

CONTENTS OF SPECIAL MESSAGE
(in thousands of dollars)

Rescission #	Item	Budget Authority
	Funds Appropriated to the President:	
	International Security Assistance	
R76-50	Foreign military credit sales	126,750

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

	<u>Rescissions</u>	<u>Deferrals</u>
Twentieth special message:		
New items.....	126,750	---
Changes to amounts previously submitted.....	<u>---</u>	<u>---</u>
Effect of the twentieth special message.....	126,750	---
Previous special messages.....	3,455,314	8,335,296
Adjustments to eliminate double counting.....	<u>---</u>	<u>-242,023</u>
Total amount proposed in special messages.....	3,582,064 (in 50 re- scission proposals)	8,093,273 (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 special message.

PROPOSED RESCISSION OF BUDGET AUTHORITY

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

Agency Funds Appropriated to the President	New budget authority TQ \$ <u>140,000,000</u> (P.L. <u>94-330</u>)
Bureau International Security Assistance	Other budgetary resources TQ <u>141,560,000</u>
Appropriation title & symbol	Total budgetary resources TQ <u>281,560,000</u>
Foreign Military Credit Sales 1161082	Amount proposed for rescission \$ <u>126,750,000*</u>
OMB identification code: 04-09-1082-0-1-052	Legal authority*(in addition to sec. 1012): <input type="checkbox"/> Antideficiency Act
Grant program <input 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 type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

Justification

Pursuant to Public Law 90-629, the "Foreign Military Sales Act," approved October 22, 1968, as amended (including Title II of Public Law 94-329, the International Security Assistance and Arms Export Control Act of 1976, approved June 30, 1976), and Executive Order No. 11501 of December 22, 1969, as amended, the Secretary of Defense, under the continuous supervision and general direction of the Secretary of State, uses appropriated funds to make loans to friendly foreign countries and international organizations to finance procurement of defense articles and defense services from the United States or to guarantee loans made by private U.S. financial institutions or the Federal Financing Bank for the same purpose.

Public Law 94-330, the "Foreign Assistance and Related Programs Appropriation Act, 1976, and the period ending September 30, 1976," approved June 30, 1976, appropriated \$1,065,000,000 for fiscal year 1976 and \$140,000,000 for the period July 1, 1976, through September 30, 1976, "to enable the President to carryout the provisions of the Foreign Military Sales Act" (now the Arms Export Control Act). At the end of June 30, 1976, a balance of \$134,750,000 of the 1976 appropriation remained unobligated and would otherwise have expired; however, as a result of section 204 of Public Law 93-554, approved December 27, 1974, that balance remains available until September 30, 1976. On July 1, 1976, the unobligated balance of the 1976 appropriation was merged with the funds appropriated for the period July 1, 1976, through September 30, 1976, pursuant to Public Law 94-274, the "Fiscal Year Transition Act," approved April 21, 1976. In addition, \$6,810,000 of fiscal year 1976 funds which were obligated in 1976 have become available.

*\$140,250,000 was placed in reserve on July 30, 1976. On August 30, 1976, the amount in reserve was revised to \$126,750,000.

The President has determined that a part of the available budget authority will not be required to carry out the full objectives and scope of the Foreign Military Credit Sales program for which it was provided. Therefore, a rescission of \$126,750,000 is proposed. This excess amount arose as a result of increased reliance on guaranteed loans rather than direct credit during fiscal year 1976. Under the guarantee program, funds equal to 10% of the face value of loans are obligated to guarantee loans provided to foreign aid recipients by the Federal Financing Bank or private lending institutions, while in direct credit transactions, the full face value of the loans is obligated by the U.S. government.

Estimated Effect:

Planned programs will not be reduced by this rescission. If rescission of the excess funds is not effected and the funds are obligated, the funds would have to be used for lower priority projects or for projects planned for fiscal year 1977.

Outlay Effect: (Estimated in millions of dollars)

Comparison with the President's 1977 budget:

- 1. Budget outlay estimate for the transition quarter 192.0
- 2. Outlay savings, if any, included in the budget outlay estimate -0-

Current Outlay Estimate for the Transition Quarter:

- 3. Without rescission 869.0
 - 4. With rescission 854.0
 - 5. Current outlay savings (line 3 - line 4) 15.0
-
- Outlay Savings for 1977 39.0
 - Outlay Savings for 1978 20.0
 - Outlay Savings for 1979 9.0

FOREIGN MILITARY CREDIT SALES

Foreign Military, Credit Sales

Of the funds appropriated under this head in the Foreign Assistance and Related Programs Appropriations Act, 1976, and the period ending September 30, 1976, \$126,750,000 are rescinded.