we believe that this is a factor that should be considered in making a decision about funding, we do not consider such flexibility to be a requirement for use of no-year appropriations.

In the final analysis, it is the Congress which must make the ultimate decision on the funding of Federal programs. The length of time budget authority is available is written into law. In making its decision, the Congress should weigh the advantages and disadvantages of no-year funding, financial management, and program effectiveness against the risk of reduced congressional control as the result of no-year funding.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the issuance date. At that time, we will send copies to appropriate Senate and House committees; the Director, Office of Management and Budget; and the Secretary of Agriculture.

Sincerely yours,



Comptroller General
of the United States

DEPARTMENT OF AGRICULTURE
UNOBLIGATED BALANCES BY FUND TYPE

(Millions of dollars)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>TQ</u>	<u>1977</u>	<u>1978</u> <u>(note a)</u>	<u>1979</u> <u>(note a)</u>
Department of Agriculture:								
Federal funds:								
General funds	1,304	1,592	1,950	1,588	1,289	811	93	4
Percent of total	40.7	22.5	15.4	11.5	10.5	11.4	11.0	.2
Special funds	287	218	146	127	203	280	337	277
Percent of total	9.0	3.1	1.2	.9	1.7	3.9	39.7	15.8
Public enterprise funds	1,503	5,155	10,412	11,935	10,576	5,793	194	1,239
Percent of total	46.9	72.7	82.3	86.5	86.5	81.5	22.9	70.6
Intragovernmental revolving funds	12	10	22	27	18	20	13	16
Percent of total	.4	.1	.2	.2	.1	.3	1.5	.9
Total Federal funds	3,106	6,975	12,530	13,677	13,086	6,904	637	1,536
Percent of total	96.9	98.4	99.1	99.1	98.9	97.2	75.1	87.5
Trust funds	100	112	112	124	137	202	211	220
Percent of total	3.1	1.6	.9	.9	1.1	2.8	24.5	12.5
Total	3,205	7,086	12,642	13,801	12,223	7,106	648	1,756
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Government-wide unobligated balances	186,961	234,279	288,270	292,909	254,465	255,191	220,424	224,301
Total Agriculture as a percent of Government-wide	1.7	3.0	4.4	4.7	4.6	2.8	.4	.8

a/Estimated.

APPENDIX I

APPENDIX I

UNITED STATES DEPARTMENT OF AGRICULTURE

UNOBLIGATED BALANCES

SELECTED NO-YEAR ACCOUNTS

(Thousands of dollars)

<u>Bureau/account</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>TQ</u>	<u>1977</u>	<u>1978</u> <u>(note a)</u>	<u>1979</u> <u>(note a)</u>
General funds:								
Agricultural Research Service:								
Agricultural Research Service (Construction)	4,566	3,566	8,668	40,081	10,198	5,794	0	0
Scientific Activities Overseas	<u>5,786</u>	<u>3,039</u>	<u>1,426</u>	<u>1,870</u>	<u>1,405</u>	<u>2,660</u>	<u>0</u>	<u>0</u>
Total	<u>10,352</u>	<u>6,605</u>	<u>10,094</u>	<u>41,951</u>	<u>11,603</u>	<u>8,454</u>	<u>0</u>	<u>0</u>
Percent of total, 23 accounts	2.0	1.0	1.0	5.9	2.2	1.1		
Animal and Plant Health Inspection Service:								
Animal and Plant Health Inspection Service (Construction)	<u>3,918</u>	<u>3,827</u>	<u>18,067</u>	<u>25,858</u>	<u>8,301</u>	<u>5,679</u>	<u>0</u>	<u>0</u>
Percent of total, 23 accounts	.7	.6	1.7	3.6	1.5	.8		
Farmers Home Administration:								
Rural Water and Waste Disposal Grants	120,304	126,869	849	105,314	66,752	968	0	(b)
Rural Housing for Domestic Farm Labor	2,581	0	0	8,855	0	250	0	(c)
Mutual and Self-Help Housing	833	1,212	981	9,524	6,386	10,902	0	(c)
Rural Housing Grant Program	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>c/0</u>
Total	<u>123,718</u>	<u>128,081</u>	<u>1,830</u>	<u>123,693</u>	<u>73,138</u>	<u>12,120</u>	<u>0</u>	<u>0</u>
Percent of total, 23 accounts	23.4	19.6	.2	17.3	13.8	1.6		

APPENDIX II

APPENDIX II

<u>Bureau/account</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>TQ</u>	<u>1977</u>	<u>1978</u> <u>(note a)</u>	<u>1979</u> <u>(note a)</u>
Soil Conservation Service:								
Conservation Operations	7,086	4,309	6,020	8,732	4,558	8,247	0	0
River Basin Surveys and Investigations	1,303	1,000	1,631	1,210	1,087	1,476	0	0
Great Plains Conservation Program	152	112	317	269	693	188	0	0
Resource Conservation and Development	11,111	6,153	1,137	1,031	442	712	0	0
Watershed Planning	1,303	1,195	1,017	974	1,072	1,553	0	0
Watershed and Flood Prevention Operations	<u>49,902</u>	<u>55,825</u>	<u>22,052</u>	<u>77,431</u>	<u>73,524</u>	<u>41,743</u>	<u>0</u>	<u>0</u>
Total	<u>70,857</u>	<u>68,594</u>	<u>32,174</u>	<u>89,647</u>	<u>81,376</u>	<u>53,919</u>	<u>0</u>	<u>0</u>
Percent of total, 23 accounts	13.4	10.5	3.1	12.6	15.4	7.2		
Agricultural Stabilization and Conservation Service:								
Agricultural Conservation Program	256,061	254,427	264,500	121,354	32,330	52,047	0	0
Emergency Conservation Measures	20,431	19,688	23,542	19,790	16,307	8,567	3,567	0
Water Bank Program	11,652	17,544	12,980	18,928	13,977	7,695	2,717	2,717
Forestry Incentives Program	-	-	<u>9,281</u>	<u>9,489</u>	<u>8,064</u>	<u>4,739</u>	<u>521</u>	<u>521</u>
Total	<u>288,144</u>	<u>291,659</u>	<u>310,303</u>	<u>169,561</u>	<u>70,678</u>	<u>73,048</u>	<u>6,805</u>	<u>3,238</u>
Percent of total, 23 accounts	54.5	44.6	30.0	23.8	13.4	9.7	7.4	88.6
Food and Nutrition Service:								
Food Stamp Program	0	130,497	586,529	201,403	112,170	240,730	0	0
Special Supplemental Food Program (WIC)	-	-	-	837	140,597	126,373	0	0
Child Nutrition Programs	26,413	22,342	71,818	58,369	28,455	229,104	85,190	0
Special Milk Program	2,033	0	0	50	0	0	0	d/0
Food Program Administration	-	-	-	-	-	-	0	e/0
Total	<u>28,446</u>	<u>152,839</u>	<u>658,347</u>	<u>260,659</u>	<u>281,222</u>	<u>596,207</u>	<u>85,190</u>	<u>0</u>
Percent of total, 23 accounts	5.4	23.4	63.7	36.5	53.2	79.4	91.6	

APPENDIX II

APPENDIX II

<u>Bureau/account</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>TQ</u>	<u>1977</u>	<u>1978</u> <u>(note a)</u>	<u>1979</u> <u>(note a)</u>
Foreign Agricultural Service: Salaries and Expenses (Special Foreign Currency Program)	<u>3,016</u>	<u>2,897</u>	<u>2,735</u>	<u>2,396</u>	<u>2,243</u>	<u>1,795</u>	<u>1,040</u>	<u>415</u>
Percent of total, 23 accounts	.6	.4	.3	.3	.4	.2	1.1	11.4
Total: 23 accounts	<u>528,451</u>	<u>654,502</u>	<u>1,033,550</u>	<u>713,765</u>	<u>528,461</u>	<u>751,222</u>	<u>93,035</u>	<u>3,653</u>
Percent of total, 23 accounts	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total USDA general funds	40.5	41.1	53.0	45.0	41.0	92.6	100	100
Percent of total USDA funds	16.5	9.2	8.2	5.2	4.3	10.6	11.0	.2
Foreign Assistance Programs: Expenses, Public Law 480 (note f)	302,217	287,159	238,824	363,741	115,473	408,042	262,780	0
Public Enterprise Funds: Federal Crop Insurance Corporation: Federal Crop Insurance Fund	50,997	63,311	44,778	43,285	40,245	64,311	-22,826	-30,344

a/Estimated.

b/Combined with Rural Development Grants and Rural Development Planning Grants in 1979 Budget to form a new account--Rural Development Grant Programs.

c/Combined in 1979 Budget to form a new account--Rural Housing Grant Program.

d/Currently a 1-year account--Proposed no-year account in 1979 Budget.

e/Account established in 1978.

f/Balances for this account are not included in the Budget Appendix or Budget tapes.

APPENDIX III

APPENDIX III

DEPARTMENT OF AGRICULTURE
ACCURACY OF ESTIMATED UNOBLIGATED BALANCES BY BUREAU
FOR SELECTED NO-YEAR ACCOUNTS
(thousands of dollars)

<u>Agricultural Research Service (2 accounts)</u>				<u>Agricultural Stabilization and Conservation Service (4 accounts)</u>			
<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>	<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>
1973	83	3,743	10,352	1973	0	228,726	288,144
1974	4,820	1,520	6,605	1974	11,391	108,182	291,659
1975	1,520	770	10,094	1975	15,000	62,228	310,303
1976	770	0	41,951	1976	1,000	126,242	169,561
TQ	-	0	11,603	TQ	-	96,262	70,678
1977	0	75	8,454	1977	45,598	16,170	73,048
1978	0	0	-	1978	11,170	6,805	-
1979	0	-	-	1979	3,238	-	-

<u>Animal and Plant Health Inspection Service (1 account)</u>				<u>Food and Nutrition Service (5 accounts)</u>			
<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>	<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>
1973	0	1,500	3,918	1973	923	2,006	28,446
1974	0	1,500	3,827	1974	1,949	0	152,839
1975	0	0	18,067	1975	0	412,035	658,347
1976	0	0	25,858	1976	0	132,000	260,659
TQ	-	0	8,301	TQ	-	0	281,222
1977	0	0	5,679	1977	0	338,742	596,207
1978	0	-	-	1978	88,742	85,190	-
1979	0	-	-	1979	0	-	-

<u>Farmers Home Administration (3 accounts)</u>				<u>Foreign Agricultural Service (1 account)</u>			
<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>	<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>
1973	16,000	123,979	123,718	1973	2,008	2,240	3,016
1974	123,147	130,386	128,081	1974	1,240	2,016	2,897
1975	130,082	0	1,830	1975	1,016	2,397	2,735
1976	0	0	123,693	1976	1,897	2,234	2,396
TQ	-	0	73,138	TQ	-	2,109	2,243
1977	0	0	12,120	1977	1,609	1,743	1,795
1978	0	0	-	1978	1,243	1,040	-
1979	0	-	-	1979	415	-	-

<u>Soil Conservation Service (6 accounts)</u>				<u>Federal Crop Insurance Corporation (1 account)</u>			
<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>	<u>Fiscal year</u>	<u>BY estimate</u>	<u>CY estimate</u>	<u>PY actual</u>
1973	0	29,749	70,857	1973	29,754	36,834	50,997
1974	0	22,488	68,594	1974	34,911	55,229	63,311
1975	0	0	32,174	1975	51,245	42,797	44,778
1976	0	18,300	89,647	1976	38,067	48,554	43,285
TQ	-	6,000	81,376	TQ	-	46,830	40,245
1977	0	0	53,919	1977	42,429	8,716	64,311
1978	0	0	-	1978	2,061	-22,826	-
1979	0	-	-	1979	-30,344	-	-

Note: BY--budget year; CY--current year; PY--past year.

DEPARTMENT OF AGRICULTURE ACCURACY OF ESTIMATED UNOBLIGATED BALANCES
FOR SELECTED NO-YEAR ACCOUNTS (thousands of dollars)

<u>AGRICULTURAL RESEARCH SERVICE</u>				<u>Mutual and Self-Help Housing</u>			
<u>Agricultural Research Service</u> (construction portion)				<u>Fiscal</u>	<u>BY</u>	<u>CY</u>	<u>PY</u>
<u>Fiscal</u>	<u>estimate</u>	<u>estimate</u>	<u>actual</u>	<u>year</u>	<u>estimate</u>	<u>estimate</u>	<u>actual</u>
1973	83	3,720	4,566	1973	0	832	833
1974	4,820	1,520	3,566	1974	0	1,001	1,212
1975	1,520	770	8,668	1975	1,001	0	981
1976	770	0	40,082	1976	0	0	9,524
TQ	-	0	10,198	TQ	-	0	6,386
1977	0	75	5,794	1977	0	0	10,902
1978	0	0	-	1978	0	0	-
1979	0	-	-	1979	-	-	-
<u>Scientific Activities Overseas</u> (Special Foreign Currency Program)				<u>SOIL CONSERVATION SERVICE</u>			
1973	0	0	5,786	<u>Conservation Operations</u>			
1974	0	0	3,039	1973	0	3,607	7,066
1975	0	0	1,426	1974	0	0	4,309
1976	0	0	1,870	1975	0	0	6,020
TQ	-	0	1,405	1976	0	0	8,732
1977	0	0	2,660	TQ	-	0	4,558
1978	0	0	-	1977	0	0	8,247
1979	0	-	-	1978	0	0	-
<u>ANIMAL AND PLANT HEALTH INSPECTION SERVICE</u>				<u>River Basin Surveys and Investigations</u>			
<u>Animal and Plant Health Inspection</u> <u>Service (construction portion)</u>				1973	0	156	1,303
1973	0	1,500	3,918	1974	0	60	1,000
1974	0	1,500	3,827	1975	0	0	1,631
1975	0	0	18,067	1976	0	0	1,210
1976	0	0	25,858	TQ	-	0	1,087
TQ	-	0	8,301	1977	0	0	1,476
1977	0	0	5,679	1978	0	0	-
1978	0	0	-	1979	0	-	-
1979	0	-	-	<u>Great Plains Conservation Program</u>			
<u>FARMERS HOME ADMINISTRATION</u>				1973	0	75	152
<u>Rural Water and Waste Disposal Grants</u>				1974	0	0	112
1973	16,000	120,000	120,304	1975	0	0	317
1974	120,000	120,304	126,869	1976	0	0	269
1975	100,304	0	849	TQ	-	0	693
1976	0	0	105,314	1977	0	0	188
TQ	-	0	66,752	1978	0	0	-
1977	0	0	968	1979	0	-	-
1978	0	0	-	<u>Resource Conservation and Development</u>			
1979	-	-	-	1973	0	7,929	11,111
<u>Rural Housing for Domestic Farm Labor</u>				1974	0	4,439	6,153
1973	0	3,147	2,581	1975	0	0	1,137
1974	3,147	9,081	0	1976	0	0	1,031
1975	9,081	0	0	TQ	-	0	442
1976	0	0	8,855	1977	0	0	712
TQ	-	0	0	1978	0	0	-
1977	0	0	250	1979	0	-	-
1978	0	0	-	<u>Watershed Planning</u>			
1979	-	-	-	1973	0	569	1,303
				1974	0	535	1,195
				1975	0	0	1,017
				1976	0	0	974
				TQ	-	0	1,072
				1977	0	0	1,553
				1978	0	0	-
				1979	0	-	-

APPENDIX IV

Watershed and Flood Prevention Operations

Fiscal Year	BY estimate	CY estimate	PY actual
1973	0	17,413	49,902
1974	0	17,454	55,825
1975	0	0	22,052
1976	0	18,000	77,431
TQ	-	6,000	73,524
1977	0	0	41,743
1978	0	0	-
1979	0	-	-

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Agricultural Conservation Program

1973	0	210,500	256,061
1974	0	88,780	254,427
1975	15,000	49,274	264,500
1976	0	105,768	121,354
TQ	-	75,769	32,330
1977	30,763	4,867	52,047
1978	4,863	0	-
1979	0	-	-

Emergency Conservation Measures

1973	0	6,835	20,431
1974	0	7,231	19,688
1975	0	11,688	23,542
1976	0	18,542	19,790
TQ	-	18,542	16,307
1977	13,542	11,307	8,567
1978	6,307	3,567	-
1979	0	-	-

Water Bank Program

1973	0	11,391	11,652
1974	11,391	12,171	17,544
1975	0	1,266	12,980
1976	1,000	1,932	18,928
TQ	-	1,952	13,977
1977	1,288	0	7,695
1978	0	2,717	-
1979	2,717	-	-

Forestry Incentives Program

1973	-	-	-
1974	-	-	-
1975	-	0	9,281
1976	0	0	9,489
TQ	-	0	8,064
1977	0	0	4,739
1978	0	521	-
1979	521	-	-

FOREIGN AGRICULTURAL SERVICE

Salaries and Expenses
(Special Foreign Currency Program)

1973	2,008	2,240	3,016
1974	1,240	2,016	2,897
1975	1,016	2,397	2,735
1976	1,897	2,234	2,396
TQ	-	2,109	2,243
1977	1,609	1,743	1,795
1978	1,243	1,040	-
1979	415	-	-

APPENDIX IV

FEDERAL CROP INSURANCE CORPORATION

Federal Crop Insurance Corporation Fund

Fiscal Year	BY estimate	CY estimate	PY actual
1973	29,754	36,834	50,997
1974	34,911	55,229	63,311
1975	51,245	42,797	44,778
1976	38,067	48,554	43,285
TQ	-	46,830	40,245
1977	42,429	8,716	64,311
1978	2,061	-21,826	-
1979	-30,344	-	-

FOOD AND NUTRITION SERVICE

Food Stamp Program

1973	0	0	0
1974	0	0	130,497
1975	0	412,035	586,529
1976	0	132,000	201,403
TQ	-	0	112,170
1977	0	0	240,730
1978	0	0	-
1979	0	-	-

Special Supplemental Food Program (WIC)

1973	-	-	-
1974	-	-	-
1975	-	-	-
1976	-	-	837
TQ	-	0	140,597
1977	0	88,742	126,373
1978	88,742	0	-
1979	0	-	-

Child Nutrition Programs

1973	923	57	26,413
1974	0	0	22,342
1975	0	0	71,818
1976	0	0	58,369
TQ	-	0	28,455
1977	0	250,000	229,104
1978	0	85,190	-
1979	0	-	-

Special Milk Program

1973	0	1,949	2,033
1974	1,949	0	0
1975	0	0	0
1976	0	0	50
TQ	-	0	0
1977	0	0	0
1978	0	0	0
1979	0	-	-

Food Program Administration

1973	-	-	-
1974	-	-	-
1975	-	-	-
1976	-	-	-
TQ	-	-	-
1977	-	-	-
1978	0	0	-
1979	0	-	-

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

OFFICE OF BUDGET, PLANNING AND EVALUATION

APR - 5 1978

SUBJECT: Guidance for Reprogramming Proposals

TO: Agency Budget Officers

Section 296, Title VI of the Department's Administrative Regulations contains general guidelines for the submission of reprogramming requests. The appropriations committees have recently requested that we clarify those guidelines to assure that all such proposals are handled on a consistent basis.

Reprogramming proposals will be submitted to both Appropriations Committees when one of the following criteria are met:

- funding will be increased by 10 percent or \$50,000 or more, whichever is lower, for any individual program.
- additional funding will be applied to a program reduced or deleted by either Appropriations Committee.
- funding will be reduced for a program known to be of special interest to either Appropriations Committee.
- new programs not previously justified to the Congress will be funded
- reprogrammings are proposed under the authority of 7 U.S.C. 2257. (The Secretary's 7 percent interchange authority.)

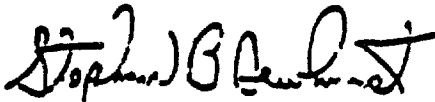
Reprogramming requests, prepared for both Appropriation Committees, should be submitted to the Director, OBPE who will arrange for review, approval and signature by appropriate Departmental policy officials.

An Explanation of Program Revisions (attached format) should be included as an attachment to each reprogramming letter to provide a comprehensive and detailed explanation of the changes in circumstances which necessitate the program revisions.

APPENDIX V

APPENDIX V

I would like to take this opportunity to remind you that extreme care must be exercised in deciding when the use of funds constitutes a reprogramming. Please refer to 6 AR 296 and to these guidelines when questions arise. Let me know when further assistance is needed.



STEPHEN B. DEWHURST
ACTING DIRECTOR

Attachment

U.S. DEPARTMENT OF AGRICULTURE NO-YEAR APPROPRIATION ACCOUNTS
 UNDER JURISDICTION OF
 SENATE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES
 Information on No-Year Funding Status--USDA Accounts

10

BUREAU Account Title Account Number Description	Department Explanation ^{1/}	GAO Comments	Compelling Programmatic Reason For Being No-Year
AGRICULTURAL RESEARCH SERVICE			
Agricultural Research Service 12-1400-0-1-352 Construction of facilities.	Note: Department did not list or provide official comments on this account in material supplied for the record (see footnote #1).	Construction projects usually require no-year funding.	Yes
Scientific Activities Overseas 12-1404-0-1-352 Research important to American agriculture is carried out in foreign countries using excess foreign currency.	Official: This account is no-year because of the circumstances surrounding it. Research proposals are received from numerous foreign countries. The proposals must be reviewed and evaluated before they can be considered for funding. Besides the number of proposals that have to be considered, the physical obstacles (distances, language interpretations, etc.) must be overcome as well. Because of the time required for proper administration, funds are made available for obligation beyond the year in which they are appropriated.	This program involves 3-5 year research projects which are fully-funded long-term contracts and require no-year or multi-year funding unless special authorization is provided.	Yes

^{1/} Official explanation supplied by USDA for the record as requested in hearings before the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, February 24, 1978. Unofficial comments were received in subsequent informal interviews and do not necessarily reflect bureau or department official position.

Information on No-Year Funding Status--USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
<p>ANIMAL AND PLANT HEALTH INSPECTION SERVICE</p> <p><u>Animal and Plant Health Inspection Service (Construction portion)</u> 12-1600-0-1-352 Construction of a laboratory and two animal import stations.</p>	<p>Official: The entire funding needed for the construction projects under this account are requested in the budget year. However, obligations of these funds for the construction of the projects are made over a number of years as the construction is completed.</p>	<p>Construction projects usually require no-year funding.</p>	<p>Yes</p>
<p>AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE</p> <p><u>Agricultural Conservation Program (ACP)</u> 12-3315-0-1-302 Cost-sharing for conservation is carried out with landowners.</p>	<p>Official: A no-year account is suited to this type of program under which annual and long-term agreements for cost-sharing are subject to termination at any time and the funds resulting from such termination can be used to adjust payments among program years.</p>	<p>This account is now funded by 15-month contract authority with special authorization to enter into long-term (3-10 years) agreements. The appropriation is for liquidation of contract authority. A regular no-year appropriation is being proposed in the FY 1979 Budget. Long-term fully funded contracts require no-year or multi-year funding unless specific authorization is provided.</p>	<p>Yes</p>

11

Information on No-Year Funding Status--USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (cont.)			
Emergency Conservation Measures (ECM) 12-3316-0-1-453 Cost-sharing is provided for emergency conservation repairs for damage due to natural causes.	Official: A no-year account is advantageous for this type of program because it historically has facili- tated an immediate source of funding to meet the unpredictable and irregular needs to rehabilitate farmlands damaged by natural disasters. Unofficial: ASCS officials said informally that multi-year funding would not affect program.	There are no multi-year commitments in this program. No-year funding and carryover balances are not essential.	No
Forestry Incentives Program 12-3336-0-1-302 Cost-sharing for tree planting and timberstand improvement.	Official: A no-year account is suited to this type of program under which annual and long-term agree- ments for cost-sharing assistance are subject to termination at any time and the funds resulting from such termination can be re-directed toward new agreements. Unofficial: Other factors cited for retention of no-year funding include costs of administrative changes and budget and program revisions.	Long term contracts require no-year or multi-year funding unless special authorization is provided. Increased cost of accounting must be weighed against increased congressional control.	Yes
Water Bank Program 12-3320-0-1-302 Agreements are made to pay land- owners to preserve wetlands.	Official: A no-year account is suited to this type of program under which long-term agreements are subject to termination at any time and the funds resulting from such termination can be re-directed toward new agreements. Unofficial: ASCS officials said informally that multi-year funding would not affect programs.	Long-term contracts, 3-10 years in this case, require no-year or multi-year funding unless special authorization is provided.	Yes

Information on No-Year Funding Status--USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
<p>FEDERAL CROP INSURANCE CORPORATION</p> <p>Federal Crop Insurance Corporation fund 12-4045-0-3-351 Provides crop insurance to agricultural producers.</p>	<p>Official: Financing mechanisms utilized in funding FCIC necessitate the use of a no-year account because of the premium collection and indemnity payout concepts, the limitation on the use of premium income to finance administrative and operating expenses, and the subscription to capital stock. Collections of premiums to pay indemnities and administrative and operating expenses is not limited to a fiscal year basis, it may be that premiums collected after the end of the fiscal year would be used to pay indemnities and administrative and operating expenses from the previous year or future years. Capital stock authorized and subscribed to in any particular fiscal year may be needed in a preceeding year or subsequent year.</p>	<p>This is a public enterprise revolving fund.</p>	<p>Yes</p>
<p>FARMERS HOME ADMINISTRATION (FmHA)</p> <p>Mutual and Self Help Housing 12-2006-0-1-401 Grants are made to non-profit organizations so they can provide technical assistance to groups of families to enable them to build their own homes by mutual exchange of labor.</p>	<p>Official: A program of this kind moves slowly and gathers momentum in carrying forward the necessary work intended. Therefore, it is necessary that funds carry forward. This would permit the planned program to proceed in the event it may not be completed by the end of the year.</p> <p>Unofficial: Program and budget officials interviewed stated this program could be changed from no-year funding without adverse impact.</p>	<p>Total amounts of grants for planned program are obligated in year program funds are appropriated and no-year funding not required.</p>	<p>No</p>

Information on No-Year Funding Status--USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
<p>FARMERS HOME ADMINISTRATION (FmIA)</p> <p>Rural Housing for Domestic Farm Labor 12-2004-0-1-401 Grants to non-profit organizations to provide low-rent housing for domestic farm labor.</p>	<p>Official: A program of this kind moves slowly and gathers momentum in carrying forward the necessary work intended. Therefore, it is necessary that funds carry forward. This would permit the planned program to proceed in the event it may not be completed by the end of the year.</p> <p>Unofficial: Program and budget officials interviewed stated this program could be changed from no-year funding without adverse impact.</p>	<p>Total amounts of grants for planned program are obligated in year program funds are appropriated and no-year funding not required.</p>	<p>No</p>
<p>14 Rural Housing Grant Program 12-2070-0-1-371 Proposed new account which includes Mutual and Self Help Housing and Rural Housing for Domestic Farm Labor, plus a grant program for low-income homeowners to make health and safety type repairs to their homes</p>	<p>Note: The Department did not list or provide comments on this proposed new account in material supplied for the record (see footnote #1).</p>	<p>Same as above.</p>	<p>No</p>
<p>Rural Water and Waste Disposal Grants 12-2066-0-1-451 Assistance for new and improved water and waste disposal systems for small rural communities.</p>	<p>Same as above.</p>	<p>Same as above</p>	<p>No</p>

Information on No-Year Funding Status--USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
FOOD AND NUTRITION SERVICE (FNS)			
<u>Child Nutrition Programs</u> 12-3539-0-1-604 Program provides cash and commodities to schools for free and reduced price meals.	<p>Official: Funding to the States is on a performance funding basis. Given the open ended nature of performance funding, inherent reporting problems, and the certainty of late claims, the need for funds to remain available until expended is necessary.</p> <p>Unofficial: FNS officials interviewed could not present any compelling reasons for no-year funding.</p>	<p>Performance funding and late claims are not compelling reasons for no-year funding. If claims are made after funds lapse, funds can be restored for obligation.</p>	No
<u>Food Program Administration</u> 12-3508-0-1-604 Expenses associated with administering FNS programs.	<p>Official: Most of the programs under the Food and Nutrition Service are entitlement programs. The size and the complexity can vary greatly from year to year. Having the capacity to use prior year appropriations can enable us to adjust to the changing requirements of the programs without asking for supplementals.</p> <p>Unofficial: FNS officials interviewed could not present any compelling reasons for no-year funding.</p>	<p>Salaries and expenses type accounts like this one generally do not require no-year funding.</p>	No
<u>Food Stamp Program</u> 12-3505-0-1-604 Eligible households are provided food stamp coupons to increase their food purchasing power in retail stores.	<p>Official: Since the Food Stamp Program is an entitlement program its budget depends largely on the number of participants and the levels of the coupon allotments. It is very difficult to project these numbers since they are dependent on general economic conditions. Having the capacity to use prior year appropriations can help the program adjust to changing economic conditions which would increase or decrease participation and costs.</p> <p>Unofficial: FNS officials interviewed could present no compelling reason for no-year funding.</p>	<p>Flexibility of this type may be desirable on the part of managers but does not warrant no-year funding.</p>	No

Information on No-Year Funding Status - USIA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programatic Reason For Being No-Year
<p><u>Special Milk Program</u> 12-3502-0-1-604 Funds are reimbursed to schools for part or all of the cost of milk served.</p>	<p>Official: Funding to the States is on a performance funding basis. Given the open ended nature of performance funding, inherent reporting problems, and the certainty of late claims, the need for funds to remain available until expended is necessary.</p> <p>Unofficial: FMS officials interviewed could not present any compelling reasons for no-year funding. They said that one-year funding had been successfully handled.</p>	<p>This program has always been funded on a 1-year basis. Twice in the last 5 years funds have been transferred in from the Child Nutrition account to cover anticipated needs.</p>	No
<p><u>Special Supplemental Food Program</u> (WIC) 12-3510-0-1-604 Cash grants provided to make supplemental food available to pregnant women, nursing mothers, infants and children up to 5 years old.</p>	<p>Official: This program is relatively new. An orderly program growth is planned, but actual performance by each State has varied from the planned program. Therefore, it is necessary that funds carry forward. This would permit the planned program to proceed in the event it may not be completed by the end of the year.</p>	<p>Even though this program has experienced significant growth since its inception in 1975, timed funding would work until program stabilizes.</p>	No

Information on No-Year Funding Status - USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year.
<p>FOREIGN AGRICULTURAL SERVICE</p> <p><u>Salaries and Expenses, Special Foreign Currency Program</u> 12-2901-0-1-352</p> <p>Foreign currencies are used to develop new markets and expand existing markets for U.S. agricultural commodities.</p>	<p>Official: "...5 per centum of the total sales made each year under this title shall be set aside in the amounts and kind of foreign currencies specified by the Secretary of Agriculture and made available in advance for use as provided by this paragraph over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this paragraph..."</p> <p>Unofficial: FAS official interviewed said change from no-year funding would not disrupt operations.</p>	<p>This program has been drawing down on one appropriation since 1969. There is no compelling reason why a salaries and expenses account should be no-year.</p>	<p>No</p>
<p>FOREIGN ASSISTANCE PROGRAMS</p> <p>Public Law 480 12-2274-0-1-151</p> <p>Credit sales of commodities to other (usually developing) countries; donation of commodities; sales to private trade entities (small); international barter sales (dormant); and various activities to use foreign currencies generated prior to 1972.</p>	<p>Financing mechanisms utilized in PL 480 necessitate the use of a no-year account because of the long-term agreements entered into with foreign countries whereby proceeds from sales of foreign currencies and dollar loan payments are merged with appropriated funds reducing future budget requests in the years the proceeds are received. At the beginning of any given year there is no way to determine what the demand is going to be for commodities and what agreements will be signed and on what commodities.</p>	<p>As the program is currently structured a change from no-year would cause accounting problems since revenues are merged with appropriations and reused. There are alternatives to no-year funding if changes in legislation are made (example: program revenues could be made a part of appropriations for the year in which received and used). But an elaborate accounting system would be needed to maintain appropriation year identity of outstanding loan balances that would be repaid over periods as long as 40 years. Congress would have to make a funding decision after careful study of alternatives.</p>	<p>Yes</p>

Information on No-Year Funding Status - USDA Accounts

BUREAU Account Title Account Number Description	Department Explanation	GAO Comments	Compelling Programmatic Reason For Being No-Year
SOIL CONSERVATION SERVICE (SCS)	(all SCS accounts)		
<p>Conservation Operations 12-1060-0-1-302 Provides technical assistance to land owners for installing conservation measures; soil surveys.</p>	<p>Official: In accomplishing soil and water conservation work, many State and local governments and sponsoring local organizations enter into cooperative, reimbursable, and trust fund arrangements with the Service. Many of these agreements require SCS to contribute either a fixed sum or percentage of program cost to accomplish a program objective over a period of years. These arrangements seldom provide for increasing the nonfederal share for cost increases resulting from inflation or federal government action such as pay costs. SCS usually has to pay a larger share of the total cost than originally expected, and generally SCS cannot expect to ask for appropriation increases in subsequent years to cover these costs. Carryover funds provide some flexibility to address this situation without diluting current appropriation levels.</p>	<p>Conservation operations is basically a salaries and expenses account involving no long-term funded agreement. Salaries and expenses type accounts do not require no-year funding.</p>	No
<p>Great Plains Conservation Program 12-226B-0-1-302 Cost-sharing and technical assistance for conservation measures in the 10 Great Plains States (3-10 year contracts).</p>	<p>SCS provides technical assistance to the Agricultural Conservation Program (ACP), a USDA program administered by the Agricultural Stabilization Conservation Service. This program has been proposed for termination by many administrations over the years, but has been continued through congressional action. Thus, we often start a fiscal year not expecting to be required to service ACP, and then at some time during the fiscal year, being faced with an unexpected workload. While we earn about \$5 million annually in servicing this program, by agreement we absorb an equal amount. Here again, having some flexibility through carryover funds enables SCS to respond to the demands of this program.</p>	<p>Long-term fully-funded contracts require no-year or timed funding unless special authorization is provided.</p>	Yes
<p>River Basin Surveys and Investigations 12-1069-0-1-301 Provides for cooperation of federal, State and local agencies in developing river basin water resource programs.</p>		<p>River Basin Surveys and Investigations is basically a salaries and expenses account involving no long-term funded agreements.</p>	No

Information on No-Year Funding Status - USDA Accounts

Compelling
Programmatic
Reason
For Being
No-Year

BUREAU

Account Title
Account Number
Description

Department Explanation

GAO Comments

SOIL CONSERVATION SERVICE (CONT.)

(All SCS accounts - cont.)

Resource Conservation and Development
12-1010-0-1-302
Program helps local Governments
develop capability to plan for
resource conservation and development.

In contractual programs in which local sponsors are the moving force and the generosity of private land-owners plays a large role in the success of a program, obligations do not always occur as we plan them. Several months of planning and close coordination leading to the letting of a contract may fall through at the last moment, or perhaps cannot be accomplished before the end of the year because all necessary land rights are not available. As a result, several million dollars related to a contract cannot be obligated as expected. However, by carrying over the funds, we are often able to let the contract in the first weeks of the next fiscal year. To lose these funds would mean losing the contract or diluting current-year appropriations resulting in less conservation work on the ground annually.

Resource Conservation and Development is partially salaries and expenses and partially cost-sharing funds but agreements are not fully-funded.

No

Watershed Planning
12-1066-0-1-301
USDA assists local organizations in
planning for land and water control in
watersheds under 250,000 acres.

Funds for Flood Prevention, Section 216, Emergency Operations usually come through the supplemental process late in the fiscal year. The majority of the funds are obligated and outlayed in the next fiscal year. No-year funds are needed to carry out the intent of Congress in accomplishing the emergency work.

Watershed Planning is basically a salaries and expenses account and does not involve long-term funded agreements.

No

Watershed and Flood Prevention
Operations
12-1072-0-1-301
Provides for construction and technical assistance in installing works of improvement on small and large watersheds; emergency operations.

Carryover funds have also enabled SCS to have enough cash flow in the early weeks of a new fiscal year to continue operations pending passage of new appropriations or passage of a continuing resolution. While this has not been a problem in the last two years, previously it was and could be as evidenced this year in passage of funds for HEW and Labor.

The construction part of the Watershed and Flood Prevention Operations program requires no-year funding

Yes

(97443)

BUREAU
Account Title
Account Number
Description
SOIL CONSERVATION SERVICE (CON.)

Information on No Year Funding Status - USDA Accounts

Compelling
Programmatic
Reason
for Being
No-Year

APPENDIX VI

Department Explanation

(All SCS accounts - cont.)

Unofficial: SCS budget officials stated that they felt they could maintain a desirable level of flexibility with timed funding in programs not requiring no-year funding.

GAO Comments

General Comment

SCS uses its staff to work in all six appropriations by simply charging their time to the appropriate one. This, coupled with no-year funding, allows SCS flexibility in responding to changes in conditions, priorities, etc. Congressional control to be gained in changing from no-year funding should be weighed against possible program impact.

APPENDIX VI