



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

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December 31, 1981

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

On October 29, 1981, the President's fourth special message for fiscal year 1981 was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message proposes 51 deferrals of budget authority totalling \$1,260.6 million as follows:

FUNDS APPROPRIATED TO THE PRESIDENT

D82-158 Disaster Relief
11X0039

D82-159 Disaster Relief
11X0039

U.S. DEPARTMENT OF AGRICULTURE

D82-160 Office of the Secretary
1220115

D82-161 Agricultural Research Service
1221400

D82-162 Cooperative State Research Service
1221500

D82-163 Extension Service
1220502

D82-164 National Agricultural Library
1220300

D82-165 Statistical Reporting Service
1221800

D82-166 Agricultural Cooperative Service
1223000

D82-167 Office of International Cooperation
and Development
Scientific Activities Overseas
(Special Foreign Currency Program)
12X1404



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D82-168 Agricultural Stabilization and
 Conservation Service
 Emergency Conservation Program
 12X3316

D82-169 Rural Electrification Administration
 Rural Electrification and Telephone
 Revolving Fund
 12X4230

D82-170 Farmers Home Administration
 Rural Water and Waste Disposal Grants
 12X2066

D82-171 Farmers Home Administration
 Salaries and Expenses
 1222001

D82-172 Farmers Home Administration
 Rural Community Fire Protection Grants
 1222067

D82-173 Farmers Home Administration
 Rural Housing for Domestic Farm Labor
 12X2004

D82-174 Farmers Home Administration
 Mutual and Self-Help Housing
 12X2006

D82-175 Farmers Home Administration
 Agricultural Credit Insurance Fund
 12X4140

D82-176 Farmers Home Administration
 Rural Development Insurance Fund
 12X4155

D82-177 Animal and Plant Health Inspection Service
 Buildings and Facilities
 12X1601

D82-178 Agricultural Marketing Service
 Payments to States and Possessions
 1222501

D82-179 Forest Service
 State and Private Forestry
 1221100

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D82-180 Forest Service
National Forest System
122/31100

U.S. DEPARTMENT OF COMMERCE

D82-181 United States Travel Service
Salaries and Expenses
1320700

An agency official told us that the deferral will prevent contracting for operation of the bilingual information program and sending new literature to the agency's six foreign offices.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

D82-182 Housing Programs
Subsidized Housing Programs
86X0139

D82-183 Housing Programs
Payments for Operation of Low Income
Housing Projects
8620163

We examined an internal HUD memorandum that discusses the effects of the entire deferral. The memorandum concludes that the deferral will have serious effects on operation of public housing projects by forcing cut-backs in essential services, and could result in widespread closing of housing projects. The memorandum states that many public housing authorities have limited options for absorbing reductions in funding because of ceilings on rental charges and lack of operating reserves. As a result, any reduction would have to be covered through reduced expenditures.

A high-ranking agency official told us that the Secretary of HUD does not agree with the conclusions in the memorandum. However, the official advised us that the Secretary is not prepared to discuss the deferral because of ongoing negotiations between OMB and HUD concerning the deferral. The special message states only that the deferral will preclude payments for 1981 operating subsidies and does not elaborate on the effects of the deferral on the public housing program.

D82-184 Solar Energy and Energy Conservation Bank
 Assistance for Solar and Conservation
 Improvements
 862/30179

The deferral covers the total amount of funds available under the Continuing Resolution for the Solar Energy and Energy Conservation Bank, and is based on fiscal policy grounds. The Bank was established under Title V of the Energy Security Act, Pub. L. No. 96-294, 94 Stat. 734 (1980), 12 U.S.C. §3601 et seq. Sections 516 and 517 of the Act, 12 U.S.C. §§3614, 3615, require that a specified percentage of the funds appropriated be provided during the fiscal year for the financial assistance authorized under the Act. The conference report indicates that those provisions require allocation of the specified percentages of the funds appropriated. H.R. Rep. No. 96-1104, 289-290 (1980). Section 1001(4) of the Impoundment Control Act, 31 U.S.C. §1400(4), provides that the Act does not supersede any other provision of law requiring the obligation of budget authority. Therefore, we believe that section 1001(4) precludes application of the Impoundment Control Act to support the instant deferral; and we recommend that the deferral be disapproved as unauthorized.

D82-185 Community Planning and Development
 Rehabilitation Loan Fund
 86X4036

The amount listed as total budgetary resources represents estimates of unobligated funds carried over into fiscal year 1982. According to an agency official, more recent information indicates that the total budgetary resources will be approximately \$10,153,900, of which \$8,920,900 will be deferred.

D82-186 Management and Administration
 Salaries and Expenses
 8620143

DEPARTMENT OF JUSTICE

D82-187 General Administration
 Salaries and Expenses
 1520129

D82-188 General Administration
 Salaries and Expenses
 15X0129

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D82-189 U.S. Parole Commission
Salaries and Expenses
1521061

D82-190 Legal Activities
Salaries and Expenses
Antitrust Division
1520319

D82-191 Legal Activities
Salaries and Expenses
Foreign Claims Settlement Commission
1520100

A Commission official told us that virtually all travel has been suspended to accommodate the deferral. He said that the travel reduction hampers the Commission's operation because it substantially precludes the use of two part-time Commissioners located in Nevada and Massachusetts.

The official also stated that while the Commission is able to continue operation of ongoing major programs, the probable addition of two or three new programs involving the countries of Czechoslovakia, Vietnam, and Iran will make the current budget level inadequate.

D82-192 Federal Prison System
Buildings and Facilities
15X1003

D82-193 Office of Justice Assistance,
Research and Statistics
Law Enforcement Assistance
15X0400

The special message states that the majority of the deferral (\$9.8 million) is associated with the Juvenile Justice program. An agency official told us that no grants to States in that program have been made because the President has not requested any funds for the program for fiscal year 1982. The official said that the impact of the deferral varies depending on the extent to which a State has already committed prior year funds. The official said that several States need funds for

planning and administration and others, including Michigan and Washington, may stop operating certain projects because their funding expires early in fiscal year 1982. We were also advised that new programs for serious juvenile offenders in New York and New Jersey will be delayed because of the deferral.

The special message also indicates that part of the deferral (\$369,000) relates to the Public Safety Officer's Benefits program. The estimated effects section states that payments to eligible claimants under that program will continue. Under 42 U.S.C. §3796 (Supp. III 1979), those payments are mandatory. Thus, any deferral of funds that resulted in withholding payments to eligible claimants would be unauthorized under section 1001(4) of the Impoundment Control Act.

On December 15, 1981, the Senate passed an impoundment resolution disapproving deferral D82-193. 127 Cong. Rec. 15241 (daily ed.). We were advised by the Office of Management and Budget that the funds were released on December 17, 1981.

DEPARTMENT OF LABOR

D82-194 Employment and Training Administration
 Employment and Training Assistance
 161/20174
 1620174

The Employment and Training Administration programs affected by this deferral are:

<u>Program</u>	<u>Amount Deferred</u>
Title II - B/C, Employment and Training Services	\$184,657,000
Title III	
Indians and Native Americans	7,188,000
Migrants and Seasonal Farmworkers	7,387,000
Program support	49,000
Special national programs	24,000
Title IV	
Youth Employment Demonstration programs	186,218,000

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Job Corps	3,685,000
Summer Youth program	16,387,000
Administration of Targeted Job Tax Credit	<u>75,000</u>
	\$407,670,000

D82-195 Occupational Safety and Health
Administration
Salaries and Expenses
1620400

DEPARTMENT OF THE TREASURY

D82-196 Office of the Secretary
International Affairs
2020171

An agency official told us that the deferral has resulted in a freeze on hiring, training, and new contracting and purchasing of equipment.

D82-197 Office of Revenue Sharing
Salaries and Expenses
2020107

D82-198 Federal Law Enforcement Training Center
Salaries and Expenses
2020104

The apportionment form lists \$155,000 as other budgetary resources, not \$5,000 as shown in the special message. The correct figure for total budgetary resources is \$2.154 million.

D82-199 Government Financial Operations
New York City Loan Guarantee Program
2020110

D82-200 Government Financial Operations
Chrysler Corporation Loan Guarantee
Program
2020113

D82-201 Bureau of Alcohol, Tobacco and Firearms
Salaries and Expenses
2021000

D82-202 Internal Revenue Service
Payment where Energy Credit Exceeds
Liability for Tax
2020907

FEDERAL EMERGENCY MANAGEMENT AGENCY

D82-203 National Flood Insurance Fund
58X4236

D82-204 National Flood Insurance Fund
58X4236

D82-205 State and Local Assistance
5820101

GENERAL SERVICES ADMINISTRATION

D82-206 Automated Data and Telecommunications
Service
Operating Expenses
4720900

NATIONAL CAPITAL PLANNING COMMISSION

D82-207 Salaries and Expenses
9522500

NATIONAL ENDOWMENT FOR THE HUMANITIES

D82-208 Salaries and Expenses
5920200

We have reviewed the fourth special message. Except as noted above, we have identified no additional information that would be useful to the Congress in its consideration of the President's proposals and we believe that the proposed deferrals are in accordance with existing authority.

Larry R. Van Cleave
For The Comptroller General
of the United States