

gram. The Governor came down here and asked us to include in the legislation a prefinancing provision which I supported. The committee went ahead and we put it in. Now you are proposing to knock it out, starting July 1. And in that year, beginning July 1, New York, which is moving ahead, expects to approve about \$534 million in projects, all of which they expect would be eligible for the Federal share of about 55 percent, or \$294 million.

Well, now, of course, we know that New York isn't going to get that much, because we don't have that much available nationally. But with the prefinancing assurance in there, they have at least assurance of eventually being paid that amount.

Now, it seems to me you are proposing to change the rules in the middle of the game. New York has tailored its whole approach to this. Now you come in any say, all right, you are started, but we are changing the rules. What I wonder is how you estimate that this is going to affect States like New York, and secondly, what would be wrong in leaving the prefinancing provision in, and offering States an option of either going the bonding approach or going ahead with the assurance that eventually they would be reimbursed in cash.

Secretary UDALL. Congressman, I certainly know your keen interest in water pollution control, that with the action that your State is taking, this is something you will want to scrutinize very carefully. Governor Rockefeller himself did come down and testify before the Senate committee. In fact, I had a brief conversation with him about this subject. It is our feeling, we may be wrong, that the new approach would be superior to the provision that you and others got written into the 1966 act. We certainly want to encourage States to take vigorous action, the way the State of New York has. They have had their own problems in tooling up, and they are getting about ready to go, as you have indicated.

And I think it is important that we key the two programs in a way that is equitable in terms of the total national program and also fits the other guidelines that we have laid down here. So I know you will want to study this very carefully. I am sure the staff people will try to enlighten you as to both the advantages or disadvantages, if there are any, of the new approach as against the prefinancing provision of the 1966 act.

Mr. McCARTHY. What would you say about having an option? I understand they are all geared up with prefinancing assurance. What would be wrong with leaving that in and also providing the bonding approach for those who want to go that route?

Secretary UDALL. Well, I would not want to comment categorically. That might be a positive approach, Congressman. We will certainly look at that with you. I did not have a chance to read Governor Rockefeller's testimony. I do not know what he presented. But I think we ought to consider any alternatives that are reasonable or this.

Mr. McCARTHY. I do have the Governor's statement before the Senate. He will be here tomorrow. But in a statement before the Senate, he strenuously objects to the removal of the prefinancing provision. And after reading his testimony and reading the bill and your testimony, it seems to me that perhaps a reasonable approach would