

for administering these programs. With improved State administration of Federal aid programs however and the pressing contemporary need of the States to restructure their governmental organization in order to keep abreast of their added functions and responsibilities, the kind of flexibility permitted by Section 204 is of the utmost significance.

Rigid application of single agency requirements can tie up governors as well as State legislatures in their reorganization efforts. Moreover, given the increasing number of grant-in-aid programs which require "multidisciplinary" packaging approaches, a doctrinaire adherence to this requirement appears wholly archaic. Under this section, the head of the administering Federal department or agency is authorized to waive the requirement on request of a recipient State, if the department or agency is convinced that the proposed alternative administrative arrangement will not undermine the program objectives sought through the grant.

One of the most critical needs in contemporary 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 required 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. A number of Federal departments and agencies already provide such services gratuitously or at cost as a consequence of specific Congressional authorization. The increasingly complex and technical nature of State and local governmental activities, along with the soaring costs of providing technical personnel and equipment, highlight the pressing need for this permissive provision.

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 opinion 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.

The discretionary power provided in this title would not affect the programs of those Federal agencies that have been authorized to provide special technical assistance, facilities, or consultation services without reimbursement. The "services-in-aid" policy stipulated is wholly permissive and requesting State or local agencies and the Federal agency involved would have to agree on the scope and costs of the services to be performed.

Title IV: This title establishes a coordinated intergovernmental policy for the planning and administration of Federal grants for urban development. With increasing urbanization, there has been a rapid growth in Federal funds and programs available for such development. The Commission, in its January 1964 report, Impact of Federal Urban Development Programs on Local Government Organization and Plans, identified some 43 separate Federal urban development grant and loan programs administered by 13 separate departments and agencies. An early 1966 survey put the figures at over 80 and the present figure probably falls somewhere in the vicinity of 120 (using DHUD estimates).

During the next fiscal year, approximately \$12 billion of the more than \$20 billion of total estimated Federal aid will be spent in standard metropolitan statistical areas, according to the Bureau of the Budget calculations. This represents a hike of about \$8 billion—or nearly 205 percent—over the comparable 1961 figure and a \$3 billion increase for the past three years. According to Department of Housing and Urban Development estimates, the total Federal financial commitment for FY 1969 for urban community and social development