

CONTENTS OF SPECIAL MESSAGE
(in thousands of dollars)

Fiscal 1977 Rescissions

<u>Rescis- sion #</u>	<u>Item</u>	<u>Budget Authority</u>
R77-2	Corps of Engineers-Civil Revolving fund.....	6,600
R77-3	Interior Bureau of Mines Helium fund.....	47,500
R77-4	Transportation Federal Highway Administration Highway crossing federal projects.....	<u>35,000</u>
		89,100

1976 and Transition Quarter Deferral

<u>Defer- ral #</u>	<u>Item</u>	<u>Budget Authority</u>
D76-6B	Defense-Civil Miscellaneous Accounts Wildlife conservation, etc., military reservations.....	348

SUMMARY OF SPECIAL MESSAGES
FOR FY 1977
(amounts in thousands of dollars)

	<u>Rescissions</u>
First special message.....	45,000
Second special message.....	89,100
 Total amount proposed in special messages.....	134,100 (in 4 rescis- sion proposals)

SUMMARY OF SPECIAL MESSAGES
FOR FY 1976 AND THE TRANSITION QUARTER
(amounts in thousands of dollars)

	<u>Rescissions</u>	<u>Deferrals</u>
This special message:		
New items.....	---	---
Changes to amounts previously submitted.....	---	133
Effect of this special message.....	---	133
Previous special messages.....	3,582,064	8,346,408
Adjustments to eliminate double counting.....	---	-242,023
 Total amount proposed in special messages.....	3,582,064 (in 50 rescis- sion proposals)	8,104,518 (in 117 deferrals)

NOTE: All amounts listed represent budget authority except for \$114,828,220 consisting of two general revenue sharing deferrals (of outlays only). Supplementary reports for these deferrals (D76-25F and D76-67A) are included in the seventeenth 1976 and transition quarter special message.

PROPOSED RESCISSION OF BUDGET AUTHORITY

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

Agency Department of the Army	New budget authority (P.L. <u>94-355</u>)	\$ <u>6,600,000</u>
Bureau Corps of Engineers, Civil	Other budgetary resources (unobligated balance)	<u>6,100,000</u>
Appropriation title & symbol Revolving Fund, COE Civil 96X4902	Total budgetary resources	<u>12,700,000</u>
	Amount proposed for rescission	\$ <u>6,600,000</u>
OMB identification code: <u>1/</u> 96-4902-5-4-301	Legal authority*(in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act	
Grant program <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Other _____	
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

Funds in the amount of \$6,600,000 were provided in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, for the construction of two hopper dredges and the continuation of planning on a third hopper dredge. Hopper dredges are ocean-going vessels used to increase the depth of channels in unprotected waters. Until recently, the only active hopper dredges in the U.S. were owned and operated by the U.S. Army Corps of Engineers.

For several years it has been the Administration's policy to encourage the private sector to design, construct and operate hopper dredges, and as a part of this effort there have been no new Federal hopper dredges constructed in recent years. As a result of this policy, the private dredging industry now has one hopper dredge currently working under contract for the Corps, one under construction, one ready for construction, and one being designed. To begin construction of additional Federal hopper dredges now may drive private industry back out of the hopper dredge business.

Estimated Effects

The Administration believes that the private sector will provide the necessary capacity and should be given the opportunity to assume the dredging workload anticipated for these three ships and others that may be needed. If the dredging industry fails to expand their hopper dredge fleet, then new appropriations would have to be provided at a later date to expand the Federal fleet.

1/ The OMB identification code that appeared in the FY 1977 budget was 08-10-4902-0-4-301.

Outlay Effect(estimated in of millions of dollars)

Comparison with President's 1977 budget:

1. Budget outlay estimate for 1977.....	--
2. Outlay savings, if any, included in the budget outlay estimate.....	--

Current Outlay Estimates for 1977:

3. Without rescission.....	3.0
4. With rescission.....	--
5. Current outlay savings (line 3 - line 4).....	3.0

Outlay Savings for 1978..... 28.5 1/

1/This amount is an estimate of the second year costs associated with construction of two hopper dredges.

Title II DEPARTMENT OF DEFENSE-CIVIL

Department of the Army

Corps of Engineers-Civil
Revolving Fund

Funds appropriated under this head in the Public Works for Water and Power Development and Energy Research Appropriation Act, 1977, in the amount of \$6,600,000, are rescinded.

PROPOSED RESCISSION OF BUDGET AUTHORITY

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

Agency	Interior	New budget authority	\$47,500,000
Bureau	Bureau of Mines	(P.L. 87-122)	17,467,000
Appropriation title & symbol		Other budgetary resources	64,967,000
Helium Fund 14X4053		Total budgetary resources	
		Amount proposed for rescission	\$47,500,000
OMB identification code: <u>1/</u> 14-4053-5-3-306		Legal authority*(in addition to sec. 1012):	
		<input type="checkbox"/> Antideficiency Act	
Grant program <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> Other _____	
Type of account or fund:		Type of budget authority:	
<input type="checkbox"/> Annual		<input type="checkbox"/> Appropriation	
<input type="checkbox"/> Multiple-year _____ (expiration date)		<input checked="" type="checkbox"/> Contract authority	
<input checked="" type="checkbox"/> No-year		<input type="checkbox"/> Other _____	

Justification

- Summary

Contract authority of \$47,500,000 was provided annually for purchase of helium by PL 87-122. Government purchases of helium have been terminated, however, and no resumption of purchasing is anticipated at this time. Rescission of the FY 1977 contract authority is proposed since previous contracts have been terminated and new contracts cannot be justified.

- Reasons for Contracts

Since its discovery in 1895 until the early 1960's, helium was produced and sold only by the Federal Government. Demand for helium for traditional uses, such as welding and leak detection, grew over the years but was greatly expanded in the late 1950's with NASA and Defense efforts which used helium in rocket programs. Projection of such demand led to the belief that helium concentrated in producing natural gas wells should be extracted and stored for future Government needs. This led to amendments of the Helium Act (50 USC 167) which authorized the Department of the Interior to enter into helium purchase contracts with natural gas producers and to store the acquired helium for future use.

1/ The OMB identification code that appeared in the FY 1977 Budget was 10-32-4053-0-3-306.

- General Program Provisions

The program was to be self-liquidating by (1) fixing the price to recover all costs over the life of the contracts and (2) requiring all Government agencies to purchase helium from the Government at that price. A general decline in the market price for helium frustrated the Government's efforts to liquidate the program. The four contracts written under the program in 1961 permitted termination by the Government in the event that new sources of helium were discovered or demand was substantially diminished.

- Program Problems

By 1971 significant changes in helium demand had occurred. NASA and DOD efforts had either been cut back or new methods not requiring helium had been adopted. By decision of Acting Interior Secretary Russell, the contracts were terminated because of changes in helium demand forecasts. The four contract helium producers sued the Government, one for breach of contract, the others on grounds that the Government's decision had not been in compliance with the National Environmental Policy Act (NEPA). Results of these suits led to a second termination action as to three of the contractors by Secretary Morton in February, 1973.

The contracts are no longer in force, but court action continues. Suits by the contractors, claiming damages for breach of contract, are pending in the U.S. Court of Claims. The Government's liability, if any, in these cases will not be finally determined before the end of the fiscal year.

- Present Efforts in the Helium Program

The Government still has a helium program, which is funded from the Helium Fund. Elements of this program, conducted by the Bureau of Mines, are:

- producing, selling and distributing supplies of helium to Federal agencies and commercial firms
- searching for new sources of helium-bearing natural gas and assessing the helium resources and reserves of the United States
- preparing long-range helium supply/demand estimates
- conducting research to improve methods of helium production, purification, transportation, liquefaction, storage, and utilization
- maintaining and conserving helium in the Cliffside gasfield near Amarillo, Texas
- accepting, storing, and redelivering privately-produced helium on a cost-reimbursable basis.

Nearly 60 billion cubic feet (bcf) of helium are in storage and in proved non-depleting reserves. Current annual domestic use is about 1/2 bcf. The Department of the Interior is developing a management and pricing policy for the stored helium.

New contracts by which the Government would purchase and store helium at public expense are not justifiable in view of past experience and the estimated future availability of and demand for helium. The April 11, 1975, ERDA study* on helium discusses in detail historical events and possible courses of public policy toward helium. The report recommends that the Government authorize storage of privately-owned helium in Government facilities, but does not recommend reinstatement of Government purchase contracts.

During FY 1976 the Bureau of Mines entered into seven contracts for the storage of privately-owned helium for a fee in the Government's Cliffside Field near Amarillo, Texas. The Bureau now has eight of these storage contracts and currently (Aug. 1976) private helium is being delivered to storage at a rate of about 600 million cubic feet a year.

Without helium purchase contracts, the contract authority cannot be expended. Under these conditions, rescission of the FY 1977 contract authority is proposed.

Estimated Effects

No effect is projected. The authority would remain unused even if not rescinded because no contracts exist for expenditures.

Outlay Effect (estimated millions of dollars)

Comparison with President's 1977 Budget:

1. Budget outlay estimate for FY 1977.....	.3
2. Outlay savings, if any, included in the budget outlay estimate	0

Current Outlay Estimates for FY 1977:

3. Without rescission3
4. With rescission	<u>.3</u>
5. Current outlay savings (line 3 - line 4)	0

* "The Energy Related Applications of Helium"

DEPARTMENT OF INTERIOR

BUREAU OF MINES

Development and Operation of Helium Properties

Contract authority provided under this head in Public Law 87-122 for the fiscal year 1977 is rescinded in the amount of \$47,500,000.

PROPOSED RESCISSION OF BUDGET AUTHORITY

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

Agency Department of Transportation	New budget authority	\$ <u>35,000,000</u>
Bureau Federal Highway Administration	(P.L. <u>94-387</u>)	<u>0</u>
Appropriation title & symbol	Other budgetary resources	<u>0</u>
Highways Crossing Federal Projects 697/90510	Total budgetary resources	\$ <u>35,000,000</u>
OMB identification code: 69-0510-5-1-404	Amount proposed for rescission	\$ <u>35,000,000</u>
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Legal authority*(in addition to sec. 1012):	<input type="checkbox"/> Antideficiency Act
Type of account or fund: <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Multiple-year <u>September 30, 1979</u> (expiration date) <input type="checkbox"/> No-year	Type of budget authority:	<input type="checkbox"/> Other _____
		<input checked="" type="checkbox"/> Appropriation
		<input type="checkbox"/> Contract authority
		<input type="checkbox"/> Other _____

Justification

This first-time appropriation would supply 100% Federal funding for a newly-authorized (Federal-Aid Highway Act of 1976) narrow categorical grant program. Funds are to be used for "...construction or reconstruction of public highways or highway bridges crossing any Federal public works project where there has been a substantial change in the requirements and cost of such highway or bridge since initiation of the public works project and when such increased costs would cause undue hardship upon local interests." (p. 23, Senate Report 94-1017).

The effect of implementing this new program would be to:

1. Remove these narrow-purpose projects from competition with other possible State projects. The effect of this removal will be to use 100% Federal funding for a number of projects that States would consider too low in priority to fund through the regular Federal-State matching highway programs. The higher-priority projects this new program would fund could--and probably would--be funded under currently-existing programs.
2. Initiate one more duplicating Federal program. The projects that could be funded under the new program are already eligible for funding under the Federal-Aid Highway and Off-System Roads programs.
3. Permit construction of highway projects completely at federal expense rather than under some form of State matching requirements.

Estimated Effects

The rescission of this appropriation will avoid embarking upon another costly program to finance projects that can be, if they are of sufficient priority to the States, constructed within present funding in the regular Federal-Aid Highway program.

Outlay Effect (estimated in millions of dollars)Comparison with President's 1977 Budget:

1. Budget outlay estimate for 1977	\$-0-
2. Outlay savings, if any, included in the budget outlay estimate.....	-0-

Current Outlay Estimates for 1977:

3. Without rescission.....	5.6
4. With rescission.....	-0-
5. Current outlay savings (line 3-Line 4).....	5.6

Outlay Savings for 1978..... 18.9

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
Highways Crossing Federal Projects

Funds appropriated under this head in the Department of Transportation and Related Agencies Appropriation Act, 1977, to remain available until September 30, 1979, in the amount of \$35,000,000 are rescinded.

SUPPLEMENTARY REPORT

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

This report updates supplementary Deferral No. D76-6A transmitted to the Congress on July 6, 1976, and printed as House Document No. 94-548 and Senate Document No. 94-232.

This report reflects a net increase in budgetary resources, amounts apportioned, and amounts deferred. The budgetary resources have increased by \$163,584, primarily because the actual unobligated balances for June 30, 1976, are greater than previously estimated. The amounts apportioned are increased by \$30,984 and the amounts deferred are increased by \$132,600.

and their subsequent expenditure. Most of the fees are collected during the winter and spring months, while most of the program work is performed during the summer and fall months. This necessitates that funds collected in a prior year be deferred in order to be available to finance the program during the summer and fall months. Additional amounts will be apportioned if program requirements are identified. This deferral continues through September 30, 1976.

Estimated Effects

These deferrals have no programmatic or budgetary effect because the funds could not be obligated if made available.

Outlay Effect (estimated in millions of dollars)

Comparison with the President's 1977 Budget:

1. Budget outlay estimate for the Transition Quarter3
2. Outlay savings, if any, included in the budget outlay estimate	<u>.0</u>

Current outlay estimate for the Transition Quarter:

3. Without deferral3
4. With deferral	<u>.3</u>
5. Current outlay savings (line 3 - line 4)0
Outlay savings for 19770
Outlay savings for 19780