

SUMMARY OF PROPOSED RESCISSIONS  
AND DEFERRALS

(In thousands of dollars)

<u>Rescission #</u>	<u>Item</u>	<u>Budget Authority</u>
	Health, Education and Welfare:	
	Office of Education	
R76-9	Elementary and secondary education...	220,404
R76-10	School assistance in federally affected areas.....	220,968
R76-11	Education for the handicapped.....	36,375
R76-12	Occupational, vocational, and adult education.....	14,241
R76-13	Higher education.....	768,140
R76-14	Library resources.....	28,975
	Subtotal, rescissions.....	1,289,103

Deferral #

	Health, Education, and Welfare:	
	Office of Assistant Secretary for health	
D76-65	Assistant Secretary for health.....	753
	Special institutions	
D76-10A	Howard University.....	12,225
	State	
D76-66	International Center.....	2,572
	Treasury	
	Office of the Secretary	
D76-67	State and local government fiscal assistance trust fund.....	11,833 *
D76-25C	State and local government fiscal assistance trust fund.....	75,856 *
	Subtotal, deferrals.....	103,239

Total, rescissions and deferrals..... 1,304,653  
 (Budget Authority)

87,689  
 (Outlays)

\* Deferral of outlays only.

SUMMARY OF SPECIAL MESSAGES  
FOR FY 1976  
(Amounts in thousands of dollars)

	<u>Rescissions</u>	<u>Deferrals</u>
Seventh special message:		
New items.....	1,289,103	15,158
Changes to amounts previously submitted.....	---	4,051
Effect of seventh special message.....	1,289,103	19,209
Previous special messages.....	213,888	3,559,217
 Total amount proposed in special messages to date.....	 1,502,991	 3,578,426
	(in 14 res- cission proposals)	(in 67 deferrals)

**PROPOSED RESCISSION OF BUDGET AUTHORITY**

Report Pursuant to Section 1012 of P.L. 93-344

Agency Dept. of Health, Education & Welfare	New budget authority \$2,425,791 (P.L. 94-94 )
Bureau Office of Education	Other budgetary resources
Appropriation title & symbol	Total budgetary resources <u>2,425,791</u>
Elementary and Secondary Education 7560279 756/70279 75X0279	Amount proposed for rescission \$ <u>220,403</u>
OMB identification code: 09-40-0279-0-1-501	Legal authority*(in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____
Type of account or fund: <input checked="" type="checkbox"/> Annual (\$178,770,000) 7/1/76- <input checked="" type="checkbox"/> Advance (\$2,234,521,852) 9/30/77 (expiration date) <input checked="" type="checkbox"/> No-year (\$12,500,000)	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

<u>Program/Activity</u>	<u>Total Budgetary Resources</u>	<u>Amount Proposed for Rescission</u>
Grants for the disadvantaged		
Advance for transition quarter and 1977.....	\$2,050,000,000	\$150,000,000
Support and innovation grants		
Advance for transition quarter and 1977.....	184,521,852	11,633,852
Bilingual education.....	97,770,000	27,770,000
Right to read.....	17,000,000	5,000,000
Follow through.....	59,000,000	17,500,000
Environmental education.....	3,000,000	3,000,000
Educational broadcasting.....	<u>12,500,000</u>	<u>5,500,000</u>
 Total Affected by Rescission Proposals.....	 2,423,791,852	 220,403,852
Total Budgetary Resources Not Affected by Rescission Proposals.....	<u>2,000,000</u>	<u>---</u>
 Total.....	 2,425,791,852	 220,403,852

JUSTIFICATION AND ESTIMATED EFFECTSGrants for the disadvantaged (Advance for 1977)

Even with the proposed rescission of \$150,000,000, the program would be funded at the 1976 level. Latest reports from the Office of Education indicate that the States have not yet spent nearly \$1,000,000,000 in funds obligated from prior year appropriations for this program. These unexpended funds and growing State efforts for the disadvantaged indicate that a constant level of Federal support will not adversely affect these activities.

If the rescission is approved, grants to local educational agencies for programs to meet the special needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families will be changed from about \$1,727,770,000 to approximately \$1,579,271,000. Allocations to some 13,200 local school districts will be changed proportionately, as required by the formula, by marginal amounts, but no school district will receive less than 85 percent of its prior year allocation, the minimum authorized by statute. The number of children served will remain at 4,725,000, although the amount spent per child will be reduced by \$31, from \$365 to \$334. The remaining change of about \$1,500,000, will be made in the State administration portion of the program.

Support and innovation grants (Advance for 1977)

The 1976 budget proposed an amount of \$172,888,000 for this newly consolidated program. The Congress provided an additional amount of \$11,633,852 and a "hold harmless" provision to insure that no State would receive less from this program in 1977 than it had in 1974 from the individual programs comprising the consolidation. The proposed rescission would mean that the new formula approved by Congress in the 1974 Education Amendments, which is based on shifts in the recipient population, would be followed. Thus, funds would be available for the intended services, but they would not be available merely to maintain former levels of payment. It would delete the "hold harmless" provision and rescind the additional amount appropriated. As a result, 32 States would receive less money in 1977 than they received in 1976 for this program and 29 States would receive less money in 1977 than they received in 1974.

Bilingual education

If approved, this rescission would establish a level for this program that recognizes State and local primary responsibility to provide support for these programs. The Federal Government's role is one of demonstration and "capacity building" by funding activities such as training, curriculum development, and advisory councils.

The \$27,770,000, proposed for rescission would be distributed as follows: (1) A reduction of \$15,600,000, would be made in demonstration activities. This would reduce the number of projects which would be supported from 383 to

289. Of these projects, the number of anticipated new starts would be reduced from about 185 to about 90. (2) A reduction of \$9,370,000, would be made for training activities ranging from inservice training associated with demonstrations to graduate level training of teacher trainers. This would reduce the number of training participants from 21,700 to 15,000. Aid will not be terminated as a result of this rescission for anyone currently receiving assistance. (3) A reduction of \$2,800,000, would be made for bilingual-vocational training, thus terminating support for this activity. At the appropriation level, about 20 new bilingual-vocational training projects would be supported.

#### Right to read

An effective demonstration program can be carried out at the \$12 million level. Other programs (e.g., title I of the Elementary and Secondary Education Act) provide large sums for other reading programs. Thus, rescission of the \$5 million increase over the 1975 level is proposed.

The proposed rescission level would affect three of four different components of the Right to read program. The number of Part A reading improvement demonstration projects would be reduced by 75, from 225 to 150. The number of reading academies funded would be reduced by about 23, from 80 to 57. The amount of Right to read funds contributed to the annual evaluation would be reduced by \$50,000, from \$170,000, to \$120,000.

#### Follow through

Follow through is an experimental compensatory education program designed to test and validate effective approaches to the education of disadvantaged children in early primary grades (kindergarten through grade 3). The 1976 budget reflects plans proposed in 1974 to phase out this program upon successful completion of experimental objectives and in coordination with an extensive evaluation to identify the most successful approaches. The proposed rescission of \$17.5 million would begin the phase out of the Federal program. Successful approaches can be incorporated in regular State and locally-funded programs.

If the rescission is approved, no new entering class will be supported in school year 1976-77. This will result in a saving of \$12,000,000. In addition, 20 of the 169 existing sites will be terminated, resulting in a saving of \$5,500,000. It is anticipated that these 20 sites will either not reapply for or may not warrant continued support. Under the appropriation, enrollment of 78,000 children would be funded by the Federal Government. Under the proposed level after the rescission, 55,000 enrollments would be funded.

#### Environmental education

The 1976 budget requested no funds for this program in 1976. The Congress added \$3 million which would fund about 90 new projects. No continuation projects were requested or funded.

The proposed rescission of \$3 million would terminate the program. The objectives of this program, to alert the public to environmental issues and to stimulate non-Federal efforts in this area, have been achieved. School districts that wish to continue a program for environmental education may do so out of other Federal or non-Federal funds.

#### Educational broadcasting facilities

Rescission of the proposed \$5.5 million would result in a funding level of \$7 million for the 1976 program. At this level, about 81 percent of the U.S. population would receive educational television coverage and about 68 percent of the population would receive public radio coverage. An additional \$5.5 million--an increase of nearly 80 percent--would extend both ETV and public radio coverage to less than one percent more of the population.

The proposed rescission of \$5.5 million for this program would mean that an estimated 35 new projects could be supported, as compared to about 58 new projects at the \$12.5 million appropriated level. The rescission would defer efforts provide public radio and television broadcasting services in about 15 communities. The upgrading of noncommercial broadcasting facilities in 21 communities would also be deferred.

#### Outlay Effect: (estimated in tenths of millions of dollars)

##### Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976.....	\$2,193.4
2. Outlay savings, if any, included in the budget outlay estimate.....	---

##### Current Outlay Estimates for 1976:

3. Without rescission.....	2,295.9
4. With rescission.....	2,290.4
5. Current outlay savings (line 3 - line 4).....	5.5

Outlay Savings for the Transition Quarter.....	15.8
Outlay Savings for 1977.....	115.3

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Office of Education  
ELEMENTARY AND SECONDARY EDUCATION

Appropriations under this head for the fiscal year 1976 are rescinded in the following amounts:

\$150,000,000 for title I, part A and \$11,633,852 for title IV, part C of the Elementary and Secondary Education Act, which was to become available for obligation on July 1, 1976; \$24,970,000 for title VII of the Elementary and Secondary Education Act; \$5,000,000 for title VII of the Education Amendments of 1974; \$17,500,000 for part B of the Head Start-Follow Through Act; \$3,000,000 for the Environmental Education Act; \$5,500,000 for part IV of title III of the Communications Act of 1934; \$2,800,000 for part J of the Vocational Education Act.

The last proviso under this heading in P.L. 94-94 is deleted.

**PROPOSED RESCISSION OF BUDGET AUTHORITY**

Report Pursuant to Section 1012 of P.L. 93-344

Agency <u>Dept. of Health, Education &amp; Welfare</u>	New budget authority (P.L. <u>94-94</u> )	\$ <u>680,000,00</u>
Bureau <u>Office of Education</u>	Other budgetary resources	<u>1,430,92</u>
Appropriation title & symbol  School Assistance in Federally Affected Areas	Total budgetary resources	<u>681,430,92</u>
7560280 75X0280	Amount proposed for rescission	\$ <u>220,968,45</u>
OMB identification code: 09-40-0280-0-1-501	Legal authority (in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act	
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____	
Type of account or fund: <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Multiple-year _____ (expiration date) <input checked="" type="checkbox"/> No-year (\$20 million for construction)	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____	

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

<u>Program/Activity</u>	<u>Total Budgetary Resources</u>	<u>Amount Proposed for Rescission</u>
Maintenance and Operations:		
(a) Payments for "a" children.....	\$ 248,737,758	\$ 14,683,083
(b) Payments for "b" children.....	341,597,262	180,693,671
(c) Special provisions.....	12,664,980	4,591,698
(d) Savings provisions.....	11,000,000	11,000,000
Construction.....	<u>20,000,000</u>	<u>10,000,000</u>
Total Affected by Rescission Proposals.....	634,000,000	220,968,452
Total Not Affected by Rescission Proposals...	<u>47,430,922</u>	<u>0</u>
Total.....	\$ 681,430,922	\$ 220,968,452

Rescission of appropriations under Section 1012 of the Impoundment Control Act (P.L. 93-344) will eliminate inequities in existing payment structures while providing funds for payments to school districts that are truly adversely impacted by the presence of Federal facilities and personnel. In order to fund the program in this manner, the attached rescission and resulting availability language is proposed.

JUSTIFICATION AND ESTIMATED EFFECTSPayments for "a" children

Of the \$14,683,083 proposed for rescission, \$13,202,219 reflects the difference between Administration estimates and higher Congressional estimates used to determine the required funding levels for Tiers I and II. This portion of the proposed rescission does not reflect a reduction in commitment levels and no programmatic impact is anticipated.

The remaining \$1,480,864 proposed for rescission would, under the appropriation, provide payments for children residing in low rent public housing whose parents are employed on Federal property or are serving in the uniformed services. Although these children have been counted for entitlement purposes in the past, payments have never been made for them. The Administration proposes to continue nonpayment for this category, believing that low-rent public housing provisions change the nature of the program to that of a partially categorical program, thus deviating from the intent of P.L. 81-874. Furthermore, many children eligible under public housing provisions are also eligible for Federal assistance under Title I of the Elementary and Secondary Education Act, resulting in further inequities in a program already characterized by substantial inequity. If the proposed rescission is enacted, these children will continue to qualify for eligibility purposes, but no payments will be made on their account.

Payments for "b" children

The parents of "b" children live in the community while working on Federal property thus, paying property taxes which support local schools. In addition, their presence is generally an economic asset to the community. For these reasons the Administration proposes that State and local governments assume a greater responsibility for "b" children and that \$98,137,394 be rescinded. If the rescission is approved, payments to school districts for "b" children would continue at a normal rate of 50 percent of entitlement until January 1, 1976. For the remainder of fiscal year 1976, payments would be based on 50 percent of entitlement less an amount equal to 2-1/2 percent of the school district's total operating expenses in the prior year. After January 1, 1976, approximately 4300 school districts would receive reduced payments for "b" children. However, no school district would lose more than 2-1/2 percent of its total operating budget for the previous school year.

Another \$26,213,790 proposed for rescission reflects the difference between Administration estimates and higher Congressional estimates used to determine the required funding levels for Tiers I and II. This portion of the rescission does not reflect a reduction in commitment levels and no programmatic impact is anticipated.

The remaining \$56,342,487 proposed for rescission would, under the appropriation, provide payments for children residing in low rent public housing or for children whose parents are employed on such projects. Although these children have been counted for entitlement purposes in the past, they have never received

payment. The Administration proposes to continue nonpayment for this category believing that low-rent public housing provisions change the nature of the program thus deviating from the intent of P.L. 81-874. Furthermore, many children eligible under public housing provisions are also eligible for Federal assistance under Title I of the Elementary and Secondary Education Act, resulting in further inequities in a program already characterized by substantial inequity. If the proposed rescission is enacted, these children will continue to qualify for eligibility purposes, but no payments would be made on their account.

#### Special Provisions

Of the \$4,591,698 proposed for rescission, \$91,698 reflects the difference between Administration estimates and higher Congressional estimates used to determine the required funding levels for Tiers I and II. This portion of the rescission does not reflect a change in the intent of the appropriation, and no programmatic impact is anticipated.

The remaining \$4,500,000 proposed for rescission would leave a program level that would allow payments to school districts to be based on 50 percent of entitlement less an amount equal to 2-1/2 percent of total operating expenses in the prior year.

An undetermined number of school districts would receive the reduced payments. However, no school district would lose more than 2-1/2 percent of their total operating budget for the previous school year.

#### Savings Provisions

The proposed \$11 million rescission would eliminate "hold harmless" payments to school districts who no longer qualify for their previous payment levels due to (1) the closing of military installations or (2) the elimination in P.L. 93-380 of out-of-State and out-of-country "a" children from the entitlement base used to determine payments. These payments are inequitable because they are not based on the entitlement criteria that apply to all other payments. The payments provide aid to school districts for children who are not using the school district's services.

#### Construction

This program provides assistance for construction of school facilities in school districts affected by Federal activity. The proposed rescission level would maintain the 1976 request level of \$10 million. This amount would provide funding to cover the areas of critical need.

The amount proposed for rescission would provide up to \$4 million in repairs and maintenance to school facilities on Federal property, \$2,850,000 for construction assistance to local education agencies, and \$3,150,000 for schools constructed on Indian land.

Outlay Effect (estimated in millions of dollars)

## Comparison with President's 1976 Budget:

1. Budget outlay estimates for 1976.....	\$349.3
2. Outlay savings, if any, included in the budget outlay estimate.....	---
Current Outlay Estimates for 1976:	
3. Without rescission.....	657.5
4. With rescission.....	502.0
5. Current outlay savings (line 3 - line 4).....	155.5
Outlay Savings for Transition Quarter.....	9.8
Outlay Savings for 1977.....	38.9

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Office of education  
SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

Appropriations under this heading for the fiscal year 1976 are rescinded and revised in the following amounts:

Rescinded are \$210,968,452 for sections 2, 3, and 4 to title I of the Act of September 30, 1950, as amended (20 U.S.C., ch.13), and \$10,000,000 for the Act of September 23, 1950, as amended (20 U.S.C., ch.19). Of the \$449,031,548 remaining under this heading for carrying out title I of the Act of September 30, 1950, \$46,000,000 shall be available for payments under section 6 of title I of the Act of September 30, 1950. The remainder of such amount shall be available for payments to local educational agencies on the basis of entitlements under sections 2, 3, and 4 of that title: Provided, that notwithstanding the provisions of section 5(c) of that title--

(1) none of the funds available under this heading shall be available for payments with respect to that part of any entitlement determined under section 5(e)(1) of that title for any portion of the period beginning July 1, 1975, and ending September 30, 1976;

(2) fifty per centum of the total amount of those payments to local educational agencies based on entitlements under sections 2, 3(b), 3(e) and 4 of that title (exclusive of any part of such entitlements determined under section 5(e)(1) of that title) shall be reduced by an amount equal to 2.5 per centum of the current expenditures (as defined in section 403(5) of the Act of September 30, 1950) for such agency during the fiscal year ending June 30, 1975; and

(3) None of the funds remaining available under this heading shall be

available for payments under subparagraphs (B) and (C) of section 305(b)(2) of the Education Amendments of 1974 for any portion of the period beginning July 1, 1975 and ending September 30, 1976.

Of the \$10,000,000 remaining under this heading for carrying out the Act of September 23, 1950, \$1,000,000 shall be available for repairs for facilities constructed under section 10 of that Act and none of the remaining funds shall be available for payments under any other section of that Act until payment has been made of 100 per centum of the amounts payable under section 5, 14(a), and 14(b) of that Act.

**PROPOSED RESCISSION OF BUDGET AUTHORITY**

Report Pursuant to Section 1012 of P.L. 93-344

Agency Dept. of Health, Education and Welfare Bureau Office of Education Appropriation title & symbol Education for the Handicapped  7560282 756/70282	New budget authority <span style="float:right">\$236,375,000</span> (P.L. <u>94-94</u> ) Other budgetary resources <span style="float:right">---</span> Total budgetary resources <span style="float:right"><u>236,375,000</u></span>  Amount proposed for rescission <span style="float:right">\$ <u>36,375,000</u></span>
OMB identification code: 09-40-0282-0-1-501	Legal authority (in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act  <input type="checkbox"/> Other _____
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	 <input type="checkbox"/> Other _____
Type of account or fund: <input checked="" type="checkbox"/> Annual (\$126,375,000) <input checked="" type="checkbox"/> Advance (\$110,000,000) <u>7/1/76-9/30/77</u> <span style="margin-left: 100px;">(expiration date)</span> <input type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

<u>Program/Activity</u>	<u>Total Budgetary Resources</u>	<u>Amount Proposed for Rescission</u>
State grant program:		
Advance for TQ and 1977.....	\$ 110,000,000	\$ 35,000,000
Specific learning disabilities.....	5,000,000	750,000
Special education manpower development.....	<u>40,375,000</u>	<u>625,000</u>
Total Affected by Rescission Proposals.....	155,375,000	36,375,000
Total Budgetary Resources Not Affected by Rescission Proposals.....	<u>81,000,000</u>	
Total.....	236,375,000	

JUSTIFICATION AND ESTIMATED EFFECTSState grant program

That the primary responsibility for basic educational services to handicapped children rests with State and local governments rather than with the Federal Government is illustrated by funding levels. State and local governments now spend more than \$2 billion annually on such services. The 1977 level of Federal funding would be \$75 million if the proposed rescission is enacted. Without the rescission, the 1977 level of funding of \$110 million would be more than 5 percent of current State and local funding. With the rescission, it would be nearly 4 percent. The program level after rescission is sufficient to fulfill a Federal role of improving the capacity of the educational system to serve handicapped children through demonstration, research, and training activities. The proposed resulting level after rescission accepts \$25 million of the increase of \$60 million to the 1976 budget. The appropriated level of funding would provide services to 407,000 children. The proposed level would provide services to 285,000.

Specific learning disabilities

The proposed rescission of \$750,000 would result in a funding level for 1976 of \$4,250,000, an increase of nearly 30 percent over the 1975 appropriation. This level would allow funding 34 projects, four more than were funded in 1975 and only six less than would be funded by the \$750,000.

Special education manpower development

The proposed rescission of \$625,000 would result in a 1976 funding level of \$39,750,000, an increase of \$2,050,000 over the 1975 appropriated level. This level would allow funding 10 new projects serving approximately 35,123 persons. The appropriated level would have funded service to 195 additional people.

Outlay Effect: (estimated in millions of dollars)

## Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976.....	\$138.0
2. Outlay savings, if any, included in the budget outlay estimate.....	-0-

## Current Outlay Estimates for 1976:

3. Without rescission.....	206.0
4. With rescission.....	206.0
5. Current outlay savings (line 3 - line 4).....	-0-

Outlay Savings for the Transition Quarter.....	4.4
Outlay Savings for 1977.....	18.9

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education  
EDUCATION FOR THE HANDICAPPED

Appropriations under this head for fiscal year 1976 are rescinded in the following amounts:

\$35,000,000 for part B of the Education for the Handicapped Act which was to be available from July 1, 1976, through September 30, 1977; \$750,000 for Specific learning disabilities; and \$625,000 for Special education manpower development.

PROPOSED RESCISSION OF BUDGET AUTHORITY

Report Pursuant to Section 1012 of P.L. 93-344

Agency Department of Health, Education, and Welfare	New budget authority \$ 669,650,100 (P.L. 94-94 )
Bureau Office of Education	Other budgetary resources 8,213,297 <sup>1</sup>
Appropriation title & symbol Occupational, Vocational, and Adult Education	Total budgetary resources 677,863,397
7560273 756/70273 75X0273	Amount proposed for rescission \$ 14,240,950
OMB identification code: 09-40-0273-0-1-501	Legal authority*(in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____
Type of account or fund: <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> Advance 7/1/76 - 9/30/77 (expiration date) <input checked="" type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

Program/Activity	Total Budgetary Resources	Amount Proposed for Rescission
Vocational personnel training (Education Professions Development Act, Part F).....	\$10,000,000	\$9,990,950
Elementary and secondary training (Education Professions Development Act, Part D).....	5,462,000	250,000
Adult education: Advance for TQ and 1977.....	71,500,000	4,000,000
Total Affected by Rescission Proposals.....	86,962,000	14,240,950
Total Budgetary Resources Not Affected by Rescission Proposals.....	590,901,397	
Total.....	677,863,397	

<sup>1/</sup> Includes carryover of \$1,051,842 and \$7,161,455 for permanent appropriations.

JUSTIFICATION AND ESTIMATED EFFECTSVocational Personnel Training (Education Professions Development Act, Part F)

This categorical program provides support to assist States and local education agencies and institutions of higher education in their efforts to recruit and train individuals in the areas of career and vocation education. An amount of \$9,050 has already been obligated during FY 1976. The proposed rescission of \$9,990,950 would terminate further Federal support, which would, under the appropriation, have gone to approximately 30 institutions and, through them, to approximately 55,000 individuals. The rescission is proposed because other Federal sources of support are available to the institutions and the individuals. Institutions are eligible for alternate funding through vocational education basic grants. General support is available under the Higher Education student assistance programs for those who wish to pursue careers in vocational education.

Elementary and Secondary Training (Education Professions Development Act, Part D)

The proposed rescission of \$250,000 will maintain the program for training Indian teachers at the level of \$5,212,000 proposed in the 1976 budget. There are alternate sources of funding for training the 200 additional teachers (or three to five additional projects) that could have been funded by the amount proposed for rescission. Additional financial assistance for the training of Indian teachers is available through general student support under the Higher education and Indian education programs.

Adult Education

The proposed rescission of \$4 million would maintain, at the 1975 level, a basic level of support by the Federal Government for programs aimed at ending illiteracy among U.S. adults. This basic level could be augmented by the States as they deemed necessary. The appropriated level would either increase support levels from \$76 to \$81 per participant or would expand Federal support to cover as many as 41,900 additional participants.

Outlay Effect: (estimated in millions of dollars)

Comparison with President's 1976 Budget:	
1. Budget outlay estimate for 1976.....	\$646.4
2. Outlay savings, if any, included in the budget outlay estimate.....	--
Current Outlay Estimates for 1976:	
3. Without rescission.....	671.5
4. With rescission.....	<u>671.5</u>
5. Current outlay savings (line 3 - line 4).....	--
Outlay Savings for the Transition Quarter.....	3.1
Outlay Savings for 1977.....	9.6

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education  
OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

Appropriations under this head for fiscal year 1976 are rescinded in the following amounts:

\$250,000 for part D and \$9,990,950 for part F of the Education Professions Development Act and \$4,000,000 for the Adult Education Act which was to be available from July 1, 1976 through September 30, 1977.

**PROPOSED RESCISSION OF BUDGET AUTHORITY**

Report Pursuant to Section 1012 of P.L. 93-344

Agency Department of Health, Education, and Welfare	New budget authority (P.L. <u>94-94</u> )	\$ <u>2,439,309</u>
Bureau Office of Education	Other budgetary resources	<u>90,814</u>
Appropriation title & symbol  Higher Education	Total budgetary resources	<u>2,530,123</u>
7560293 756/70293 75X0293	Amount proposed for rescission	\$ <u>768,139</u>
OMB identification code: <u>09-40-0293-0-1-502</u>	Legal authority*(in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act	
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____	
Type of account or fund: <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> Multiple-year <u>9/30/77</u> (expiration date) <input checked="" type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____	

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

<u>Program/Activity</u>	<u>Total Budgetary Resources</u>	<u>Amount Proposed For Rescission</u>
Student assistance		
Supplemental educational opportunity grants	240,093,000	240,093,000
Work-study.....	390,000,000	140,000,000
Direct loans.....	331,960,000	322,500,000
Institutional assistance		
Language training and area studies.....	16,000,000	6,000,000
University community services.....	12,125,000	11,525,000
Aid to land-grant colleges.....	9,500,000	9,500,000
State postsecondary education commissions..	3,500,000	3,250,000
Veterans cost of instructions.....	23,750,000	23,721,840
Cooperative education.....	10,750,000	2,750,000
Personnel development		
Public service fellowships.....	4,000,000	4,000,000
Mining fellowships.....	3,000,000	3,000,000
Ethnic heritage.....	<u>1,800,000</u>	<u>1,800,000</u>
Total affected by rescission proposals.....	1,046,478,000	768,139,840
Total not affected by rescission proposals...	1,483,645,925	
Total.....	2,530,123,925	

JUSTIFICATION AND ESTIMATED EFFECTS

Supplemental educational opportunity grants

This program provides--to students of exceptional financial need--grants which must be matched by higher education institutions. The proposed rescission would terminate funding of this program. The proposal has two bases. First, significant scholarship support is being provided under the Basic opportunity grant program which provides a more equitable basis for assisting needy students. Second, additional Federal support has increased scholarship assistance available at the State level through the State student incentive grant program. The amount proposed for rescission would provide 242,000 new awards and 203,000 continuing awards.

Work-study

This Federal program supplements that of the private sector which provides more than \$5 billion per year in student employment. It pays eighty percent towards the earnings of needy students employed at eligible jobs. The proposed rescission of \$140 million would balance the funding for this program in relation to other components of an integrated Federal approach to student assistance. After the proposed rescission of \$140,000,000, \$250,000,000 would remain available to support Work-study employment. This amount would provide jobs during academic year 1976-1977 averaging \$525 for 574,000 students as compared to 895,000 students under the full appropriation, a reduction of 321,000 jobs.

Direct loans

This program provides long-term, low-interest loans to needy students through Federal capital contributions to institutional student loan revolving funds. It is estimated that approximately \$3 billion in student loans are now in institutional revolving funds of which approximately \$228 million will be available for re-lending without additional Federal capital contributions. These funds would provide average loans of \$690 to 456,000 students. Further, the 1976 budget estimates that \$1.6 billion in private student loans will be generated by the Guaranteed student loan program. Because of the availability of these other student loan resources, a rescission of the \$322,500,000 in additional Federal capital contributions and loans to institutions is proposed. This program has artificially low interest rates, compared to the Guaranteed student loan program. Further, there is no national needs test to determine eligibility for these highly subsidized loans.

The proposed rescission would eliminate appropriations for further funding of Federal capital contributions to institutional revolving funds and eliminate \$1,500,000 in loans to institutions. This would be more than offset by the \$1.6 billion in private student loans generated by the Guaranteed student loan program. The rescission would forestall loans averaging \$690 to an additional 378,000 students. Funds appropriated for teacher cancellations (\$8,960,000) and \$500,000 already obligated for loans to institutions are not proposed for rescission.

### Language training and area studies

Over the past 17 years, the language training program has helped establish more than 100 foreign language and area studies centers. Today, more than 90 percent of the funding for the centers comes from universities and external sources. The proposed rescission of \$4,660,000 is based on a diminished need for Federal support. It is estimated that training centers receiving Federal funds would number 50 rather than 76 at the appropriated level. Also, the number of research and exemplary projects would be 48, rather than 80 and the number of fellowships would be 600 rather than 798.

The Fulbright-Hays program would also be reduced from the appropriated level of \$2,700,000 to \$1,360,000. At the level remaining after rescission, 114 fellowships could be supported, rather than 180 at the appropriated level; 5 group projects, rather than 25; and 12 foreign curriculum consultants, rather than 20.

### University community services

This program provides grants to States to aid college and university programs which assist in the solution of community problems. This program has not proved to be effective. The rescission proposal would terminate it. The marginal activities that would be supported by the funds proposed for rescission are more properly a matter of State and local concern. The \$600,000 remaining available after the rescission would provide half-year administrative support to State agencies administering the program. These agencies would, thereby, have sufficient time to either find alternative funding in order to continue the program or to redeploy their personnel to other State functions.

### Aid to land-grant colleges

The proposed rescission of \$9.5 million would terminate this program. The Bankhead-Jones program is no longer needed: it funds only a very small percentage of operating costs of the recipient colleges and universities, among them some of the strongest and most prestigious institutions of higher education in the country. The smaller and poorer land-grant institutions will continue to be aided by the Developing Institutions Program. The rescinded amount would have provided--to 72 land-grant institutions in 54 jurisdictions--grants ranging from \$200,000 to \$383,900 per institution.

### State postsecondary education commissions

This program provides grants for State comprehensive planning of postsecondary education and for State administration of equipment and facilities programs authorized under Titles VI and VII of the Higher Education Act. The planning activities supported by this program relate to occupational education and community college programs. The Federal role of demonstrating the advantages of these activities has been performed. It is anticipated that many States will continue to support these activities from State resources.

The proposed rescission of \$3,250,000 would terminate Federal support for the program by eliminating grants to the States and Territories, but would leave \$250,000 to support State agencies administering the program. These agencies would, thereby, have sufficient time to either find alternative funding in order to continue the program or to redeploy their personnel to other State functions.

#### Veterans cost-of-instruction

The proposed rescission of \$23,721,840 would terminate this program. Its activities duplicate those funded through the Office of Education's special programs for the disadvantaged and through the Veterans Administration. Further, this program which supplies funds directly to institutions is a far less effective form of Federal support to higher education than student assistance programs which expand the opportunities of individuals to select the education of their choice.

The proposed rescission would not affect a grant of \$28,160 made under authority of the 1976 continuing resolution. The appropriated level would fund another 1,206 grants (estimated) to institutions to establish and operate special programs for an estimated 900,000 veterans.

#### Cooperative education

These grants are provided to educational institutions for establishing programs which alternate periods of full time study and employment. The rescission of \$2,750,000 is being proposed to maintain the program at the level of the budget request. Funds amounting to \$8 million would remain available to fund cooperative education projects. If the rescission is approved, the number of new awards for FY 1976 will be 100 (the same as in 1975) and the number of continuations will be 130. This compares to 136 new awards and 139 continuations that could be made if the rescission was not approved. Also, 14 training programs and three research projects would not be funded at the \$8 million level.

#### Public service fellowships

This program of grants to students who are preparing for careers in public service is a less effective form of Federal support to higher education than is support, provided directly to students, that allows them to determine--without special inducements--the institution and area of study that will best meet their individual needs. The program is proposed for termination through rescission of \$4 million. If the rescission is approved, grants in the following amounts will not be made in FY 1976: \$1,600,000 in competing continuation grants to 40 institutions to improve public service education, \$1,365,000 to support 210 non-competing continuation fellowships at 52 institutions, \$650,000 for 100 new fellowships at 10 institutions, and \$385,000 to support new grants to 10 institutions to improve public service education.

#### Mining fellowships

This program of grants to students who are preparing for careers in mining and related fields is a less effective form of Federal support to higher education than is support, provided directly to students, that allows them to determine--without special inducements--the institution and area of study that will best meet their individual needs. The program is proposed for termination through rescission of \$3 million. If approved, there will be no Federal support for an estimated 180 competing continuation fellowships at 40 institutions and an estimated 180 new fellowships at 55 institutions.

Ethnic heritage studies

This program provides grants to organizations and institutions to plan, develop, and operate ethnic heritage programs. The primary reason for requesting rescission of the \$1.8 million provided for this program is that there is additional authority for ethnic heritage studies within other programs in the Office of Education and in the National Institute of Education. These existing bilingual-bicultural programs benefit several ethnic groups. Therefore, it is not necessary to fund this small categorical program. The funds proposed for rescission would provide for approximately 50 grants to organizations and institutions throughout the United States.

Outlay Effect (estimated in millions of dollars)

## Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976.....	\$2,050.4
2. Outlay savings, if any, included in the budget outlay estimate.....	-0-

## Current Outlay Estimates for 1976:

3. Without rescission.....	2,450.0
4. With rescission.....	<u>2,431.3</u>
5. Current outlay savings (line 3 - line 4).....	18.7

Outlay Savings for the Transition Quarter.....	<u>21.0</u>
--	-------------

Outlay Savings for 1977.....	\$ 645.8
------------------------------	----------

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Office of Education  
Higher Education

Appropriations under this head for fiscal year 1976 are rescinded in the amount of \$768,139,840 of which \$240,093,000 is from the appropriation for supplemental educational opportunity grants and \$23,721,840 is from the appropriation for veterans cost-of-instruction.

Notwithstanding the provisions of title IV Section 411(b)(4) of Higher Education Act of 1965, payments may be made under Subpart 1 of Part A of Title IV out of the amount appropriated for that Subpart for the fiscal year ending June 30, 1976.

**PROPOSED RESCISSION OF BUDGET AUTHORITY**

Report Pursuant to Section 1012 of P.L. 93-344

Agency Department of Health, Education, and Welfare	New budget authority (P.L. <u>94-94</u> )	\$ <u>218,054,00</u>
Bureau Office of Education	Other budgetary resources	<u>---</u>
Appropriation title & symbol Library Resources 7560212	Total budgetary resources	<u>218,054,00</u>
	Amount proposed for rescission	\$ <u>28,975,0</u>
OMB identification code: <u>09-04-0212-0-1-503</u>	Legal authority (in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act	
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____	
Type of account or fund: <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> Advance <u>7-1-76 to 9-30-77</u> (expiration date) <input type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____	

PROGRAMS AND ACTIVITIES AFFECTED BY PROPOSED RESCISSIONS

<u>Program/Activity</u>	<u>Total Budgetary Resources</u>	<u>Amount Proposed for Rescission</u>
Libraries and instructional resources		
Advance for TQ and 1977.....	147,330,000	10,000,000
College library resources.....	9,975,000	9,975,000
Training and demonstrations.....	1,500,000	1,500,000
Undergraduate instructional resources.....	<u>7,500,000</u>	<u>7,500,000</u>
 Total affected by rescission proposals...	 \$166,305,000	 \$28,975,000

JUSTIFICATION AND ESTIMATED EFFECTSLibraries and instructional resources (advance for the TQ and 1977)

The \$10 million proposed for rescission would maintain this program at the 1975 level of Federal support for these activities. The appropriated level would expand the program by approximately seven percent. The rescission proposal would maintain a basic level of Federal support but leave expansion to be decided and funded at the State and local level.

College library resources

The proposed rescission of \$9,975,000 would terminate this program. The program should be terminated because it inefficiently spreads marginal amounts (\$3,700 per grant) of grant funds to almost every (over 2,700) institution of higher learning in the country, including the wealthiest institutions. The program does not apply resources where they are most needed. This program is a far less effective form of Federal support to higher education than student assistance programs which expand the opportunities of individuals to select the education of their choice.

Training and demonstrations

The proposed rescission of \$1.5 million would terminate these two programs. The proposal to rescind funds and terminate the training program is consistent with efforts to move away from specialized manpower training programs in favor of general student assistance programs which allow individuals to receive training in the area of their choice, including library training. The appropriated level for the training program would provide 33 fellowships/traineeships and training or retraining for 80 institute participants.

Library demonstrations programs can be carried out more effectively under proposed new public library legislation. The appropriated level for the demonstrations program would have supported about 19 research and demonstration programs.

Undergraduate instructional equipment

The proposed rescission of \$7.5 million would terminate this program. The program should be terminated so that instructional equipment can compete with other claims on education funds, and thus be associated with the variables which determine the real need for equipment--curriculum, class size, physical plant, and other related concerns. The appropriated level would provide 650 grants for instructional equipment, materials, and associated minor remodeling and 250 grants for closed-circuit television equipment, materials, and installation remodeling. This program is a far less effective form of Federal support to higher education than student assistance programs which expand the opportunities of individuals to select the education of their choice.

OUTLAY EFFECT (estimated in millions of dollars)

## Comparison with President's 1976 Budget:

1. Budget outlays estimate for 1976.....	\$125.0
2. Outlay savings, if any, included in the budget outlay estimate.....	---

## Current Outlay Estimates for 1976:

3. Without rescission.....	121.9
4. With rescission.....	119.9
5. Current outlay savings (line 3 - line 4).....	2.0
Outlay Savings for the Transition Quarter.....	7.0
Outlay Savings for 1977.....	10.2

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF EDUCATION

LIBRARY RESOURCES

Appropriations under this head for the fiscal years 1976 and 1977 are rescinded in the following amounts:

\$9,975,000 for part A of title II, \$1,500,000 for part B of title II and \$7,500,000 for part A of title VI of the Higher Education Act; and \$10,000,000 for part B of title IV of the Elementary and Secondary Education Act from funds available July 1, 1976, through September 30, 1977.



Outlay Effect (In millions of dollars)

Comparison with President's 1976 Budget:

- 1. Budget outlay estimate for 1976 (program direction line)..... \$12.5
- 2. Outlay savings, if any, included in the budget outlay estimate..... -0-

Current Outlay Estimates for 1976:

- 3. Without deferral..... 12.5
- 4. With deferral..... 12.5
- 5. Current outlay savings..... -0-

- Outlay Savings for the Transition Quarter..... -0-
- Outlay Savings for 1977..... -0-

## SUPPLEMENTARY REPORT

Report Pursuant to Sec. 1014(C) of P.L. 93-344

This report revises Deferral No. D76-10 transmitted in the special message of July 1, 1975, and printed as House Document NO. 94-206.

This revision reflects an increase of \$4,050,558, in the amount deferred through June 30, 1976, for Howard University. The total amount deferred is now \$12,225,040.

More funds are being deferred due to the lags in the General Services Administration construction schedules. The funds deferred will be apportioned when required by the construction timetable.

**DEFERRAL OF BUDGET AUTHORITY**  
Report Pursuant to Section 1013 of P.L. 93-501

Agency <u>Department of Health, Education, and Welfare</u>	New budget authority <u>\$10,000,000</u> (P.L. <u>94-94</u> )
Bureau <u>Office of the Secretary Special Institutions</u>	Other budgetary resources <u>21,620,046</u>
Appropriation title & symbol	Total budgetary resources <u>*31,620,046</u>
Howard University - 75X0106  (Construction)	Amount to be deferred: Part of year \$ <u>---</u>  Entire year <u>*12,225,040</u>
CMB identification code: <u>09-70-0106-0-1-502</u>	Legal authority (in addition to sec. 1013): <input checked="" type="checkbox"/> Antideficiency Act <input type="checkbox"/> Other _____
Grant program <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of account or fund: <input type="checkbox"/> Annual <input type="checkbox"/> Multiple-year _____ (expiration date) <input checked="" type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

\*Justification

In the amount of \$12,225,040, funds appropriated in the 1975 Labor-HEW Appropriations Act (P.L.93-517) for several projects (i.e., Founder's Library expansion, old Freedmen's Hospital, Chemistry building, Slove hall, University power plant, D.C. Code requirements) have not been utilized due to delays in GSA construction. As these projects progress, funds will be made available and obligated. This reserve action has been taken under provisions of the Antideficiency Act (31 U.S.C. 665) that authorize the establishment of reserves for contingencies. This delay is not due to a decision to slow down the construction; rather it is due to lags in construction schedules. Deferral of at least some of these funds is expected through June 30, 1976, or, if appropriate legislation is enacted, through September 30, 1976.

\*Estimated Effects

No programmatic or budgetary impact results from this deferral action. Because construction schedules have lagged, these funds could not be effectively used if they were made available at this time.

Outlay Effect (estimated in millions of dollars)

## Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976.....	\$84.1
2. Outlay savings, if any, included in the budget outlay estimate.....	0

## Current Outlay Estimates for 1976:

3. Without deferral.....	84.1
4. With deferral.....	84.1
5. Current outlay savings.....	0
Outlay savings for transition quarter.....	0
Outlay savings for 1977.....	0

**DEFERRAL OF BUDGET AUTHORITY**  
Report Pursuant to Section 1013 of P.L. 93-344

Agency Department of State	New budget authority \$ _____ (P.L. _____)
Bureau N/A	Other budgetary resources <u>3,952,599</u>
Appropriation title & symbol	Total budgetary resources <u>3,952,599</u>
International Center, Washington, D.C. 19x5151	Amount to be deferred: Part of year \$ _____ Entire year <u>2,571,783</u>
OMB identification code: 14-25-5151-0-2-152	Legal authority (in addition to sec. 1013): <input checked="" type="checkbox"/> Antideficiency Act <input type="checkbox"/> Other _____
Grant program <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input checked="" type="checkbox"/> Other <u>P.L. 90-553</u>
Type of account or fund: <input type="checkbox"/> Annual <input type="checkbox"/> Multiple-year _____ (expiration date) <input checked="" type="checkbox"/> No-year	

Justification

Public Law 90-553, approved October 8, 1968, provided "That in order to facilitate the conduct of foreign relations by the Department of State in Washington, District of Columbia, through the creation of a more propitious atmosphere for the establishment of foreign government and international organization offices and other facilities, the Secretary of State is authorized to sell or lease to foreign governments and international organizations property owned by the United States in the Northwest section of the District of Columbia bounded by Connecticut Avenue, Van Ness Street, Reno Road, and Tilden Street." It also authorized certain design and site preparation activities in the described area to be undertaken by the Secretary, in coordination with the Administrator of General Services and the government of the District of Columbia, and specified that the costs of the activities authorized be funded from proceeds of the sale or lease of property to foreign governments and international organizations.

Public Law 93-40, approved June 12, 1973, amended the 1968 Act to authorize the appropriation, without fiscal year limitation, of not to exceed \$2,200,000 to fund the design and site preparation costs, provided that sums appropriated be reimbursed to the Treasury from proceeds of the sale or lease of property to foreign governments and international organizations.

The Department of State Appropriation Act, 1974 (Title I, Public Law 93-162), approved November 27, 1973, appropriated \$2,200,000, to remain available until expended, for

payment to a special account with the Secretary of Treasury from which the design and site preparation costs would be administered by the Secretary of State.

The full amount which can be utilized (for necessary design and site preparation) in the current fiscal year, \$1,380,816, has been apportioned from the special account for obligation in 1976. The balance of \$2,571,783, consisting of \$675,346 remaining in the special account and anticipated receipts of \$1,896,437, has been reserved to achieve the most economical use of appropriations and to provide for contingencies. It is anticipated that the reserve will be apportioned for use in the transition quarter and 1977 as needed.

### Estimated Effects

None. The amount deferred could not be obligated this year.

### Outlay Effect (estimated in tenths of millions of dollars)

#### Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976 .....	3.0
2. Outlay savings, if any, included in the budget outlay estimate .....	-0-

#### Current Outlay Estimates for 1976:

3. Without deferral .....	.7
4. With deferral .....	.7

5. Current outlay savings (line 3 - line 4) .....	-0-
---	-----

Outlay Savings for the Transition Quarter .....	-0-
---	-----

Outlay Savings for 1977 .....	-0-
-------------------------------	-----

**DEFERRAL OF BUDGET AUTHORITY**  
Report Pursuant to Section 1013 of P.L. 93-504

Agency <u>Department of the Treasury</u>	New budget authority (P.L. <u>92-512</u> )	\$ <u>6,354,780,000</u>
Bureau <u>Office of the Secretary</u>	Other budgetary resources	<u>20,554,230,000</u>
Appropriation title & symbol  <u>State and Local Government Fiscal Assistance Trust Fund  20X811</u>	Total budgetary resources	<u>26,909,010,000</u>
OMB identification code: <u>15-70-8111-0-7-851</u>	Amount to be deferred:	
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Part of year	<u>\$1/ 11,833,495</u>
Type of account or fund: <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Multiple-year <u>12/31/76</u> (expiration date) <input checked="" type="checkbox"/> No-year	Entire year	<u>None</u>
	Legal authority (in addition to sec. 1013): <input type="checkbox"/> Antideficiency Act Sec. 121 & <input checked="" type="checkbox"/> Other <u>Sec. 123, P.L. 92-512</u>	
	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____	

Justification

On October 3, 1975, the Secretary of the Treasury deferred general revenue sharing payments of \$11.8 million to more than 3,000 local jurisdictions. Twenty-five deferrals resulted from jurisdictional changes (e.g., mergers, disincorporations and annexations) in process. The remaining local governments were not sent checks because they failed to file one or both of two reports that are required by revenue sharing law. The two reports are (1) the Sixth Entitlement Period Planned Use Report, on which all eligible governments were to have reported their plans for uses of sixth entitlement period funds and (2) the Fiscal Year 1975 Actual Use Reports, on which expenditures and other obligations of revenue sharing funds between July 1, 1974, and June 30, 1975, were to have been reported. The Planned Use Report was sent to all units of general-purpose government in April 1975 and was to have been returned in June. The Actual Use Report form was distributed in June and had a due date of September 1. Treasury's Office of Revenue Sharing gave several notices to governments that had not returned the reports by September 1. Of more than 5,000 governments whose reports were delinquent at that time, approximately 2,000 responded to the reminders in time to receive their October checks on schedule.

Estimated Effects

Of the more than 3,000 local governments that did not receive payments on October 3, 1975, 1,741 met the requirements in time to receive their delayed payments on October 31, 1975. The majority of the remaining 1,600 local governments are expected to meet requirements in time to receive delayed payments in January of 1976. Those local governments that fail to submit the required reports and/or assurances of compliance with provisions of law will lose their payments and, as specified by the State and Local Fiscal Assistance Act, the funds will go instead to higher levels of government. Thus, total outlays for 1976 will not be affected.

Outlay Effect (estimated in millions of dollars)

Comparison with President's 1976 Budget:

1. Budget outlay estimate for 1976.....	\$6,301.0
2. Outlay savings, if any, included in the budget outlay estimate.....	0

Current Outlay Estimates for 1976:

3. Without deferral.....	6,358.4
4. With deferral.....	6,358.4
5. Difference (line 3 - line 4).....	0

## SUPPLEMENTARY REPORT

Report Pursuant to Section 1014 (c) of P.L. 93-344

This supplementary report modifies Deferral No. D76-25B transmitted in the special message of October 20, 1975, and printed in House Document No. 94-282.

This report indicates that no outlay savings are anticipated from deferring general revenue sharing payments to the city of Chicago. The previous report indicated an outlay savings in 1976 of \$75.9 million. Since the nondiscrimination requirements issue is expected to be resolved in fiscal year 1976, these savings are not now anticipated.



Current Outlay Estimates for 1976:

3. Without deferral.....	\$6,358.4
4. With deferral.....	6,358.4
5. Difference (line 3 - line 4).....	0
Outlay Savings for the Transition Quarter.....	0
Outlay Savings for 1977.....	0