We believe that it would be desirable for the heads of Federal agencies to have the authority to waive the single State agency requirement with its related safeguards as proposed in section 204 of the bill. However, we expect that waivers would be given quite sparingly.

The most important consequence of the present requirement for a single State agency is the existence of a single, clearly identifiable unit within the structure of State government which must be accountable to the Federal agency for every aspect of the administration of the program at the State and local levels. Such a focal point is very important. The Federal agency, in order to discharge its responsibility, must know with whom, at the State level, it shall deal, and who can be held accountable, not merely in a purely fiscal but in a substantive sense, for carrying out the federally assisted program. Therefore, even in cases where the single State agency requirement is waived, we would expect that there would be a single point of accountability within the State government.

The fact that an agency is designated by a State as the single agency to which this Department will look for conformity with the conditions of a grant does not exclude use by it of other State agencies. In fact, we encourage utilization by the designated agency of the resources and services of other State agencies and we have required cooperative planning and working relationships in a number of programs—for example, in the planning of facilities for mental retardation programs.

Nevertheless, we recognize that, in recent years, new domestic problems have arisen, for which not only new programs, but also fresh approaches and techniques in the administration of both new and established programs are needed.

A significant trend among the States has been the creation of combined State Departments for health and welfare functions. Ten jurisdictions now have such departments. The creation of these combined health and welfare departments indicates a recognition of the interrelationship between the problems of poverty and ill-health, and a realization of the need for better coordinated administration and services in these fields at the State level.

We believe that the availability of the waiver authority under the conditions proposed in the bill would enable Federal agencies to cooperate in the search for more effective administration. This position is consistent with the provisions of section 6(c) of the proposed "Joint Funding Simplification Act of 1968," on which we reported to this Committee on May 16, 1968. In general, that section would authorize Federal agency heads to waive the requirement that a single State agency administer (or supervise the administration of) Federal assistance which provides part of the support for a *jointly funded* project. This section 6(c) waiver would, thus, also be available to make possible new techniques in administration.

As written, section 204 of S. 698 does not appear to authorize waiver of a statutory requirement that a *particular* State agency (such as the State health agency) must be designated as the single State agency. If such authority is intended we believe clarification is necessary.

TITLE III

Title III would authorize Federal agencies which do not already have this authority to provide, under rules and regulations of the Director of the Bureau of the Budget, specialized and technical services to State and local agencies on a reimbursable basis. Federal agencies would be required to provide such services, if based on the authority of section 302, on a fee basis. This provision does not appear to supersede existing authority possessed by any Federal agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of Government; hence, we would not object to its enactment.

Section 302 also provides that only such services may be provided as are authorized under rules and regulations of the Budget Bureau and that such rules and regulations shall be consistent with and in furtherance of the policy of relying on the private sector to provide those services reasonably and expeditiously available through ordinary business channels.

We should like to point out that the Executive Branch has long-standing policies and procedures designed to avoid needless competition with private business. Moreover, in some instances, even though given types of services are available through ordinary business channels, they are nevertheless appropriately rendered by a Federal department or agency. For example, while there are, we understand, firms which specialize in providing advice on how to apply for Federal grants,