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STATEMENT OF

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COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

COMMITTEE ON GOVERNMENTAL AFFAIRS SEN06602

UNITED STATES SENATE

ON

S.878, THE FEDERAL ASSISTANCE REFORM ACT

AND S.904, THE FEDERAL ASSISTANCE

REFORM AND SMALL COMMUNITY ACT OF

1979

Mr. Chairman, we are pleased to be here this morning to present our views on Senate bill 878, the "Federal Assistance Reform Act" and Senate bill 904, the "Federal Assistance Reform and Small Community Act of 1979." Both bills would extend and amend the laws relating to intergovernmental cooperation.

The issues addressed by the proposed legislation are of great interest to the General Accounting Office. For the past few years, we have devoted considerable attention to the Federal grant and assistance system and its impact on the State and local sector.

Interrelationships among Federal, State and local governments have become increasingly complex as Federal funds going to State and local governments have grown to more than $80 billion annually. Federal funds now account for about 24 percent of total State and local expenditures, compared with 10 percent in 1955. Collectively, the assistance system has become an array of often conflicting activities and initiatives which place major strains on the intergovernmental management system.

Management problems plaguing our intergovernmental system have been documented extensively by innumerable studies. Unfortunately, the documentation of problems has proven much easier than the identification of acceptable or easy solutions.

The important role of Federal funds in the public sector and the implications for future roles and costs are forcing Federal, State and local officials to become more concerned with Federal assistance programs. These concerns have led to increased efforts to rationalize the grant system, make grant requirements more uniform, and provide general management relief. S.878 and S.904 propose major steps in this direction.

Title I - S.878 and S.904

In recent years an increasing number of general Federal policy and administrative requirements have been attached to Federal grant and assistance programs. These requirements--covering such areas as equal employment opportunity, citizen participation and equal delivery of program benefits--are commonly referred to as crosscutting requirements. Applicability of the requirements varies widely both in scope and coverage. There is also variation in the methods used to implement the requirements. There is a wide consensus that the differing requirements and practices result in confusion, duplication of effort and added administrative costs.

To address these problems, Title I, of both bills, instructs the President to designate a single Federal agency to establish standard regulations for implementing one or more of certain crosscutting requirements applicable to Federal assistance programs. While the title would require each agency administering a Federal assistance

program to secure compliance with the standard regulations, it would also allow any affected State or local government to request that the administering Federal agency accept a certification by the government that its performance is in compliance with State or local laws, regulations, directives, and standards that are at least equivalent to those required by the standard regulations. The bills recognize that in some instances designated agencies may not be able to develop standard rules because of conflicting or inconsistent provisions of law. Both bills require that the designated agencies propose legislation removing such impediments.

At Senator Roth's request, we made a limited study of the impact of selected crosscutting national policy requirements. In June 1979, we reported to him that notable differences existed in the implementation of Federal regulations for three of the five national policy areas we studied - citizen participation, equal employment opportunity, and delivery of services. No substantial differences were observed for the other two--Davis-Bacon's labor practice requirements and environmental impact requirements.

Various factors caused the implementation disparities. In some cases, different versions of the national policy were legislated for the programs. Differences also resulted

from agency regulations, procedures for implementing the regulations, and oversight practices. Grantee interpretations of the requirements also resulted in some disparities.

Although some local officials interviewed during our study cited problems in the implementation of and compliance with crosscutting requirements, they did not view the requirements as major stumbling blocks to grants management. The reasons they gave were that (1) they have already "learned the ropes," (2) the Federal Government pays most of the cost for compliance activities, and (3) local program administrators generally have to deal with only one program's requirements rather than multiple program requirements. Some officials said they preferred dealing only with the granting agency to resolve problems and conflicts associated with the requirements.

Whether standardization will produce simplification is a complex question. If the standard regulations were generally more stringent than many of the existing requirements, standardization could lead to complications or additional work for the grantee. In this regard, some programs have highly prescriptive requirements which have been considered necessary to assure compliance. Many of the State and local officials we interviewed were concerned that if crosscutting requirements were standardized without the Federal Government giving up some control, the standards would have to be very detailed or written towards the worst-case situation.

I understand that the Subcommittee has received testimony from State and local officials, as well as from the Advisory Commission on Intergovernmental Relations, which has been supportive of the standardization of cross-cutting requirements. The concept of standardization, along with the designation of a lead Federal agency to implement policy or administrative objectives, is very much in keeping with past and current reform efforts of both the executive and legislative branches. We in GAO have been generally supportive of such efforts and we believe that Title I is a step in the right direction.

However, we believe that immediate legislative action on Title I could be premature. OMB is now leading a large and complex study of the Federal assistance system. This effort is being carried out pursuant to Section 8 of the Federal Grant and Cooperative Agreement Act of 1977, which required the Director of OMB to undertake a study to:

--develop a better understanding of alternative means of implementing Federal assistance programs, and

--determine the feasibility of developing a comprehensive system of guidance for Federal assistance programs.

About five weeks ago OMB released for public comment, drafts of working papers, prepared by people from both the public and private sectors, which discuss a variety of issues

affecting Federal assistance and possible ways for improving management and guidance processes. The working papers and the comments on them will provide the major input for the formulation of OMB's findings and recommendations to the Congress.

The types of issues the study is seeking to address are very germane to the objectives of Title I, and include such questions as:

--While the present system is confused, is it clear that greater centralized guidance for crosscutting requirements will result in more effective and efficient enforcement of the requirements?

--Is the present noncentralized system, which allows for different methods of enforcing the various crosscutting requirements, desirable or necessary?

--Is it possible to implement all of the crosscutting requirements vigorously and still carry out the program to which they are appended?

The approach proposed by Title I is one of several alternative models for a comprehensive system of guidance being considered by the OMB study. We believe the findings and recommendations of the study should be considered by the Subcommittee before it reaches a final decision on Title I. This should not cause an inordinate delay as the OMB report is scheduled to be forwarded to the Congress in February 1980.

Titles II and IV-S.878 and S.904

Titles II and IV of both bills propose reforms in the Federal assistance system that we have supported for several years. Title II concerns the consolidation of Federal assistance programs and provides a process whereby consolidations can be proposed by the President and acted on by the Congress. Title IV requires 5-year projection of new budget authority and outlays for Federal assistance programs and encourages the Congress to appropriate intergovernmental aid one or more years in advance.

In 1975, we issued a report 1/ calling for fundamental changes in the Federal assistance system. We reported that State and local governments experienced substantial problems when they attempted to identify, obtain, and use Federal assistance. We attributed these problems primarily to the proliferation of Federal programs and the fragmentation of organizational responsibilities at the Federal level. We recommended that the Congress (1) enact legislation providing a process to consider consolidation proposals (2) and consider greater use of advance funding in Federal assistance programs. Titles II and IV are responsive to these recommendations.

In at least 15 reports issued over the past several years, we have addressed the multiplicity of Federal programs and the complex and confusing delivery systems that

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1/"Fundamental Changes are Needed in Federal Assistance to State and Local Governments," GGD-75-75, August 19, 1975.

result. For example, we have reported on problems resulting from:

--20 Federal programs providing funds for planning at the Substate areawide level,1/ and

--44 Federal programs providing funds for manpower services for the disadvantaged. 2/

As you know, the consolidation of Federal assistance programs is not simple. The interests supporting a particular program being considered for consolidation normally contend, and with some justification, that the program is unique and must be retained as a separate entity. In practice, however, many programs are attempting to accomplish very similar objectives and we believe there are opportunities to improve the effectiveness of Federal domestic assistance efforts by consolidating such programs. The identification of these opportunities is certainly no easy task, but we do not believe it is necessary to demonstrate total overlap or duplication in order to provide a basis for recommending consolidation.

We believe that Title II of each bill provides an effective and practical means for progress on the consolidation front. There are two limitations in Title II, however, which we believe need further consideration. The first is

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1/ See GAO report entitled, "Federally Assisted Areawide Planning: Need to Simplify Policies and Practices," GGD-77-24, March 28, 1977.

2/ See GAO report entitled, "Federally Assisted Employment and Training: A Myriad of Programs Should be Simplified," HRD-79-11, May 8, 1979.

section 1003(b) where the President, in assembling a consolidation plan, would be limited by the range of terms and conditions included in the programs being consolidated. While the President may find it necessary to stay within the terms and conditions of the various programs in order to prepare an acceptable consolidation plan, we do not believe that it is necessary or desirable to formally impose this restriction.

The second limitation is section 1004(c) which states that a provision contained in a consolidation plan may take effect only if the plan is transmitted to the Congress before December 31, 1984, under S.878 and December 31, 1981 under S.904. While the intent may be to expedite the preparation and submission of consolidation plans, the ultimate effect would be to limit the useful life of the legislation. We see no need for the establishment of such a deadline, and would prefer a permanent statutory mandate to provide continuing impetus for conducting studies and proposing consolidation plans. Alternatives to limiting the useful life of the legislation would include requiring periodic progress reports from the President or establishing a specific date for congressional review of progress.

A current major problem for State and local officials is the inability to budget for, and adequately plan for the use of Federal aid. We, as well as the Advisory Commission

on Intergovernmental Relations and others, have reported cases where local government officials have budgeted for and not received Federal aid they anticipated. In other cases, local governments received funds that were not anticipated in their budgeting or planning process. Title IV would amend the Congressional Budget Act of 1974 and the Budget and Accounting Act, 1921, to allow the use of advance appropriations for the programs defined to be assistance programs under the Intergovernmental Cooperation Act of 1968 if provided for in the authorizing legislation.

We have strongly supported the need for longer range planning, funding, and commitments by the Federal Government to grantees, including State and local governments. One of the funding methods that has been used for a few Federal assistance programs to States and localities has been advance appropriations, where Congress provides funding a year or so in advance of the time it will actually be used. Title IV encourages the use of this method for more of the Federal assistance programs. We believe there are several factors the Subcommittee should consider before settling on a particular approach and language for Title IV.

Advanced appropriations is only one method by which Congress can provide funding for Federal assistance programs and reduce the uncertainty to recipients. It can fully fund projects and it can fund operations and research and development activities for multiple years. Generally, we have

favored use of the funding method that best fits the particular program, for example:

--Projects, such as water and sewer grants, can be fully funded. We have testified and reported on this approach and can provide more information if you desire.

--Research and development, such as grants for university research or local development projects can be authorized and funded on a multiple year basis, such as biennially. H.R. 4490, which would establish a biennial research and development authorization, is being considered by the House Science and Technology Committee. We are providing our views on this subject. We would be pleased to share this with you and explore the possibilities of its application to domestic assistance programs.

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--Administrative operations, such as the administration of the Food Stamp program, are relatively stable from year-to-year and are therefore candidates for multiple year funding, say biennially.

We believe there is sufficient authority and precedent for the President and the Congress to use any of these funding methods depending upon the type of program. Rather than encouraging the use of one particular method for all programs, the Subcommittee may wish to consider establishing

a process for expanding the use of longer-term funding, such as requiring the executive branch to reconsider the funding method used for each assistance program

Title IV also requires 5-year projections of new budget authority and outlays for Federal assistance programs. The executive branch is already required and does provide 5-year projections for aggregate levels of the budget. Title IV would require this detail for each Federal assistance program. We believe these estimates would be very useful to the Congress as well as to State and local governments. However, to fully understand the projections it will be necessary to understand the programmatic and economic assumptions used in developing the estimates; therefore, you may wish to expand the requirement to include these factors.

While longer-term planning and funding tends to reduce overall Federal budget flexibility, it would inject a much needed measure of certainty as to the availability of funds for intergovernmental aid programs and also help the Congress in its oversight and decisionmaking on budget priorities by disclosing the total cost of long term commitments.

Title III - S.878

Title III of S.878--The Integrated Grant Development Act of 1979--authorizes joint funding for another 5-year period and revises the Joint Funding Simplification Act,

which is in its fifth and final year as currently authorized. The present act will expire in February 1980

The goal of joint funding is to make Federal assistance efforts more effective by facilitating grantee integration of Federal programs. Joint funding does not eliminate problems among funding agencies or among grantors and grantees, nor does it alleviate problems in Federal and State grant programs. However, joint funding does provide a means to address and solve such problems through built-in communication lines and consequent understanding and compromise.

Our recent report, "A Study of the Joint Funding Simplification Act," stated that the implementation of the act has been a disappointment. Only seven new joint funding projects have been funded since the act was passed over 4-1/2 years ago. The reasons for the low level of joint funding activity, as reported by OMB in its April 1979 evaluation report, included:

--OMB's lack of adequate and timely leadership, support, and oversight.

--Federal agencies' limited commitment.

--The act's permissive nature; Federal agency participation is not mandated, and no effective forum exists for conflict resolution among agencies.

--Statutory provisions in individual agency programs, which prohibit participation in the joint funding process.

--Federal agencies' inexperience with, improper use of, or nonadherence to OMB Circulars.

Our findings confirmed those identified in the OMB report.

Despite the drawbacks, the experiences of a few highly successful joint funding projects have demonstrated that given the proper level of Federal support, joint funding is a viable process for (1) packaging related programs and (2) simplifying grant administration. The State and local governments and Federal agencies which have established successful joint funding projects have become strong proponents of the process.

The Integrated Grant Development Act will help strengthen joint funding, by mandating that Federal grantor agencies more seriously consider the joint funding process. It will also provide a stronger role for OMB, including

--training of Federal agency personnel,

--developing criteria to guide Federal agencies in identifying programs suitable for integrated grant administration,

--resolving conflicts between agencies in developing uniform provisions, and

--resolving conflicts between agencies and recipients in developing and administering integrated grant programs.

The language in sections 5 and and 8 of Title III would resolve a conflict which we reported in 1976.1/ While the

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1/ "The Integrated Grant Administration Program--An Experiment in Joint Funding," GGD-75-90, January 19, 1976.

adoption of the integrated management fund proposed by section 8 would affect the integrity of individual Federal program appropriations, the integrated fund would allow for simpler administration and accounting for a jointly funded project.

The Integrated Grant Development Act will legislatively strengthen joint funding. Successful implementation, however, hinges on whether OMB and the line Federal agencies make a real commitment to the process.

We believe three actions must be taken to successfully implement joint funding. First, OMB must assume a strong and positive leadership role in the joint funding program. It must be the catalyst in developing and managing the program. OMB's joint funding implementation work plan to implement the recommendations in its evaluation report represents such a catalytic effort. Second, Federal agencies must make a commitment to implement joint funding. The agencies must institutionalize joint funding in their grant and decisionmaking process, not just view it as another layer of administrative effort. Third, implementation must be a cooperative effort involving OMB (in conjunction with the White House and Interagency Coordinating Council), Federal agencies, Federal Regional Councils, and State and local governments.

We believe joint funding can help to simplify and improve the Federal assistance system. But its potential is still unrealized, and virtually untapped. With passage of the Integrated Grant Development Act, successful implementation of

improvements to the program, and most importantly, the cooperative efforts of all participating parties, we believe joint funding can make a significant contribution to simplifying and improving the Federal assistance system.

Title III - S.904

Mr. Chairman, with respect to Title III of S.904, I testified July 30, 1979, before the House Government Operations Subcommittee on Legislation and National Security on problems involved in grant auditing. My testimony, which I will be pleased to provide for the record, focused on the need for a single audit of the grant recipient on a government-wide basis. It was based on a recent GAO report titled "Grant Auditing: A Maze of Inconsistency, Gaps and Duplication That Needs Overhauling."

Under the existing audit approach, a Federal agency usually concerns itself with its own grants, although these grants may make up only a small part of a grant recipient's operations. When the Federal agency performs or hires another auditor to perform an audit, usually only one grant out of a number that the recipient may have is audited, even though the recipient's other grants may be much larger. When the auditors find practices that badly affect the grant they are auditing, they still do not ordinarily determine how these practices may affect the other grants of the recipient. The other grants may in fact never be audited. Further, the audit would usually include some tests of the grantee's procedures for

handling all of its cash receipts and disbursements, such as computing and allocating payroll costs. If another Federal auditor visited the same grantee, he would probably perform some of these same procedures over again.

This approach to grant auditing costs time and money. Unnecessary costs result from duplication of effort and from performing audits too often of grants too small to warrant more than an occasional audit. In addition, the audit focus is often too narrow to be effective in preventing unauthorized expenditures and the loss of public funds. In our report, we noted that the Government can lose millions of dollars through gaps in audit coverage.

The basic recommendation in our report, and included in my prior testimony, is the need for a single audit of all grants that an entity has. Such an audit, among other things, would test the grantee's system for complying with Federal restrictions on the use of the funds and related matters, but a detailed audit of each grant would not be made. Any Federal auditor could review such an audit and rely on it if he felt the single audit had been properly performed.

Progress has been made in solving this problem. GAO in cooperation with the Intergovernmental Audit Forum and various Federal agencies has taken the lead in developing an audit guide--"Guidelines for Financial and Compliance Audits of Federally Assisted Programs"--for comprehensive

financial and compliance audits of multifunded grant recipients. State and local auditors as well as Federal auditors have participated in the development of this guide. OMB is now in process of revising its policy guidance (Circular A-102) to require the single audit and the use of this guide in performing such audits of State and local governments.

Other progress has been made in improving audits of Federal grants. For example, the Intergovernmental Audit Forums have projects underway to improve such areas as audit planning and coordination. Also, the American Institute of Certified Public Accountants is establishing a committee to identify substandard audit work with regard to Federal grants.

I also believe that the implementation of the statutory Inspectors General, now in fourteen departments and agencies, will enhance and strengthen Federal grant auditing. The Inspectors General will play an important role in seeing that appropriate audit coverage is provided grants as an important measure to eliminate waste, fraud, and error. The President has directed that the signficant features of the Inspector General Act be extended throughout the Federal government. In so doing, the President emphasized to the heads of departments that "eliminating waste, fraud, and error should be as important to you as your program objectives."

The Director of the Office of Management and Budget generally endorsed the report. He pointed to the President's

September 1977 memorandum calling for improved coordination of grant audits; the passage of the Inspector General Act of 1978; and OMB's work with us, the National Intergovernmental Audit Forum, and State and local governments. He also strongly endorsed the recommendation to rescind existing laws requiring audits of individual grants. Further, he agreed that use of a single audit guide would be a major breakthrough in auditing federally assisted programs.

Although I stated that progress has been made, much remains to be done before the single audit can be fully implemented. The standard guide and OMB's proposed policy changes I talked about earlier need to be instituted. An important and difficult task is to develop specific items in the area of compliance to put the guide into final form. I also believe additional instructions may be needed for Federal agencies and nonprofit grant recipients which are not fully covered by OMB's current policy revisions. In addition, nationwide information is needed which will identify multifunded recipients and the funds they received. Such information is needed in order for OMB to assign audit cognizance to Federal agencies on a systematic basis and for insuring that all funds are audited. Finally, I believe the single audit approach may need further definition. Agency officials have expressed concern over the lack of clear definitions.

I fully support legislation to help implement the single audit concept and, with appropriate changes, Title III could certainly move in this direction. Our report recommended that Congress prescribe standard audit requirements applicable to all Federal grants. Such legislation should allow Federal agencies flexibility in judging audit needs, but designate a reasonable time interval within which grant recipients must be audited.

When Congress, in the Accounting and Auditing Act of 1950, required agencies to have effective control systems, it in effect required that the Federal agencies audit, or have audits made of, non-Federal institutions that receive or spend Federal funds. It is therefore a right and responsibility of each agency to provide for the audits that are needed to help insure that grant recipients properly safeguard the funds and use them for intended purposes. In Title III, this basic point should be made clear.

As presently written, one could interpret the title as limiting the right of Federal agencies to make financial and compliance audits of governmental entities receiving Federal grants and their subgrantees. The title implies that where State and local governments assume responsibility for financial and compliance auditing, the Federal agencies' would be restricted to making audits which deal with economy, efficiency, and program results. Although

the title provides for a quality review of non-Federal audits, it does not provide for a Federal agency's basic right or responsibility to do additional financial and compliance audit procedures when necessary.

I certainly see the use of State and local auditors as well as independent public accountants as a major way to provide for the single financial and compliance audit of grant recipients. Federal agencies should make maximum use of their work and not duplicate it. However, if after an examination of their audit, the Federal agency determined that the work was poorly performed or did not include audit steps necessary to the agency's needs, the Federal agency should perform or have performed the additional audit steps as needed.

My general feeling is that Title III is too specific with respect to auditors roles; i.e., non-Federal auditors perform financial and compliance auditing while Federal auditors perform audits covering economy, efficiency and program results. While these roles would likely be assumed on many occasions, there also are times when non-Federal or Federal auditors should perform any one or combinations of the various kinds of audits. I therefore believe Title III should reflect the need for this flexibility and allow for judgement as to who should perform the various audits.

Another concern I have relates to the mandate in section 303(a) that the Office of Management and Budget

establish standards for accounting, auditing and financial management. This would appear to conflict with the provisions of the Accounting and Auditing Act, which states that the Comptroller General should develop such standards in cooperation with the Secretary of the Treasury and the Director of the Office of Management and Budget. The mandate also may create an inconsistency within the title since the title refers to the need to conduct audits according to the standards established by the Comptroller General.

We also have a number of suggested language changes, some of a technical nature, which we believe are very important to make the act address the issues more squarely and to avoid conflicts with other legislation. We would be pleased to work on these changes with the Subcommittee staff if you want our assistance.

Title V - S.878

Title V of S.878 addresses the need of State and local governments for full information on Federal funds received, expand the concept of waivers of single State agency requirements to local governments, and calls for a standard maintenance of effort requirement. The proposed revisions, would strengthen and simplify the administration of Federal assistance programs and we support them.

Several years ago we studied the way in which Federal agencies provided information to the States and found that States needed, but were not getting, full information on Federal assistance received.1/ The proposed revisions in Title V incorporate our recommendations to the Congress that (1) OMB, rather than Treasury, oversee agency compliance and (2) that more complete information be reported. We would suggest changing the proposed amendment to section 201(a) of the Intergovernmental Cooperation Act of 1968 to require Federal agencies to report, on request of a State not only the amount and purpose of Federal assistance provided to the State and its political subdivisions but also assistance provided to other recipient organizations located wholly or partially within the State. This additional information should be useful to a State in establishing its budget priorities.

We support the goal of section 201(b) to provide local governments information on the amounts and purposes of direct assistance provided to them and to other recipients located wholly or partially within their boundaries. It should be noted, however, that it is not possible for the Federal agencies to provide complete information as the majority of Federal assistance to local government is

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1/See GAO report entitled: "States Need, But Are Not Getting Full Information On Federal Financial Assistance Received," GGD-75-55, March 4, 1975.

indirect, i.e., it goes through State governments. We would suggest, therefore, that the Subcommittee consider amending this section to indicate that the States would be responsible for providing local governments full information including both pass through assistance as well as direct Federal assistance.

Titles VI and VII - S.904

S.904 has two special provisions for small communities, defined in the bill as local governments with a population under 50,000. The first provision deals with set asides for small communities and the second deals with cash payments in lieu of grants.

Title VI requires that ten percent of all amounts available for grants to local governments under any Federal assistance program be set aside for small communities. This provision addresses a common perception that the Federal grant system discriminates against small communities because they do not have the staff or technical expertise to compete with larger cities for categorical grants.

We oppose Title VI because it would target funds based on the size of governments without regard to the need for funds.

Title VII would create an option to allow small communities which receive an average of not more than $25,000 per year in Federal grants to receive a percentage of those grants as a lump sum. This sum--90 percent of the total that

would have been received under one or more Federal grants--could be spent by the locality in the same manner as General Revenue Sharing funds. The purpose of this option is to increase local flexibility in using Federal funds and reduce the costs incurred by small communities in administering small grants.

While we favor the concept of reducing administrative costs in small communities, this title would be extremely complex to administer from the Federal level. We would prefer to see the objectives of the title achieved by directly addressing the paperwork and administrative burden that grant programs impose on local communities. For example, legislation introduced in the Senate and House (S.1411 and H.R. 3570) would establish a coherent structure and strengthened process for managing the Federal reporting burden. We would hope that this would result in greater agency consciousness of reporting burdens and a minimization of the burdens imposed on all organizations including small communities.

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While Federal grant reform initiatives are clearly needed to improve the workings of our intergovernmental system, enhancing State and local capacity to implement grant programs is equally important. Indeed, due to the close interdependence of our levels of governments, the Federal Government has vital interest in improving the productivity and management capacity of State and local governments.

In a recent report 1/ we recommended an enhanced Federal role in assisting States and localities to improve their productivity, including an expanded Federal seed money grant program for management improvement efforts. Our report indicated that a Federal seed money program could serve as a catalyst in helping State and local governments initiate new productivity programs or expand existing ones.

We are encouraged that an identical Intergovernmental Productivity Improvement bill has been introduced in both the Senate and House (S. 1155 and H.R. 2735). This legislation would amend the Intergovernmental Personnel Act to provide additional limited Federal assistance for State and local productivity improvement projects that would otherwise not be started. I strongly support this bill and urge the Subcommittee to consider it as part of your grant reform efforts.

Mr. Chairman, that concludes my prepared statement. We would be pleased to respond to any questions.

1/"State and Local Government Productivity Improvement: What Is the Federal Role"? (GGD-78-104, December 6, 1978)