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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 24 1975 INFORMATION

Handwritten initials: MRC

MEMORANDUM FOR: THE PRESIDENT
 FROM: JAMES T. LYNN
 SUBJECT: SUPREME COURT DECISION ON THE
 WATER POLLUTION CONTROL GRANTS

On February 18 the Supreme Court held unanimously that the Executive Branch had no authority under the Water Pollution Control Act Amendments of 1972 to allot to the States less than the maximum sums authorized (FY 73 - \$5 billion; FY 74 - \$6 billion; and FY 75 - \$7 billion). The Court left open the question whether limitations may be placed upon the States at some later stage of program operations, e.g., the obligational stage, as is done in the highway program. The decision does not purport to affect any other impoundment litigation.

The \$5 billion was released for allotment today without any restrictions and is in addition to the \$13 billion previously made available since the start of this program in October 1972.

The release of an additional \$5 billion for allotment as a result of the Court decision brings the total amount now available for obligation to \$14 billion. This total includes a \$5 billion unobligated balance from prior years and the \$4 billion allotted on January 24.

Because of the large unobligated balances the impact of the \$5 billion now being released will not be felt for several years. Obligations from the \$5 billion will be \$400 million in FY 76, \$1.5 billion in the transition quarter, and \$3.1 billion in FY 77. Outlays will only be \$50 million in FY 76, \$75 million in the transition quarter, and \$475 million in FY 77. Outlays will reach \$1.1 billion in FY 78.