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STATEMENT OF
MILTON J. SOCOLAR
ACTING COMPTROLLER GENERAL
OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES HOUSE OF REPRESENTATIVES



ON

[GAO Views on H.R. 3943]

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Mr. Chairman, I am pleased to testify today on H.R. 3943, which would extend the authority of the Office of Management and Budget to except transactions and programs from provisions of the Federal Grant and Cooperative Agreement Act.

We have been monitoring implementation of the act. Although some progress has been made, we have found that a substantial number of program officials are not familiar with the act; many officials are having difficulty applying provisions of the act and OMB's implementing guidance. Based on our audit work, we would recommend that the Congress extend, without time limit, OMB's exception authority and we, therefore, support H.R. 3943.

We found that OMB has used its authority judiciously. Exceptions have been granted only for the general revenue sharing and counter-cyclical aid programs, and for non-monetary grants. And continuing the exception authority will provide ancillary benefits. The authority essentially empowers OMB to be the final arbiter on implementing the act thereby promoting greater uniformity in the use of grants, cooperative agreements, and contracts. The exception authority also complements OMB's authority to issue supplementary interpretative guidance. For instance, agency requests for exceptions have served to raise issues which OMB is now addressing in revising its guidance. Extending OMB's authority will continue these benefits.

Finally, the exception authority was meant to serve as an escape valve to avoid unintended consequences in implementing the act. Since the act has not yet been implemented as to a great many programs, additional cases may arise for which availability of the authority would be useful.