



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20348

096885
~~76-0202~~

December 15, 1975

B-115398



LM096885

Speaker of the House
President of the Senate

The purpose of this letter is to report on the [status of impounded budget authority] including (1) proposed rescissions transmitted by the President's second special message of July 25 (proposed rescissions R76-4 through R76-8), (2) an unreported rescission which GAO reported to the Congress on June 19 (College Housing) and (3) The Department of Housing and Urban Development's Section 235 housing program, which was the subject of a GAO impoundment law suit.

The Congress did not concur with proposed rescissions R76-4, R76-5, R76-7, and R76-8, and the prescribed 45-day period expired on October 22. Therefore, the budget authority is required to be made available for obligation. We have confirmed the following:

R76-4 \$25,723,000 in budget authority for the Forest Service's roads and trails program. OMB has apportioned the budget authority and the Forest Service has made it available for obligation.

R76-5 \$7 million in budget authority for the HEW Headstart services to handicapped children. This budget authority was made available through P.L. 94-32 (the FY 75 Second Supplemental Appropriation) and was apportioned by OMB. The funds were to lapse on October 31, only a few days after the end of the prescribed 45-day period. However, HEW was able to obligate the whole \$7 million before that time.

R76-7 \$2.5 million in budget authority for the Community Services Administration's basic skills learning centers demonstration programs. R76-8 \$7.5 million in budget authority for the Community Services Administration's community development

ACG-76-12

702516

096885

corporation programs. In these two instances, the budget authority lapsed on September 30, nearly a month before expiration of the 45 days of continuous session. Both the House and Senate Appropriations Committees specifically requested that the funds be obligated and not be allowed to lapse. For example, the Senate Report (94-403) stated:

"The Committee urges the Executive Branch to immediately obligate these funds before September 30, 1975 to avoid the lapsing of these funds back to the Treasury.

The Committee feels very strongly that if these funds are allowed to lapse, the budgetary process and Congressional prerogative would be seriously undermined. Further, the Committee has clearly indicated its position on the use of these funds in past appropriation measures. The late rescission request by the Executive Branch will cause unnecessary and very harmful program delays as well as the setting of a very negative precedent."

In our opinion, having to wait 45 days of continuous session before it can be determined that a proposed rescission has been rejected is a major deficiency in the Impoundment Control Act. We believe Congress should have available affirmative means within the Act to handle rescissions, aside from merely waiting for the time to pass. Examples of affirmative means could include the following: changing the Act to allow a rescission resolution as is now allowed for deferrals, or changing the Act to prevent funds from lapsing where the 45-day period has not expired. In the case of R76-7 and R76-8, Congress was unable, under the Act, to reject the rescission in time to prevent the budget authority from lapsing.

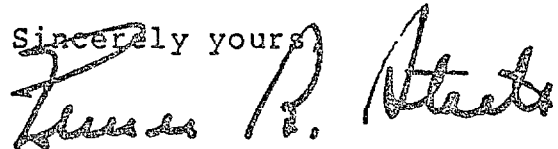
In the case of proposed rescission R76-6, \$47.5 million of budget authority for the Bureau of Mines, Helium Fund, the rescission was approved by both Houses of Congress (P.L. 94-111).

On June 19, 1975, we informed the Congress of an unreported rescission of budget authority in the amount of \$964 million. This budget authority is the unobligated balance available for direct loans in the public revolving fund "College Housing--Loans and Other Expenses" provided by title IV of the Housing Act of 1950, as amended by the Housing and Urban Development Act of 1968. The Administration had no plans to use this authority but had not reported this to the Congress.

The Housing and Urban Development-Independent Agencies Appropriation Act, 1976, (P.L. 94-116) transferred the \$964 million of college housing budget authority to the Community Development Grant Program. The enactment of this Act resolves the question of the Administration's failure to release the college housing funds.

The Administration has agreed to release \$264.1 million of Section 235--National Housing Act--budget authority it had impounded. This budget authority was the subject of a GAO impoundment law suit. OMB has apportioned the budget authority and the Department of Housing and Urban Development has made it available for obligation. GAO has signed a stipulation with the Justice Department that the case be dismissed "without prejudice."

Sincerely yours,



Comptroller General
of the United States