



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

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March 23, 1979

The Honorable Edmund S. Muskie  
Chairman, Committee on the Budget  
United States Senate

*See 20800* 3 addressees

Dear Mr. Chairman:

Mr. McIntyre has furnished me a copy of his January 16, 1979, letter to you on the subject of reappropriations. His letter sets forth a [proposed definition of reappropriations] and explains their treatment in the 1980 budget. While we generally concur with OMB's position, there are two points on which we have reservations.

The first issue relates to whether OMB in fact is adequately presenting the amount of budget authority in the 1980 budget when the programs are proposed to be partially financed by extensions of 1979 unobligated balances; ~~The and second issue is~~ whether reappropriations should be used at all as a means of financing Government programs or activities.

Reappropriations as  
new budget authority

As you are aware, the issue of reappropriations and extensions of unobligated balances was an issue during consideration of the second concurrent resolution on the budget for fiscal year 1978. The conferees on the resolution agreed to consider future extensions of unobligated balances as new budget authority in all subsequent appropriations bills. Early in 1978 GAO proposed a revised definition of reappropriation to include unobligated balances to be extended as new budget authority. OMB initially opposed the inclusion of extensions as reappropriations.

OMB has finally agreed with GAO and the Budget Committees and in his letter to you, Mr. McIntyre sets forth OMB's preferred definition of reappropriations as follows.

"Congressional action to continue the availability of unobligated balances of appropriations that have expired or would otherwise expire. Upon enactment, these amounts are counted as new budget authority in the year into which they are extended. Such amounts are withdrawn from the account to which originally appropriated upon expiration of its

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original availability and may be restored to the account to meet legitimate adjustments in the obligations previously recorded."

We agree with the concept embodied in the first part of the above definition and are pleased that OMB has agreed with us to treat extensions of unobligated balances as new budget authority rather than as unobligated balances carried forward.

The letter also included reference to the following changes to be included in the 1980 budget:

- (1) unobligated balances that would have expired in fiscal year 1978, but that the Congress extended for fiscal year 1979, will be shown as new budget authority in 1979, and
- (2) unobligated balances that would otherwise expire in 1979 proposed in the 1980 budget to be extended for fiscal year 1980 will be treated as new budget authority in fiscal year 1980.

With respect to (1) above, we have noted that the Foreign Assistance and Related Programs Appropriations Act, 1979 (P.L. 95-481) extended unobligated balances from September 30, 1978, for several accounts, including "Military Assistance", "International Disaster Assistance", and "International Military Education and Training". The Department of Defense Appropriation Act, 1979 (P.L. 95-457) also extended unobligated balances from September 30, 1978, for such accounts as "Procurement of Ammunition, Army" and "Other Procurement, Army". The extension of unobligated balances in these accounts has been properly classified as reappropriations (and therefore as new budget authority) for the current year 1979 estimates in the 1980 budget appendix.

With respect to proposals to extend unobligated balances which would expire at the end of fiscal year 1979 into fiscal year 1980 (item 2, above), we note that while the administration has made such proposals it has not provided for any new budget authority. For example, the administration is proposing that section 102 of the General Provisions of the Foreign Assistance and Related Programs Appropriations Act, 1980, read as follows:

"Sec. 102. Except for the 'Contingency Fund', unobligated balances as of September 30, 1979, of funds made available under the authority of the Foreign Assistance Act of 1961, as amended,

are continued available for fiscal year 1980, and each such balance shall be transferred to and merged with appropriations made available for the same general purposes by this Act."

However, these proposed extensions are not included as new budget authority (reappropriations) in the 1980 budget, as they should be according to the new definition. The effect has been to understate the new budget authority requested for fiscal year 1980 by failing to include an estimate of the unobligated balances at the end of 1979 to be carried forward for use in financing the 1980 program.

Furthermore, OMB's commitment to include proposed extensions of unobligated balances as new budget authority in the 1980 budget apparently does not extend to those balances obligated at the end of fiscal year 1979 that subsequently become available for obligation in 1980 as a result of deobligations. For example, the proposed appropriation language for "Military Assistance" as contained in the 1980 budget appendix, provides that funds obligated as of September 30, 1979, "may, if deobligated, be reobligated" during fiscal year 1980 for purposes justified for a fiscal year prior to 1980. Such a deobligation-reobligation action would create new budget authority, but no stated amount for the new budget authority is provided.

This 1980 budget language contrasts with the "Military Assistance" appropriation language for 1979 which provided for deobligation-reobligation along with extension of the availability of unobligated balances as of September 30, 1978. The major difference was that a specified total amount of budget authority on a "not to exceed" basis was included in the 1979 appropriation language.

In short, we are in general agreement with OMB's proposed definition and budget treatment of extensions of unobligated balances as set forth in Mr. McIntyre's letter. However, we see no change in the actual 1980 budget proposals since estimates of new budget authority for proposed extensions of unobligated balances are not provided. The failure to include such estimates proposes a form of "backdoor" spending since such amounts are not included in the total new budget authority requested for fiscal year 1980.

Reappropriations as a  
means of partial financing

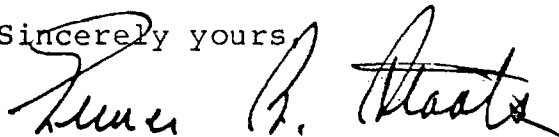
We do not favor, as a general rule, the use of reappropriations as a means of partial financing of Government programs. We believe that carryover and deobligation-reobligation authorities in 1-year accounts are not desirable in terms of achieving the most effective congressional budget control. In this regard, section 139(c) of the Legislative Reorganization Act of 1946, 2 U.S.C. 190f(c) (1976), provides:

"No general appropriation bill or amendment thereto shall be received or considered in either House if it contains a provision reappropriating unexpended balances of appropriations; except that this provision shall not apply to appropriations in continuation of appropriations for public works on which work has commenced."

We see no purpose to identifying reappropriated amounts as a partial source of total new budget authority for an account. Instead, all 1980 funds, including or excluding increases generated by amounts that otherwise might be reappropriated, could be in the form of new appropriations without reference to specific reappropriation language. In any event, [should the Congress wish to provide for the continued availability of prior year funds, the fiscal year 1980 appropriation legislation should indicate the total amount of budget authority being provided, including the amount of balances of budget authority being extended to partially finance the 1980 program.]

We are also sending letters on this subject to the Chairman, House Committee on the Budget and to the Director, Office of Management and Budget. We are providing copies to the Director, Congressional Budget Office and to the Secretary of the Treasury. We are available to discuss these matters further with you or your staff.

Sincerely yours



Comptroller General  
of the United States