words, the whole authorization could be eaten up with bonds, the amount, rather than grants?

Mr. HUGHES. That is true. There would be flexibility between the two. That is obviously not the intent.

Mr. CRAMER. So those communities that are going forward and have gone forward on a grant basis expecting Federal matching funds, could find themselves in the future forced to accepting this bond issue approach, if they expect to get Federal assistance? That could be the result?

Mr. HUGHES. That, of course, could be the result under the present program as well if the appropriation were not made.

Mr. CRAMER. Of course, it has the interesting aspect of not coming under the debt ceiling.

Mr. HUGHES. The bond issue would not, that is correct. Those would be local issue.

Mr. CRAMER. This is my opinion, they would spend money without having it conform to the debt ceiling?

There is also contingent liability for the State share on the part of the Federal Government, which might approximate $2¼ billion more under the guarantee provision, is that not correct?

Mr. HUGHES. The guarantee would be against the local share.

Mr. CRAMER. Yes, and that is customarily about 50 percent, but it could be less or could be more?

Mr. HUGHES. Yes.

Mr. CRAMER. That is true of a quarter of a million more? Then you have continued liability for interest on State or local share of bonds of about $1.6 million.

Mr. HUGHES. Yes.

Mr. CRAMER. Other than the subsidy?

Mr. HUGHES. That is correct. The Federal guarantee would underwrite both the principal and the interest.

Mr. CRAMER. So your contingent liability under this proposal for 3 years is $3.875 billion, totaling those two figures. So actually the total absolute and continued liability under this 3-year proposal is $9.5 billion?

Secretary UDALL. Congressman, I do not agree with the time frame you have there. Previously the Congress, in the 1966 act, contemplated outright grants of the $3.55 billion, or whatever it is, for a 5-year period.

The larger figure you are talking about—and you and the budget director have no argument on this because your figures are correct—is not a 3-year figure. What we are now proposing under the bond approach is that we finance it entirely differently; we move away from the cash grants, and this is an expenditure that will occur over a 20-, 25-, or 30-year period. And we are really basically saying that we are going to ask the people who will be the beneficiaries of cleaning up our lakes and rivers, probably your children and mine 25 years from now, for them to pay a little bit rather than paying it in cash now, since we do not have the cash. This is about the situation we are facing.

Mr. CRAMER. You express it rightly, sir. This does express the obligation in the future for a maximum of a 30-year period in that amount of money, so our children and grandchildren will be paying that bill