



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

112447
NABNB

IN REPLY
REFER TO: B-196797

May 30, 1980

[Rescissions of Budget Authority in]

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

On April 16, 1980, the President's seventh special message for fiscal year 1980 was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. The special message proposes 53 rescissions of budget authority totalling \$1,472.7 million and 21 new deferrals totalling \$6,916.4 million.

Our comments on the information submitted in the seventh special message are enclosed.

James B. Stoute

Comptroller General
of the United States

Enclosure



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010735

OGC-80-12

GAO COMMENTS ON THE PRESIDENT'S SEVENTH
SPECIAL MESSAGE FOR FISCAL YEAR 1980

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

Based on the current legislative calendar, the 45-day period of continuous session during which the funds proposed for rescission in R80-5 through R80-57 may be withheld pending congressional consideration of a rescission bill ends on June 3, 1980.

The House Committee on Appropriations reported H.R. 7325 on May 9, 1980. As explained in the accompanying report (H. R. Rep. No. 96-934), that bill proposes supplemental appropriations as well as actions which impact on many of the rescissions and deferrals proposed in the President's seventh special message. As a matter of information, we have described the Committee's proposals along with our own comments as they impact on impoundments proposed by the President.

DEPARTMENT OF AGRICULTURE

R80-5 Science and Education Administration
 Cooperative Research
 1201500

The House Committee on Appropriations has proposed that this rescission be enacted.

R80-6 Science and Education Administration
 Extension Activities
 1200502

R80-7 Farmers Home Administration
 Rural Water and Waste Disposal Grants
 12X2066

R80-8 Farmers Home Administration
 Rural Development Planning Grants
 1202068

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R80-9 Soil Conservation Service
 Watershed and Flood Prevention Operations
 12X1072

R80-10 Soil Conservation Service
 Resource Conservation and Development
 12X1010

The Committee has recommended that R80-6 through R80-10 not be enacted.

DEPARTMENT OF COMMERCE

R80-11 National Oceanic and Atmospheric
 Administration
 Coastal Energy Impact Fund
 13X4315

The Committee has proposed that \$7.7 million be rescinded of the \$50 million proposed in R80-11.

DEPARTMENT OF ENERGY

R80-12 Atomic Energy Defense Activities
 Atomic Energy Defense Activities
 Operating Expenses
 (Defense Nuclear Waste Management)
 89X0220

The Committee has proposed that this rescission be increased to \$6.4 million.

R80-13 Energy Programs
 Energy Supply Research and Development
 Operating Expenses
 89X0224

The Committee has proposed a rescission of \$37.35 million from this account, which, according to the Committee report, would include six programs in addition to the program described in the President's proposal. The Committee has also proposed language that would defer certain funds in this account from obligation until October 1, 1980. (See D80-52.)

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R80-14 Energy Programs
 Energy Supply Research and Development
 Plant and Capital Equipment
 89X0225

The Committee has proposed a rescission of \$43.15 million from this account. According to the Committee report, the rescission is to include the portion of R80-14 associated with the gas-cooled fast reactor program but excludes the portion of R80-14 providing for a reduction in funding for the Solar Energy Research Institute. The Committee's proposal also includes the portions of this account dealing with projects involving solar thermal electric power systems and basic energy sciences.

R80-15 Energy Programs
 Uranium Enrichment - Operating Expenses
 89X0226

The Committee has recommended that this rescission as it applies to the specific program described in R80-15 not be approved. The Committee has proposed a rescission of \$5 million from this account which, according to the Committee report, is to apply to the uranium resources assessment program.

R80-16 Energy Programs
 Fossil Energy Research and Development
 89x0213

The Committee has proposed that the rescission be approved, but described in the Committee report certain modifications in its application to the various programs described in the President's message.

R80-17 Energy Programs
 Energy Conservation
 89X0215

The Committee has proposed that this rescission be increased to \$23 million.

R80-18 Energy Programs
 Economic Regulation
 8900217

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The Committee has proposed that this rescission be enacted.

R80-19 Departmental Administration
 Departmental Administration
 89X0228

The proposed rescission would reduce administrative costs by limiting staffing levels in several administrative groups in the Department of Energy. The Committee has proposed that this rescission be increased to \$38.725 million, based on anticipated savings from a reduction in program levels and in other administrative activities.

GAO has recently addressed the importance of adequate staffing levels in two of the groups that may be affected by this rescission. In our report, "Evaluation of the Department of Energy's Office of Inspector General" (EMD-80-29; November 28, 1979), we stated that "adequate resources are of the utmost importance in insuring the effectiveness of the Office of the Inspector General." GAO recommended that the Secretary of Energy and the Inspector General take certain steps to better determine resource needs and to obtain the staffing resources necessary for the Inspector General to carry out his responsibilities effectively.

In our report, "The Department of Energy's Practices For Awarding and Administering Contracts Need to be Improved," (EMD-80-2, November 2, 1979) we found that DOE headquarter's procurement office delegates contract administration functions to program personnel and outside organizations because it lacks sufficient staff to perform the functions in-house. We concluded that this practice weakens DOE's control over work performed by assurance of obtaining satisfactory products and services.

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

R80-20 Health Services Administration
 Health Service
 7500350

This rescission proposal involves funds administered by the Health Services Administration (HSA) for various types of health services.

The funds proposed for rescission include \$3 million for the Black Lung Services program. HSA officials told us that the effect of the rescission will be to allow the program to serve 38,220 patients rather than 45,000 patients as indicated in the special message.

The funds proposed for rescission also include \$5 million in training funds for maternal and child health services. The reduction in the number of health professionals receiving training may include nurse midwives who are already in short supply. A recent GAO report entitled "Better Management and More Resources Needed to Strengthen Federal Efforts to Improve Pregnancy Outcome," (HRD-80-24, January 21, 1980) recommended an increase in funding for nurse midwifery training.

Also included in the proposed rescission is \$10 million for family planning services. The special message indicates that the effect of the rescission will be to eliminate funds that would have enabled the program to serve 125,000 additional individuals above the current 1980 service level of 4.1 million people. HRA officials told us that plans were for the program to serve 3.9 million individuals, rather than the 4.1 million indicated in the message, and that the program will now have to be reduced by 192,000 individuals to approximately 3.7 million.

The Committee has recommended that \$16 million be rescinded rather than the \$34.9 million proposed in R80-20. The Committee's proposal, according to the Committee report, reduces the amounts for rescission for maternal and child services from \$6 million to \$1 million; for family planning from \$10 million to \$3 million; and for emergency health services from \$15.9 million to \$5 million. The Committee approved the proposed \$5 million rescission for black lung services and proposed a new rescission of \$4 million that is presently available for new research projects.

R80-21 Health Services Administration
 Indian Health Facilities
 75X0391

The Committee has recommended that this rescission not be approved. The Committee has proposed, however, that \$6 million "not become available for obligation until October 1, 1980."

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The Committee has recommended that the following proposed rescissions, R80-22 through R80-34, not be approved.

- R80-22 National Institutes of Health
 National Cancer Institute
 7500849
- R80-23 National Institutes of Health
 National Heart, Lung, and Blood
 Institute
 7500872
- R80-24 National Institutes of Health
 National Institute of Dental Research
 7500873
- R80-25 National Institutes of Health
 National Institute of Arthritis, Metabolism,
 and Digestive Diseases
 7500884
- R80-26 National Institutes of Health
 National Institute of Neurological and
 Communicative Disorders and Stroke
 7500886
- R80-27 National Institutes of Health
 National Institute of Allergy and
 Infectious Diseases
 7500885
- R80-28 National Institutes of Health
 National Institute of General Medical
 Sciences
 7500851
- R80-29 National Institutes of Health
 National Institute of Child Health
 and Human Development
 7500844
- R80-30 National Institutes of Health
 National Eye Institute
 7500887, 75X0887

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- R80-31 National Institutes of Health
National Institute of Environmental
Health Sciences
7500862
- R80-32 National Institutes of Health
National Institute of Aging
7500843
- R80-33 National Institutes of Health
Research Resources
7500848
- R80-34 National Institutes of Health
National Library of Medicine
7500807
- R80-35 Alcohol, Drug Abuse, and Mental Health
Administration
Alcohol, Drug Abuse, and Mental Health
7501361

The Committee has recommended that this rescission be approved.

- R80-36 Health Resources Administration
Health Resources
7500712

The Committee has recommended that \$9.3 million be rescinded rather than the \$149.953 million proposed in R80-36. Six million dollars available for National Health Service Corps Scholarships and \$3.3 million available for training of allied health professionals would be rescinded according to the Committee report.

The President's rescission proposal includes funds that were already proposed for rescission in an earlier message. Specifically, the \$81.3 million for institutional assistance capitation grants and \$16.5 million for health professions non-service student loans were proposed for rescission in the President's fifth special message for fiscal year 1980 (R80-2A). Congress failed to pass a rescission bill within the 45-day period of continuous session of the Congress following the date the proposal was received by the Congress.

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Accordingly, the funds were apportioned by the Office of Management and Budget on March 18, 1980, for allotment to the programs involved.

Once the 45-day period expires without favorable congressional action on a rescission proposal submitted under the Impoundment Control Act, the impounded budget authority must be made available for obligation. The Executive branch is free to again request that Congress rescind funds that it has appropriated, but the second request does not trigger a new 45-day withholding period.

We have discussed this matter with representatives of the Office of Management and Budget. They informed us and we have verified that the funds originally proposed for rescission in R80-2A have remained available since they were released on March 18, 1980, and that the additional funds proposed for rescission in R80-36 have not been withheld.

We note that the language of the rescission proposed by the Executive branch contains a proviso which states that the funds are rescinded--

"provided that the funds appropriated under this head in P. L. 96-123 for carrying out Title VII of the Public Health Service Act shall be available notwithstanding the limitations of Section 786(c)."

A rescission bill under the Impoundment Control Act is defined in section 1011(3) as--

"a bill or joint resolution which only rescinds, in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President * * *."
(Emphasis added.)

Thus, it is our view that the proposed rescission language in R80-36 technically is not within the scope of section 1011(3) because it would do more than "only" rescind budget authority.

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R80-37 Office of the Assistant Secretary for
Health
Salaries and Expenses
7501101

The Committee has proposed that \$14 million be rescinded rather than the \$12.8 million proposed in R80-37.

R80-38 Office of Education
Elementary and Secondary Education
7500279, 750/10279, 75X0279

The Committee has proposed that \$106 million be rescinded rather than the \$135.75 million proposed in R80-38. The Committee's action reduces the amount proposed for rescission for concentration grants from \$50 million to \$35 million and eliminates the proposal to rescind \$14.75 million available for the Follow Through program.

R80-39 Office of Education
Emergency School Aid
7500275

The Committee has proposed that \$20.104 million be rescinded rather than the \$25.123 million proposed in R80-39.

R80-40 Office of Education
Occupational, Vocational, and
Adult Education
750/10273

The Committee has recommended that the \$87.5 million proposed for rescission in R80-40 not be approved and has proposed a rescission of \$24.817 million affecting programs and services other than those discussed in R80-40.

R80-41 Office of Education
Student Assistance
750/10260

The Committee proposed that \$140 million be rescinded rather than the \$108 million proposed in R80-41 but that the rescission apply to the programs described in D80-54.

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R80-42 Office of Education
Higher and Continuing Education
7500293

The Committee proposed that \$1 million be rescinded rather than the \$44.275 million proposed in R80-42.

R80-43 Office of Education
Library Resources
750/10212

The Committee has proposed that this rescission be approved.

R80-44 Office of Education
Special Projects and Training
7500270

The Committee has proposed that this rescission not be approved.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

R80-45 Community Planning and Development
Community Development Grants
868/00162, 869/10162, 860/20162

The Committee has proposed that the amount of the rescission be approved, but, as explained in the report, with certain modifications in its application to the various programs described in the President's message.

R80-46 Community Planning and Development
Rehabilitation Loan Fund
86X4036

The Committee proposed that \$13 million be rescinded rather than the \$38 million proposed in R80-46.

DEPARTMENT OF THE INTERIOR

R80-47 Heritage Conservation and Recreation
Service
Urban Park and Recreation Grants
14X0720

B-196797

The Committee has recommended that this rescission not be approved. The Committee has proposed, however, that \$45 million of the funds appropriated to this account not become available for obligation until October 1, 1980.

R80-48 Heritage Conservation and Recreation
 Service
 Land and Water Conservation Fund
 14X5005

The Committee has recommended that this rescission not be approved but that \$170 million not become available for obligation until October 1, 1980.

The rescission language for R80-48 proposed in the special message would do more than just rescind budget authority. As noted in our comments on R80-36, this goes beyond the definition of rescission bill contained in section 1011 of the Impoundment Control Act.

R80-49 Heritage Conservation and Recreation
 Service
 Historic Preservation Fund
 140/15140

The Committee has recommended that this rescission not be approved. The Committee has proposed that \$10 million not become available for obligation until October 1, 1980.

DEPARTMENT OF THE TREASURY

R80-50 Bureau of Government Financial Operations
 Salaries and Expenses
 2001801

The Committee has proposed that this rescission be approved.

ARMS CONTROL AND DISARMAMENT AGENCY

R80-51 Arms Control and Disarmament Activities
 9400100

The Committee has proposed that this rescission be approved.

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FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

R80-52 Salaries and Expenses
 9502800

The Committee has proposed that this rescission be approved.

MERIT SYSTEMS PROTECTION BOARD

R80-53 Office of the Special Counsel
 Salaries and Expenses
 4100101

The Committee has proposed that this rescission be approved.

Staff from the Office of the Special Counsel have told us that a rescission of \$1 million would critically impair their operations by delaying the establishment of field offices needed to fulfill their mandate under the Civil Service Reform Act. In this regard, GAO reported to the Senate Committee on Governmental Affairs (FPCD-79-51, April 20, 1979) that the Office of Special Counsel did not have adequate resources to establish full operations and to effectively carry out the duties assigned to them. GAO concluded that the Special Counsel should receive immediate attention and action to its request for additional funding. After our report was issued, the Office of the Special Counsel received a supplemental appropriation of \$856,000 for fiscal year 1979 and its 1980 appropriation was increased to \$4,516,000. In recognition of the anti-inflation program, the Office of the Special Counsel has proposed that \$564,000 rather than \$1,000,000 be rescinded.

NATIONAL SCIENCE FOUNDATION

R80-54 Science Education Activities
 4900106

The Committee has recommended that this rescission not be approved.

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OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

R80-55 Salaries and Expenses
9502100

The Committee has recommended that this rescission be approved.

SMALL BUSINESS ADMINISTRATION

R80-56 Business Loan and Investment Fund
73X4154

The Committee has recommended that this rescission not be approved.

WATER RESOURCES COUNCIL

R80-57 Water Resources Planning
8500100

The Committee has recommended that this rescission be approved.

FUNDS APPROPRIATED TO THE PRESIDENT

D80-48 Appalachian Regional Development Programs
Appalachian Regional Development Programs
11X0090

The Committee has proposed that \$29,300,000 be "deferred for obligation until October 1, 1980." The Committee's proposal would include the funds proposed for deferral in D80-48.

DEPARTMENT OF COMMERCE

D80-49 National Oceanic and Atmospheric
Administration
Coastal Energy Impact Fund
13X4315

DEPARTMENT OF DEFENSE

D80-50.1 Operation and Maintenance, Navy Reserve
1701806

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- D80-50.2 Aircraft Procurement, Army
218/02031
- D80-50.3 Aircraft Procurement, Army
219/12031
- D80-50.4 Missile Procurement, Army
218/02032
- D80-50.5 Missile Procurement, Army
219/12032
- D80-50.6 Missile Procurement, Army
210/22032
- D80-50.7 Procurement of Weapons and Tracked
Combat Vehicles, Army
218/02033
- D80-50.8 Procurement of Weapons and Tracked
Combat Vehicles, Army
219/12033
- D80-50.9 Procurement of Weapons and Tracked
Combat Vehicles, Army
210/22033
- D80-50.10 Procurement of Ammunition, Army
218/02034
- D80-50.11 Procurement of Ammunition, Army
219/12034
- D80-50.12 Other Procurement, Army
218/02035
- D80-50.13 Aircraft Procurement, Navy
178/01506
- D80-50.14 Aircraft Procurement, Navy
179/11506
- D80-50.15 Aircraft Procurement, Navy
170/21506

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D80-50.16 Weapons Procurement, Navy
178/01507

D80-50.17 Weapons Procurement, Navy
179/11507

D80-50.18 Shipbuilding and Conversion, Navy
170/41611

D80-50.19 Other Procurement, Navy
178/01810

D80-50.20 Other Procurement, Navy
179/11810

D80-50.21 Other Procurement, Navy
170/21810

D80-50.22 Procurement, Marine Corps
170/21109

D80-50.23 Aircraft Procurement, Air Force
578/03010

D80-50.24 Aircraft Procurement, Air Force
579/13010

D80-50.25 Aircraft Procurement, Air Force
570/23010

D80-50.26 Missile Procurement, Air Force
578/03020

D80-50.27 Missile Procurement, Air Force
579/13020

D80-50.28 Missile Procurement, Air Force
570/23020

D80-50.29 Other Procurement, Air Force
578/03080

D80-50.30 Other Procurement, Air Force
579/13080

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- D80-50.31 Research, Development, Test,
 and Evaluation, Army
 219/02040
- D80-50.32 Research, Development, Test,
 and Evaluation, Navy
 179/01319
- D80-50.33 Research, Development, Test,
 and Evaluation, Navy
 170/11319
- D80-50.34 Research, Development, Test,
 and Evaluation, Air Force
 570/13600

Section 1013(a)(2) of the Impoundment Control Act (31 U.S.C. 1403(a)(3)) requires the President to transmit a special message which specifies, among other things, the particular projects or governmental functions affected by a deferral of budget authority. We do not believe that the listing of appropriation titles--as was done for the above Department of Defense accounts--adequately satisfies the requirements of section 1013; nor does such a listing adequately supply the Congress or the Comptroller General with all the necessary information needed to conduct a proper review of the proposed impoundment. We have informed representatives of the Office of Management and Budget of our concerns regarding the lack of information included in D80-50.

DEPARTMENT OF ENERGY

- D80-51 Atomic Energy Defense Activities
 Atomic Energy Defense Activities
 Operating Expenses
 (Defense Nuclear Waste Management)
 89X0220

The Committee has proposed that the \$1 million covered by D80-51 be "deferred for obligation until October 1, 1980."

- D80-52 Energy Programs
 Energy Supply Research and Development
 Operating Expenses
 89X0224

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The Committee has proposed that \$50.5 million from this account be "deferred for obligation until October 1, 1980." According to the Committee report, this proposal includes the \$2.5 million proposed in D80-52 and \$48 million from funds provided for the Clinch River breeder reactor demonstration project.

D80-53 Departmental Administration
 Departmental Administration
 89X0228

The Committee has proposed that this deferral be approved and that an additional \$5 million from this account be "deferred for obligation until October 1, 1980," to affect projects not addressed in the President's proposal.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

D80-54 Office of Education
 Student Assistance
 750/10260

The Committee has proposed that \$140 million for basic educational opportunity grants proposed for deferral in D80-54 be rescinded.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

D80-55 Housing Programs
 Troubled Projects Operating Subsidy
 86010172

DEPARTMENT OF THE INTERIOR

D80-56 National Park Service
 Construction (Trust Fund)
 14X8215

DEPARTMENT OF LABOR

D80-57 Employment and Training Administration
 Employment and Training Assistance
 160/10174

The Committee has proposed that the deferral of \$14 million available for the title II-D public service employment program be disapproved "effective upon the enactment into law of this bill." The Committee in its report expressed approval of the remainder of the deferral proposal.

D80-58 Employment and Training Administration
Temporary Employment Assistance
160/10173

DEPARTMENT OF TRANSPORTATION

D80-59 Coast Guard
Acquisition, Construction and
Improvements
689/00240, 699/10240, 690/20240, 69X0240

D80-60 Federal Aviation Administration
Construction, Metropolitan Washington
Airports
69X1333, 698/01333, 699/11333, 690/21333

D80-61 Federal Highway Administration
Federal-Aid Highways
20X8102

A number of lawsuits have been filed against the Secretary of Transportation seeking a court order which would prohibit the Secretary from withholding the funds involved in this deferral. The Committee has proposed that the deferral be disapproved.

D80-62 Federal Railroad Administration
Railroad Research and Development
69X0745

D80-63 Federal Railroad Administration
Northeast Corridor Improvement Program
69X0123

D80-64 Urban Mass Transportation Administration
Urban Mass Transportation Fund
(Research, Development, and Demonstrations
and University Research and Training)
69X1119

This deferral affects the development of an Advanced Group Rapid Transit (AGRT) system that has been underway since fiscal year 1975 and was scheduled to continue through the testing of prototype subsystems and components by June 1985. The development of AGRT prototype subsystems, components, and testing facilities has been underway since September 1978 when contracts were awarded to private contractors.

The effect of the deferral as stated in the special message will be to delay research and development for AGRT until 1981. However, it appears that plans are for the program to be more significantly affected than is suggested in the message. Work under the development contracts has not yet been terminated. However, contractors have been requested to scale down their efforts and rates of expenditures. This will allow them to continue work with funds carried over from prior year appropriations that were not included in the deferral. Even at the reduced rate of expenditures, it is estimated that funding will run out by August 1980. Work would then be terminated unless Congress has overturned the deferral. Furthermore, the Department of Transportation's amended budget request for fiscal year 1981 deletes \$11.05 billion originally requested for the AGRT project. The President has also included in his budget amendments transmitted to the Congress on April 15, 1980, a provision in the proposed appropriation which would allow the funds deferred in D80-64 to be used for purposes other than AGRT. The effect of the deferral and the changes in the 1981 budget could result in a halt to AGRT development.

The Committee has proposed that the deferral be disapproved "effective upon the enactment into law of this bill."

ENVIRONMENTAL PROTECTION AGENCY

D80-65 Construction Grants
68X0103

We have verified that \$12,456,000 of the amount deferred by D80-65 has been released for obligation. The Office of Management and Budget has advised us that D80-65 will be amended to include an increase of \$24,149,759 to bring the total amount deferred to \$3,647,948,114.

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GENERAL SERVICES ADMINISTRATION

D80-66 Public Buildings Service
 Federal Buildings Fund
 47X4542

NATIONAL SCIENCE FOUNDATION

D80-67 Research and Related Activities
 490/10100

SMITHSONIAN INSTITUTION

D80-68 Construction
 33X0133