

ing up to contract letting in view of that. Would that not be your interpretation?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. You are the authority on the subject. Would that not be your interpretation?

Mr. ARMSTRONG. Not the money; that is right, sir.

Mr. CRAMER. Off the record.

(Discussion off the record.)

Mr. HARSHA. Would the gentleman yield?

Mr. CRAMER. Yes.

Mr. HARSHA. The fact that this floating money that Mr. Cramer just alluded to is available would certainly contradict the position of the administration that this act was necessary to curtail inflation, because they are promulgating, by this floating money, what they ostensibly claim they are doing with the cutback; is that not so?

Mr. ARMSTRONG. That would be my understanding; yes, sir.

Mr. CRAMER. Well, the staff has just called to my attention a later directive. This one is dated February 15, 1968, instructional memorandum, also from Frank Turner, 30-3-68. This seems to, to some extent, repudiate or limit the floating-money concept, and I will read it:

Approximately 45 percent of the limitation amounts may be obligated during January-June period, and the balance may be obligated during the period July 1 through December 31 of 1968.

Meaning 45 percent of the amount left after the cut.

So that appears to be a limitation on floating money used.

Mr. ARMSTRONG. Yes.

Mr. CRAMER. And then further, February 15, a circular memorandum, first sentence of the second paragraph:

It now becomes apparent that we must have the States' projected schedules as a basis for policy decisions on possible adjustments in the allocations which have been made. Accordingly, please transmit, in time to reach my office March 1, an analysis of the programs and schedules which you received, including your evaluation of the ability of the highway departments to obligate funds on the basis which they have projected.

So, do you know what that means?

Mr. SPROUSE. Sounds confused.

Mr. CRAMER. Sounds a little confusing?

Mr. SPROUSE. Yes.

Mr. CRAMER. It sounds confusing to me, too.

So maybe we have floating money; maybe we do not have floating money, I guess is what it amounts to.

But what disturbs me is who is going to decide what States get the floating money? And under what circumstances?

It is my opinion that that is why we wrote the apportionment formulas into the law, so that every State would be treated equitably, fairly, and nondiscriminatorily. Was that not your understanding of how the program was supposed to operate?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. I think this committee should watch with great interest, Mr. Chairman, the standards used and the procedures used, if there is going to be floating money, for the distribution of those funds, particularly in view of these new limitations that seem to contradict the previous ones.