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

Last month we issued a report on Federal agencies' efforts to implement the act and actions we believe are necessary to accomplish the act's objectives. We basically found that although some progress has been made, a substantial number of program officials are not familiar with the act and many officials are having difficulty applying its provisions and OMB's implementing guidance. Most of our recommendations for improving the act's implementation were directed to OMB. We also recommended that the Congress renew, 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 countercyclical aid programs, and for non-monetary grants. Continuing the exception authority will provide ancillary benefits. By providing a focal point for reviewing difficult applications of the act, the exception authority promotes greater uniformity in the use of grants, cooperative agreements, and contracts. The exception authority also complements OMB's authority to issue supplementary interpretive 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 for a great many programs, additional cases may arise for which availability of the authority would be useful.