

temporary intergovernmental administration is recognition by all concerned that the States have varying administrative needs and capacities. This provision, namely section 204, in title II, clearly recognizes this fact and gives Federal and State administrators the kind of discretionary authority to cope with this hard fact of intergovernmental managerial life.

**Title III:** Title III of S. 698 seeks to strengthen the role of the traditional "services-in-aid" function in contemporary Federal-State-local relations. It permits Federal departments and agencies to provide specialized and technical services to State and local jurisdictions on a reimbursable basis.

During the 1965 hearings on the predecessor title, the question arose as to whether this authorization constituted a threat to various businesses in the private sector. It is our position that the language of section 302 provides ample safeguards against this potentiality. The hearings on S. 561 also raised the issue as to whether the Federal Government could ascertain accurately the "salaries and all computable overhead and indirect costs of performing such services"—as is stipulated in section 302. The point here, of course, is whether the Federal Government has an adequate procedure to assure fair, adequate, and complete assignment of costs. In this connection, we understand that the Bureau of the Budget, after having consulted with State and local officials, is about to issue a circular promulgating principles and standards for determining costs applicable to grants and contracts with State and local governments. If this is feasible in the grant-in-aid context, we believe that there is no reason that the same rules cannot be applied to the reverse situation contemplated by section 302, that is, to the provision of Federal technical services to State and local governments.

**Title IV:** This title establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development.

A special feature of our Federal system is that most types of domestic public services are administered by general local governments—cities, counties, and towns. Yet, special districts in the United States are growing at a rapid rate. From 1962 to 1967, these units experienced a 16-percent increase, reaching a total of more than 21,000. It is the Commission's belief that where Federal grant-in-aid legislation makes both special-purpose local governments and units of general local governments eligible to receive urban development loans and grants, Federal agencies should favor the latter, in absence of substantial reasons to the contrary. Section 402 of this title implements this goal.

**Title V:** Title V of S. 698 has a lengthy legislative history dating back to the 87th Congress. Strangely enough, there is still considerable confusion concerning the purposes and provisions of this title. Its basic purpose is to assure that new grant-in-aid programs will be revised and redirected, as necessary, to meet growing and changing needs which they were originally designed to support.

With reference to the 5-year termination provision in this title which has occasioned so much debate and little agreement, the following should be noted:

It obviously does not apply to those future grant-in-aid programs that would have a termination date.