

With respect to provisions on records and audit in section 506, we should like to point out the Department of Health, Education, and Welfare has for decades required the keeping of pertinent records. We are not aware of the need for additional legislation such as that proposed in section 506.

In view of the above, we recommend that title V not be enacted.

TITLE VI

Under title VI, the President would be required to examine the various programs of grants-in-aid to determine what consolidations are necessary or desirable to promote the better execution and efficient management of individual grant programs within the same functional area, to provide better coordination among individual grant programs within the same functional area, or to promote more efficient planning and use by the recipients of grants under programs within the same functional area. If the President finds a consolidation of individual grant-in-aid programs within the same functional area to be necessary or desirable, he would be required to prepare a grant consolidation plan for the making of such consolidation and to transmit the plan to the Congress. The Congress would have 90 days to reject grant consolidation plans; if not so rejected, they would become effective.

While this Department favors the objectives of title VI—to decrease the current multiplicity of grant programs with a view to achieving more effective and more efficient use of Federal assistance—we believe that this objective can be better accomplished by other means.

First, we should like to point out that the President already has the authority to propose plans which may transfer functions involving grant-in-aid programs, and this authority is in some respects broader than that provided in title VI. For example, under title VI each grant consolidation plan may provide for only one consolidation of individual grant programs (section 602(b)). On the other hand, under the Reorganization Act of 1949, the President has the authority to propose plans which may transfer functions involving any number of grant programs.

Second, it is not clear from the language of title VI to what extent a grant consolidation plan could change existing statutory requirements. Grant consolidations which go beyond questions of the internal organization of the Executive Branch may involve complex changes in existing substantive laws. However, title VI only provides that the consolidation plan transmitted to Congress "shall specify in detail the formula or formulas for the making of grants under the consolidated program . . ." It does not deal with many other types of changes which may be required. All such changes, we believe, are best handled on the case-by-case basis of the regular statutory amendment process.

As you know, steps have been taken to reduce some of the proliferation of categorical grant programs. Our experience has direct bearing on the provisions of title VI. The Department's most extensive efforts to date are incorporated in the Partnership for Health program authorized by Public Law 89-749 and expanded and extended by Public Law 90-174. Prior to passage of Public Law 89-749, most State health programs were supported through disease-oriented categories of health services. Under the Partnership for Health program, the categorical restrictions were removed, thus affording the States new flexibility in dealing with the health needs which the States themselves determine to be most pressing and to which they assign high priorities in their health planning. As a result, a number of States have begun to promote and support health services in areas such as alcoholism and family planning that previously were not supportable under the categorical grant system. Even more important, States are using the planning money available under the Act to determine priorities among their health needs and to allocate State and Federal funds accordingly.

As a supplement to the State formula grants, the Act authorizes project grants to support services to meet health needs of limited geographical scope or of special regional or national significance. These grants provide a mechanism for directing funds where they are most urgently needed, where they will be used most effectively, and where they will develop new and innovative public health programs which promise the most far-reaching effects. The elimination of categorical restrictions on the project grants has also encouraged the introduction of a wide array of new methods for providing various kinds of health services. Among the new activities are family planning, comprehensive health services development, alcoholism programs, and encouragement of group practice.

In addition to the broad programs mentioned above, project grants are playing an active role in the development of a number of special interest programs,