

before you today as president of the Consulting Engineers Council of the United States.

Until this year, our council has been in an awkward position with regard to intergovernmental cooperation legislation. The owners, principals, and associates of our more than 2,000 member firms have long felt the need for better identification and coordination of the many and complex programs being conducted by Federal agencies in cooperation with local governmental bodies. At the same time, our members have been concerned that the technical assistance sections of such proposals might open the door for Federal agencies to provide special or technical services in direct competition with private firms.

Thus, we have generally endorsed the intent and objectives of the intergovernmental cooperation philosophy, but have opposed the suggestion that Federal agencies be authorized to render services of a competitive nature to local governmental units which are oftentimes our clients.

We are pleased to note, however, that title III, section 302, of S. 698 attempts to assuage the concern of consulting engineers and others over the possibility of Federal competition. We particularly support the stipulation under this title, that recipients of special or technical assistance will be required to reimburse the Federal Government for all computable direct and overhead costs in connection with the performance of such services. Our members believe that communities, given the choice of purchasing services from public or private sources, will prefer to use local firms who are reasonably and expeditiously available through ordinary business channels.

We are, of course, assuming that the reference to "direct and overhead costs" includes all of the items set forth as costs in Bureau of the Budget Policy Memorandum A-76. In other words, local governments would reimburse the Federal Government for salaries, fringe benefits, materials, insurance, rent, Federal taxes, depreciation, utilities and similar standard expenses of any business operation. We believe that incorporation of all such costs is just and proper and that collection of same is in the interest of both the Congress and the American taxpayer.

We are further pleased by the proviso in title III, section 302, that the only special or technical services which may be provided to State and local units of government are those which have been approved by the Director of the Bureau of the Budget. While there is no indication of how such approval is to be obtained, we assume that the Bureau will issue guidelines which private industry will be given an opportunity to review and comment upon prior to adoption. This is implied in the reference to "rules and regulations (which) shall be consistent with and in furtherance of the Government's policy of relying upon the private enterprise system." We hope this statement of intent will serve to prevent any activity such as we have experienced in the past, wherein Federal agency engineering staffs have competed directly with private firms for both private and public engineering assignments.

Contradiction of the private enterprise philosophy is only one of several reasons why Government agency personnel should have no interest in duplicating services available from private sources. For example, there is pressing need for staff personnel to develop guidelines and procedures for improving administration and coordination of the various programs over which they have direct or related responsibility.