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

October 21, 1976

B-115398

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

On October 1, 1976, we received copies of the President's third special message for Fiscal Year 1977 that was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message includes 33 deferral proposals affecting a total of \$761,697,000 in budget authority.

Our comments on the information submitted in the special message of October 1, as required by the Impoundment Control Act of 1974, are enclosed.


ACTING Comptroller General
of the United States

Enclosure

OGC-77-5

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GAO COMMENTS ON
THE PRESIDENT'S THIRD SPECIAL MESSAGE
FOR FISCAL YEAR 1977

Except as noted below, we conclude that the information provided in the new deferral proposals is correct and that the actions being proposed have been clearly and accurately stated.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

D77-13 Office of the Assistant Secretary for Health
Scientific Activities Overseas

While the factual data in this deferral is accurate, officials in the Office of International Health wished to clarify certain points:

--The amount of funds to be obligated during Fiscal Year 1977 and the amount to be deferred to Fiscal Year 1978 were determined not only by a careful review of the scientific merits of project proposals, but also by budget review and historical data.

--Agency officials believe, contrary to the statement in the message, that there are outlay effects resulting from the deferral because funds could be used if made available.

Concerning the latter point, there appear to be meritorious scientific project proposals which could have been funded this Fiscal Year but for the delays in project approval. This deferral would hold back funding until Fiscal Year 1978.

D77-14 Office of Education (OE)
Higher Education

According to an officer in the guaranteed student loan program, the \$1,524,668 proposed for deferral for reserve fund advances is correct. However, the financial data presented in the portion of the deferral message concerning annual interest grants for subsidized construction loans was said to be incorrect. An OE official stated that total budgetary resources available for subsidized construction for loans in annual interest grants, should be \$48,643,000 instead of \$49,200,530 and that the amount to be deferred should be \$23,643,000 instead of the \$27,200,530 as stated in the deferral message. The financial data for the graduate facilities grants is correct.

The OE program official stated that because of an acceleration of initial annual interest subsidy payments in Fiscal Year 1976 and the effect of the Transition Quarter, revised estimates were prepared which show that about \$25 million instead of \$22 million will be used for subsidized loans in Fiscal Year 1977. He contacted the OE budget office and they believe that the revised estimates were not included in the deferral message.

We were advised that HEW and OMB were aware of the above differences and that the apportionment schedules were being revised to reflect the current estimates.

DEPARTMENT OF THE INTERIOR

D77-18 National Park Service
Road Construction

The \$3.2 million proposed deferral has now been programmed for obligation in Fiscal Year 1977.

In September 1976, the contract authority that is the subject of this message was placed in budgetary reserve and thus was reported as a proposed deferral. This was done pending approval by the Office of Management and Budget for its use in the Government's share for the construction of the National Visitor Center. Specifically, the contract authority would be used to complete construction of the deck and ramp portions of the parking facility project at the Center. Recent approval by OMB has moved this authority from a deferred status to one that is now programmed for obligation in Fiscal Year 1977.

DEPARTMENT OF JUSTICE

D77-21 Bureau of Prisons
Building and Facilities
New Construction: Northeast
Adult Facility

After a discussion with the Bureau's budget office and a review of budget documents, we verified the factual information in the deferral. However, agency officials could not supply documentation to support the estimated savings except for an unsupported schedule.

Our latest information from the Bureau is that the lease with the State of New York could not be negotiated and that the deferral would probably be cancelled.

DEPARTMENT OF TRANSPORTATION

D77-23 U.S. Coast Guard
Acquisition, Construction, and
Improvements

On line 7 of the Justification, the word "elicit" should be "illicit."

D77-31 AMERICAN REVOLUTION BICENTIAL
ADMINISTRATION (ARBA)
Commemorative Activities Fund

Sales estimates have increased from \$3.2 to \$4.1 million since the budget submission. The ARBA board is to meet late this month or early next month to decide on the use of excess fund resources. If the ARBA board decides to obligate additional funds, this deferral may be cancelled or modified to reflect additional obligations. Otherwise the justification of deferral appears adequate.