

Federal standards; we do not want to unless we are pushed in a position where we absolutely have to. Once we get agreement on the standards they will be administered in the first instance by the State. They will be regarded as their own standards, and I think this is going to give us the right kind of action focus, because they will be pushing for the standards enforcement and for the action agreed upon just as much as we are.

NEW FINANCING METHOD—WASTE TREATMENT WORKS

Mr. BLATNIK. Mr. Hughes, on the Secretary's statement on page 4 under paragraph 1, last sentence, and this deals with the long-term contract up to 30 years with States and local public bodies:

These contracts could be initiated once a level of contractual authority is established in an Appropriation Act for fiscal year 1969. These contracts would be binding obligations of the United States.

Now the last sentence:

Once executed, appropriations to liquidate them would be automatic.

Could you make any comments on it? Does the Bureau of the Budget concur with it? I am not familiar with the financing aspect. Do you see any impossible complications or conflict of jurisdiction with the appropriations of the other House?

Mr. HUGHES. I do not believe so, Mr. Chairman. As the Secretary indicated, we have shared this committee's concern over our inability to finance as fully as we wish the authorizations which the Congress has provided for the control of water pollution. And we believe this contract technique is a means through which we can do a much more adequate job than we have done.

Briefly, the legislation provides for Appropriations Committee approval of the contracting process. In other words, it would approve the entering into of contracts in a specified amount, and once that approval had been extended under the terms of the bill, then the subsequent contracts would be binding and the 30-year payments that the legislation would authorize would be automatic.

Mr. BLATNIK. Has this fiscal arrangement or mechanism been used in any other Federal grant programs, such as hospitals, schools, airports?

Mr. HUGHES. Not in precisely this form, Mr. Chairman. It is a new approach basically. The contract authority has been used in other program areas, but in somewhat different context than this.

Mr. BLATNIK. Who authorizes the contract authority in those instances? Would it be the operating agency, like HEW for the case of education?

Mr. HUGHES. Yes.

Mr. BLATNIK. Department of Transportation would be for airports.

Mr. HUGHES. Once the contract authority had been extended by the Congress, the agency in charge would then utilize it to carry out the purposes of the authorizing act. The procedure would be the same here.

This bill, which obviously is under the jurisdiction of this committee, would provide the basic authorization, and then the individual yearly contract payments would be provided by appropriation action.