

notice. Please take inventory of each balances at the State level and in each LEA, and submit following information:

LEA NEEDS

1. Total disbursed to LEA's to date.
2. Remaining balance in LEA's as of 6/11.
3. Thirty-day requirement for LEA's.

STATE NEEDS

1. Cash balance at State level as of 6/11.
2. Thirty-day requirement for cash disbursements for all purposes.

All balances in excess of thirty (30) days needs shall be returned to the Office of Education as soon as possible. Upon review of above data, you will be notified to resume withdrawal of Federal funds. Submit above data to Director, Finance Branch, Room 40070, USOE, 400 Maryland Avenue, S.W., Washington, D.C.

Information copy to all State Treasurers.

N. KARSH,

Assistant Commissioner for Administration, Office of Education.

Our chief State school officer was shocked that the U.S. Office of Education would initiate this action, and in this manner.

1. The State superintendent of schools did not receive a notice of this action, but was advised through his staff members, who were, in turn, notified by other State officials. This violates traditional lines of communication between the U.S. Office of Education and State education agencies.

2. No other State agency could have supplied the information requested, because accountability for Federal funds for educational programs at the State level is the responsibility of the Georgia State Department of Education.

3. There had been no prior indication from the U.S. Office of Education that the use of letter of credit was operating in a manner contrary with the intent of the system.

4. The telegram was sent to all States, without limiting the criticism to States in violation of the intent of the letter-of-credit system.

5. The request for cash balances at the State level was ill timed, because of end of fiscal year pressures, and would have required unwarranted additional hours of work by accounting and administrative personnel.

6. The request would have necessitated contact with local educational agencies, and imposed the same interruption upon their end of the fiscal year procedures as those imposed upon the State agency.

The above comments were transmitted to the Commissioner, and the congressional delegation from Georgia, with the request that this action be rescinded.

Our State superintendent of schools later learned that other chief State school officers had taken similar action, and this specific request was rescinded.

To point out specifically how little attention was given to the practical administration of State and local agencies, the telegram specifically asked for cash balances as of June 11, 1966.

A natural question would be, "What agency maintains an accounting of funds as of the 11th day of any month?" The normal reporting date would be at the end of the month, quarter, or fiscal year.