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DOCUMENT RESUME

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Further Implementation of Full Funding in the Federal Government. PAD-78-80; B-165069. September 7, 1978. 8 pp. + 2 appendices (19 pp.).

Report to Rep. Butler Derrick, Chairman, House Committee on Budget: Budget Process Task Force; by Elmer B. Staats, Comptroller General.

Issue Area: Standardizing Information (3401).
Contact: Program Analysis Div.
Congressional Relevance: House Committee on Budget: Budget Process Task Force. Rep. Butler Derrick.
Authority: Budget Control Act of 1974. OMB Circular A-11.

A program or project is considered to be fully funded if the budget authority requested and made available is for the total cost of that program to be initiated in the budget year. A study was undertaken of multiyear programs whether or not obligations for the entire program were made at one time. Findings/Conclusions: To be considered for conversion to full funding, a program or project should: be a discrete, multiyear program with a planned completion date; be subject to total cost estimating; not be subject to changes in design that would affect funding levels significantly; and be a commitment to the extent that there is clear evidence that the Government intends to fund the program to completion. Factors to be considered for full funding involve diminished control by the Congress over outlays, fluctuation of budget estimates, and increases in unobligated balances. Full funding is usually thought of as being applicable mainly to major construction and procurement. Other categories with programs that could possibly be considered for full funding include research and development, subsidies, and social-type programs. Areas deserving special attention are land acquisition, ADP leases and purchases, grants for construction of transit systems, programs with total dollar limitations, grant programs for phased construction, pension type programs, and revolving funds. Two possibilities for the availability of funds are no-year authority and multiyear authority. A list of 60 accounts with potential for conversion to full funding is included. (RBS)

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REPORT BY THE
Comptroller General
OF THE UNITED STATES

Further Implementation of Full Funding In The Federal Government

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A Federal program or project is considered to be fully funded if the budget authority requested and made available is for the total cost of that program to be undertaken in the budget year. This study is concerned with multi-year programs whether or not obligations for the entire program are made at one time.

There is potential for further application of full funding in the government. This is true not only for those types of programs usually associated with the concept—construction and procurement—but also for some research and development, subsidy and social type programs.

GAO identified 60 appropriation accounts in the Federal budget which have programs with potential for conversion to full funding. However, changes in the way programs are funded should be made only after detailed analysis on a program by program basis.



PAD-78-30

SEPTEMBER 7, 1978



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

B-165069

The Honorable Butler C. Derrick
Chairman, Budget Process Task Force
House of Representatives

Dear Mr. Chairman:

This is in response to your request of May 31, 1978, for GAO to conduct a two-part study on the impact of further implementation of the full funding concept in the Federal Government. For the first part you had asked that we:

- (1) establish a list of accounts with potential for conversion to full funding;
- (2) develop criteria for selection of the accounts since different definitions of full funding are in current use;
- (3) categorize the accounts by type of activity (e.g. construction, procurement, etc.); and
- (4) provide dollar figures for budget authority, obligations, and outlays for fiscal years 1977 through 1979 for each account.

In Part II of the study we will analyze the impact of converting selected accounts to full funding and will report to you in early 1979. Following are the results of Part I.

WE IDENTIFIED 60 ACCOUNTS
WITH FULL FUNDING POTENTIAL

We are providing in Appendix I a list of 60 accounts--funded incrementally now--which we believe have potential for conversion to full funding. However, before decisions can be made about changing the way funds are provided for these programs, we believe it is necessary to consider all pertinent factors on a program by program basis. Due to the short timeframe of your request, we were not able to analyze the factors involved and provide recommendations about changes to full funding.

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As you requested, the accounts are listed in Appendix I by category of activity: (1) construction, (2) procurement; (3) research and development; (4) subsidies; and (5) social programs. Budget authority, obligation and outlay amounts are also provided.

HOW IS FULL FUNDING DEFINED?

You mentioned in your request that there are different definitions of full funding in current use. In our research and discussions with agency officials we found a generally accepted definition of full funding in use by civil agencies; that is:

A program (or project) is considered to be fully funded if the budget authority requested and (made) available is for the total cost of that program to be initiated in the budget year.

A differing definition is the one used by the Department of Defense for procurement. Under the Defense definition, the concept provides for "up-front" funding of only those items--usually part of a total program--for which procurement will begin in the budget year.

We prefer the definition in general use among civil agencies; however, this does not mean that the procedures followed by DOD are inappropriate for their programs. This study is concerned with multi-year programs whether or not obligations for the entire program are made at one time.

GUIDELINES USED BY GAO IN IDENTIFYING ACCOUNTS WITH FULL FUNDING POTENTIAL

In your letter you stated the importance of establishing criteria for selection of accounts with potential for conversion to full funding. Following is a statement of the guidelines we used. While we did not apply it as the definitive standard, we did use it as a guide in our discussions and research.

In our opinion, to be considered for conversion to full funding, a program (or project) should:

- be a discrete, multi-year program with a planned completion date;
- be subject to total cost estimating;
- not be subject to changes in design that would

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affect funding levels significantly;

- be a commitment to the extent that there is clear evidence that the Government intends to fund the program to completion.

FURTHER DEVELOPMENT OF
THE FULL FUNDING CONCEPT

In our earlier report to you (FGMSD-78-18; February 23, 1978), we discussed many aspects of full funding, and as noted above, we are providing a list of accounts having potential for full funding in Appendix I of this report. We feel, however, that in reviewing our listing and in considering full funding, there are other important factors to be considered. These are discussed below.

Factors to be considered for full funding

In our February report, we pointed out that full funding improves many aspects of management, such as minimizing construction delays; facilitating better budget estimates; and providing cost savings in conjunction with multi-year contracting. Concerns brought out in that report included diminished control by Congress over outlays; fluctuation of budget estimates; and increases in unobligated balances. In this study, we have looked further into these factors and expounded on those we feel need additional development. We also identified other factors to be considered when formulating the full funding concept.

Congressional decision making

The full funding concept has a significant impact on congressional decision making. The concept entails the provision of funds at the outset for the total estimated cost of a given item. This gives Congress and the public knowledge of the full dimensions and costs of any item when it is first presented for funding. We believe this knowledge facilitates congressional decision making with respect to funding priorities within the budget year spending ceiling. Programs compete on a more equitable basis under the full funding concept since it emphasizes the full Federal investment involved in each new start. Incrementally funded multi-year programs enjoy an advantage in competing for dollars in that only a portion of their total cost is requested each year. The fact remains, however, that once a commitment is made, the Federal Government may find it difficult to terminate the project. Therefore, full funding would increase Congress' initial control and

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oversight over total spending and outlays in future years. We feel that this is one of the primary objectives of the Budget Control Act of 1974.

On the other hand, providing budget authority for the full program costs in 1 year would require a higher budget authority ceiling in the concurrent resolutions on the budget than would currently be required by providing budget authority for partial costs for the same programs under incremental funding. In short, the political realities of implementing the full funding concept Government-wide may be difficult to accept.

Time span of outlays

While full funding makes visible the multi-year implications of current year decisions, a prediction about impact on future years is not meaningful unless associated with the time span of outlays. For example, consider the future implications of fully funding two \$300 million programs with different life spans. If the outlays of one were made over 3 years the annual impact on the budget and the economy might be significant. In the other case, if the outlays were spread over 30 years, the annual impact would be much smaller. Therefore, although future implications of full funding (and all commitments for future spending) are important, they become more meaningful in the context of actual timing of outlays.

Congressional control over outlays

In our earlier report, we noted that full funding could reduce Congress' ability to exercise short-run control over outlays. We feel, however, that if full funding is further implemented in the Federal Government, the short-run control over outlays could be changed through congressional policies governing this control. We addressed this issue in a GAO report to the Task Force on National Security and International Affairs "Analysis of Department of Defense Unobligated Budget Authority" (PAD-78-34; January 13, 1978). In summary, we recommended that the executive branch and Congress could establish some oversight procedures to regularly monitor the program execution under full funding. A specific example would be oversight directed at the balance of total obligation authority from year to year, not just new budget authority.

Budget estimates

Agency officials told us that there would be problems in developing long-range estimates for full funding the total cost of multi-year projects. They cited uncertainty of estimates extending beyond 1 year, and inflation as factors adding to the difficulty in making long-range estimates. It was the expectation of many agency officials that supplemental appropriations would have to be sought after estimates for multi-year programs proved to be wrong.

From a different viewpoint, some people believe full funding is an incentive for program managers to produce better estimates, and to work within these estimates. The unobligated balance resulting from full funding can be a visible measure for monitoring a manager's efficiency in carrying out a program within its estimate.

Another problem, which we mentioned in our February report, would be the accuracy of estimates for obligation and outlay rates for individual programs under full funding. Spendout rates for multi-year programs have more room for variance if total program budget authority is available in the first year.

As you know, you have requested that we study the Federal budget estimating procedures and report to you in January 1979.

Expansion of the full funding concept
beyond construction and procurement

Full funding is usually thought of as being applicable mainly to major construction and procurement. For example, OMB policy (see OMB Circular A-11, section 13.2e) is to request budget authority for all new starts in major construction and procurement on a fully funded basis--a notable exception is Corps of Engineers projects. In conducting this study, however, we found that other categories have programs that could possibly be considered for full funding. These other categories include research and development, subsidies and programs designed and implemented like many social programs.

Research and development

Research and development covers a wide range of activities in the Federal budget, from multi-billion

dollar space programs to very small projects. We have grouped these activities into 3 classifications and found that only one has potential for full funding. That type consists mainly of relatively small, finite projects. They typically last only a few years and are not part of a larger effort with the same goal--cancer research, for instance. The programs listed in Appendix I are examples of those with finite projects which could be fully funded.

The two classifications which do not appear to have full funding potential are (1) on-going research and (2) development. On-going research, to cure cancer for example, is likely to go on until all forms of cancer are conquered. Since there is no foreseeable completion of this research, there is no conception of its full cost. In the development area we found that most projects--developing a weapons system, for instance--undergo much change as they progress. Full funding such an effort, with uncertainty of total costs, would seem difficult.

Subsidy programs

Subsidies by the Federal Government is another area with potential for further implementation of full funding. Presently the full-funding concept is applied to the long-term contracts for annual payments in connection with the Housing and Urban Development low-rent housing programs. During our study we found assistance payment programs that are funded incrementally where full funding should be applied. For example, the Farmers Home Administration enters into 5 to 20-year term contracts with apartment owners to assist low-income occupants with rental payments. The budget request for this program only reflects the amount needed for the budget year, not that required for the full term of the contracts. The full amount of the Federal Government's obligation over the life of the contract is known from its inception and should be fully funded.

Social programs

We believe some social programs also have potential for full funding. These programs for the most part are for the benefit of the public or particular groups. Throughout this category we found many programs carried out through finite projects which met our criteria. In addition, there are many programs which are carried out year after year, but which have relatively short periods of authorization. The benefits of fully funding this type of program

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are discussed in Appendix II under the heading "On-going Programs Authorized for Short Periods."

We have identified in our list of programs mostly education and health programs, but there are examples of other types of social programs, such as the Regional Rail Transportation Protective Account (see Appendix I.)

In short the full funding concept should not be restricted only to construction and procurement but should be expanded to all appropriate categories of activities. Generalizations, however, about fully funding all programs in a particular category should not be made.

Special programs and problems for full funding consideration

During our study we identified several areas deserving special attention:

- land acquisition
- ADP leases and purchases
- grants for construction of transit systems
- special programs with total dollar limitations
- grant programs for phased construction
- on-going programs authorized for short periods
- pension type programs, and
- revolving funds.

They are discussed in detail in Appendix II. Our intent in providing this discussion is to raise questions about the types of programs suitable for full funding and about problems associated with applying the full funding concept.

FULL FUNDING WOULD REQUIRE CHANGES IN LEGISLATION

We recognize that there will be a need for changes in authorization and appropriation legislation for some programs if the full funding concept is further implemented. As far as the availability of funds is concerned, there are two possibilities: (1) no-year authority, and (2) multi-year authority. No-year budget authority remains available for obligation for an indefinite period of time, whereas

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multi-year budget authority is available for a specified period of time in excess of 1 year.

Another consideration about changes in appropriations under the full funding concept is how funds would be provided for individual projects. Two possibilities are (1) lump sum appropriations, and (2) line item appropriations. As mentioned before, decisions about changing the method of funding should be on a program by program basis.

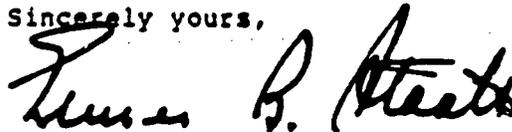
CONCLUSIONS

We have applied this basic full funding criteria to identify incrementally funded multi-year programs with potential for conversion to full funding. Our list is not meant to be a recommendation for conversion to full funding; on the contrary, it is our opinion that such a recommendation would require detailed analysis to identify and weigh advantages versus disadvantages before any changes are made.

Major construction and procurement are generally thought of as the types of programs most applicable to full funding. We believe there are other types which warrant consideration for full funding, including research and development, subsidies and social programs. It is also difficult to generalize about types of programs which have potential for full funding. For example, the research and development category has a broad range of activities, some of which have potential and some of which do not.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 15 days from the date of the report. We are continuing with the Part II analysis of selected case studies, as you requested. My staff is available to discuss this report in detail and give you any assistance you may need.

Sincerely yours,



Comptroller General
of the United States

APPROPRIATION ACCOUNTS BY FUND FULLY FUNDED WHICH HAVE POTENTIAL FOR ALLOCATION TO FULL FUNDED 87

By Category of Activity
(dollars in thousands)

STATEMENT

Department/Agency

Fiscal

Account Title (Number)

	Budget Authority					Obligations (est)				
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977
DEPARTMENT OF AGRICULTURE a/ Full Conversion Expense Harvested and Flood Prevention Operations (12-1072-0-1-301)	160,039	159,326	152,322	191,020	201,067	152,522	177,528	262,114	377,663	
DEPARTMENT OF COMMERCE a/ Shipping Administration Ship Construction (13-1708-0-1-401)	-	135,000	157,000	116,627	242,184	279,000	219,475	185,000	168,000	
DEPARTMENT OF DEFENSE - CIVIL a/ Chief of Engineers Construction, General (96-3122-0-1-301)	1,430,195	1,493,020	1,274,400	1,428,660	1,526,948	1,359,487	1,320,708	1,390,000	1,362,000	
b/ Flood Control, Mississippi River and Tributaries (96-3112-0-1-301) (Construction and Rehabilitation portions only)	231,497	253,081	204,000	226,007	270,984	214,000	220,072	225,000	222,000	
Revolving Fund (96-4912-0-4-201) (Bridges only)	6,600	21,525	22,000	1,657	14,040	19,206	-21,842	15,254	16,846	
DEPARTMENT OF ENERGY a/ Power Marketing Administration Operation and Maintenance, Southeastern Power Administration (89-0201-0-1-271)	28,909	17,777	19,909	19,601	13,240	19,909	18,703	13,012	16,909	

a/ Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since accounts for applicable portions are not readily available.

b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

c/ The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Year 1977-1979) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

APPROPRIATION ACCOUNTS NOT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING ^{a/}

By Category of Activity
(dollars in thousands)

CATEGORY

DEPARTMENT/ACCOUNT

Agency

Account Title (Number)

	Budget Authority				Obligations (net)				Outlays	
	FY 1977	FY 1976	FY 1975	FY 1974	FY 1977	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975
CONSTRUCTION										
ENERGY cont.										
Construction, Rehabilitation, Operation and Maintenance, Western Area Power Administration (89-5068-0-3-271)	91,004	89,237	101,252	101,252	88,940	91,301	101,252	88,940	87,799	101,252
ENVIRONMENTAL PROTECTION AGENCY Construction Grants (68-0103-0-1-304)	3,980,000	-	4,500,000	3,500,000	7,141,333	3,180,000	3,500,000	3,529,577	4,130,000	3,350,000
DEPARTMENT OF INTERIOR BUREAU OF RECLAMATION Construction and Rehabilitation (14-3061-0-3-301)	530,557	349,928	270,562	270,562	483,553	570,144	270,562	454,176	384,138	288,877
Colorado River Basin Salinity Control Project (14-0663-0-3-301)	44,680	22,675	42,215	42,215	24,507	43,302	42,215	22,881	30,000	28,494
Colorado River Basin Project (14-4079-0-3-301)	73,420	78,145	73,770	73,770	59,588	64,116	60,598	57,825	92,000	69,547
Upper Colorado River Storage Project (14-4081-0-3-301)	41,102	63,253	66,249	66,249	44,067	59,728	65,562	45,219	56,208	62,420
Recreational and Fish and Wildlife Facilities (14-0682-0-1-303)	4,131	4,015	4,025	4,025	6,022	4,237	4,025	5,354	3,899	3,510
Loan Programs (14-0667-0-1-301)	27,493	27,751	23,031	23,031	33,458	31,427	23,031	24,759	29,000	21,030

^{a/} Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

^{b/} This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

^{c/} The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Year 1977) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

APPROPRIATION ACCOUNTS NOT FULLY FINANCED
WHICH HAVE POTENTIAL FOR CONVERSION TO
FULL FUNDING

By Category of Activity
(Dollars in thousands)

CATEGORY

DEPARTMENT/AGENCY

Agency

Account Title (Number)

	Budget Authority		Obligations (net)				Outlays	
	FY 1977	FY 1978	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	
INTERNATIONAL COMMUNICATIONS AGENCY Acquisition and Construction of Radio Facilities (67-0204-0-1-154) (Programs for Acquisition and Construction of Facilities only)	2,142	17,032	3,567	22,903	19,685	3,460	9,314	8,425
DEPARTMENT OF JUSTICE Federal Prison System Buildings and Facilities (15-1003-0-1-753)	78,980	38,850	58,735	52,069	45,898	23,508	54,582	62,184
PENNSYLVANIA AGENCY FOR DEVELOPMENT CORPORATION Public Development (42-0102-0-1-451)	4,081	12,354	52	16,383	12,355	35	7,400	7,635
TENNESSEE VALLEY AUTHORITY Payment to Tennessee Valley Authority Fund (64-4110-0-1-999) (Capital Invest- ments only)	125,910	118,510	110,279	153,303	134,502	96,243	145,400	134,635
DEPARTMENT OF TRANSPORTATION U.S. Coast Guard Alteration of Bridges (69-0244-0-1-403)	10,900	15,100	10,900	15,100	15,100	10,148	15,000	15,000

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b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

c/ The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Years 1977-1979) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

APPROPRIATION ACCOUNTS NOT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING 2/

By Category of Activity
(dollars in thousands)

CATEGORY

DEPARTMENT/AGENCY

FUND

Account Title (Number)

	Budget Authority			Obligations (net)			Outlays		
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979
	5,000	5,500	5,270	4,085	15,396	6,280	6,105	10,000	10,538
	-	-	20,000	459	1,273	20,000	7,934	5,570	7,600
	15,000	-	-	7,702	12,123	-	34	5,500	5,700
	-	8,650	-	1,396	11,000	10,360	471	2,900	6,000
	200,000	400,000	455,000	201,345	426,002	455,000	82,492	190,000	410,000

CONSTRUCTION

TRANSPORTATION cont.

Federal Aviation Administration
Construction, Metropolitan Washington
Airports (69-1333-0-1-402)

Federal Highway Administration
Darion Gap Highway (69-0553-0-1-151)

Alaska Highway (69-0337-0-1-401)

Access Highways to Public Recreation Areas
in Certain Lakes (69-0503-0-1-401)

Federal Railroad Administration
Northeast Corridor Improvement Program
(69-0123-0-1-401)

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APPROPRIATION ACCOUNTS NOT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING a/

By Category of Activity
(dollars in thousands)

STATE

DEPARTMENT/ARMY

FY 1977

Account Title (Number)

	Budget Authority			Obligations (net)			Outlays		
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979
CONSTRUCTION									
Urban Mass Transportation Administration Urban Mass Transportation Fund (69-1119-0-1-40) (Grants for subway systems and bus purchases, etc.)	455,000	484,000	200,000	2,470,803	3,153,900	2,896,800	1,708,910	1,975,000	2,250,000
VETERANS ADMINISTRATION Construction, Major Projects (36-0110-0-1-703)	405,681	393,689	295,855	188,964	311,350	369,366	168,402	198,786	301,767
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION Construction of Facilities (80-0107-0-1-999)	116,090	162,340	152,500	124,266	177,442	159,100	104,970	132,500	154,000

a Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

APPROPRIATION ACCOUNTS NOT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING a/

By Category of Activity
(dollars in thousands)

CATEGORY

DEPARTMENT/AGENCY

BUZZER

Account Title (Number)

	Budget Authority			Obligations (net)			Outlays		
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979
PRINCIPMENT									
DEPARTMENT OF COMMERCE									
National Oceanic and Atmospheric Administration									
Operations Research and Facilities (11-1450-0-1-306)	584,495	626,861	661,167	569,852	643,466	661,167	509,976	593,329	653,523
GENERAL SERVICES ADMINISTRATION									
Real Property Activities									
Federal Buildings Fund (47-4542-0-4-804) b/ (Real property operations only)	125,000	-75,000	-	-26,650	134,308	-48,963	-121,642	1,208	-4,898
DEPARTMENT OF INTERIOR									
Bureau of Outdoor Recreation									
Land and Water Conservation Fund (14-5005-0-2-303)	560,799	656,000	755,000	467,754	677,000	775,000	343,757	472,000	554,000
LEGISLATIVE BRANCH									
Library of Congress									
Furniture and Furnishings (03-0146-0-1-503) (James Madison Memorial Building furniture and furnishings program only)	2,942	7,031	9,455	7,802	13,538	9,375	1,189	9,327	18,368
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION									
Land Acquisition and Development Fund (42-4084-0-3-451) b/	25,000	7,500	13,400	14	32,486	13,400	-	21,000	24,900

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b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

c/ The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Years 1977-1979) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

APPROPRIATION ACCOUNTS NOT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING ^{a/}

By Category of Activity
(dollars in thousands)

CATEGORY
DEPARTMENT/AGENCY
Bureau

Account Title (Number)

	Budget Authority					Obligations (net)					Outlays		
	FT 1977	FT 1978	FT 1979	FT 1977	FT 1978	FT 1979	FT 1977	FT 1978	FT 1979	FT 1977	FT 1978	FT 1979	
RESEARCH AND DEVELOPMENT													
DEPARTMENT OF COMMERCE													
National Oceanic and Atmospheric Administration													
Continental Energy Impact Fund (13-4315-0-3-452) b/4	115,000	115,000	4,036	360	29,640	203,556					3,900	14,988	
Continental Zone Management (13-1451-0-1-302)	37,695	50,924	57,279	30,946	63,624	57,279					31,020	43,087	
DEPARTMENT OF ENERGY													
Departmental Operations													
Atomic Energy Defense Activities (89-0201-0-1-053)	2,088,541	2,512,396	2,829,083	2,125,255	2,524,828	2,674,283					2,307,765	2,535,833	
General Science and Research (89-0202-0-1-251)	351,429	397,093	426,300	345,424	401,172	426,300					362,552	414,800	
Energy (89-0203-0-1-270)	4,257,746	7,249,662	9,366,174	4,297,815	7,809,626	8,134,014					5,982,324	7,058,557	
ENVIRONMENTAL PROTECTION AGENCY													
Research and Development (68-0107-0-1-999)	260,566	275,592	342,128	286,138	285,860	325,128					279,600	286,000	

a/ Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

c/ The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Year 1977-1979) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

APPROPRIATION ACCOUNTS NOT FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING g/

By Category of Activity
(dollars in thousands)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT/AGENCY

OFFICE

Account Title (Number)

	Budget Authority				Obligations (net)				Outlays	
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Policy Development and Research Research and Technology (86-0108-0-1-451)	55,070	52,000	62,000	45,699	61,663	62,000	62,593	59,800	57,000	
NATIONAL SCIENCE FOUNDATION Research and Related Activities (49-0100-0-1-251)	712,311	785,200	850,400	703,753	786,413	857,300	667,611	742,700	774,000	
NUCLEAR REGULATORY COMMISSION Salaries and Expenses (31-0200-0-1-276) φ (Nuclear regulatory research program only)	248,780	286,773	330,670	253,935	289,238	330,670	230,559	266,400	305,000	
WATER RESOURCES COUNCIL Water Resources Planning (85-0000-0-1-301) (Level II and Special Studies Grants for Research and Development only)	13,665	13,696	11,560	12,598	15,465	12,392	12,413	16,705	13,602	

a Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

APPROPRIATION ACCOUNTS NOT FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING a/

By Category of Activity
(Dollars in thousands)

CATEGORY

DEPARTMENT/AGENCY

BUDGET

Account Title (Number)

	Budget Authority				Obligations (est)				Outlays			
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979
SOCIAL PROGRAMS												
DEPARTMENT OF HEALTH EDUCATION AND WELFARE												
Alcohol, Drug Abuse, and Mental Health Administration												
Alcohol, Drug Abuse, and Mental Health (75-1361-0-1-550)	885,571	942,519	1,002,871	885,334	943,108	1,002,871	787,246	883,872	1,002,871	883,872	952,229	
(Community programs for general mental health drug abuse and Alcohol abuse only)												
Center for Disease Control												
Preventive Health Service (75-0943-0-1-550)	179,773	217,807	243,910	223,632	219,353	243,910	244,647	222,496	243,910	222,496	235,074	
Health Resources Administration												
Health Resources (75-0712-0-1-550)	775,824	714,955	512,512	796,848	771,594	513,837	1,238,856	787,796	513,837	787,796	639,621	
(The entire account except for Program Management, and only discretionary grants included under Health facilities construction)												
Health Services Administration												
Health Services (75-0350-0-1-551)	1,090,672	1,214,639	1,721,866	1,087,517	1,218,685	1,721,866	1,028,970	1,115,172	1,721,866	1,115,172	1,225,133	
(Only the home health services, Family planning and, health maintenance organization programs.)												

a/ Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

b/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

APPROPRIATION ACCOUNTS BUT NOW FULLY FUNDED
WHICH HAVE POTENTIAL FOR CONVERSION TO
FULL FUNDING

By Category of Activity
(dollars in thousands)

CATEGORY

DEPARTMENT/AGENCY

Bureau

Account Title (Number)

	Budget Authority				Obligations (net)				Outlays		
	FY 1977	FY 1978	FY 1979	FY 1979	FY 1977	FY 1978	FY 1979	FY 1979	FY 1978	FY 1979	
SOCIAL PROGRAMS											
Occupational, Vocational, and Adult Education (75-0273-0-1-501) (only Vocational Education and Programs of National Significance)	1,166,440	732,911	725,911	725,911	688,966	1,227,336	725,911	725,911	692,933	740,000	803,000
High and Continuing Education (75-0293-0-1-502) (only Special Programs for Disadvantaged, Institutional Assistance and Advanced Program, and Personnel Development)	3,542,038	344,200	316,708	316,708	3,411,576	359,180	319,371	319,371	2,877,324	304,012	337,482
NATIONAL SCIENCE FOUNDATION Science Education Activities (49-0106-0-1-251) (Scientific Personnel Program only)	59,000	73,200	77,600	77,600	74,050	73,950	77,600	77,600	65,104	70,600	73,300
RAILROAD RETIREMENT BOARD Regional Rail Transportation Protective Account (60-0110-0-1-604)	65,000	50,000	25,000	25,000	59,962	50,038	30,000	30,000	59,983	50,049	30,000

* Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

** This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

APPROPRIATION ACCOUNTS BUT NOW FULLY FUNDED WHICH HAVE POTENTIAL FOR CONVERSION TO FULL FUNDING g/

By Category of Activity
(dollars in thousands)

SUMMARY

Department/Agency

Fiscal

Account Title (number)

	Budget Authority		Obligations (est)			Outlays		
	FY 1977	FY 1978	FY 1977	FY 1978	FY 1977	FY 1978	FY 1979	
SUBSIDIES								
DEPARTMENT OF AGRICULTURE								
Farmers Home Administration								
Rural Housing Insurance Fund	505,760	730,283	591,227	718,783	88,803	433,821	-127,756	
(12-4111-0-3-171) (for rental assistance b/ payments only)		307,805		378,485				
INTERDEPARTMENTAL AGENCIES								
Washington Metropolitan Area Transit Authority	125,476	66,779	128,476	66,779	289,804	204,657	60,744	
Interest Payment (46-0300-0-1-401)								
(233 annual bond interest subsidy)		19,374		19,374				
UNITED STATES RAILWAY ASSOCIATION		425,000	722,000	598,700	723,188	598,700	394,820	
Purchase of General Securities								
(98-0111-0-1-401)								

g/ Only a portion of the account has potential for full funding. Full dollar amounts for accounts are shown since amounts for applicable portions are not readily available.

h/ This list does not represent a recommendation for conversion to full funding. Changes in funding should be made after detailed analysis (not performed in this study) of each program.

i/ The revolving fund accounts listed are unique to the revolving fund concept (in that annual budget authority was provided or requested in Fiscal Years 1977-1979) and parts of each account meet our full funding guidelines. For further discussion see Appendix II.

SPECIAL PROGRAMS AND PROBLEMS FOR
FULL FUNDING CONSIDERATION

Land Acquisition

Land acquisition by the Federal Government (for a national park, for example) usually involves large tracts made up of many small parcels. In most cases such acquisition requires purchases from many different land owners and takes several years to complete.

The Departments of Interior and Agriculture discussed special problems in purchasing large tracts of land which might impact on fully funding land purchase programs. Disputes over the purchase of a parcel sometimes arise when land owners decide not to sell for various reasons. In these situations, eminent domain is usually not declared and a buyer-seller relationship is established.

Each department resolves this situation differently. In the Department of Interior's Land and Water Conservation Fund budget authority is requested incrementally for only the parcels of land anticipated for purchase in the budget year. A project may require the acquisition of 100 parcels of land but if only 10 parcels can be acquired that year then budget authority is requested for only 10 parcels.

The Department of Agriculture fully funds its land acquisition projects in the first year purchases are initiated unless there is a dispute over a parcel. When a dispute arises, budget authority is requested for the cost to acquire all the non-disputed parcels. The remaining disputed parcels are funded in the future when the problem is resolved.

Therefore, the Department of Agriculture's method of fully funding land acquisitions--even though special circumstances exist--indicates there is potential for full funding in other land purchase programs.

Automatic Data Processing (ADP) Equipment Leases and Purchases

Purchasing and leasing of ADP equipment occurs throughout the Federal Government and is funded in various ways.

Although we could have identified many cases of ADP purchasing and leasing with potential for full funding, it would have been impractical to list them all.

Incremental funding of multi-year lease agreements is common. We testified before the Task Force on Budget Process (February 23, 1978) that leasing of ADP equipment provides another example where full funding would result in cost savings. Officials of the Departments of Commerce and Housing and Urban Development and the Environmental Protection Agency commented in interviews for this study that they could possibly negotiate a lower price for leases if full funding was available.

Purchasing of ADP equipment is usually fully funded, but we found an example of a lease/purchase agreement in the Patent and Trademark Office with potential for full funding. Under this 5-year agreement budget authority is requested incrementally to cover the yearly lease amounts. At the end of the 5 years the Patent and Trademark Office will have purchased the ADP equipment with the annual lease payments covering the full cost of the purchase.

One problem to be considered in fully funding ADP purchases and leases was mentioned by budget officials at various agencies. They said that since specific accounts are not set up for purchases or leases of ADP equipment, the cost of leases and purchases are sometimes dispersed throughout many appropriation accounts which have programs served by the equipment. Special treatment of ADP costs would be required in many cases if full funding was applied. The fact that so many accounts include costs of incrementally funded ADP leases and purchases is the reason we did not list such accounts in Appendix I. But we do feel that a Government-wide policy of fully funding purchases and leases of ADP equipment could result in substantial cost savings.

Grants for the Construction of Transit Systems

The Urban Mass Transportation Administration (UMTA) has grant activities with potential for conversion to full funding. Grants for mass transportation usually fund 80 percent of the cost of building transit systems in metropolitan areas. It takes many years and sometimes several billion dollars to construct such systems. We believe they meet the basic full funding criteria for

being discrete multi-year projects with a planned completion; subject to total cost estimating; not subject to design changes which will affect funding significantly. But there is difficulty in defining the Federal Government's commitment to fund the entire system.

Current UMTA practice is to fully fund each grant once it has been approved. But each grant may fund only a small portion of a segment of a system. For example, the 13.7 miles of the Atlanta rail transit system now being constructed was funded by nine separate grants. We do not consider funding grants that complete portions of a project to be full funding.

Atlanta hopes to extend its rapid transit system to cover 50 miles. Funds for the design phase only of the next segment have been provided. The question now becomes "what is the Federal Government's commitment, moral or otherwise, to fund the whole 50-mile system?"

There is potential for fully funding some UMTA programs but the question of what the Government is committed to must be examined closely.

Special Programs with Total Dollar Limitations

Another potential area for full funding could be one-time programs which have a maximum authorization (i.e., funds appropriated over life of the program may not exceed an aggregate amount), when that total is likely to be used. For example, the Regional Rail Transportation Protective Account under the Railroad Retirement Board is for reimbursement to the Consolidated Rail Corporation (ConRail) for the payment of various benefits to protected employees adversely affected in the establishment of the Midwest and Northeast rail system provided by the Regional Rail Reorganization Act of 1973. Under this authorization act appropriations may be made annually, not to exceed the aggregate sum of \$250,000,000 over the life of the program. The program is not expected to be reauthorized and the funds given to ConRail for these individual benefits will probably reach the authorization ceiling. Therefore, not only does the program meet the full funding criteria, but it meets solidly the two which are hardest to define; i.e., the total cost estimate is definite, and changes affecting the total cost are unlikely to occur.

We feel that special programs like this one, limited (a) in duration and (b) by a fixed dollar amount, have potential for full funding.

Phased Construction

There has been a general assumption that most direct construction programs (Federal agencies enter into contracts) are fully funded, with the exception of those under the Army Corps of Engineers and the Bureau of Reclamation, Department of Interior. But we found phase funding of some other construction programs. For example, in the Federal Prison System, Department of Justice, funds are requested for each construction phase (there are generally three) even though the total cost is estimated in the beginning. We also found phase funding for construction in the Department of Energy, and the Veteran's Administration. Therefore, even in the "traditional" area of full funding--construction--and in addition to the common exceptions, there is potential for further implementation of full funding.

Environmental Protection Agency Construction Grants

In the area of grants for construction we found an interesting candidate for our list. The Construction Grants account under the Environmental Protection Agency is presently for the awarding of grants to local Governments for construction of waste (sewage) treatment facilities. Both the executive branch and Congress have proposed programs for FY 1979 with a definite multi-year maximum authorization and yearly ceilings of budget authority. 1/ The construction of these waste treatment facilities usually goes through three phases; feasibility study and planning; preparation of designs and specifications; and the actual construction. Grants not to exceed the annual ceiling are awarded to fully fund each phase. We learned that in almost all cases funding of Phases II and III followed funding of Phase I. Although the actual commitment is hard to define, there

1/ Agency officials indicated that prior to 1972 this account was fully funded under Public Law 660. Congress changed this law because it believed that too many funds were being tied up. Now each phase of construction is funded separately.

is an "understanding" that the Federal Government will fund the total construction.

Agency officials indicated that the total cost of each project (including phase II and phase III funding requirements in future years) and the total authorized for the program are not necessarily factors in approving phase I grants-"new starts", in effect. There might come a time when funds required to complete projects already started exceed the yearly ceiling or even the maximum authorization. Full funding of each construction project could help prevent this potential situation by providing a means of keeping the Federal commitment within the authorization established by Congress.

On-going Programs Authorized for Short Periods

Other likely candidates for full funding are those which are carried out year after year, but which have relatively short periods of authorization. For example, the Head Start program administered by Human Development Services in the Department of Health, Education and Welfare (HEW) has been funded since 1965 under several authorizations. The current authorization ends in 1978 but HEW officials fully expect the program to be renewed.

Under this discretionary grant program, and many others like it, grants are awarded based on approved multi-year plans, but budget authority is provided to cover only 1 year's cost of the grants. HEW officials stated that the benefits of fully funding such programs would be (1) to reduce the administrative workload - for HEW and grantee alike - of the annual formal project approval now required and (2) to give programs stability whereby some of the uncertainty about future funding would be eliminated, thus helping to retain staff who seek permanence in their position.

Pension Type Programs

If full funding were carried to its logical extreme, it would be conceivable to discuss the possibility of fully funding pension type programs. On the surface it does not appear practical. Since the implications of such a measure may be great we believe a separate, larger study of the issue would have to be done. We did not examine them in this study.

Revolving Funds

We have identified several unique, separate parts of revolving fund accounts as candidates for full funding. In general the term "revolving fund" designates a fund established by the Congress to finance a cycle of operations (business-like cycle) through amounts received by the fund. In theory, most revolving funds are intended to become self-sufficient and not in need of annual appropriations from the Congress in order to operate. Therefore, such accounts would not ordinarily be considered as having full funding potential. We found, however, in the revolving fund accounts listed in Appendix I (with exception of the Federal Buildings Fund) that budget authority was provided or requested in Fiscal Years 1977-1979 to cover activities that meet our full funding criteria, but are not supportable by the regular fund operations. For example, although the Payment to Tennessee Valley Authority Fund account is a public enterprise fund, only the power program is intended to be self supporting. Appropriations are made annually to carry on the non-power activities. These include capital investments for resources development type programs with a multi-year construction period. While estimates are made for the total cost, budget authority is requested and furnished incrementally. Other accounts identified can be seen in Appendix I with footnote disclosure.

If a revolving fund were totally self sufficient and did not require appropriations, they would not be considered for full funding. But when a revolving fund does depend on budget authority being provided in order to carry out its operations, including multi-year commitments, it does not have pure revolving fund status. Hence, it becomes similar to a general fund account and the full funding concept could apply. Revolving funds need closer scrutiny since, in the corpus of the fund, the flexibility to enter long-term commitments exists more than in regular accounts. This issue has not been studied and is not resolved in this report.

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