

Title II: title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executive and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amending action taken in 1966 by the House Subcommittee on Executive and Legislative Reorganization with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist Governors in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and Governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power.

Clearly, progress has been made in overcoming the problem of agency bypassing of the Governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of section 201 would formalize certain procedures which are now informal and establish as rights what now are privileges unknown to many State officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal moneys must be kept in separate bank accounts by State governments. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary.

Section 203 recognizes the merits of the letter-of-credit mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, governmentwide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislation requirements for a "single State agency," multi-member board or commission. One of the most critical needs in con-