

GAO

Testimony

For Release
on Delivery
Expected at
10:00 AM
Wednesday
March 18, 1987

Navy's RDT&E Reprogramming

Statement of
Donna Heivilin, Associate Director
National Security and International Affairs
Division

Before the
Subcommittee on Research and Development
House Committee on Armed Services



132439

038315

Mr. Chairman and Members of the Subcommittee, I am pleased to be here this morning to discuss the reprogramming actions on four of the Navy's R&D programs.

The essential ground rules for reprogramming are that for the RDT&E accounts, DOD submits increases of \$4 million or more for congressional consideration. However, decreases of more than \$4 million are not submitted for congressional consideration unless an individual program element within the account increases more than \$4 million. DOD can increase or decrease a project within a program element by any amount so long as the total program element remains the same.

The four programs you asked us to review were the RACER, the MK-92, the ERASE, and the Satellite Laser Communication System. The 1985 Authorization Act earmarked \$45 million for the RACER, a ship propulsion project for destroyers, and \$37.8 million for the MK-92, a fire control system for frigates. The 1985 Appropriation Act did not specify amounts for either program. In both cases, however, the appropriation conference report showed lower amounts than those earmarked by the Authorization Act. The Navy allocated the amounts indicated in the appropriations conference report to the programs, rather than the amounts shown in the Authorization Act.

In a February 1986 decision, the Comptroller General stated that the earmark language in the Authorization Act was binding on the Navy and \$45 million and \$37.8 million were available only for the RACER and MK-92. As a result, the Navy reprogrammed funds into

the RACER. However, the reprogramming action was very late in the fiscal year and \$12.9 million of the RACER funds expired because the Navy did not obligate the funds prior to the end of the fiscal year.

For the MK-92 program, the Navy initially allocated \$14.9 million, the amount in the appropriations conference report. Through minor reprogramming this amount was subsequently increased slightly to \$15 million. Although the 1985 Authorization Act earmarked \$37.8 million for the MK-92, Navy officials said they were able to perform the work for \$15 million.

We believe that as soon as it became evident that the funds earmarked for these two programs would not be obligated for them, Navy officials should have sent a report to the Congress of a rescission, i.e., a permanent withholding of the funds. This is required by section 1012 of the Impoundment Control Act.

The Navy reports that \$26.3 million expired from its RDT&E Appropriations Account for fiscal year 1985. Of the monies earmarked for the RACER and the MK-92 by the Authorization Act, \$36.1 million was not obligated, thus \$9.8 million which was earmarked in the Authorization Act for the RACER and the MK-92 was apparently obligated for something else.

For the ERASE--a system being designed to eliminate electromagnetic radiation--and the Satellite Laser Communication System programs, anticipated fundings were in the committee and conference reports, but not in the authorizing or appropriating

acts. When the law is silent, a federal agency is not required to expend particular amounts. However, DOD officials have said that DOD uses the congressional reports as guidelines when making program decisions. When appropriation and authorization reports are conflicting and there is no specific guidance in the statutes, our reviews have shown that the Navy generally allocates the amounts cited in the appropriations reports.

In fiscal year 1986, the ERASE program was included in a \$10.1 billion lump sum appropriation. The legislative history shows that the conferees on both the authorizations and appropriations intended that \$10.1 million be used for the ERASE. The Navy initially allocated \$10.1 million to the program and subsequently reduced it to \$9.6 million.

We found a somewhat similar situation in the Satellite Laser Communication program for fiscal year 1987. It was included in a \$9.3 billion lump sum appropriation. The authorizing conference report identified \$35.9 million for this program. However, the appropriation conference report recommended \$20.9 million. The Navy funded this program at \$19.5 million.

Since the law did not earmark funds for either the ERASE or Satellite Laser Communication programs, the Navy was not required to spend any specific amounts. If the Congress wants to assure itself that the Navy spends specific amounts for programs, language must be included or incorporated by reference into the law itself, not committee or conference reports.

We understand that the Committee believed that the ERASE and the Satellite Laser Communication Program were being handled as special interest items. Such items are subject to prior congressional approval for any reprogramming, regardless of the amount involved. None of the programs we are considering today have been designated as special interest items by the Navy. DOD defines such a program as one where the DOD budget request has been decreased and a committee report contains a discussion about the program.

Thank you, Mr. Chairman, and your Committee for the opportunity to discuss our work with you.

FOUR NAVY R&D PROJECTS

	<u>RACER</u>	<u>MK-92</u>
	(1985)	
	- - - -\$ in millions- - - -	
Requested	\$27	\$19.9
Authorized	45	37.8
Appropriated	not specified	not specified
Appropriations Conference	23.4	14.9
Navy Allocation	23.4	14.9
Reprogrammed	+21.6 ^{1/}	+ .1
Available for Obligation	45.0 ^{2/}	15.0
Obligated	31.7	15.0
Difference (Authorized Minus Obligated)	12.9	22.8
Expired	12.9	<u>3/</u>

	<u>ERASE</u>	<u>Satellite Laser Communication System</u>
	(1986)	(1987)
	- - - -\$ in millions - - - -	
Requested	\$10.1	\$ 5.9
Authorized	not specified	not specified
Appropriated	"	"
Authorizing Conference	10.1	35.9
Appropriation Conference	10.1	20.9
Navy Allocation	10.1	20.9
Undistributed Appropriations Reductions	- .5	-1.4
	?	

¹ \$10.9 million of this was reprogrammed after receiving the Comptroller General's Decision.

² General decrements made in May and July reduced this to \$44.5.

³ Only \$13.4 million of additional funds expired in the entire account for a total of \$26.3 million.