feel that the bill would better serve this objective if certain provisions are modified or omitted.

S. 698 consists of nine titles. An additional title X has recently been proposed, and this report will include comments on that title. Because of the scope and complexity of S. 698, we will describe and comment on the bill on a title-by-title basis.

TITLE I

Title I defines key terms used in the bill. A few technical questions with respect to such definitions have come to our attention.

The definition of "grant" or "grant-in-aid" in section 106 excludes "payments in lieu of taxes". Public Law 81–815 and title I of Public Law 81–874 are generally regarded as, at least in part, payments in lieu of taxes. It is not free from doubt, however, whether they would be considered (in their entirety) as such within the meaning of the bill. Considering the underlying philosophy of these two laws, it would seem appropriate to classify them as payments in lieu of taxes for the purposes of the bill.

The definition of "comprehensive planning" in section 109 provides an exception with respect to title VI. We believe that this exception should apply to title VII rather than title VI.

The definition of "displaced person" in section 113 would include a person (or individual) who moves from real property as a result of the "reasonable expectation of acquisition of such real property" by a Federal or State agency. It is not altogether clear to us what factual conditions would need to exist to bring the quoted phrase into operation.

TITLE II

Title II would attempt to assist States in carrying out Federal grant-in-aid programs by requiring that the Governor of a State or his designee, or the State legislature be notified (upon request) of the purpose and amounts of grants-in-aid to the State (section 201); by providing that a Federal agency may not require that grant-in aid funds be deposited in a separate bank account of the State, but that the State agency concerned shall render authenticated reports to the granting agency of the status and application of the funds and such other facts as may be required by the Federal agency (section 202); by providing that grant-in-aid payments to a State be scheduled so as to minimize the period of time during which the funds are held by the State prior to disbursement by it; and by providing that States shall not be held accountable for interest earned on granted funds pending their disbursement for program purposes (section 203).

Section 204 of title II would authorize the head of a Federal agency administering a grant-in-aid program, upon request of a State (i.e., the Governor or other authority responsible for determining or revising the organizational structure of State government), to waive a statutory requirement that the program be administered by a single State agency or by a multimember board or commission and to approve a different administrative arrangement, if the Federal agency head determines that the objectives of the grant-in-aid program would not be endangered and that there has been an adequate showing that the Federal requirement prevents the establishment of the most effective and efficient organization arrangements within the State government.

Doubtless some State governments do have problems with communication among State officials and with the timing of data on budgets. Consequently, although, as chief executive of the State, the Governor should usually be able to obtain directly all available facts and data from his own State program agency promptly and in a form designed for his needs, we would not object to enactment of section 201.

The sight-draft-account and letter of credit system of this Department for grants-in-aid is consonant with the first sentence of section 203 of the bill, which requires that Federal agency heads shall, consistent with program purposes and applicable Treasury regulations, schedule the transfer of grant-in-aid funds from the Treasury so as to minimize the time lapse between such transfer and the disbursement by a State (see section 6 of P.L. 89–105). While this would ordinarily prevent the earning of interest on our grant funds, we question the second sentence of section 203, which would relieve the States from accountability for interest earned on grant funds pending disbursement, where this did occur. Such a provision might be an incentive to States to draw the funds sooner than actually needed, contrary to the objective of section 203.