



Comptroller General  
of the United States

Washington, D.C. 20548

245311

150659

B-255338.4

January 27, 1994

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

On November 1, 1993, the President submitted to the Congress his second special impoundment message for fiscal year 1994. The message reports 37 proposed rescissions of budget authority. We have reviewed the proposed rescissions and found them to be in accordance with the Impoundment Control Act, 2 U.S.C. § 681 et seq., as amended.

With regard to the rescission proposals, section 1012(b) of the Act, 2 U.S.C. § 683(b), requires that funds proposed for rescission be made available for obligation unless the Congress completes action on a rescission bill within the first 45-day period of continuous Congressional session after the day such proposal is received by the Congress.

Enclosure I provides specific information with regard to the rescissions which we believe will be useful to the Congress in its examination of the message. Enclosure II provides a list of the rescissions as reported by the President.

*for James F. Hinchman*  
Comptroller General  
of the United States

COMMENTS ON THE SECOND SPECIAL MESSAGE**DEPARTMENT OF AGRICULTURE**

**R94-4** Agricultural Research Service  
 Amount Proposed for Rescission: \$16,233,000  
1241400

According to the latest apportionment schedule for the account, dated November 4, 1993, total budgetary resources are \$710,901,000 and not \$694,969,000 as reported in the message.

**R94-5** Agricultural Research Service  
 Buildings and Facilities  
 Amount Proposed for Rescission: \$8,460,000  
12X1401

According to the latest apportionment schedule for this account, dated November 4, 1993, total budgetary resources are \$107,413,561 and not \$32,743,000 as reported in the message.

**R94-6** Cooperative State Research Service  
 Amount Proposed for Rescission: \$30,002,000  
1241500 12X1500

According to the latest apportionment for this account, dated November 4, 1993, total budgetary resources are \$472,586,000 and not \$453,736,000 as reported in the message.

**R94-7** Cooperative State Research Service  
 Buildings and Facilities  
 Amount Proposed for Rescission: \$34,000,000  
12X1501

According to the latest apportionment schedules for these accounts, dated November 4, 1993, total budgetary resources are \$65,425,481 and not \$56,874,000 as reported in the message.

**R94-9** Soil Conservation Service  
 Conservation Operations  
 Amount Proposed for Rescission: \$12,167,000  
12X1000

According to the latest apportionment statement for this account, dated November 4, 1993, total budgetary resources are \$659,644,854 and not 651,049,000 as reported in the message.

**R94-10** Farmers Home Administration  
Salaries & Expenses  
Amount Proposed for Rescission: \$12,167,000  
1242001

According to the latest apportionment statement for this account, dated November 4, 1993, total budgetary resources are \$731,869,000 and not \$36,152,000 as reported in the message. This is due to additional reimbursements and income anticipated for the rest of fiscal year 1994.

**DEPARTMENT OF THE ARMY - Civil**

**R94-23** Army Corps of Engineers  
General Investigations  
Amount Proposed for Rescission: \$24,970,000  
96X3121

According to the latest apportionment schedule for this account, dated November 17, 1993, total budgetary resource are \$266,937,786 and not \$257,540,000 as reported in the message.

**R94-24** Army Corps of Engineers  
Construction  
Amount Proposed for Rescission: \$97,319,000  
96X3122

According to the latest apportionment schedule for this account, dated November 17, 1993, total budgetary resources are \$2,777,994,042 and not \$2,675,875,000 as reported in the message.

**DEPARTMENT OF COMMERCE**

**R94-13** National Oceanic and Atmospheric Administration  
Research and Facilities  
Amount Proposed for Rescission: \$6,000,000  
13X1450

According to the latest apportionment statement for this account, dated November 30, 1993, total budgetary resources are \$2,280,472,408 and not \$2,283,782,408 as reported in the message.

## DEPARTMENT OF DEFENSE

**R94-16** Military Construction Army  
 Amount Proposed for Rescission: \$116,134,000  
214/82050

According to the latest apportionment statement for this account, dated November 10, 1993, total budgetary resources are \$906,676,000 and not \$1,378,806,000 as reported in the message. The reason for this discrepancy is that the message reported as other budgetary resources the amount of estimated prior year unobligated balances available to complete prior year budget plans. These prior year unobligated amounts are unrelated to the account against which the proposed rescission will be charged. (i.e, the fiscal year 1994/1998 account for military construction, Army). Furthermore, according to OMB and agency officials, the amount of other budgetary resources should have been \$483,030,000 and not \$472,130,000. This amount should be further reduced to \$469,130,000 because the Military Construction Appropriations Act for Fiscal Year 1994 rescinded \$13,900,000 in budget authority from prior year Military Construction, Army, appropriation. Pub. L. No. 103-110, 107 Stat. 1037 (1993).

**R94-17** Military Construction Air Force  
 Amount Proposed for Rescission: \$85,094,000  
574/83300

For the same reasons cited in our comments on rescission R94-16 above (prior year unobligated balances were counted as budgetary resources of the FY 1994-1998 account) total budgetary resources were overstated in this account. The latest apportionment statement for the account, dated November 16, 1993, shows total budgetary resources of \$1,022,890,000 and not \$1,863,521,000 as reported in the message.

**R94-18** Military Construction Army Reserve  
 Amount Proposed for Rescission: \$19,807,000  
214/82086

For the same reasons cited in our comments on rescission R94-16 above (prior year unobligated balances were counted as budgetary resources of the FY 1994-1998 account) total budgetary resources were overstated in this account. The latest apportionment statement for the account, dated November 20, 1993, shows total budgetary resources of \$102,040,000 and not \$212,442,000 as reported in the message.

**R94-20** Military Construction Air Force Reserve  
 Amount Proposed for Rescission: \$18,759,000  
574/83730

For the same reasons cited in our comments on rescission R94-16 above (prior year unobligated balances were counted as budgetary resources of the FY 1994-1998 account) total budgetary resources were overstated in this account. The latest apportionment statement for the account, dated November 20, 1993, shows total budgetary resources of \$74,486,000 and not \$112,510,000 as reported in the message.

**R94-21** Military Construction Army National Guard  
 Amount Proposed for Rescission: \$251,854,000  
214/82085

For the same reasons cited in our comments on rescission R94-16 above (prior year unobligated balances were counted as budgetary resources of the FY 1994-1998 account) total budgetary resources were overstated in this account. The latest apportionment statement for the account, dated November 20, 1993, shows total budgetary resources of \$302,719,000 and not \$456,325,000 as reported in the message.

**R94-22** Military Construction Air National Guard  
 Amount Proposed for Rescissions: \$105,138,000  
574/83830

For the same reasons cited in our comments on rescission R94-16 above (prior year unobligated balances were counted as budgetary resources of the FY 1994-1998 account) total budgetary resources were overstated in this account. The latest apportionment statement for the account, dated November 20, 1993, shows total budgetary resources of \$247,491,000 and not \$393,937,000 as reported in the message.

#### **DEPARTMENT OF ENERGY**

**R94-25** Energy Programs  
 Energy Supply, Research and Development  
 Activities, and Uranium Supply and Enrichment  
 Activities  
 Amount Proposed for Rescission: \$139,300,000  
89X0224 89X0226

According to the latest apportionment schedule for these accounts, dated November 15, 1993, total budgetary resources

are \$5,435,861,037 and not \$3,879,572,000 as reported in the message.

**FUNDS APPROPRIATED TO THE PRESIDENT**

**R94-1** International Security Assistance  
Foreign Military Financing Grants  
Amount Proposed for Rescission: \$40,000,000  
1141082

We note that the rescission proposal is internally inconsistent. Although the justification for this rescission report indicates that the funds available for rescission will be derived from prior year appropriations, the account identified as the source of the rescission in the message is made up of current funds which lapse at the end of fiscal year 1994. In addition, the President has reported a deferral in this account of \$3,137,279,000. Third Special Impoundment Message, November 19, 1993, Deferral D94-9.

**R94-2** International Security Assistance  
Economic Support Fund  
Amount Proposed for Rescission: \$90,000,000  
11X1037 113/41037 114/51037

According to OMB's Cumulative Report, submitted to the Congress December 9, 1993, these funds are not being withheld from obligation. We note, however that this rescission proposal also states that the funds available for rescission will be derived from unexpended balances of prior year appropriations. Unlike R94-1, with this proposal it is conceivable that the amount of the rescission (\$90,000,000) could well be derived from other budgetary resources brought forward (\$403,985,043) from prior multiple-year appropriations. However, the apportionment statements for these accounts, which are made up of annual, multiple-year and no year funds, do not identify which accounts will be supporting the rescission. Neither OMB nor agency officials could identify which prior year carryovers in the accounts would bear the burden of the rescission. Also, the President has reported a deferral in this account of \$1,558,737,203 in his Third Special Message, Deferral D94-1A, November 19, 1993.

**D94-3** Agency for International Development  
 Development Assistance Fund  
 Amount Proposed for Rescission: \$160,000,000  
11X1021 114/51021

According to OMB's Cumulative Report, submitted to the Congress December 9, 1993, these funds are not being withheld from obligation. We note that just as with rescissions R94-1 and R94-2, this rescission proposal also states that the funds available for rescission will be derived from unexpended balances of prior year appropriations. This proposal is inconsistent, however, because apportionment statements for these accounts show that the estimated unobligated balances and anticipated recoveries of prior year obligations equal only \$120,000,000. Since the rescission proposal is for \$160,000,000, the remaining \$40,000,000 must be derived from current multi-year funds or additional anticipated recoveries but this is not reflected in the report.

**GENERAL SERVICES ADMINISTRATION**

**R94-33** Public Building Service  
 Federal Buildings Fund  
 Amount Proposed for Rescission: \$126,022,000  
47X4542

Section 1012 of the Impoundment Control Act requires the President to report proposed rescissions to the Congress in a special message that provides detailed information concerning the basis and effect of the rescission, including:

"any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved . . ."

The justification in the President's report does not provide sufficient information to identify the programs or projects or governmental functions affected by this rescission proposal. The justification for this rescission states that the Administrator of the General Services Administration will "reduce new obligational authority by program, project, and activity to be consistent with the President's policies . . ." Further, the legislative language attached to the proposed rescission states that of the "funds made available from earmarked funds . . . \$126,022,000 are rescinded". All governmental functions covered by the Public Building Fund appropriation limitation can be

considered "earmarked funds". (Among the items earmarked in the appropriation are construction of additional projects, repairs and alterations installment acquisition payments, rental of space, real property operations, program direction and centralized services, design and construction services. Pub. L. No. 103-123, 107 Stat. 1239 (1993).)

Furthermore, our Office reported the actions associated with this account as an authorized unreported deferral of budget authority in a letter to the Congress. GAO/OGC-94-17, B-255338.2, Nov. 5, 1993. The President subsequently reported a deferral of \$2,835,860,000 in this account in his Third Special Impoundment message for fiscal year 1994, dated November 19, 1993.

#### **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**R94-26** Housing Programs, Annual Contributions  
for Assisted Housing  
Amount Proposed for Rescission: \$180,000,000  
86X0164

According to the latest apportionment statement for this account, dated November 29, 1993, total budgetary resources are \$10,097,117,428 and not \$11,312,900,000 as reported in the message. The apportionment statement shows that other budgetary resources, are lower than anticipated by the message. We note that GAO recently issued a report related to the lead based paint hazard reduction program for which a rescission of \$50 million is proposed in this account. GAO/RCED-93-138, Sept. 1993.

#### **INDEPENDENT AGENCIES**

**R94-35** State Justice Institute  
Salaries and Expenses  
Amount Proposed for Rescission: \$6,775,000  
4840052

The Institute is an independent agency which does not submit apportionment statements through OMB. However, the Institute's Executive Director and Chief of Finance confirmed, in writing, the accuracy of the President's message. According to OMB's cumulative report, submitted to the Congress on December 9, 1993, these funds are not being withheld from obligation.



**R94-36** United States Information Agency  
Salaries and Expenses  
Amount Proposed for Rescission: \$3,000,000  
6740201

The latest apportionment statement for this account, dated November 15, 1993, shows total budgetary resources of \$757,793,400 and not \$735,890,400 as reported in the message.

**SMALL BUSINESS ADMINISTRATION**

**R94-34** Salaries and Expenses  
Amount Proposed for Rescission: \$13,100,000  
7340100

According to the latest apportionment schedule for this account dated November 29, 1993, total budgetary resources are \$474,073,175 and not \$258,900,000 as reported in the message.

**DEPARTMENT OF STATE**

**R94-28** Administration of Foreign Affairs  
Salaries and Expenses and Diplomatic  
and Consular Programs  
Amount Proposed for Rescission: \$600,000  
1940113

According to the latest appointment statement for this account, dated December 1, 1993, total budgetary resources are \$2,169,032,000 and not \$2,128,089,000 as reported in the message.

**DEPARTMENT OF TRANSPORTATION**

**R94-32** Federal Highway Administration  
Highway Demonstration Projects  
Amount Proposed for Rescission: \$187,827,288  
69X9972 69X9911

According to the latest apportionment statements for these account, dated November 4, 1993, total budgetary resources are \$1,081,656,704 and not \$1,072,740,100 as reported in the message.

**CONTENTS OF SPECIAL MESSAGE**

(in thousands of dollars)

(as reported by the President)

<b>RESCISSION NO.</b>	<b>ITEM</b>	<b>BUDGET AUTHORITY</b>
	<b>Funds Appropriated to the President:</b>	
	<b>International Security Assistance:</b>	
R94-1	Foreign military financing grants.....	40,000
R94-2	Economic support fund.....	90,000
	<b>Agency for International Development:</b>	
R94-3	Development assistance fund.....	160,000
	<b>Department of Agriculture:</b>	
	<b>Agricultural Research Service:</b>	
R94-4	Agricultural research service.....	16,233
R94-5	Buildings and facilities.....	8,460
	<b>Cooperative State Research Service:</b>	
R94-6	Cooperative State Research Service.....	30,002
R94-7	Building and facilities.....	34,000
	<b>Agricultural Stabilization and Conservation Service:</b>	
R94-8	Salaries and expenses.....	12,167
	<b>Soil Conservation Service:</b>	
R94-9	Conservation operations.....	12,167
	<b>Farmers Home Administration:</b>	
R94-10	Salaries and expenses.....	12,167
	<b>Rural Electrification Administration:</b>	
R94-11	Rural Electrification and telephone loans loans program account.....	6,445
	<b>Food and Nutrition Service:</b>	
R94-12	Commodity supplemental food program.....	12,600
	<b>Department of Commerce:</b>	
	<b>National Oceanic and Atmospheric Administration:</b>	
R94-13	Operations, research and facilities.....	6,000
R94-14	Construction.....	4,000

**CONTENTS OF SPECIAL MESSAGE**  
(in thousands of dollars)

<u>RESCISSION NO.</u>	<u>ITEM</u>	<u>BUDGET AUTHORITY</u>
	<b>International Trade Administration:</b>	
R94-15	Operations and administration.....	2,000
	<b>Department of Defense:</b>	
	<b>Military Construction:</b>	
R94-16	Military construction, Army.....	116,134
R94-17	Military construction, Air Force.....	85,094
R94-18	Military construction, Army Reserve.....	19,807
R94-19	Military construction, Naval Reserve.....	4,438
R94-20	Military construction, Air Force Reserve.....	18,759
R94-21	Military construction, Army National Guard.....	251,854
R94-22	Military construction, Air National Guard.....	105,138
	<b>Department of the Army-Civil:</b>	
	<b>Army Corps of Engineers:</b>	
R94-23	General investigations.....	24,970
R94-24	Construction, general.....	97,319
	<b>Department of Energy:</b>	
	<b>Energy Programs:</b>	
R94-25	Energy supply, research and development activities, and Uranium supply and enrichment activities.....	139,300
	<b>Department of Housing and Urban Development:</b>	
	<b>Housing Programs:</b>	
R94-26	Annual contributions for assisted housing.....	180,000
	<b>Department of the Interior:</b>	
	<b>Bureau of Reclamation:</b>	
R94-27	Construction program.....	16,000
	<b>Department of State:</b>	
	<b>Administration of Foreign Affairs:</b>	
R94-28	Salaries and expenses.....	600

**CONTENTS OF SPECIAL MESSAGE**

(in thousands of dollars)

<u>RESCISSION NO.</u>	<u>ITEM</u>	<u>BUDGET AUTHORITY</u>
	<b>Department of Transportation:</b>	
	<b>Federal Aviation Administration:</b>	
R94-29	Operations.....	2,750
R94-30	Facilities and equipment.....	40,257
	<b>Federal Transit Administration:</b>	
R94-31	Discretionary grants.....	52,037
	<b>Federal Highway Administration:</b>	
R94-32	Highway demonstration projects.....	187,827
	<b>General Services Administration:</b>	
	<b>Public Buildings Service:</b>	
R94-33	Federal buildings fund.....	126,022
	<b>Small Business Administration:</b>	
R94-34	Salaries and expenses.....	13,100
	<b>Other Independent Agencies:</b>	
	<b>State Justice Institute:</b>	
R94-35	Salaries and expenses.....	6,775
	<b>United States Information Agency:</b>	
R94-36	Salaries and expenses.....	3,000
R94-37	North/South center.....	8,700
	<b>Total, rescissions.....</b>	<b>1,946,122</b>