Senate Panel Backs Curb On Impounding of Funds

By JAMES M. NAUGHTON
Special to The New York Times

WASHINGTON, April 3 — The Senate Government Operations Committee approved today a measure designed to restrict sharply the President's ability to hold back funds appropriated by Congress.

The committee also voted to tack onto the anti-impoundment bill a $268-billion spending ceiling for the 1974 fiscal year, which begins July 1.

The combined proposal — to set a ceiling on the amount that Congress could require the President to spend and to provide rules to assure that he did spend it — could reach the Senate floor as early as tomorrow.

Senator Sam J. Ervan Jr. of North Carolina, the chief sponsor among the 53 supporters of the measure, said that Democratic leaders had asked him to offer it as an amendment to the bill that would give Congressional approval to President Nixon's most recent devaluation of the dollar. The devaluation bill will become the Senate's pending business tomorrow.

Response to Nixon

The anti-impoundment bill was designed to serve as the Senate's basic response to President Nixon's refusal, on the grounds of inflation control, to spend more than $8-billion made available by Congress for a variety of programs.

But the measure appeared to have assumed even larger significance as a result of the Senate vote today against overriding the first spending veto by Mr. Nixon this year.

Five Democrats deserted party leaders to support the veto of the Vocational Rehabilitation act. One of them, Senator Sam Nunn of Georgia, said that he could have opposed the veto if Congress had previously enacted a spending limitatoon such as the one that emerged, with his support, from the Government Operations Committee later today.

As adopted by the committee, the anti-impoundment bill including the following provisions:

¶Spending during the 1974 fiscal year would be limited to $268-billion, which is $700-million below the President's request. In cutting spending to remain below the limit, Mr. Nixon would be required to reduce the amount allotted to each budget function by the same proportion.

¶Impoundments for reasons other than proportional cuts to stay within a ceiling on spend ing would have to be reported to Congress.

¶The funds held in reserve by the President would have to be released in 60 days unless Congress approved withholding the money. Congress could also vote, any time during the 60 days, to demand that the funds be released immediately.

Mondale Is Pleased

Senator Walter F. Mondale, Democrat of Minnesota, praised the committee for combining the spending ceiling with the impoundment limits. He had threatened last week to try to filibuster if the Senate moved to give the President a spending limit without also curbing Mr. Nixon's authority to decide which budget items should be cut.

Senator Ervin told Committee members that he would prefer to seek a vote on the bill without offering it as part of another measure. But he said it might have to be proposed as an amendment as a matter of "self-defense."

A number of Senators have suggested amendments to the devaluation bill — a difficult measure for Mr. Nixon to veto —that would set a spending limit, curb impoundments or do both.

Senator William V. Roth Jr., Republican of Delware, tried to convince the committee to give the President more leeway to decide where to cut spending. He offered an amendment permitting an impoundment unless both homes of Congress voted to release the money.

But Senators Charles H. Percy of Illionis and Jacob K. Javits of New York, both Republicans, sided with Senator Ervin and helped beat back the Roth amendment by a vote of 12 to 4.

The addition of the spending limit came on a proposal by Senator Edmund S. Muskie, Democrat of Maine. He conceded that the amount had been set slightly below Mr. Nixon's proposed ceiling to indicate "that there is nothing magic about the President's figure."

Mr. Muskie's spending limit was approved by a vote of 12 to 2 and the committee then went on to adopt the entire measure, 13 to 3. Its actions were taken in public, marking the first time that the committee had done its mark-iup or final revising, of a bill in open session.