While all provisions of the proposed act would be beneficial to intergovernmental relations, I shall address myself to those provisions of most concern to budget officials.

The first is section 201, which requires federal agencies, upon request, to notify the Governor or a state official of federal grants to the State. This section is desirable because it attempts to solve a problem of great concern to Governors and legislators. Decisions on grants are often made between the federal agency and its state counterpart without clearance with the central decision-making bodies of the State. Without this information at an early stage, the chief executive and legislators cannot adequately plan state programs and financial support. The need for information on grants has been recognized in all States, and at least forty-six of them have established offices or positions of federal-state coordinator, most of them located directly in the Governor's Office. A formal federal requirement for the federal agency to cooperate with the States in providing the central administrative units with information on federal grants will strengthen state ability to develop sound program and financial plans.

Section 202 will assist States in good treasury management by allowing, in cases where this is not already done, the commingling of all funds for short-term investment purposes.

Section 203, requiring a minimum time lapse between transfer of funds from the U.S. Treasury and disbursement by the State, represents sound treasury management on the part of the U.S. Government. This section does not recognize, however, a problem that the States have with reimbursable grants, such as those for highway programs. Most States receive more money in reimbursable programs than they do in programs funded in advance. It should be possible to include a provision for immediate reimbursement based on normal state expenditure patterns subject, of course, to federal audit, to assure that States do not have to lay out money and wait a considerable length of time before reimbursement.

Section 204 provides for waiver of the single state agency requirement if the State presents evidence that such provision "prevents the establishment of the most effective and efficient organization arrangements within the State government * * *". This provision will make it easier for States to reorganize functions for improved management. For example, the New Mexico Department of Finance and Administration administers federal grants flowing through to public schools and the Illinois central personnel agency engages in personnel administration activities for health agencies. These arrangements were established by the two States to bring about administrative improvements, yet they may run counter to the federal single agency requirement.

The section could be made stronger from the state point of view if the burden were placed on the federal agency to find something improper about the state administrative arrangement rather than require the State to defend any deviation from the single agency requirement. Effective administration may be accomplished under many organizational forms, and the arrangements set up by the States should ordinarily not be challenged by federal agencies.

Title III, allowing federal agencies to provide special or technical services to state and local government on a reimbursable basis, should make easier the utilization of the expertise developed in the federal agencies in many programs in which States need help. We endorse this attempt to make more flexible the working out of personnel interchanges among units of government.

The vast expansion of federal grant programs, and their splintering into many categories—480 at a recent count—makes review and coordination devices particularly necessary. Titles V and VI are addressed to this.

Title V, requiring Congressional review of federal grants-in-aid, will formalize a procedure that Congress in the normal course of events might undertake anyway, namely, to review all programs periodically, measure them against their intent, determine to what degree they are meeting their intent, note the relationship among the various programs that have been established a different times and decide if alternate arrangements might better serve national goals and objectives. Coordination among programs might also be achieved.

For example, when four programs provide aid for water pollution control, some unifying legislative action might be helpful.

The National Association of State Budget Officers in 1963 adopted a resolution endorsing the periodic review of federal grant programs.

Title VI provides a means of consolidating grant-in-aid programs. Between presidential findings under this title and Congressional findings under Title V, considerable strides should be possible to assure that many related cate-