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HUMAN RESOURCES  
DIVISION

March 18, 1985

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The Honorable John D. Dingell  
Chairman, Subcommittee on  
Oversight and Investigations  
Committee on Energy and Commerce  
House of Representatives

RELEASED

Dear Mr. Chairman:

Subject: Department of Health and Human Services  
Allocation of Funds in Fiscal Year 1985 to  
Support Public Health Service Officers at the  
Uniformed Services University of the Health  
Sciences (GAO/HRD-85-53)

This report is in response to your February 12, 1985, request for information related to the Department of Health and Human Services' (HHS') allocation of fiscal year 1985 funds for Public Health Service (PHS) medical positions (billets) at the Uniformed Services University of the Health Sciences (USUHS).

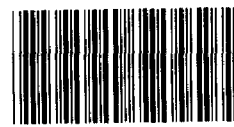
USUHS operates as a separate agency of the Department of Defense to educate career-oriented health professionals, including physicians for the military. PHS participation in USUHS is designed to provide PHS with medical officers who have specialized training suitable for the varied missions of PHS. PHS officers enrolled as medical students as well as interns and residents in the USUHS program receive such benefits as salaries, quarters allowances, and moving expenses.

Your primary concern related to whether fiscal year 1985 funds to support PHS officers at USUHS were being paid by individual agencies within PHS<sup>1</sup> or by HHS' Office of the Assistant

<sup>1</sup>PHS is comprised of the Office of the Assistant Secretary for Health and the following agencies--the Alcohol, Drug Abuse, and Mental Health Administration, the Centers for Disease Control (CDC), the Food and Drug Administration (FDA), the National Institutes of Health, and the Health Resources and Services Administration (HRSA). One of the organizational components of HRSA is the Indian Health Service (IHS).

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Secretary for Health (OASH). The Senate Appropriations Committee report (S. Rept. 98-544) on the fiscal year 1985 HHS appropriation showed that OASH requested \$808,000 to support 19 PHS officers in the USUHS program. The Conference Committee report (H. Rept. 98-1132), which discussed the OASH appropriation, indicated that there was agreement as to the amount included in the Senate report. Under Public Law 98-619, OASH received an appropriation of \$101,803,000 for PHS management which included funding for support of PHS officers in the USUHS program.

We discussed HHS' allocation of funds to support PHS officers in the USUHS program with knowledgeable officials in OASH and the PHS agencies involved and reviewed pertinent documents related to the assignment and funding of these officers. Additionally, we reviewed (1) Senate and House reports and hearings related to HHS' fiscal year 1984 and 1985 appropriations, (2) our Office's June 1982 Manual entitled Principles of Federal Appropriations Law that discusses Comptroller General decisions on the use of lump-sum appropriations,<sup>2</sup> and (3) HHS and PHS procedures for reprogramming funds. Our review was made in accordance with generally accepted government audit standards.

#### BACKGROUND

According to the Deputy Director, Office of Management, OASH, in July 1976, USUHS began admitting PHS officers as medical students to receive specialized training suitable for the varied missions of the PHS agencies. As of February 1985, 25 PHS officers (as students and/or interns or residents) had received training under this program. Five of these officers had completed their medical training, and one had transferred to the Coast Guard. Based on information obtained from OASH, from July 1976 to September 1982, with the exception of two PHS officers who were supported by individual PHS agencies, HHS' Bureau

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<sup>2</sup>Until recently, it was the common practice of the Congress to write appropriation acts quite specifically by breaking down particular spending objects into a number of separate "line item" appropriations. Each line item would be legally available only for the specific object described. The trend in recent years has favored the enactment of "lump sum" appropriations which are stated in terms of broad object categories, such as "salaries and expenses" or "research and development."

of Medical Services, Health Services Administration<sup>3</sup> had provided financial and administrative support for these officers.

According to the Deputy Director, Office of Management, OASH, the Bureau of Medical Services was abolished in October 1982. At that time, financial and administrative support for the 22 officers in the program was transferred to either OASH (18 officers) or IHS (4 officers). Beginning in February 1984, financial support for 19 officers who were supported by OASH in January 1984 has been shared by OASH and several PHS agencies, including IHS.

According to the Deputy Director, Office of Management, OASH, with the exception of three officers who were attending USUHS who transferred from the military services to PHS, no new PHS officers have been admitted to this program since 1981. In addition, PHS officers' participation in this program will be phased out by 1989.

Answers to the questions you raised follow.

QUESTION 1: WHAT WAS THE ORIGIN OF THE FINANCIAL SUPPORT OF THE 20 PHS MEDICAL BILLETS DURING FY 1985? WERE THESE STUDENTS SUPPORTED BY INDIVIDUAL AGENCIES WITHIN PHS OR FROM THE SPECIFIED APPROPRIATION?

For fiscal year 1985, OASH and individual PHS agencies (IHS, FDA, and CDC) are financially and administratively supporting 19 PHS officers in the USUHS program. According to the Deputy Director, Office of Management, OASH, the specific agency to whom these PHS officers were assigned when they began their residency training determined which agency would provide the support. According to the Deputy Director, Office of Personnel Management of OASH, PHS officers in residency training are employees of the individual PHS agency for whom they will work after completing their medical training.

OASH's fiscal year 1985 Justification of Appropriation Estimates for Committee on Appropriations stated that \$808,000 was needed to permit OASH to continue support of 19 medical students, interns, and residents participating in the USUHS program. However, based on discussions with financial management officials from the involved PHS agencies, estimated support for these officers in fiscal year 1985 will be as follows:

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<sup>3</sup>The Health Services Administration was abolished, and its functions and programs were transferred to HRSA on September 1, 1982.

PHS Officers' Assignments and Estimated Agency  
Funding for Fiscal Year 1985

<u>Agency</u>	<u>Number of officers</u>	<u>Estimated funding</u>	<u>Source of PHS agency funds- fiscal year 1985 appropriation acts</u>
OASH	8	\$300,000	Depts. of Labor, HHS, Education, and Related Agencies
IHS	9	306,000	Dept. of the Interior and Related Agencies
CDC	1	46,000	Depts. of Labor, HHS, Education, and Related Agencies
FDA	<u>1</u>	<u>42,000</u>	Dept. of Agriculture, Rural Development, and Related Agencies
Total	<u>19</u>	<u>\$694,000</u>	

According to the Director, Division of Financial Management, OASH, the fiscal year 1985 OASH request for \$808,000 to support 19 PHS officers in the USUHS program was not, during the appropriation process, reduced to reflect the fact that individual PHS agencies would be providing support for PHS officers in fiscal year 1985. In January 1984, when OASH's budget justification for fiscal year 1985 was transmitted to the appropriation committees, OASH was supporting 19 PHS officers in this program.

According to the Director, by March 1, 1984 (the date of the fiscal year 1985 OASH budget hearings before the House Appropriations Subcommittee on the Departments of Labor, Health and Human Services, Education, and Related Agencies), OASH officials knew that PHS officers who were residents would be transferred from OASH to individual PHS agencies. According to information obtained from the Chief, Financial Management Branch, OASH, by March 1, 1984, four transfers from OASH had taken place.

The Director also told us that OASH was being conservative with respect to its request for this program, because it did not know if these funds would have to be transferred along with the PHS officers to the PHS agencies. According to the Director, OASH's fiscal year 1985 appropriation request for \$808,000 to support PHS officers in the USUHS program was not questioned during the appropriation hearings.

Additional information on the transfer of PHS officers from OASH to individual PHS agencies is discussed in the following section.

QUESTION 2: IF THE STUDENTS WERE SUPPORTED BY INDIVIDUAL AGENCIES, FOR HOW LONG HAD THEY HAD RESPONSIBILITY FOR THE MEDICAL BILLETS?

QUESTION 3: WHO AUTHORIZED THE TRANSFER OF THESE MEDICAL BILLETS TO THE INDIVIDUAL AGENCIES, WHEN WAS THIS TRANSFER MADE, AND WHAT WAS THE JUSTIFICATION?

Based on information obtained from the Deputy Director, Office of Management, and from the Chief, Financial Management Branch, OASH, PHS officers supported by OASH who were medical residents were assigned to and supported by individual PHS agencies beginning in February 1984. In January 1984, the month before these assignments started taking place, OASH provided financial support to 19 of the 23 PHS officers in this program. IHS supported four officers, and two individuals were no longer in the program.

According to the Deputy Director, Office of Management, OASH, he discussed the transfer of medical positions (billets) from OASH to individual PHS agencies with representatives from the affected PHS agencies in the spring of 1983. The Deputy Director provided us with a copy of a January 16, 1984, memorandum from the Deputy Assistant Secretary for Health Operations and Director, Office of Management, OASH, to the Associate Administrator for Operations and Management, HRSA, that discussed the transfer of USUHS officers. This memorandum stated that in 1982 it was agreed that when USUHS medical officers complete their internships and begin their residencies, they should be assigned to a PHS agency that could eventually use their training and expertise.

Because IHS provides financial support to nine PHS officers who are currently in this program, we discussed the transfer and funding of PHS officers with the Deputy Director, IHS, and the Associate Administrator for Operations and Management, HRSA. The officials could not recall the specific dates of the meetings with OASH to discuss the transfer of PHS officers from OASH to IHS. We noted, however, that the January 16, 1984, memorandum cited above states that five USUHS-trained medical officers were to be assigned to IHS by February 1, 1984.

These officials--the Deputy Director, Office of Management, OASH; the Deputy Director, IHS; and the Associate Administrator for Operations and Management, HRSA--told us that there was agreement between OASH, HRSA, and IHS that (1) the transfer of officers from OASH to individual PHS agencies was needed to provide PHS officers in the USUHS program with definite career paths as they progressed through their medical training in order to prepare them for assignments within specific PHS agencies and (2) specific PHS agencies would have financial and administrative responsibility for PHS officers once they began their residency training. The Acting Chief, Commissioned Personnel Support Branch, IHS told us that IHS did not have to reprogram any of its own funds to support PHS officers reassigned from OASH to IHS.

Information provided to us by the Chief, Financial Management Branch, OASH, showed that since February 1984, OASH had reassigned 11 PHS officers from OASH to individual PHS agencies. Ten officers were reassigned in fiscal year 1984, and one was reassigned in fiscal year 1985.

QUESTION 4: WAS ANY AUTHORITY ISSUED TO THE PHS TO UTILIZE THE \$808,000 LINE APPROPRIATIONS FOR OTHER THAN THE SUPPORT OF MEDICAL BILLETS?

QUESTION 5: HOW AND WHERE WAS THE \$808,000 SPENT?

Based on our review of OASH's fiscal year 1985 lump-sum appropriation, the HHS appropriation act (Public Law 98-619) did not include a line item for PHS officers in the USUHS program. Because the language of this act did not specifically earmark funds for PHS officers in this program, there is no legal requirement that OASH spend \$808,000 for this program in fiscal year 1985. Furthermore, based on previous GAO decisions in related cases,<sup>4</sup> OASH does not need legal authority to spend fiscal year 1985 funds requested for this program for other purposes provided that the lump-sum appropriation is available for such other purposes.

In fiscal year 1985 the Congress appropriated over \$101 million for OASH. From this lump-sum appropriation, various activities for which OASH is responsible were funded. According to OASH's fiscal year 1985 budget justification contained in the hearings before the Subcommittee on the Departments of Labor,

<sup>4</sup>These cases are discussed in a June 1982 GAO Manual entitled Principles of Federal Appropriations Law.

HHS, Education, and Related Agencies, House Committee on Appropriations, and the Senate Appropriations Committee report, one of the activities to be supported by OASH was the funding of PHS officers in the USUHS program. These reports indicated that OASH requested \$808,000 for this program.

Over the years, our Office has consistently held that irrespective of language in House, Senate, and conference appropriation committee reports that may appear to earmark funds for specific purposes, such intended restrictions on the use of lump-sum appropriations are not legally binding on a department or agency unless the restrictions appear either expressly or by reference in the appropriation act itself. While the restrictions discussed in the legislative history are not legally binding, the practical wisdom of making the expenditure is an entirely separate question. An agency that disregards the wishes of its oversight or appropriations committees will most likely be called upon to answer for its digressions before those committees next year.<sup>5</sup>

According to the Chief, Financial Management Branch, OASH will not spend \$808,000 for PHS medical officers in fiscal year 1985. OASH expects to spend about \$300,000 for 8 officers, and individual PHS agencies will be supporting 11 officers (see p. 4). Because OASH's costs for supporting these medical officers is expected to be less than 40 percent of the funds requested, OASH plans to reprogram a portion of these funds to support employees' salary increases, merit pay, and Senior Executive Service bonuses.

The Director, Division of Financial Management, told us that after better information on the amount of funds that need to be reprogrammed becomes available, OASH will follow HHS instructions for preparing reprogramming proposals and PHS Financial Management Manual instructions related to the reprogramming of funds. In general, these instructions provide policies, criteria, and procedures to be followed in requesting reprogrammings. Letters requesting reprogrammings are approved by HHS' Assistant Secretary for Management and Budget and are sent to the Chairmen of the House Appropriations Subcommittee and the Senate Appropriations Committee.

In addition to HHS and PHS instructions on reprogrammings, the Senate Appropriations Committee report on the fiscal year 1985 HHS appropriation states ". . . the Committee directs that

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<sup>5</sup>See footnote 4.

the departments and agencies funded through this bill [should] notify the chairman of the Committee prior to reprogramming of funds in excess of 10 percent or \$250,000, whichever is less, between programs, activities, and elements."

OTHER MATTERS RELATED TO FUNDING  
PHS OFFICERS IN THE USUHS PROGRAM

For fiscal year 1984, OASH's Justification of Appropriation Estimates for Committee on Appropriations shows that OASH requested \$700,000 to support 19 USUHS medical officers. Because 10 PHS officers were reassigned from OASH to individual PHS agencies beginning in February 1984, OASH did not use the full amount designated for USUHS medical officers. An OASH financial report showed that for fiscal year 1984, OASH obligated \$457,342 for the USUHS program. According to the Chief, Financial Management Branch, budget authority for the \$242,658 that was not obligated was allowed to lapse.

The Committee was also interested in knowing if any of the \$808,000 requested by OASH for fiscal year 1985 was used to cover a planned reduction of 21 positions in the offices that support the Assistant Secretary for Health. The Chief, Financial Management Branch, told us that unused fiscal year 1985 OASH funds for the USUHS program will not be used to retain OASH positions that were proposed for elimination in the fiscal year 1985 budget. In addition, as previously noted, the transfer of 10 of the 11 PHS officers from OASH to individual PHS agencies took place in fiscal year 1984.

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As requested by your office, we did not obtain written comments on this report, nor did we discuss a draft of this report with agency officials.

As also arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time we will send copies to the Secretary of Health and Human Services; the Director, Office of Management and Budget; and make copies available to others on request.

Sincerely yours,



Richard L. Fogel  
Director