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By law, the Comptroller General conducts a program to develop standard terms and classifications for Federal fiscal, budgetary, and program-related information; to identify congressional needs for such information; and to monitor recurring reporting requirements of the Congress and make recommendations for changes in these requirements.

Findings/Conclusions: Progress has been made in these areas over the past year. In terms of standardizing information, GAO's analyses of budget concepts and practices have covered studies of executive branch unexpended balances of budget authority and funding procedures and the recording of budget authority in Federal programs. Other GAO standardization efforts have included: continued development of an inventory of Federal programs and activities with associated legislative authorization and budget information, testimony before congressional committees on pending oversight reform legislation, identifying and describing Federal regulatory programs, efforts at implementation of a revised structure of budget function categories, and work in developing standard data codes. GAO has also provided lists of programs and activities under each congressional committee's jurisdiction, along with relevant authorization, budget, and related information. GAO's data base for use in monitoring congressional reporting requirements, responding to congressional inquiries, and developing recommendations has been updated. In addition, the executive branch took steps to improve its reporting of fiscal, budgetary, and program-related information and to improve the budgetary process. (RRS)

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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Progress In Improving Program And Budget Information For Congressional Use

By law the Comptroller General conducts a program to develop standard terms and classifications for Federal fiscal, budgetary, and program-related information; to identify congressional needs for such information; and to monitor recurring reporting requirements of the Congress and make recommendations for changes in these requirements. This annual report, required by title VIII of the Congressional Budget Act of 1974, summarizes GAO's work in these areas over the past year.



PAD-78-78
AUGUST 29, 1978



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

B-115398

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

This report is submitted to the Congress in accordance with section 202(e) of the Legislative Reorganization Act of 1970, as amended by title VIII of the Congressional Budget Act of 1974. This section requires us to report annually on the progress and results of our continuing program to improve the usefulness of fiscal, budgetary, and program-related information to congressional users.

We have made considerable progress during the past year in defining and developing information requirements of the Congress; however, this process will require much effort over a number of years. This report describes our progress in helping the Congress obtain the information it needs to better evaluate Federal programs and thus to improve its ability to assess resource requirements as they relate to national priorities, and to recognize those opportunities to best achieve desired program results.

We are sending copies of this report to the Chairmen, House and Senate Committees on Appropriations and the Budget, Senate Committee on Governmental Affairs, and House Committee on Government Operations; the Director of the Congressional Budget Office; the Director of the Office of Management and Budget; and the Secretary of the Treasury.

A handwritten signature in cursive script, reading "Thomas A. Stewart".

Comptroller General
of the United States

D I G E S T

By law the Comptroller General of the United States develops standard terms and classifications for Federal fiscal, budgetary, and program-related information; identifies congressional needs for such information; monitors recurring reporting requirements of the Congress; and makes recommendations for changes in the reporting requirements. This annual report, required by title VIII of the Congressional Budget Act of 1974, summarizes GAO's work in these areas over the past year.

STANDARDIZING INFORMATION

Standardizing information--that is, increasing the uniformity and consistency among concepts, data, and reports--facilitates its usefulness to the Congress. This is not an easy or mechanical process; it requires analyses of Federal concepts and practices to identify inconsistent and confusing procedures and usages.

GAO's analyses of budget concepts and practices over the past year have covered a wide range of questions in several reports to congressional committees:

- Two studies of executive branch unexpended balances of budget authority: one covering Department of Defense balances, with recommendations to the executive branch for improving estimates of obligations and the identification of excess funds and the other covering civil agency balances. (See p. 4.)
- Several studies addressing funding procedures and the recording of budget authority in Federal programs, including

1. entitlement programs (see p. 6);
2. no-year appropriations (see p. 6);
3. full funding (see p. 7);
4. recording of budget authority for the "Advances, Foreign Military Sales" trust fund (recommendations made to the Congress and Office of Management and Budget) (see p. 8); and
5. budgetary treatment of extensions of unobligated balances (see p. 9).

GAO has underway studies of executive branch budgetary estimates; offsetting receipts and collections; Federal "tax expenditures"; the executive branch's multiple use (roll over) of budget authority for borrowings; zero-based budgeting; and the feasibility of establishing a centralized corporate controller-type function in the Federal Government for systematically and comprehensively monitoring agency program and budget performance against plans and reporting the findings to the Congress. (See p. 10.)

The information developed in analyses of budget concepts and practices relates to GAO's parallel work in developing standard program and budget descriptions and classifications for use by Federal agencies in reporting fiscal, budgetary, and program-related information. This part of GAO's standardization work also covered several studies and efforts over the past year:

- Continued development of an inventory of Federal programs and activities with associated legislative authorization and budget information--the "LAPIS" inventory--containing information on over 7,000 Federal programs, activities, and projects. (See p. 12.)

- Testimony before the Congress and studies providing our analyses and views on pending oversight reform (sunset) legislation. (See p. 14.)
- Work in identifying and describing Federal regulatory programs and providing certain information on each program, including the authorizing legislation citations, congressional committee jurisdiction, budget account, and budget subfunction. (See p. 14.)
- Efforts to achieve implementation of previous proposals concerning a revised structure of budget function categories. (See p. 15.)
- Work in developing standard data codes. (See p. 16.)

IDENTIFYING INFORMATION NEEDS

GAO's work has been aimed at assisting both congressional authorizing and appropriations committees. This included assistance to 15 authorizing committees concerning their March 15 "views and estimates" reports to the respective budget committees. GAO provided lists of programs and activities under each committee's jurisdiction, along with relevant authorization, budget, and related information. (See p. 19.) The views and estimates reports are required by section 301(c) of the Congressional Budget Act of 1974.

There is a need for greater participation by the executive branch in compiling, processing, and transmitting to committees information used in preparing the March 15 views and estimates reports. GAO's long-range objective is to arrange to have the agencies prepare the data in the appropriate format to be submitted directly to the respective committees. GAO believes that a more direct relationship between the committees and the executive branch on this task will facilitate the timely provision of needed information to the Congress. GAO's emphasis would shift to helping the committees identify their information requirements

and reviewing executive branch compliance in providing the information. GAO will work closely with all the parties involved to assure that every committee's needs are met. (See p. 20.)

Assistance to congressional authorizing committees also has included pilot project work for the Senate Committee on Human Resources to identify its needs for budget and oversight information and to assist in the development of reporting systems responsive to those needs. This included a study and report concerning the information needed for oversight and evaluation of selected elementary and secondary education programs and a report on an operational system of social indicators concerning employment. (See p. 21.)

Several bills have been under consideration this year with "sunset" provisions--that is, provisions for the termination of programs not receiving some kind of congressional review and reauthorization by a specified date. GAO provided analyses and testimony on oversight reform and took the position that existing oversight deficiencies can be addressed through establishment of a disciplined process for the oversight and authorization of Federal programs and activities. (See p. 23.)

Improvements in fiscal, budgetary, and program-related information often depend upon improvements in program evaluations. GAO has continued to assist congressional committees in developing legislative requirements for evaluation and in assessing agency evaluations and reports. It also has undertaken to improve its own evaluation capabilities. (See p. 24.)

Work also has been done for the House and Senate Committees on Appropriations in identifying needs for information concerning programs in appropriation and fund accounts and in working with agency officials to implement reporting changes to meet those needs. Over the past year this

has focused primarily on developing improvements in the budget-related information submitted to the Committees by the Veterans Administration. (See p. 26.)

REPORTS MONITORING AND SOURCEBOOKS

GAO continued to update its data base for use in monitoring congressional reporting requirements, responding to congressional inquiries, and developing recommendations for report elimination or modification. GAO is

- drafting for congressional consideration a bill which would eliminate 68 statutory reporting requirements (see p. 30),
- cooperating with the Office of Management and Budget in its reports reduction effort (see p. 30),
- updating and refining its data bases supporting its directories on Federal program evaluations and Federal information sources and systems (see p. 30), and
- reviewing its directories to develop methods of enhancing their usefulness to congressional users (see p. 32).

EXECUTIVE BRANCH PROGRESS

The executive branch over the past year took several steps to improve its reporting of fiscal, budgetary, and program-related information and to improve the budgetary process. Revisions in budget documents, effective in the fiscal year 1979 submissions, included

- a revised structure of budget functions, incorporating changes consistent with GAO proposals (see p. 33);
- a presentation of material on "national needs," "agency missions," and "basic programs," required by section 601 of the

1974 Congressional Budget Act (see p. 33);
and

--a classification of Federal tax expenditure information by budget function, which will help the Congress exercise its responsibilities for setting national budget priorities by budget function category (see p. 33).

Additionally, the Office of Management and Budget has undertaken a study of Federal credit programs, with the objective of making specific proposals in the fiscal year 1980 budget for increasing budgetary control over those activities. GAO has stated that more credit activities need to be subject to the discipline of the budgetary process, and will work with Office of Management and Budget officials toward this objective. (See p. 33.)

Other positive actions included (1) the Department of Agriculture's use in its fiscal year 1979 budget justifications of improved program and subprogram categories for the accounts of the Food and Nutrition Service (see p. 26), (2) Office of Management and Budget changes in its annual budget preparation circular (A-11) providing clarification of the term "unexpended balances" (see p. 10), and (3) Office of Management and Budget instructions to agency budget offices to increase their responsiveness to GAO requests for budget-related information needed by congressional committees for their annual March 15 "views and estimates" reports (see p. 20).

The Office of Management and Budget has continued to develop and apply zero-based budgeting changes to executive branch budgeting procedures. GAO supports improving the Federal budgetary process and will continue to assess features of zero-based budgeting and make suggestions from time to time on desired improvements. (See p. 35.)

Further executive branch cooperation will be required if certain GAO proposals and

recommendations are to be fully implemented, including principally (see p. 35)

- incorporation in Office of Management and Budget Circular A-11 of revised definition of "reappropriations";
- placing public enterprise revolving funds on a gross reporting basis;
- better executive branch estimates of Department of Defense budget amounts;
- budget schedule reporting on an obligations basis; and
- further adoption of improved budget function categories.

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ABBREVIATIONS

DOD	Department of Defense
GAO	General Accounting Office
LAPIS	Legislative Authorization, Program and Budget Information System
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture

CHAPTER 1

INTRODUCTION

The Congress in 1974 passed the Congressional Budget Act (titles I to IX of Public Law 93-344) with the objective of assuring more effective congressional control over the Federal budget. Pursuant to this objective, the 1974 act established new congressional budget procedures and institutions, and (in title VIII) amended title II of the Legislative Reorganization Act of 1970 (Public Law 91-510) to strengthen certain fiscal, budgetary, and program-related responsibilities assigned to the Comptroller General of the United States. Those responsibilities (as amended) include the following:

"The Comptroller General of the United States, in cooperation with the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Director of the Congressional Budget Office, shall develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information. * * * Such standard terms, definitions, classifications, and codes shall be used by all Federal agencies in supplying to the Congress fiscal, budgetary, and program-related data and information." (Sec. 202(a)(1))

"The Comptroller General of the United States shall conduct a continuing program to identify and specify the needs of the committees and Members of Congress for fiscal, budgetary, and program-related information to support the objectives of this part." (Sec. 202(c))

"The Comptroller General shall assist committees in developing their information needs, including such needs expressed in legislative requirements, and shall monitor the various recurring reporting requirements of the Congress and committees and make recommendations to the Congress and committees for changes and improvements in their reporting requirements to meet congressional information needs ascertained by the Comptroller General, to enhance their usefulness to the congressional users and to eliminate duplicate or unneeded reporting." (Sec. 202(d))

The statute further requires this report from the Comptroller General on our work and progress in these areas.

"On or before September 1, 1974, and each year thereafter, the Comptroller General shall report to the Congress on needs identified and specified under subsection (c); the relationship of these needs to the existing reporting requirements; the extent to which the executive branch reporting presently meets the identified needs; the specification of changes to standard classifications needed to meet congressional needs; the activities, progress, and results of his activities under subsection (d); and the progress that the executive branch has made during the past year."
(Sec. 202(e))

Our work to date has identified a number of needs for improved fiscal, budgetary, and program-related information. We have made several recommendations to the executive branch on these matters and have held discussions on implementation problems. This report describes our efforts over the past year and the executive's responses.

Much improvement is still needed in existing information and its presentation to the Congress. Furthermore, the process of identifying information needs is a long-term effort that is evolutionary and must be responsive to changing national and congressional requirements. The Congress is now considering legislation that would establish new oversight information, including certain budget and program-related information.

Senate bill 2, reported by the Senate Committee on Rules and Administration (S. Rept. 95-981), would assign to the Comptroller General major responsibilities for compiling and maintaining a "program inventory" to support the scheduling, planning, and execution of the new review and reauthorization requirements of the legislation. Other legislation pending in the House would also assign similar program inventory responsibilities to the Comptroller General. This is discussed further in chapter 2, along with a discussion of our past and ongoing work in developing program listings for the Congress.

CHAPTER 2

STANDARDIZING INFORMATION

Our work in developing standardized information and data is responsive to the requirements of section 202(a)(1) of the Legislative Reorganization Act of 1970, as amended by title VIII of the 1974 Congressional Budget Act. That section requires the Comptroller General, in cooperation with the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Congressional Budget Office, to develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information. Such standardized terms, etc., are to be used by all Federal agencies in supplying the Congress with fiscal, budgetary, and program-related data and information.

Standardizing certain information--that is, increasing the degree of uniformity and consistency among certain concepts, data, and reports--facilitates its usefulness to the Congress. It improves accessibility, facilitates comparative analysis, and decreases the chances of misinterpretation.

Achieving appropriate standardization is not an easy or mechanical process. It requires an understanding of budget and accounting principles and standards; it involves analysis of existing Federal concepts and practices to identify inconsistent and confusing procedures and usages; and it must balance the need for a certain constancy and uniformity in terms and procedures against the need for sufficient flexibility and complexity to meet the varied and evolving information needs of the executive branch and the Congress.

ANALYSES OF BUDGET CONCEPTS AND PRACTICES

During the past year we intensified our analyses of Federal budget concepts and practices, and issued to congressional committees a number of reports, studies, and proposals aimed at eliminating unnecessary and confusing variations in budget treatment, and practices that otherwise impair sound budget policy. We reported on a number of practices that run counter to proper budget policy, including executive branch actions that do not provide for the full and accurate disclosure of important budgetary information. Many such executive branch actions tend to impede the Congress' ability to effectively exercise its budget responsibilities under the Congressional Budget Act of 1974.

Unexpended balances

In the past year we made two major studies of executive branch unexpended balances of budget authority--that is, unobligated balances and unliquidated obligations. One study, made at the request of Senator Ernest F. Hollings and Chairman Robert L. Leggett, House Budget Committee Task Force on National Security and International Affairs, covered balances in the Department of Defense (DOD). The other, made in response to a request from Representative Butler C. Derrick, Jr., Chairman, Budget Process Task Force of the House Budget Committee, dealt with balances in Federal civil agencies.

Congressional concern about unexpended balances stemmed from the growth in recent years of executive branch balances. DOD unobligated balances for military activities grew from \$12.8 billion to \$34.5 billion during fiscal years 1972-76, whereas the balances in civil agencies grew from \$165 billion to \$235 billion over 1972-77 (including balances in trust funds and guarantee and insurance programs). The growth in these unspent funds poses questions about proper funding levels and congressional control over the budget. Unobligated balances are a funding source in a fiscal year, but they are not covered by the congressional concurrent resolutions on the budget.

Our work resulted in the following:

- Testimony in September 1977 before the House Budget Committee Task Force on National Security and International Affairs on historic trends in DOD balances and a briefing document "National Defense's Unobligated and Unliquidated Obligational Authority: A Briefing on the History, Trends, and Budget Processes" (PAD-77-83, September 1977).
- Our final report on DOD balances, including reasons for the growth in balances at aggregate levels and in 32 procurement programs, "Analysis of Department of Defense Unobligated Budget Authority" (PAD-78-34, Jan. 13, 1978).
- A staff study entitled "An Overview of Unobligated Balances in Civil Agencies" (PAD-78-48, April 1978).
- Case study analyses of balances in four civil programs: the Department of Housing and Urban Development's Annual Contributions for Assisted Housing; the Environmental Protection Agency's Construction

Grants; the Veterans Administration's Construction, Major Projects; and the Department of Transportation's Urban Mass Transportation Fund (summarized in report PAD-78-60, Mar. 9, 1978).

This work brought to light a number of problems concerning the reasons for balances, executive branch misestimates (in budget document projections) of obligations, outlays, and balances, and an OMB budget concept change (see p. 8). The report on DOD balances contained recommendations to DOD and OMB on improved identification of excess funds and more effective use of existing management reports and data to make better obligation estimates. There also were recommendations to the Congress concerning the monitoring, analysis, and budget treatment of executive branch balances and obligation estimates.

Estimates of budgetary amounts

Our reports on civil and DOD unexpended balances noted certain patterns of executive branch misestimates of budgetary amounts. Our study of civil agency balances showed that between fiscal years 1972 and 1977, civil agencies tended to underestimate unobligated balances. The difference between the current year estimated (total for all civil agencies) and actual balances ranged from 2 percent (1972) to 17 percent (1974). Similarly, we pointed out in the DOD study that there was another Defense obligation "shortfall" in fiscal year 1977--that is, direct obligations in the Defense-Military budget subfunction (051) were \$3.7 billion less than the amount projected in 1977 after enactment of the 1977 Defense Appropriation Act.

We believe that such patterns of misestimates can hinder congressional control over the budget and Federal fiscal actions. We therefore initiated this year a major Government-wide review of budget estimates by the executive branch, to cover estimates of offsetting collections, outlays, and other amounts. On July 11, 1978, we received a request from the Chairman of the Budget Process Task Force of the House Budget Committee to report on portions of this work by January 1979.

Funding practices and budget authority

Several studies made over the past year addressed issues related to funding procedures and the recording of budget authority in Federal programs. These studies were issued to the relevant committees of the Congress, where appropriate, as described below.

Entitlements

We received a joint request from the Chairmen of the House and Senate Committees on the Budget for a short-term study regarding the period of availability of funds provided for Federal entitlement programs by the Appropriations Committees. The Chairmen were concerned about the congressional practice of funding some entitlement programs with funds that remain available for more than 1 year, leading to carryover balances at the end of each fiscal year, while funding other programs with funds that expire for use at the end of 1 year. This variable practice creates some difficulties in comparing funding levels for the various programs.

We issued three letter reports in response to this request. Our January 13, 1978, letter (PAD-78-46) provided (1) a list of entitlement programs along with relevant appropriation act language and (2) for the accounts with other than 1-year appropriations, the budget authority amounts that would have been required had the accounts been on a 1-year basis. The February 21, 1978, letter contained information on the legislative history of why certain entitlement programs are financed by other than 1-year appropriations. The final letter, dated July 14, 1978, provided information on three U.S. Department of Agriculture (USDA) entitlement accounts and stated our preliminary determination that there are no compelling programmatic or budgetary reasons for retaining the three USDA accounts on a no-year appropriations basis. The three accounts are the

- Food Stamp Program (budget identification 12-3503),
- Child Nutrition Programs (budget identification 12-3539), and
- Special Supplemental Food Program (WIC) (budget identification 12-3510).

During our study of entitlement programs, we became aware of disagreement within the "budget community" over the identification of entitlement programs--not everyone agrees on the meaning of "entitlement" or the legal consequences of certain entitlement or entitlement-like statutory provisions.

No-year appropriations

In response to a request from the Chairman of the Subcommittee on Agriculture, Rural Development and Related Agencies, Senate Committee on Appropriations, we also made a

study of USDA unobligated balances and no-year appropriation accounts. The Subcommittee was concerned about the implications for congressional funding control of USDA's carryover balances and large number of no-year accounts.

We testified before the Subcommittee on May 19, 1978, on aspects of the study and our other reviews of USDA activities. We reiterated our position that the public interest is best served when congressional control over activities is exercised through periodic reviews and affirmative action in the appropriations process. We further stated that the appropriations for the regular operations of a department--other than for construction, other capital needs, and long-term contracts--should be on a fixed-period basis such as 1 year or multiyear.

We are completing our analysis of USDA unobligated balances and no-year accounts, and we will issue a report on the subject.

Full funding

Work was also begun during the year on the "full funding" concept and practice. This work has been in response mainly to a November 1977 request from the Chairman of the Budget Process Task Force of the House Budget Committee, who asked that we study the feasibility of applying the full funding procedure to additional Federal programs. Under this practice, which relates to programs having projects or activities with multiyear commitments, the Congress provides "up front" in a given fiscal year the full budget authority needed (estimated) to cover all years of work on the projects begun that year. Current fully funded programs include major DOD procurement programs.

Although full funding has been used for many years in certain Federal programs, there are still many multiyear programs that receive incremental funding--that is, they receive annually the budget authority for 1 year's work only. These include programs that could be converted to fully funded programs.

In addition to providing a report on the subject early in 1978 (FGMSD-78-18, Feb. 23, 1978), we testified before the Task Force on February 22, 1978. We restated in testimony and in the report our basic position in favor of using, where feasible, the full funding approach. Full funding facilitates the early disclosure of total program costs and permits agencies to complete long-term efforts at optimum efficiency and with fewer delays caused by funding restraints.

In our report we cited instances of funding restrictions causing substantial slippages in the construction schedules of certain water resource projects, resulting ultimately in increased costs due to added inflation and overhead costs.

We also noted in the report that certain complications in full funding should be considered. These were discussed in our previously cited report on DOD unobligated budget authority (PAD-78-34, Jan. 13, 1978). There appear to be significant misestimates of annual obligations in some fully funded programs, and the existence of large carryover balances diminishes the impact of annual congressional budgetary actions. The Congress needs to have information available so these factors can be considered when acting upon the budget requests for fully funded programs.

In May of 1978 the Chairman of the Task Force asked for a two-phased study on full funding. In Phase I, now underway and due for completion this year, we are developing a list of the accounts which fund long-term commitment programs not currently fully funded, but which are likely candidates for conversion to full funding. The Phase II work will provide in early 1979 an analysis, covering selected accounts, of the impact upon the Congress and the executive branch of converting to full funding.

Budget authority for foreign military sales

In the past year's work on DOD unobligated budget authority, we learned that OMB revised, effective for fiscal year 1977, the calculation of budget authority for the "Advances, Foreign Military Sales" trust fund. The account handles the orders received from foreign governments for the cash purchase of U.S. military goods and services. Under the new procedure, budget authority for a year was made to match the trust fund's obligations for that year (that is, the orders acted upon) rather than, as in the previous procedure, the trust fund's approved new orders. The latter are termed "new acceptances."

The change raised certain budget issues, and we therefore studied the matter further and issued a report, "Foreign Military Sales Budget Authority Is Substantially Understated" (PAD-78-72, July 27, 1978). The report stated that the executive branch's new procedure is inconsistent with the definition of budget authority and impairs congressional budgetary control by not fully disclosing the new obligational authority (new budget authority) made available to the trust fund each year. This new authority is represented in obligations.

Consequently, the budget authority in the President's budget was understated by \$2.6 billion for fiscal year 1977.

Our report recommended a return to the former method of calculating budget authority. It also recommended that the Congress supplement its existing program controls over foreign military sales with greater budgetary control, by amending the legislation to require that total sales in a given year not exceed an amount approved in authorizing and/or appropriation acts.

Reappropriations

We responded this year to two requests for our opinion on statutory actions that extend the period of availability of unobligated balances which have expired or would otherwise expire. In a letter to the Chairmen of the House and Senate Committees on the Budget (PAD-78-45, Jan. 3, 1978), we stated that we are revising our definition of "reappropriation" (see following discussion of our publication, "Terms Used in the Budgetary Process," PAD-77-9, July 1977) to cover extensions of funds before their expiration. We believe that amounts so extended should be treated as budget authority amounts and included in congressional and executive branch budget totals. This would bring about a more uniform treatment of actions that create new obligational authority for Federal programs.

In a related matter, we were asked by the Subcommittee on Foreign Operations, Senate Committee on Appropriations, to comment on a proposal to the Congress by the executive branch, contained in the Budget Appendix for fiscal year 1979, to extend certain DOD unobligated balances (and certain obligated balances for possible deobligation and reuse) without treating such extensions as reappropriations. We stated in a letter to the Subcommittee's Chairman that any such extension creates new obligational authority and, as such, should be treated in the budget and appropriation act as reappropriations (B-115398, July 11, 1978).

Standard terms

In July 1977 we published a glossary entitled "Terms Used in the Budgetary Process" (PAD-77-9), which includes standard terms and definitions related to formulation and enactment of the Federal budget, zero-based budgeting, and economic terms used in connection with the Federal budget. These terms and definitions were developed in coordination with the Department of the Treasury, OMB, and the Congressional Budget Office. Over 10,000 copies of the glossary

have been distributed to Federal agencies, congressional committees, Members of Congress, and other interested organizations and individuals.

We are working on the revision and updating of two previously published terms--"reappropriation" (see preceding discussion) and "advance funding." Changes in concepts and actual usage often require changes and updating of certain terms. In March of this year we asked OMB to include in Circular A-11 our revised definition of a reappropriation (covering extensions of funds before their expiration), and we are working toward an executive branch adoption of this basic definition. In this process, we are also coordinating with the Department of the Treasury and the Congressional Budget Office. A supplement to the glossary will be issued.

In related work, we have sought clarification from OMB officials on their use in Circulars A-11 and A-34 of the term "unexpended balances." The term has different meanings depending on whether the budget or accounting report is on a cash or accrual basis. The term has been used in the circulars without clearly stating the basis of its use. Circular A-11 has been reissued with a clarifying statement indicating that the term as used is on a cash basis. Circular A-34 has not yet been revised.

Other ongoing work concerning budget concepts and practices

We also have work underway on which we have not reported during the past year. It concerns new reviews in various stages of completion, updates of previous studies, and contact with OMB and other organizations on the implementation of our prior recommendations and other matters.

Offsetting receipts and collections

In August 1977 we published a report dealing with the concept, practice, and growth of revolving funds as mechanisms for financing Federal programs: "Revolving Funds: Full Disclosure Needed For Better Congressional Control" (PAD-77-25, Aug. 30, 1977).

We recommended that one type of revolving fund--the public enterprise revolving fund--be reported in the budget on a gross basis so that the Congress and the public know the total level of Federal activities and have sufficient knowledge on which to base decisions. Changing to a gross

basis would increase revenues, outlays, and budget authority by about \$28 billion. In a December 1977 letter, OMB objected to this recommendation because it dealt only with public enterprise funds and did not address the remaining \$17 billion which could continue to be reported on a net basis, thus creating an inconsistency in budget treatment.

We agreed with the need for consistency and stated that the additional \$17 billion business revenues (offsetting receipts and collections) should probably also be reported on a gross basis. Our position is that full disclosure would present a more accurate picture of Government financial activities and their impact on the economy. In our March 1978 proposals to OMB concerning revisions to Circular A-11, we reiterated our basic recommendation for gross reporting on public enterprise revolving funds.

Furthermore, we initiated this year a review of about \$6 billion (of the \$17 billion) in proprietary receipts representing revenues in general and special fund accounts. Analysis to date has indicated that

- not all proprietary receipts from the public are included in budget summary tables;
- two concepts, offsetting collections and offsetting receipts, result in a complicated and confusing set of explanations and tables which are understood by few officials we interviewed;
- use of offsetting amounts in budget schedules to reduce reported budget authority, outlays, and revenues may distort the level of governmental business activities; and
- some special fund receipts and collections are permanently earmarked and many require no action by appropriation committees.

These matters raise budgetary issues on which we intend to report.

Other ongoing studies

Studies in various stages of completion include a review of the executive branch practice in some programs of making multiple use ("rolling over") of budget authority for borrowings, to the point where gross borrowings over time may exceed the budget authority disclosed in the budget for such

borrowings. We also have underway a study of zero-based budgeting in the executive branch; a study examining the feasibility of establishing a centralized corporate controller-type function in the Federal Government for systematically and comprehensively monitoring agency program and budget performance against plans, and reporting the findings to the Congress; and a study of Federal "tax expenditures."

STANDARD PROGRAM AND BUDGET DESCRIPTIONS AND CLASSIFICATIONS

The information we develop in making analyses of budget concepts and practices relates to our parallel work in developing standard program and budget descriptions and classifications for use by Federal agencies in reporting fiscal, budgetary, and program-related information. This part of our standardization work covered several studies and efforts over the past year.

Program inventory

Our most important accomplishment to date in developing standard classifications has been the development of an inventory of Federal programs and activities with associated legislative authorization and budget information. This system, termed the Legislative Authorization, Program and Budget Information System (LAPIS), standardizes programs and activities that are authorized in law and allows them to be grouped at the lowest level of interest to committees.

The LAPIS inventory not only supports our assistance to congressional authorizing committees on their March 15 views and estimates reports (discussed further in ch. 3), but is used for generating various other lists and supporting analytical work in a variety of areas. Through use of the basic structures and data in the inventory, we have provided a presentation to the Senate Governmental Affairs Committee on Federal programs and their authorizing legislation, provided program jurisdiction information to the Temporary Select Committee to Study the Senate Committee System, and supported a project dealing with Federal regulatory programs. (See p. 14.)

The inventory currently contains information provided by executive agencies on over 7,000 Federal programs, activities, and projects. The following information is available in the LAPIS inventory for each program or other level of effort:

- Administering agency and bureau, or independent commission.
- Budget function and subfunction.
- Citation of the law that authorizes the program, including the public law name and the relevant title and section of the U.S. Code.
- Name of program, activity, or item.
- Appropriation account number.
- House and Senate authorizing committee jurisdiction.
- Amounts authorized, if specified, and/or narrative description of funding limitations.
- Expiration dates of the legislation or programs (available for most programs in LAPIS).
- Related budget authority, outlays, and obligations for the past, current, and budget years.
- Specialized data for individual committees, including outlays from current year budget authority, outlays for State and local government, loan levels and limitations, etc. (available for many programs in LAPIS).

We are continuing to expand, update, and refine the classifications in the LAPIS program inventory. This is an ongoing process that must incorporate programs not presently in the inventory, changes necessitated by new legislation, revisions in committee jurisdiction, new budget function classifications, and many other factors. This continuing effort might receive impetus if oversight reform legislation is enacted assigning GAO responsibilities in developing and maintaining a program inventory.

The program inventory requirement in pending oversight reform legislation

During the year, the Congress took major steps toward enacting legislation that would establish a systematic oversight and reauthorization process. On July 13, 1978, the Senate Committee on Rules and Administration reported Senate bill 2, the Program Reauthorization and Evaluation Act of 1978. The bill would establish a 10-year schedule for the reauthorization of all Federal programs, with certain specific exemptions.

The bill also states that the Comptroller General and the Director of the Congressional Budget Office, in cooperation with the Director of the Congressional Research Service, shall share responsibility for providing information for preparing an inventory of Federal programs. The purpose of the program inventory would be to support the scheduling and execution of the legislation's reauthorization and review requirements and to maintain the necessary information linkages between the reauthorization and review process and the budget process.

The bill would have the Comptroller General compile and maintain the inventory for support of the oversight process (including updating the inventory at the end of each session of the Congress to reflect congressional actions taken). The Comptroller General, after maximum cooperation with the Director of the Congressional Budget Office, would group programs in related areas appropriate for the review and evaluation requirements of the act. The Director of the Congressional Budget Office would provide budgetary information for inclusion in the inventory, work with the Comptroller General on compiling the program inventory and groupings, and issue periodic reports keeping score of the progress of congressional action on bills and resolutions authorizing budget authority for programs in the inventory.

In our working document on the congressional oversight reform proposals (PAD-78-33, June 8, 1978), we noted that a comprehensive inventory of Federal programs and activities would be essential to the effective operation of a systematic oversight process. The initial inventory could be created from the LAPIS inventory. LAPIS contains a significant part of the information necessary, including linkages of the authorizing legislation to dollar amounts authorized, budgeted, and expended. Further development would continue to be based on existing program listings and inventories, including the program and activity structure used by OMB, and executive agency budget and accounting systems. It would be necessary to work closely with the various congressional committees to assure that, insofar as possible, their individual information needs are met.

Our work concerning the pending oversight reform legislation is discussed further in chapter 3. (See p. 23.)

Federal regulatory programs

The Subcommittee on Intergovernmental Relations, Senate Committee on Governmental Affairs, requested information on

regulatory agencies for consideration during hearings on the Regulatory Reform Act of 1977 (S. 600). The Subcommittee requested data on which Federal agencies have regulatory authority, the sections of public law that authorize that authority, the substantive areas into which that regulatory authority falls, and the committees of both the House and Senate with jurisdiction over those agencies.

We used the LAPIS data base as a starting point for developing this classification. In May of 1977 we issued a letter report (PAD-77-63, May 26, 1977) to the Subcommittee for use during hearings.

With Subcommittee concurrence we performed additional research and analysis to identify all major regulatory programs and activities, obtained agency comments, and verified authorizing legislation. Our final report, "Federal Regulatory Programs and Activities" (PAD-78-33), was issued on March 16, 1978.

Budget functions

Pursuant to the Comptroller General's responsibility for developing, establishing, maintaining, and publishing standard classifications, we studied the budget functions used by OMB for aggregating Federal programs in the budget. We proposed major changes in this set of classifications in our report "Standard Budget Classifications--Proposed Functions and Subfunctions" (PAD-76-49, Aug. 20, 1976). The report also contained a proposal that OMB provide information on those programs within a function which also relate (secondary contribution) to another function.

Since the report was issued, we have worked with congressional and executive branch officials to achieve implementation of the basic concepts presented. We provided OMB in October 1977 with our analysis of some OMB proposals on the subject, and urged a more complete implementation of our proposals. The functional categories used in the fiscal year 1979 budget reflect some changes consistent with our proposals. Some secondary contribution information is also provided. However, we believe there are additional changes that can be made in the coming years to more clearly and explicitly focus on:

--Housing.

--Education.

--Employment and unemployment.

--Social services and public assistance.

--Retirement benefits.

Members of Congress are or will be considering each of these national policy matters over the next few years. As they address the substance of the policy and the programs, and any executive branch reorganization proposal, they should also consider the nature of the budget priority setting category applicable and make changes where needed. For example, as the Congress reviews the retirement and pension policies and programs, it may become evident that they do not receive sufficient budget policy attention on their own by being included in a broad "income security" category.

In many of these national need areas, the Federal Government is in partnership or in an assistance role with State and local governments or the private sector. This interrelationship is described in our recent reports, "Antirecession Assistance--An Evaluation" (PAD-78-20, Nov. 30, 1977) and "Changing Patterns of Federal Aid to State and Local Governments 1969-75" (PAD-78-15, Dec. 20, 1977). Analysis and communication about these interrelated policies and programs would be easier if the same budget priority categories were also used to a much greater extent by State and local governments. We plan to work with OMB on this matter as it conducts its study of existing Federal information systems pursuant to the Federal Program Information Act. (See p. 18.)

Standard data codes

Section 202(a)(1) of the Legislative Reorganization Act of 1970, as amended, requires standardization of the codes used for Federal fiscal, budgetary, and program-related data. In this report last year, we stated that the Budget Appendix would be easier to use if OMB went back to printing its four-digit agency and bureau identifier in this document. However, this was not done in the fiscal year 1979 Budget Appendix. We continue to hold this position and will work with OMB on the matter: The Budget Appendix is a prime source of budget data for many congressional and public users and it should employ coding which facilitates its use.

The Civil Service Commission, in connection with the development of the Federal Personnel Management Information System, is developing a standard organization code to satisfy personnel and other functional Federal agency information requirements involving standard Federal organization designations. Adoption of a standard code would facilitate

information exchange among agencies. We have followed the development of this code closely and are continuing to consider the proposed code in relation to requirements for reporting Federal fiscal, budgetary, and program-related data.

Budget schedules

Currently, many of the "Program by Activity" schedules in OMB's Budget Appendix are presented at the detail level in terms of costs with a reconciliation to obligations being made at the appropriation or fund account level. The reconciliation is generally accomplished through the use of a "changes in selected resources" line.

Our experience has been that congressional users make very little, if any, use of these cost presentations. Congressional decisions are made and expressed in terms of budget authority, obligations, and outlays. A study we made for a congressional committee concluded that congressional users prefer budget presentations in terms of obligations rather than costs.

We accordingly proposed to OMB in March 1978 that the Program by Activity detail be presented in terms of obligations. Budget requests would continue to be developed from cost-based operating budgets, and agencies would use cost-based budgets for purposes of administration and operation as the law provides. Likewise, agencies would account for the cost of operations in accordance with title 2 of the GAO Manual.

We intend to work with OMB officials toward implementing this proposal.

Drug abuse programs

At the request of the Chairman, House Select Committee on Narcotics and Drug Abuse Control, we helped design and gather data for a Congressional Resource Guide to aid the Congress in its review of the Federal drug abuse programs. We designed a questionnaire and requested data, including legislative mandates, obligations, and administrative responsibilities, from about 80 Government agencies. Data collected was summarized and provided to the Committee informally to meet a tight time frame.

The request was closed in a December 22, 1977, letter to the Chairman (PAD-78-39). Additional assistance was supplied at the Committee's request, with the full-time

assignment of a GAO staff member from July through December to help draft the resource guide. The Congressional Resource Guide was issued to Committee members in December 1977 and as a Committee print in June 1978.

Classification of information on
Federal domestic assistance programs

The Federal Program Information Act (Public Law 95-220), enacted December 28, 1977, requires OMB to prepare and maintain a data base on Federal domestic assistance programs; prepare and publish each year a catalog of such programs; and make a study of existing Federal information systems that provide fiscal, budgetary, and program-related information on domestic Federal assistance programs and recommend to the Congress needed improvements to those systems.

We are working with Congressional and OMB officials to assure that the data base and catalog categories (program categories, budget function designations, etc.) are compatible with the classifications we have been developing under our statutory responsibilities. It would not serve congressional, executive branch, or public purposes to unnecessarily proliferate classification schemes for the same Federal programs and activities. We are also discussing with OMB officials other aspects of their work under the Federal Program Information Act, such as centralization versus decentralization of the data base and frequency of data reporting.

CHAPTER 3

IDENTIFYING INFORMATION NEEDS

Our work during the past year in identifying and specifying the information needs of committees and Members of Congress has been conducted under section 202(c) of the Legislative Reorganization Act of 1970, as amended by title VIII of the 1974 Congressional Budget Act. This work has been aimed at assisting both authorizing and appropriations committees. It has focused heavily on developing and maintaining program-level structures and related information.

PROGRAM INFORMATION FOR AUTHORIZING COMMITTEES

The Congressional Budget Act established a formal budgetary role for the Congress' authorizing committees. Section 301(c) of the act requires each standing committee to submit to its chamber's Budget Committee, on or before March 15 of each year, the committee's views and estimates on matters within the committee's jurisdiction to be contained in the First Concurrent Resolution on the Budget (May 15). The resolution sets target levels for total new budget authority and outlays, broken down by budget functions. Also set forth are the levels for Federal revenues, the public debt, the surplus or deficit in the budget, and related matters.

Many authorizing committees initially experienced significant difficulties in developing their March 15 views and estimates reports. There was (and is) a short period of time in which to prepare the reports (the President's budget normally is not released until late January); there was a lack of a complete authoritative list of programs and activities; readily available budget information (budget authority, outlays, etc.) often was not broken down into the program categories which were used by the authorizing committees; and committee and agency alignments were (and are) not the same, requiring information from more than one agency for each committee.

Consequently, for each of the past 4 years, several committees have asked us to assist them in the development of the information needed for their March 15 views and estimates reports. We have assisted them in defining their data requirements, communicating those requirements to the agencies, and acquiring and using the data.

As part of our work in assisting the committees, we have developed LAPIS program inventory discussed in chapter 2. (See p. 12.) From this inventory, updated each year with information provided by executive branch agencies, we have provided information to committees for use in their views and estimates reports. The information has included lists of programs and activities under each committee's jurisdiction, along with relevant information. (See p. 13.)

This year we supported 15 committees in their March 15 views and estimates reports. This required us to work with about 100 agencies and independent commissions to update the LAPIS inventory with amounts from the fiscal year 1979 budget.

More executive branch participation needed

A basic problem we have encountered in helping committees meet their needs for budget and related data has been the way agency budget offices view their priorities. Agency budget staff resources are limited, of course, and these offices tend to assign first priority in the budget preparation and submission cycle to completing the budget, second priority to developing the justification material for the Appropriations Committees, and third priority to providing the data we request for the authorizing committees. The authorizing committees are last on the priority list but have the earliest reporting date under the congressional budget calendar, which greatly complicates the task of preparing the March 15 reports.

To improve the responsiveness of agency budget offices, we requested this year that OMB revise its Circular A-11 for the 1980 budget preparation, to strengthen agency cooperation in this effort. OMB has adopted our proposed language for the circular (section 11.9.)

We will be working with OMB officials to encourage greater executive branch participation in compiling, processing, and transmitting to the committees the information needed for the views and estimates reports. Our long-range objective is to arrange to have the agencies prepare the data in the appropriate format to be submitted directly to the committees. We believe that a more direct relationship between the committees and the executive branch on this task will facilitate the timely provision of needed information to the Congress.

We would continue, however, to assist the committees in developing their information requirements--program categories, specification of needed data, etc.--and in reviewing executive branch compliance in providing the information. This will

necessitate continuing work to improve the program and activity categories used in the authorization, oversight, and budget processes. We will work closely with all the parties involved to assure that every committee's needs are met.

PILOT PROJECTS ON COMMITTEE INFORMATION NEEDS

We have also worked closely with the Senate Committee on Human Resources (formerly the Senate Committee on Labor and Public Welfare) to identify its needs for budget and oversight information and to help develop reporting systems responsive to those needs.

In addition to developing and maintaining in our LAPIS data base information to support the Committee's views and estimates reporting, we have worked with the Committee and the Senate Computer Center to develop an automated system to track budget-related congressional actions on the Committee's programs. The system, the outline of which we set forth in an information requirements document prepared for the Committee (OPA-76-57), is being implemented this year.

We have worked further with the Committee to define its needs for program planning, execution, and performance information to support its oversight activities. After issuing our initial document on the subject covering selected offices and programs of the Department of Health, Education, and Welfare (PAD-76-33), we undertook a more indepth analysis of the information needed for oversight and evaluation of selected elementary and secondary education programs.

Information for oversight of elementary and secondary education

Our study included fieldwork at State and local educational agencies in California, Illinois, New Mexico, and New York. The results were published in our report "Better Information Needed for Oversight and Evaluation of Selected Elementary and Secondary Education Programs" (PAD-78-35, May 30, 1978). Information that could contribute to congressional oversight decisionmaking was generally available. However, there is a need for more specific information, better organization, and more uniformity in terminology and program/activity categories. Furthermore, better timing of the reported information, and use of some information presently maintained at State and local levels (but not reported to the U.S. Office of Education), would result in information improvements.

Our report presented a program/activity list that we believe would better meet the Committee's needs and contained recommendations to the Secretary of Health, Education, and Welfare concerning improved program/activity lists and cross-references, terms, and oversight information, including program identifications and descriptions, fiscal data, information on student eligibility and participation, assessments of needs, and program evaluation information.

Social indicators

The Senate Committee on Human Resources also requested that we assist it in specifying and developing an operational system of social indicators concerning employment. In recent years, both the Congress and the executive branch have expressed a growing interest in concepts and data describing social and economic well-being for use in public decision-making. The 1974 Congressional Budget Act itself requires that the Congress study ways to develop " * * * techniques of human resources accounting and other means of providing noneconomic as well as economic evaluation measures." (Sec. 703(a)(4))

Although there is wide agreement that systematic social data adds to public awareness and provides perspective to decisionmaking, there are differing opinions about operational definitions of social indicators and their potential usefulness in public decisionmaking. We evaluated the conceptual and technical performance of the best known employment and unemployment statistics and analyzed several social reports, noting their employment contents and the data requirements for constructing a report for Committee use.

The results of our work were presented in our report, "Employment Statistics Provide a Basis for Monitoring Social Change" (PAD-78-30, Mar. 20, 1978). The report set forth a list of suggested employment indicators chosen after reviewing the available statistics and considering those used in the employment sections of other social indicator reports, such as those prepared by the Organization for Economic Cooperation and Development. Our list was composed primarily of statistics from the Current Population Survey. These were supplemented by statistics from other sources on work hours and earnings, fringe benefits, job satisfaction, and occupational health and safety.

The suggested indicators included the prominent measures of employment and unemployment. However, given the objectives of social indicators and the consequent criticism of some of the employment statistics, several other series related to

employment were included. The list can become an operational system now because all the statistics and indicators are defined and data is being collected regularly.

The Committee, before establishing the system, is obtaining the advice and recommendations of experts on employment statistics and social indicators. The experts may recommend other or additional statistics as indicators, and different frequencies and demographic disaggregations.

OVERSIGHT REFORM PROPOSALS

Congressional committees considered a number of oversight reform proposals during the past year, several of which contained "sunset" provisions--that is, provisions for the termination of programs not receiving some kind of congressional review and reauthorization by a specified date. These proposals entail significant fiscal, budgetary, and program-related information requirements, and we devoted considerable effort this year to providing assistance and analysis to committees concerning the proposals.

Our most intensive work was in response to a request from the Chairman of the Senate Committee on Rules and Administration, who asked us to study the various oversight bills and present views on the subject. This work led to our June 8, 1978, testimony before the Committee and later discussions with the Committee staff and the Senate Committee on Governmental Affairs.

There appeared to be various deficiencies in the current oversight process, including

- incomplete coverage of the reauthorization process,
- inadequate attention to broad policy subjects,
- incomplete review coverage of Federal programs and activities, and
- lack of clarity and specificity in statements of the objectives of programs and activities.

These deficiencies can be addressed through establishment of a disciplined process for the oversight and authorization of Federal programs and activities. However, any change should be in addition to, not at the expense of, the existing oversight process.

We accordingly offered a number of suggestions for developing a systematic and comprehensive oversight process. The suggestions covered a wide range of procedural matters, including the following:

- The coverage of the review and reauthorization process; that is, the Federal programs and activities to subject to periodic review and reauthorization.
- Treatment of programs exempted from periodic review and reauthorization, including evaluation and reporting requirements.
- The length of the congressional review and authorization cycle.
- Institutional responsibilities for (1) compiling and maintaining the "program inventory" needed in scheduling and executing the reviews and reauthorizations and (2) providing relevant budgetary figures.
- Procedures for setting oversight priorities and establishing oversight requirements, including the minimum and optional criteria to be used in reviews of programs.
- Procedures for reviewing programs and assuring that specific information needed to measure program effectiveness is developed for committees. 1/
- Congressional procedures for managing and overseeing the new oversight process.

Many of our suggestions were incorporated in Senate bill 2, the Program Reauthorization and Evaluation Act of 1978, as reported by the Senate Committee on Rules and Administration. We are continuing to work with congressional committees, members, and staffs to achieve needed improvements in the oversight process.

EVALUATION PROCEDURES AND INFORMATION

The pending Program Reauthorization and Evaluation Act of 1978 would assign responsibilities to the Comptroller General for identifying programs that should be considered by

1/One procedure that committees could use in oversight is outlined in our recent report entitled "Finding Out How Programs Are Working: Suggestions for Congressional Oversight," PAD-78-3, Nov. 22, 1977.

congressional committees for review and evaluation, and for providing other program evaluation assistance. This adds to the already significant program evaluation role exercised by the Comptroller General under the 1974 Congressional Budget Act and prior statutes.

Title VIII of the Congressional Budget Act strengthened GAO's responsibilities for helping the Congress improve its fiscal, budgetary, and program-related information, while title VII of the act strengthened GAO's existing evaluation role. A complementary relationship clearly exists between title VIII's "fiscal, budgetary, program-related" information and GAO's evaluation work under title VII and other statutes. Evaluation of program performance and results comprises much of the program-related information the Congress needs for budgetary and oversight purposes.

To meet its evaluation objectives, GAO

- reviews and evaluates programs,
- assists committees in developing methods and legislative requirements for evaluation, and
- assists committees in analyzing and assessing agency evaluations and reports.

We are also attempting to improve our evaluation capabilities and improve the quality and usefulness of the evaluative information provided to the Congress by undertaking work to

- identify existing evaluation methods;
- determine where and how these methods require further development;
- develop methods to meet unsatisfied user and practitioner needs;
- demonstrate new methods or improvements of existing methods to assure a credible basis for wide acceptance in the evaluation community;
- transfer methods throughout GAO and the evaluation community;
- identify the objectives, functions, policies, organization, planning, and management of program evaluation; and

--appraise the performance of Federal evaluation activities according to agreed-upon criteria.

PROGRAM INFORMATION FOR APPROPRIATIONS COMMITTEES

We also have assisted the House and Senate Committees on Appropriations in identifying needs for information concerning programs in appropriation and fund accounts and in working with agency officials to implement reporting changes to meet those needs. Our proposals, presented in information requirements documents, were for (1) improved, objective-oriented program and subprogram categories, to be used in budget justifications, the Budget Appendix, and other documents, and (2) improvements in the budget and program-related data ("information elements") reported on the programs.

In the past year, the executive branch partially implemented our recommendations contained in six requirements documents concerning the accounts of USDA's Food and Nutrition Service. Headway was made in implementing improved program structures in the fiscal year 1979 budget justifications submitted to the Subcommittees on Agriculture, Rural Development and Related Agencies. We are discussing remaining matters with Subcommittee and agency staff with a view toward more complete implementation in the fiscal year 1980 budget justifications.

We also provided for comments this year additional requirements documents covering 12 Veterans Administration accounts: 7 insurance accounts; the Compensation and Pensions account; and 4 medical care accounts. Formal comments have been received from Veterans Administration officials on 8 of the 12 accounts, and we are working with Subcommittee and agency staff to resolve differences and at least partially implement the proposals in the 1980 budget material. We are continuing to work with agency officials to obtain implementation of an earlier proposal for a special report on loan defaults (with aging analysis) in the programs funded through the agency's Loan Guaranty Revolving Fund.

OTHER GAO REPORTS

Much of our work, while not directly undertaken pursuant to title VIII of the Congressional Budget Act, involves analyses and recommendations aimed at improving budget-related procedures and the fiscal, budgetary, and program-related information provided to the Congress. The following are examples:

--On November 1, 1977, we issued a report to the House Committee on Appropriations entitled "Loss of Accounting Integrity in Air Force Procurement Appropriations" (FGMSD-77-81). The report pointed out that, because improper accounting procedures were used for several years, the Air Force did not know the status of its 18 procurement appropriations from fiscal years 1971 through 1976. Consequently, the Air Force could not determine whether it obligated or expended more fund resources than were available in the accounts. The report noted the Air Force changes designed to correct some of the problems and presented certain recommendations.

--On January 20, 1978, we issued to the Congress our report, "Financial Status of Major Federal Acquisitions, September 30, 1977" (PSAD-78-60). The report noted cost increases of \$201 billion, or 72 percent, over baseline estimates for 808 civil and military acquisitions in development, test, production, or construction phases. Data were presented on the factors contributing to cost growth in selected acquisitions.

--On March 20, 1978, we issued a report to the Congress entitled "Consistent and Uniform Treatment of Inflation Needed in Program Cost Estimates Provided to the Congress" (PSAD-78-8). This report noted that, when deciding on priorities for national spending, the Congress was at a disadvantage because major long-term programs proposed by executive agencies were not costed uniformly. For example, a few agencies made allowances for inflation in their budget submissions, while most did not. This different treatment made it virtually impossible to compare the costs of programs. The report discussed ways of bringing about more consistent and uniform treatment of anticipated inflation.

--On May 10, 1978, we issued to the Congress a report entitled "Improving Federal Agency Efficiency Through the Use of Productivity Data in the Budget Process" (FGMSD-78-33). The report stated that productivity data have been used only sporadically in the budget process and that the value of such data in budgeting can be enhanced by a more active role by legislative oversight and appropriations committees.

--On June 2, 1978, we issued a report to the Senate Committee on the Budget entitled "Better Analysis

of Uncertainty Needed for Water Resource Projects" (PAD-78-67). The report discussed how the Army Corps of Engineers could improve its analyses of nonrepeatable events in developing estimates of costs and benefits for water resource projects.

- On June 19, 1978, we issued a letter report to the Administrator of the National Aeronautics and Space Administration concerning the "SEASAT-A" project (PSAD-78-76). We observed that the agency's semiannual project status reports to the Congress on SEASAT-A did not provide all project-related costs. Certain costs not included related to launch support, tracking and data acquisition support, and salaries paid to project personnel. The report recommended that all project-related costs be included in the project status reports.
- On July 20, 1978, we issued "HUD's Evaluation System-- An Assessment" (PAD-78-44), a report to the Congress. The report stated that the Department's evaluation system was not providing enough information on whether its programs were meeting their objectives. The report suggested ways to make the system more responsive to the needs of decisionmakers.
- On July 31, 1978, we issued to the Congress, "Improvements Needed in the Department of Energy's Efforts to Develop a Financial Reporting System" (EMD-78-95). This report noted that the Department was developing a Financial Reporting System for compiling information required under several energy mandates, including the Energy Policy and Conservation Act but that there was no evidence that the Department answered certain fundamental questions essential to the design of any information system and to the Department's compliance with the act. We made several recommendations to the Secretary of Energy regarding shortcomings in the Department's efforts.

CHAPTER 4

REPORTS MONITORING AND SOURCEBOOKS

REPORTS MONITORING

Section 202(d) of the Legislative Reorganization Act of 1970, as amended, states that the Comptroller General shall assist committees in developing their information needs, including such needs expressed in legislative requirements, and shall monitor the various recurring reporting requirements of the Congress and committees. The Comptroller General is also to make recommendations to the Congress and committees for changes and improvements in their reporting requirements to meet congressional information needs, to enhance their usefulness to the congressional users, and to eliminate duplicative or unneeded reporting.

We have established a data base for use in monitoring congressional reporting requirements. Information about such reporting requirements was collected from a search of statutes and from data provided by 254 Federal departments, agencies, boards, commissions, and federally chartered corporations. This information, maintained on a computerized file, is updated annually through research and identification of reporting requirements from new legislation and through requests for information from these respondents regarding additions, deletions, or other changes to their inventories.

The computer-based file can provide specialized lists of recurring congressional reporting requirements. The data in this file can be retrieved by key word, recipient, statute, due date, submitting agency, or other designation. Statistical analysis can also be generated. The file has proved essential in responding promptly to committee requests for information about reporting. On March 15, 1978, we issued a letter report (PAD-78-59) in response to a request from the Chairman of the House Select Committee on Population for population-related reports required by the Congress. On July 25, 1978, our letter report (PAD-78-76) to Congressman John Anderson provided historical data on the growth in reporting requirements.

To make the basic data more readily available to the Congress, Federal agencies, and the public, we published "Requirements for Recurring Reports to the Congress, a Directory" (PAD-77-61). The directory provides a comprehensive compilation of congressionally required (by law) recurring reports and numerous nonstatutory reports, such as those requested in hearings, in committee reports, or by letters from committee

chairmen or members. It also includes reports identified as voluntary recurring submissions by the preparing agencies.

With the objective of recommending to the Congress improvements in reporting requirements, on October 31, 1977, we provided to each standing congressional committee an information document containing a list of requirements for reports which each committee should be reviewing, the subject matter of each report, the due date, the frequency of submission, the authority, the Federal agency or federally chartered corporations responsible for submitting the report, and the requirements for reports that the submitting agency believes are duplicative or unneeded. Each committee reviewed its requirements and together they identified 104 reports that they no longer considered necessary and 16 that they recommended be modified.

On May 19, 1978, we coordinated each committee's recommendations for elimination with all congressional committees. As a result of this process, the requirements identified for elimination were reduced from 104 to 68. We are drafting for congressional consideration a bill that would eliminate the 68 requirements from the statutes.

In the fall of 1978, we plan to publish a report to the Congress on requirements for reports to the Congress. This report will provide a statistical analysis of reporting requirements and recommendations for improving information requirements management.

We have been working with OMB and the Domestic Council in their Government-wide effort to reduce the requirements for reports from the executive branch to the Congress. We have given OMB a list of requirements for such reports which has been arranged by each executive agency to identify reporting requirements which should be considered for elimination, consolidation, or other modification.

On June 30, 1978, OMB issued a bulletin on the subject, "Reducing the Number of Executive Branch Reports to the Congress" (78-16), which asked agencies to identify reports with a potential for elimination, consolidation, or other change and stated that the results would be forwarded to GAO. The bulletin further provided that executive branch recommendations to the Congress on simplifying reporting will be coordinated with GAO, the agencies, and congressional committees. OMB asked the agencies for a response by August 31, 1978.

We will assist OMB in coordinating their proposals for changes to reporting requirements with the appropriate congressional committees and in drafting legislation to effect the changes.

ADDITIONAL SOURCEBOOKS

Two additional directories of information have been published, which, together with the Requirements Directory, constitute a Congressional Sourcebook Series. These additional directories are compiled under the authority of sections 203(b) and (c) of the Legislative Reorganization Act of 1970, as amended. They are to facilitate identification, acquisition, and compilation of information needed by the Congress in carrying out its oversight and budget control responsibilities.

"Federal Program Evaluations: A Directory for the Congress" (PAD-78-27) provides an indexed guide to program evaluation reports produced by or for the Government. It contains an inventory of about 1,700 evaluation reports produced by 49 selected Federal agencies, including GAO evaluation reports that relate to the programs of those agencies.

"Federal Information Sources and Systems: A Directory for the Congress," (PAD-77-71) provides an indexed guide to Federal information sources and systems that contain budgetary, fiscal, and program-related data. It describes about 1,400 Federal sources and information systems maintained by 91 executive agencies.

We have undertaken a controlled vocabulary project in support of the Congressional Sourcebooks. The objectives of creating this controlled vocabulary are to (1) improve the search consistency in using the Sourcebooks and (2) facilitate indexing consistency. In meeting these objectives, the controlled vocabulary should save time for Sourcebook users as well as indexers and provide greater reliability and accuracy in searching. We estimate the completed controlled vocabulary will contain about 4,000 terms.

The data inventories for the three directories are maintained on central computer files in a manner that allows transfer to other organizations, including the Library of Congress' SCORPIO information retrieval system. This capability facilitates their use by the Congress, permitting each committee to conduct its own basic data research.

USER SURVEY

To obtain congressional reactions to the Congressional Sourcebook Series, we made a user survey among a sampling of congressional staff during May to June 1978. Based on our findings, we are reviewing product and delivery options to develop methods of enhancing congressional use of the Sourcebook material.

CHAPTER 5

EXECUTIVE BRANCH PROGRESS

EXECUTIVE BRANCH IMPROVEMENTS

Over the past year the executive branch took several steps to improve its reporting of fiscal, budgetary, and program-related information and to improve the budgetary process.

National needs/functions

As noted earlier (see p. 15), OMB used a revised budget functions structure in the budget for fiscal year 1979--a new structure which incorporates some changes consistent with our earlier recommendations (PAD-76-49). Also, as we proposed, information was provided on the secondary contributions to other functions of certain programs.

The functional categories also are linked in the 1979 budget (Part 5) to "national needs," agency "missions," and "major programs." The 1974 Congressional Budget Act (section 601) requires that the budget for each fiscal year, beginning with fiscal year 1979, contain a presentation of budget amounts by these categories. The revised structure of functions (and subfunctions) is being used by OMB for this presentation.

Tax expenditures

The 1979 budget's special analysis on tax expenditures (Special Analysis G) uses the classifications used by the Congressional Budget Office and congressional committees. The 1979 special analysis presents tax expenditure information organized by the revised budget function categories rather than the categories used in previous years: business investment, personal investment, and other tax expenditures. This change will help the Congress exercise its responsibilities for assessing Federal fiscal and budgetary policy and setting national budget priorities.

Credit programs

The Administration stated before congressional committees in 1977 that it would study ways of better controlling Federal credit programs. The fiscal year 1979 budget (p. 27) notes that the Administration will propose a set of control procedures and that the basic elements of the proposal are likely to be the following:

--that, as part of the executive branch budget process, the President establish, (a) overall ceilings on the authority to make direct loans and on the authority to guarantee loans, and (b) overall annual ceilings for gross new direct loans and loan guarantees. (The annual ceilings would be based on a consideration of the impact of Federal lending activity on the allocation of available resources, the general economy, and financial market conditions.);

--that the President propose and request congressional approval of limitations in annual appropriation acts on the amounts of new direct loans and loan guarantees for each program;

--that the Congress establish similar controls in its budget process, including ceilings on aggregate lending activity in the budget resolutions."

OMB officials state that specific recommendations will be advanced in the fiscal year 1980 budget, after consultations with congressional committees and various organizations, including GAO.

We have previously stated that more Federal credit activities need to be subject to the discipline of the budgetary process (for example, our report "Government Agency Transactions with the Federal Financing Bank Should Be Included on the Budget," PAD-77-70, Aug. 3, 1977). We support efforts to bring about more budgetary control over credit activities and will work with OMB toward this objective.

Other information improvement steps

Other steps to improve information reporting include OMB's reports reduction or modification effort (see p. 30), in which we are cooperating, and the beginning of a Commerce Department-sponsored effort to develop standard descriptions for, and to improve access to, the Federal Government's machine readable data files. An interagency committee, involving private participation, has been established to oversee the effort concerning machine readable data files. GAO is represented on the committee, and we shall continue to support the objectives of this effort.

Zero-based budgeting

OMB has continued to develop and apply zero-based budgeting changes to executive branch budgeting procedures. We support improving the Federal budgetary process and will continue to assess features of zero-based budgeting and make suggestions from time to time on desired improvements. We noted in our annual report last year (PAD-78-73, Aug. 30, 1977) the need for the executive branch to consider congressional information needs in developing zero-based budgeting decision packages.

FURTHER EXECUTIVE BRANCH COOPERATION NEEDED

During the past year executive branch agencies have often been cooperative and responsive to our inquiries and recommendations. However, we have experienced problems in some areas.

Views and estimates support

The most pressing matter concerned the lack of full and timely cooperation by some agencies in preparing the material we requested for use by committees in their March 15 views and estimates submissions. We are encouraged that OMB has taken steps to improve the situation by including in the new Circular A-11 instructions to agencies that will focus added attention on the need of the Congress for this information.

We hope to receive further increased cooperation from executive branch officials on the views and estimates work. As already noted, we intend to work for more executive branch participation in compiling and providing to the congressional committees the views and estimates data. We believe that a more direct relationship between the committees and the executive branch on this task will facilitate the timely provision of needed information to the Congress.

Other matters

We have also noted in this report instances where we have differences with the executive over our proposals. Further effort will be required if we are going to achieve the implementation of our recommendations in several areas, principally including

- placing public enterprise revolving funds on a gross reporting basis,
- better executive branch estimates of DOD budget amounts,
- executive adoption of a revised definition of "reappropriations,"
- budget schedule reporting on an obligations basis, and
- adoption of improved budget function categories.

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