



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

August 27, 1976

B-115398

President of the Senate
Speaker of the House
of Representatives

On July 28, 1976, we received copies of the President's 18th special message for Fiscal Year 1976 and the Transition Quarter. The message was transmitted to the Congress pursuant to the Impoundment Control Act of 1974. It includes three rescission proposals concerning education programs of the Department of Health, Education, and Welfare (HEW), one rescission proposal affecting the child nutrition program administered by the Department of Agriculture, and four new deferral proposals.

The budget authority the President proposes to rescind and defer has been withheld since July 1--27 days before the proposals were reported to the Congress. We believe the President should have reported these withholdings of budget authority promptly, and his failure to do so did not comply with the requirements of the Impoundment Control Act that impoundments be brought to the attention of the Congress whenever the President determines to withhold such authority.

Concerning the proposed rescissions, the late reporting of these withholdings is particularly troublesome because it may operate to deny to the Congress the expected consequence of its rejecting a rescission proposal--the full and prudent use of the budget authority. Specifically, the late reporting of the proposed rescission delays the date upon which the 45-day period prescribed for congressional action on rescission proposals begins to run. Based on the current congressional schedule, the 45 days of continuous session will end on September 29, 1976. Thus, if the rescissions are rejected by the Congress, budget authority will be required to be made available on September 30, 1976. Only one day will remain to obligate the budget authority for the annual funds (Fiscal Year 1976 and Transition Quarter) involved in two of the three HEW programs. One day may provide insufficient time to obligate the funds.

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Our specific comments on the rescission and deferral proposals in the President's July 28, 1976, special message are enclosed.

Sincerely yours,

R. Z. K...
ACTING Comptroller General
of the United States

Enclosure

GAO COMMENTS ON THE PRESIDENT'S
18th SPECIAL MESSAGE FOR FISCAL YEAR 1976

DEPARTMENT OF AGRICULTURE

R76-46 Food and Nutrition Service
 Child Nutrition Programs
 Account Symbol: 12X3539
 Proposal for \$9.35 Million Rescission

The action proposed in the above message is clear. The justification for rescinding \$7 million of the \$9.35 million sought for rescission is based upon a survey the Food and Nutrition Service (FNS) conducted two years ago of all schools in the country that were not then participating in the school lunch program. The survey was designed to indicate if any of the schools not participating in a school lunch program would be receptive to initiating one if funds for school food service equipment were made available. According to FNS, the response from nearly all schools was negative. To date, FNS has not updated the survey. The officials did indicate, however, that schools already participating in the school lunch program could use the assistance funds proposed for rescission.

FNS officials indicated that the first two sentences under the State Administrative Expenses section of the rescission message should be amended to read: "This

program subsidizes State administrative expenses incurred in carrying out State responsibilities related to the National School Lunch Act and Child Nutrition Act. The \$4,050,000 appropriated for the Transition Quarter by the Second Supplemental Appropriations Act, 1976, compares with a total of \$6,650,000 provided by the Agriculture and Related Agencies Appropriation Act, 1976, and the First Supplemental Appropriations Act, 1976."

FNS officials could not supply any details or evidence to support the statement in the rescission message that "current estimates" indicate the original budget request is sufficient to meet anticipated administrative needs of the States. We believe that indications from certain States, such as New York, are that additional administrative funds could be used, for example, to improve supervision of the summer food program.

FNS officials told us that, if the rescission is rejected, the budget authority would be made available for obligation as required by the Impoundment Control Act. If not all of the nonfood assistance and State administrative expense funds were obligated by the States on October 1, the remaining balances would be carried over into Fiscal

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Year 1977. However, in accordance with what was termed "traditional" budgetary practice by FNS, the funds carried over could be reallocated at the discretion of the Secretary of Agriculture to any program within the child nutrition appropriations.

DEPARTMENT OF HEALTH, EDUCATION,
AND WELFARE

R76-47 Office of Education
Elementary and Secondary Education
(State Equalization)
Account Symbol: 7560279
Proposal for \$3 Million Rescission

R76-48 Office of Education
School Assistance in Federally
Affected Areas (Savings
Provisions)
Account Symbols: 7560280, 75X0280
Proposal for \$24 Million Rescission

R76-49 Education for the Handicapped
(State Grant Program)
Account Symbols: 7560282, 756/70282
Proposal for \$90 Million Rescission

Information in the above three messages is correct and the actions proposed are clear.

Notwithstanding the fact that the budget authority involved in rescission proposal R76-47 lapses, if unobligated on September 30, 1976, an Office of Education (OE) budget official stated that sufficient time (the remaining day

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of September) will be available in which to obligate the funds if the rescission is not approved by the Congress.

Concerning R76-48, an OE program official estimated that, if the rescission is approved, "hold harmless" payments to local educational agencies will be in the neighborhood of 90 percent of that authorized rather than the 75 percent level of funding estimated in the rescission proposal. If the proposed rescission is rejected, the budget authority will remain available until expended.

With respect to R76-49, agency officials informed us that if the rescission is approved, States would experience some difficulties as they made adjustments to their plans in order to operate with reduced Federal funds. The Second Supplemental Appropriation Act, 1976, limited the availability of the subject budget authority proposed for rescission until September 30, 1976. Congress currently has under consideration, as part of the Fiscal Year 1977 appropriation for OE, a technical amendment that would establish the availability of the funds until September 30, 1977. If the scheduled lapse date remains September 30, 1976, and the rescission is rejected, the Office of Education may not be able to obligate the funds on September 30, 1976, and the budget authority will lapse.

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The information provided in deferrals D76-114, D76-115, D76-116, and D76-117 is correct and actions being taken are clear.