

preserving the present Section 107's intent with respect to District of Columbia financial payments. The following language would implement this suggestion:

"FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

"SEC. 107. The term 'Federal assistance,' 'Federal financial assistance,' 'Federal assistance programs,' or 'federally assisted programs,' means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by Article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b)."

Appropriate revisions would be needed in Title VI to make this broader definition apply to consolidations authorized under this title, rather than the more narrow definition of grants-in-aid which appears in Section 106.

Title II: Title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executives 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 amendatory 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. Not all States, for example, require agencies to obtain the approval of the governor before entering into negotiations with Federal departments for grant programs. A 1965 survey indicated that in 18 States gubernatorial approval is required, while in 18 other States it was not. The situation varied in ten States, it was found, where approval was required in some instances but not in others. In the four remaining States, some other form of approval was stipulated.

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. In Delaware, Georgia, and North Carolina, State planning agencies have been assigned this responsibility. In New York and Rhode Island, an interdepartmental committee has been established on a continuing basis to make studies and recommendations to the governor and legislature. In other States, including Connecticut, Illinois, Louisiana, Vermont, and Maine, the governors have designated an official in his office or in the Department of Administration to coordinate grant-in-aid activities. To complement these efforts, at least 13 States have established a Washington office.

Clearly, progress has been made in overcoming the problems 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 monies must be kept in separate bank accounts by State governments. Some States as a consequence maintain intricate systems of bank accounts for various Federal aid programs. With the development of modern accounting techniques, it is only necessary that the State maintain appropriate fund accounts which distinguish the balance that the State has received but not yet