To enable more widespread official and public consideration of such matters, the Council prepared and published in August 1967, a report on alternative institutional arrangements for managing river basin operations.

Also under the heading of policy development, the Council has initiated studies of current Federal policies with regard to the sharing of costs between the Federal Government and non-Federal interests for flood control and water quality investments in Federal and federally assisted projects. Its concern with flood control cost sharing stems from its broader concern with improved flood plain management. Its concern with cost sharing for provision of water quality features stems from views expressed several months ago in this committee and its counterpart in the other body.

The aim of the Council in both instances is to discover improved cost-sharing policies that would be practicable to administer and appropriate to recommend to the President for transmission to the 91st Congress in its first session.

As time and staff resources permit, review will be undertaken of the experience with the cost-sharing provisions of the Federal Water Projects Recreation Act and of other water and related land resource legislation.

> *Third function.*—To establish, after consultation with appropriate interested Federal and non-Federal entities, and with the approval of the President, principles, standards, and procedures for Federal participation in the preparation of comprehensive regional or river basin plans and for the formulation and evaluation of Federal water and related land resource projects (section 103).

The principles, standards, and procedures for this purpose that were approved by the President on May 15, 1962, as supplemented and amended, are considered to be in full force and effect.

The document of May 15, 1962, established the discount rate to be used in the formulation and evaluation of water resource projects as the average rate of interest payable by the treasury on interest-bearing marketable securities of the United States which, upon original issue, had terms to maturity of 15 years or more. The discount rate for fiscal year 1968, based upon this formula, is 3¼ percent.

In his budget message this year, the President said the following:

"The Water Resources Council is developing a more appropriate interest rate to be applied in formulating and evaluating water projects. The revised rate will be related to the average estimated current cost to the Treasury of long-term borrowing. It will be higher than the rate now in use for project evaluation. The new rate will be applied to future projects in order to assure the most effective use of Federal funds in the development of the Nation's water resources."

The Council has this subject under consideration. When it arrives at a proposed new regulation, that proposal will be published in the Federal Register. This will be done to solicit comment and encourage consultation with interested parties, before the Council, acting under section 103 of the Act, establishes any new formula for the determination of discount rates with the approval of the President.

As time and staff resources permit, the Council plans to review, generally, the standards of May 15, 1962, as supplemented and amended, with a view to formal implementation of section 103.