

Mr. CLEVELAND. Mr. Chairman, I think the chairman has quite properly pointed out that this is something we are going to have to digest, and certainly we cannot digest it all at once.

I want to commend the Secretary because he has answered one of my first questions, as I listened to his testimony and read his presentation, and one of my first questions was to ask him if really what his all amounted to did not boil down to the fact that the Federal Government was going to take the bond route very much as the local community and States were now doing, particularly this is so in New Hampshire. And he has been very candid about that, and I think it is quite clear that although they are calling these things contracts, and it is a nice-sounding word, they are really talking about something which is, in essence, a bond.

RELATIONSHIP BETWEEN CONTRACT LEVEL AND TOTAL AUTHORIZATION

To help orient my thinking on this, Mr. Secretary, I would also like to find out how this legislation, if we approve it, meshes into what we have already done. For example, are the authorizations and appropriations that we have already enacted—you refer to them on page 3 of your statement—they would of course go along as they are going along. Is it contemplated that the interest payment or the payments under these contracts will come out of that authorization and appropriation?

Secretary UDALL. No. Let us assume that for the coming fiscal year we've got the \$225 million appropriation. Then since the authorization for next fiscal year was \$700 million, we are \$475 million short.

The \$475 million, we would take up that slack with this Federal commitment.

Mr. CLEVELAND. You would have to dip a little bit into the \$225 million in order to meet the commitments—

Secretary UDALL. Let us assume you pass this law and you make it effective for fiscal 1969, and there would be no payment due the first year. So we would not have to do that. We would anticipate, however, or we would hope at this time, that we could keep the grant money at roughly the \$200-million range. We may not be able to, and we will have to review that each year with the Bureau of the Budget. Whatever money that we had to put up to pay the interest and principal payments would be on top of the grant money.

Mr. CLEVELAND. To continue this line of questioning, will this new theory or new approach of the contracts come in under the authorizations from this committee?

Secretary UDALL. That is correct. We are trying to make up the gap in your authorization in the 1966 act.

Mr. CLEVELAND. So the authorizations that we have passed remain as an umbrella on this situation?

Secretary UDALL. They are the ceiling we are trying to reach.

Mr. CLEVELAND. However, that is as Mr. Wright has pointed out not completely a ceiling or completely an umbrella, because that only represents annual payments of interest and principal, which would in effect permit you to spend a great deal more—in reality spend a great deal more than the authorization, correct?