

make grants to other educational agencies or enter into contracts with public or private agencies, organizations, or institutions. Is it a good trend to say to the Commissioner of Education's Office, that in the education of the handicapped, in vocational education, and if we do it then in other areas, too, you can bypass the State department of education, you can bypass the city superintendent of schools, and you can enter into a contract with a private agency to carry out these same programs?

At the same time I would point out, and I would like Mr. Miller's reaction to this because I think I came in at the point he was suggesting that 4 percent be given for administrative costs. The trend, as I see it, and I don't have a complete report on this, is that when we enter into contracts with private agencies we do it on a cost-plus-a-fixed-fee basis. We are doing this in Job Corps; we are doing it in research. We pay the private profitmaking institution, whether it be Philco, Packard-Bell, or any other one, we pay all of their costs, and then a fixed fee which may amount to 7 or 8 percent.

We apparently are not willing to give the State departments of education 4 percent for the administrative costs.

What is the direction in which we are headed if we continue this? Is this good?

Mr. HITT. Mrs. Green, I believe that the U.S. Commissioner should have some resources with which independent research and surveys and planning can be pursued. But I think it is a matter of degree. I think the mainstem for educational planning must involve the States; at the same time, we should have some capability for the U.S. Commissioner to pursue a line of inquiry. So, I would say it is a matter of degree.

Mrs. GREEN. Would you put any percentage on it?

Mr. HITT. No; I don't believe I would be in a position to put a percentage on it. But if it goes into States in practically every instance when we are administering programs of this kind in our State we do involve private institutions and we do make contacts to carry out some of these efforts.

Mrs. GREEN. With the profitmaking institutions?

Mr. HITT. Yes.

Mrs. GREEN. What kinds of financial arrangements do you make?

Mr. HITT. We are preparing to enter into a contract now with a national accounting firm to assist in the design of a statewide data system, the application of computers to public school operation, trying to develop a statewide system so there will be compatibility throughout the State. This contract will be made with an accounting firm under the same rules that any private business would make this contract.

It will be strictly on their standard fee with a not-to-exceed figure in the face of the contract. There will be no cost-plus to it. It would be just like any other private business would enter into such contract.

Mrs. GREEN. Mr. Miller, would you comment?

Mr. MILLER. I certainly fully concur with what Commissioner Hitt has said.

I might add that the problem, I think, basically is. How can you get the job done best? That is really the first question.

We have a job to be done. You ask how can you get the job done best. It may be that you can get resources from within a State. It