

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON
INTERGOVERNMENTAL RELATIONS

OF THE

COMMITTEE ON
GOVERNMENT OPERATIONS
UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 698

THE PROPOSED INTERGOVERNMENTAL COOPERATION
ACT OF 1967

S. 735

THE PROPOSED FEDERAL GRANT-IN-AID REVIEW ACT
OF 1967

S. 458

TO PROVIDE FOR PERIODIC CONGRESSIONAL REVIEW
OF FEDERAL GRANTS-IN-AID TO STATES AND TO
LOCAL UNITS OF GOVERNMENT

AND

S. 2981

THE PROPOSED JOINT FUNDING SIMPLIFICATION
ACT OF 1968

MAY 9, 10, 14, 15, 16, 21, 22, 28, AND 29, 1968

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CONTENTS

	Page,
Opening statement of the chairman.....	1
Text of S. 698, the Intergovernmental Cooperation Act, and remarks upon the introduction on January 26, 1967, by Senator Edmund S. Muskie.....	6
Text of amendments intended to be proposed by Mr. Muskie, and remarks upon the introduction on May 8, 1968.....	28
Text of S. 735, the Federal Grant-in-Aid Review Act of 1967.....	31
Text of S. 458, a bill to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government.....	32
Text of S. 2981, the Joint Funding Simplification Act, and remarks upon the introduction on February 16, 1968, by Senator John L. McClellan.....	34
Joint Funding Simplification Act of 1968, explanatory statement.....	39
Examples of application of the grant simplification proposal to hypotheti- cal projects.....	41
Agency reports on S. 698:	
Advisory Commission on Intergovernmental Relations.....	48
General Accounting Office.....	53
Department of Health, Education, and Welfare.....	57
Department of Transportation.....	65
General Services Administration.....	66
Agency reports on amendment No. 748:	
General Accounting Office.....	68
General Accounting Office, supplemental report.....	70
Agency reports on S. 735 and S. 458:	
General Accounting Office.....	72
Advisory Commission on Intergovernmental Relations.....	72
Council of Economic Advisers.....	74
General Services Administration.....	74
General Accounting Office.....	75
Department of the Army.....	76
Department of Transportation.....	77
Agency Reports on S. 2981:	
Department of Transportation.....	78
Office of Emergency Planning.....	79
Bureau of the Budget.....	80
Department of the Treasury.....	81
Post Office Department.....	81
Department of Labor.....	82
Department of Agriculture.....	82
Office of Science and Technology.....	83
Civil Aeronautics Board.....	84
Office of Economic Opportunity.....	84
Department of the Army.....	85
Department of State.....	86
Department of Housing and Urban Development.....	86
Department of Justice.....	88
Atomic Energy Commission.....	88
General Accounting Office.....	88
Department of Health, Education, and Welfare.....	89
Veterans' Administration.....	90
	91

WITNESSES

MAY 9, 1968

Phillip S. Hughes, Deputy Director, Bureau of the Budget, accompanied
James M. Frey, Deputy Director, Office of Legislative Reference.....

IV

MAY 10, 1968

Statement of Hon. Jack Miller, a U.S. Senator from the State of Iowa-----	133
William G. Colman, Executive Director, Advisory Commission on Inter-governmental Relations, accompanied by David B. Walker, Assistant Director (Governmental Structure and Functions), and Albert J. Richter, senior analyst-----	134
Statement of Hon. John Connally, Governor of Texas, vice chairman of the National Governors' Conference, as presented by Wayne Gibbens, Texas director, State-Federal relations, State of Texas, accompanied by David Hill, liaison officer, National Governors' Conference-----	175
Nathaniel S. Keith, president, National Housing Conference, Inc-----	192

MAY 14, 1968

Mrs. Gladys Spellman, county commissioner, Prince Georges County, Md.--	195
Hon. Beverly Briley, mayor, Metropolitan Nashville-Davidson County, Tenn -----	208
Edward Potthoff, city manager, Saginaw, Mich., representing the International City Managers' Association-----	220
Statement of William L. Rafsky, president, National Association of Housing and Redevelopment Officials-----	226

MAY 15, 1968

John G. Reutter, president, National Society of Professional Engineers, Consulting Engineers Council, accompanied by Billy T. Sumner, regional vice chairman, Professional Engineers in Private Practice, National Society of Professional Engineers; and John Fisher-Smith, chairman, Urban Design Committee, AIA-----	237
Matt Triggs, assistant legislative director, American Farm Bureau Federation -----	254
Joseph L. Miller, legislative representative, National Parking Association--	257
Theodore Libby, Republic Pipe & Supply Co., and James Goralnick, Premier Packing Co., representing the Chamber of Commerce, Roxbury, Mass.; and Charles Akerson, Nordblom Co., Boston, Mass-----	259
Miss Jo Bingham, assistant to the vice president of the Government Relations Division of the National Association of Manufacturers-----	265

MAY 16, 1968

William L. Rafsky, president, National Association of Housing and Redevelopment Officials, accompanied by John D. Lange, executive director, and Mary K. Nenzo, associate director for program policy and research-----	275
Dr. George Sternlieb, research director, Graduate School of Business, Rutgers--The State University, Newark, N.J-----	283
Harold F. Wise, legislative chairman, American Institute of Planners-----	292

MAY 21, 1968

Statement by the chairman-----	297
The Reverend Canon Donald A. Griesmann, director of the Episcopal Community Center, Camden, N.J-----	298
Charles Sharp, chairman, Black Peoples' Union Movement-----	306
Miss Marian Wright, of the Southern Christian Leadership Conference, accompanied by Mrs. Lela Mae Brooks, Sunflower, Miss.; Mrs. Barbara Arsenault, Berkeley, Mich.; Vincent Negron, Brownsville, N.Y.; George Francis, Passamaquoddy Indian Reservation, Perry, Maine; and Thomas Williams, Jackson, Miss-----	321

MAY 22, 1968

Wendell G. Freeland, member of the board of trustees, National Urban League, accompanied by Mrs. Murice Jefferies, community organizer, Neighborhood Development Center and Program, Washington Urban League-----	337
Clarence M. Mitchell, Jr., director, Washington Bureau, National Association for the Advancement of Colored People-----	337

Hon. Joseph D. Tydings, a U.S. Senator from the State of Maryland-----	Page 370
Berkeley G. Burrell, president, National Business League, accompanied by Charles T. Williams, vice president, Schenley Distillers Co.; and Bux- ton Cook, associate director of research, National Business League----	375

MAY 28, 1968

Hon. Frank E. Moss, a U.S. Senator from the State of Utah-----	387
Hon. Chester L. Mize, Representative from the Second Congressional Dis- trict of Kansas-----	391
Hon. Robert C. Weaver, Secretary of the Department of Housing and Urban Development, accompanied by H. Ralph Taylor, Assistant Secre- tary for Demonstrations and Intergovernmental Relations, Ashley A. Foard, Deputy General Counsel, and John Frantz, Budget Officer----	393
William L. Taylor, Staff Director, U.S. Commission on Civil Rights, ac- companied by Martin E. Sloane, Special Assistant to the Staff Director--	415

MAY 29, 1968

Lowell K. Bridwell, Federal Highway Administrator, accompanied by Francis C. Turner, Director of the Bureau of Public Roads-----	425
Loney W. Hart, Chief, Legislative Services Office, Directorate of Real Estate Office, Chief of Engineers, Department of the Army, accompanied by Roy Markon, Chief, Acquisition Division; Henry V. Saunders, Assist- ant Chief, Management and Disposal Division; Mark S. Gurnee, Chief, Operations Division; and Theron C. Riley, Planning Division-----	440
Bettin Stalling, chairman, Council on Community Affairs, FBA, District of Columbia Chapter of the Federal Bar Association-----	453
Harry L. Graham, legislative representative of the National Grange-----	455
Statement of Hon. Wilbur J. Cohen, Secretary of Health, Education, and Welfare-----	467
Communications and statements submitted for the record :	
Hon. John W. Gardner-----	473
Hon. Stuart Symington, a U.S. Senator from the State of Missouri; amendment intended to be proposed to S. 698 by Mr. Symington (for himself and Mr. Long of Missouri), and correspondence related thereto-----	474
Hon. Edward V. Long, a U.S. Senator from the State of Missouri-----	477
Hon. Milton R. Young, a U.S. Senator from the State of North Dakota-----	478
National Council of Churches of Christ in the U.S.A.-----	479
National Governors' Conference-----	479
Hon. John A. Volpe, Governor of the Commonwealth of Massachu- setts-----	480
National League of Cities, U.S. Conference of Mayors-----	483
National Association of Counties-----	488
National Association of Housing and Redevelopment Officials-----	488
Angus McDonald, director of research, National Farmers Union-----	490
Hon. Philip H. Hoff, Governor of the State of Vermont-----	491
Washington Urban League, Neighborhood Development Center and Program—Pierce Street: An Urban Renewal Experience 2 Years Later-----	507
Shelby County (Tenn.) Department of Coordination-----	511
Report of Joint Administrative Task Force-----	512
Hon. William F. Ryan, Representative from the 20th Congressional District of New York-----	521
The New England Council-----	522
National Association of State Budget Officers-----	525
Department of the Army-----	527
Federal Highway Administration-----	529
General Services Administration-----	531
Department of the Interior-----	532
Department of Commerce-----	532
Department of Housing and Urban Development-----	533

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

THURSDAY, MAY 9, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 3302, New Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senator Edmund S. Muskie, Democrat, Maine.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

OPENING STATEMENT OF THE CHAIRMAN

Senator MUSKIE. The committee will be in order.

I have an opening statement. Today we open hearings on S. 698, the Intergovernmental Cooperation Act and related legislation, S. 735, S. 458, and S. 2981.

S. 698 is a comprehensive bill devoted to improving the administration of Federal assistance programs at State and local levels. It provides for uniform Federal policies of coordination and cooperation with those levels of government which must carry out national goals, and meet national needs at the local level.

Last year, President Johnson sent a special message to Congress on the "Quality of American Government." The President in his conclusion said in part:

Because of the social and economic legislation passed by the 88th and 89th Congresses—legislation unmatched in all the annals of our history—this Nation now has programs which can lift the quality of American life higher than any before us have known.

What remains for us now is to improve the quality of government itself—its machinery, its manpower, its methods—so that those programs will touch and transform the lives of the people for whom they were intended.

Governor Terry Sanford, in his book, "Storm Over the States" sees the need for modernizing our federal system in the light of the impact of our future technological revolution. He says:

The shadowy outlines of the future are sharpened day by day, and with emerging clarity we begin to see the forms of dome-covered cities, agriculture without soil, commercial rocket travel, drugs which alter personality, control of the weather, and containment of the population explosion. With all these perplexing influences on man's life, it is predictable that our system of Government will adjust and readjust. Where weaknesses and inequities show, they will be corrected or overcome. The forms of our Government will remain, in

deference to history, but their role in the technological tomorrow will be set by our concern of today.

These statements are symbolic of the increasing concern being expressed by administrative officials at all Government levels, by academicians, by legislators, by industry and labor, and the public at large. It is the concern for an integrated federal system, a cooperative venture, a modern machine to meet the increasing needs and services of tomorrow.

It has been the responsibility of this committee over the past 6 years to investigate the workings of our federal system.

In most areas we have found a far greater degree of individual freedom and decisionmaking at the local level of government than exists in any other major country in the world. This makes possible the greatest extent of popular participation and consent envisioned by our Founding Fathers.

Increased grassroots citizen participation is essential to the vitality of our democratic system. At the same time, it does contribute to problems of intergovernmental coordination and cooperation, inequitable applications of collecting and distributing fiscal resources, and a tremendous demand for more qualified administrative personnel.

We have over 82,000 local units of government, most with their own taxing, planning and operating authorities.

We have 50 States with thousands of relatively autonomous agencies, departments, and authorities carrying on additional operating and planning responsibilities.

And at the Federal level we have over 21 Federal agencies and hundreds of regional and subregional offices administering over 500 separate grant-in-aid authorizations.

The needs for cooperation, not competition, for closing the information gap between levels, for developing a partnership in the interests of economy and efficiency in our federal system were never more serious than they are today.

Testifying before this subcommittee during the first phase of our creative federalism hearings, Secretary John Gardner, scholar and firsthand observer of federalism in action at every level, said this:

In almost every domestic program we are encountering crises of organization. Coordination among Federal agencies leaves much to be desired. Communications between the various levels of government—Federal, State and local—is casual and ineffective. State and local government is in most areas seriously inadequate.

We will never get more than a fraction of the full yield from the taxpayer's dollar until local, State and Federal governments—and the American people generally—decide that action is needed.

The time has come to correct these deficiencies. And the American people are capable of correcting them. We have a President who is keenly interested in the problem. We can improve coordination at all levels. We can revitalize State and local government. We have it in our power to create a healthier Federal-State-local partnership than has ever before existed—and healthier partnerships between the governmental and non-governmental worlds than ever before existed—partnerships that will ensure the integrity and vitality of the non-Federal partner.

The challenge Secretary Gardner was making was to this Congress, recognizing at the same time that there are some things that only State and local governments can do for themselves. But it is the Congress which must take the lead in helping the States and localities solve their problems of management, money, manpower, and modernization.

S. 698 and the related legislation upon which these hearings are based, are attempts to provide at least a start to better intergovernmental cooperation. Most of the titles and legislative language are familiar to a majority of the members of this committee.

The titles of S. 698 providing for improved administration of grants to the States, periodic congressional review of grants, provision for Federal technical services to the State and local governments, a coordinated Federal urban assistance policy and an urban land utilization policy were passed by the Senate in the last Congress and were in varying forms the subjects of extensive hearings going back to the 87th Congress. The same is true of S. 458 and S. 735, dealing with congressional review.

Title VIII of S. 698, making relocation payments and assistance available to persons and businesses displaced by Federal or federally assisted programs, and title IX, providing for a uniform land acquisition policy, are similar to S. 1681, which also passed the Senate in the last Congress and which includes additional language based on S. 1201 on which hearings were held in the 89th Congress. This legislation came out of the recommendation contained in a special study on the problems of real property acquisitions conducted by a select subcommittee of the House.

The entirely new legislation in S. 698 involves title VI, providing a method for the consolidation of Federal grant programs, and my amendment to the bill which would add a new title X providing for improved coordination in the accounting, auditing and reporting of Federal assistance programs.

With so much of this legislation previously heard and agreed upon on the Senate side, the question might be raised: why additional hearings? Why not move it up and out?

First, we have two new members who, from the beginning of their assignment to the committee, have exhibited an active interest in intergovernmental problems and will have, I am sure, a special interest in the subject matter of S. 698.

Second, the accelerating problems faced by our State and local governments—in riots and tension; in expanding urbanization; in utilizing Federal aid programs, and in developing meaningful planning—make a new look at this legislation mandatory.

Third, although we have labored diligently during the past few years to perfect the legislative language and to incorporate workable concepts, the recent proliferation of studies in the field of Federal-State-local relations give us justification for reviewing the latest thinking on these subjects, particularly with respect to assisting persons and businesses displaced by Federal programs.

Fourth, we have before us also S. 458 and S. 735, which propose somewhat different approaches to the objective of periodic congressional review of grant-in-aid programs. These need to be considered along with the corresponding provisions of S. 698.

Finally, we shall be taking testimony on S. 2981, an entirely new bill, but closely related to the other legislation we are considering. This is the Joint Funding Simplification Act of 1968, introduced by Senator McClellan at the request of the administration, to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance

program, to simplify requirements for the operation of those projects and for other purposes. This raises some of the questions we would like to explore in these hearings.

S. 698 has 10 prospective titles and a great number of separate sections. It is, in fact, an omnibus bill. We welcome comments and suggestions on any and all parts of the bill, but I hope the witnesses will make a special attempt to cover some of what we consider to be the more significant current issues.

In title II, we provide for grant information to the States. What is the most effective means of channeling usable information to Governors and legislators concerning the impact and scope of Federal programs?

To what degree have the Bureau of the Budget and the Federal agencies coordinated their resources to provide this information?

The President's message on the quality of American Government and various executive orders have stressed the need for a free flow of information of this kind and we shall be interested to learn what new approaches can be used.

Title II also gives a permissive waiver to the single State agency concept. What has been the degree to which this requirement has tended to weaken executive power and leadership in State and local development programs, and how has it added to the difficulties of program coordination and planning?

In title III, permitting Federal technical assistance, we made a special attempt to improve the legislative language to meet the concern of private interests also providing special and technical services to State and local governments. Were our changes adequate, and are further changes needed to assure private enterprise an appropriate role in helping to improve our Federal system?

Title IV, although general in its language, is one of the most far-reaching requirements in the bill. It is a congressional mandate for a Federal intergovernmental coordination policy with respect to grant administration in urban development.

In view of what we now know of the urban crisis, is the language of title IV properly geared to present needs? Does it lead in the direction of a national policy that takes into account the need for balanced development of both urban and rural areas? Does it provide for coordination on the full scale necessary if national, regional, State and local priorities are all to be fairly served?

This is the delicate balance of federalism. I have suggested a special "working secretariat" in the Office of the President, a National Intergovernmental Affairs Council, to speak for the President in hammering out this policy. That legislation is not a part of this bill; but this title deals with the same problem.

Title V concerns congressional review of future Federal grant programs. So also do S. 458 and S. 735. This idea has been with us for a long time, but there has been continuing opposition to some of the language we have used, particularly with reference to the provision for expiration after 5 years of grant programs hereafter approved without a termination date.

In title VI, we have a new approach to coping with the proliferation of Federal grants which, in some cases, has caused confusion in the Federal system.

I would like testimony on the benefits of this proposal. What are the merits, the savings, the advantages to coordination and flexibility for State and local governments of this title?

Is this a realistic way of reducing over 500 authorizations and appropriations? Title VI is a step forward, but additional steps may be needed.

On title VII, I have a basic question. Will the language assure that future land transactions by the GSA will support, rather than frustrate, the efforts of local communities in their land planning and use programs?

Title VIII is, in my opinion, one of the most important titles in the bill. Although figures tend to be speculative, particularly in view of reduced Federal spending, we may expect the dislocation of over a million families and individuals, 180,000 businesses, and 40,000 farm operators over the next 10 years as a result of Federal or federally assisted programs.

Much of this will concern the poor and the elderly—white and black—where the impact hits with greatest force.

Are the measures we have provided adequate to assist and compensate these people and businesses in the light of what we now know about the personal and economic impact of dislocation today?

For those whose property is taken to make way for public improvement, is the fair market value standard of compensation enough to enable people to take up their lives in a similar or improved manner elsewhere?

What can be done to provide for relocation assistance at an earlier stage than is presently provided—for assistance at the stage when the planning and surveying of the proposed project is announced, and people panic? What can be done to relieve them of the fear of removal and smooth the road to orderly relocation?

With respect to title IX, have we succeeded in providing ground rules sufficient to insure that the Federal Government and State and local governments using Federal funds will deal fairly, whether by negotiation or condemnation, in taking land for public improvement?

In closing, I want to say that I am optimistic about this bill. The House Committee on Government Operations held hearings on the first five titles in 1966, and is continuing with its consideration this year. The mood may be changing toward the concept of meaningful compensation and assistance for acquisition and relocation under Federal and federally assisted programs.

It always takes years for good ideas to surface, and eventually become law. We are hopeful that the administration today will set the stage for a much stronger support for the measures contained in S. 698 than it has in the past.

Last year we passed the first really significant step forward in intergovernmental relations legislation in years—the intergovernmental personnel bill. That bill is moving forward in the House, and would provide funds and assistance for the development of State and local personnel systems, training programs, fellowships, and exchange of personnel. The support among State and local administrators for this legislation was tremendous.

Now we are down to the next big step this year: The Intergovernmental Cooperation Act.

I emphasize again that this is a congressional initiative to help the States modernize their administration of Federal programs; to help the local governments to obtain coordinated Federal assistance in line with their comprehensive planning; and to help the people and the businesses to get a fair shake when the Federal bulldozer plans to move in on them.

The cost of this bill is marginal compared with the efficiency, economy, and human protection it will generate to help build a better America. Finally, passage of the legislation would demonstrate recognition by the Congress that cooperation and coordination—the basic ingredients of the “new federalism”—start with local and State governments, with every measure of assistance and cooperation from the Federal level.

I think I appreciate today, as I have for some time, that this is for most people a dry, technical, incomprehensible subject, but I think it is concerned with issues which are the very life of our democratic system. I notice that we now have some new additions to our audience this morning, some young, who probably will find it dry, technical language with which we will be dealing this morning, completely dry and incomprehensible, almost as much as in their classrooms, but what we are dealing with here is of great importance to them, and if they will remember nothing more about their visit here, what we are concerned with is ways to make our Government better, to make it work more effectively for the benefit of youngsters like yourselves. We welcome you here this morning.

I shall now, without objection, place in the record the texts of S. 698, amendment No. 748, intended to be proposed to S. 698, S. 735, S. 458, and S. 2981, together with explanatory statements and agency reports on these bills.

(The material referred to follows:)

[S. 698, 90th Cong., first sess.]

A BILL To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the “Intergovernmental Cooperation Act of 1967.”

TITLE I—DEFINITIONS

When used in this Act—

FEDERAL AGENCY

SEC. 101. The term “Federal agency” means any department, agency, or instrumentality in the executive branch of the Government and any wholly owned Government corporation, and for the purposes of title VIII, the Architect of the Capitol.

STATE

SEC. 102. The term “State” means any of the several States of the United States, the District of Columbia, Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include the governments of the political subdivisions of the State. For the purposes of title VIII and title IX the term “State” does include such political subdivisions.

POLITICAL SUBDIVISION OR LOCAL GOVERNMENT

SEC. 103. The term "political subdivision" or "local government" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

UNIT OF GENERAL LOCAL GOVERNMENT

SEC. 104. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

SPECIAL-PURPOSE UNIT OF LOCAL GOVERNMENT

SEC. 105. "Special-purpose unit of local government" means any special district, public-purpose corporation, or other strictly limited-purpose political subdivision of a State, but shall not include a school district.

GRANT OR GRANT-IN-AID

SEC. 106. The term "grant" or "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State; or

(B) to a political subdivision of a State; or

(C) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the States, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues; (2) payments of taxes; (3) payments in lieu of taxes; (4) loans or repayable advances; (5) surplus property or surplus agricultural commodities furnished as such; (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private; or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

FEDERAL FINANCIAL ASSISTANCE

SEC. 107. The term "Federal financial assistance" does not include any annual payment by the United States to the District of Columbia authorized by article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b).

SPECIALIZED OR TECHNICAL SERVICES

SEC. 108. "Specialized or technical services" means special statistical and other studies and compilations, development projects, technical tests and evaluations, technical information, training activities, surveys, reports, documents, and any other similar service functions which the Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized by law to perform.

COMPREHENSIVE PLANNING

SEC. 109. "Comprehensive planning", except in title VI, includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

URBAN DEVELOPMENT

SEC. 110. "Urban development" means all projects or programs for the acquisition, use, and development of open space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

STATE AGENCY

SEC. 111. For the purposes of titles VIII and IX, the term "State agency" means any agency or instrumentality created by a State, or by a political subdivision of a State or by agreement between two or more States or by two or more political subdivisions of a State or States.

HEAD OF AGENCY

SEC. 112. The term "head of a Federal agency" or "head of a State agency" includes a duly designated delegate of such agency head.

DISPLACED PERSON

SEC. 113. The term "displaced person" means—

(1) any person who is the owner of a business which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(2) any person who is the farm operator of a farm operation which moves from real property or is discontinued on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency;

(3) any individual who is the head of a family which moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or which moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency of other real property on which such family conducts a business or farm operation;

(4) any individual, not a member of a family, who moves from real property occupied as a dwelling on or after the effective date of this Act, as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency, or who moves from such dwelling as a result of the acquisition or reasonable expectation of acquisition by such Federal or State agency, of other real property on which such individual conducts a business or farm operation; and

(5) any individual, not described in paragraph (1), (2), (3), or (4) of this section, who moves his personal property from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such real property, in whole or in part, by a Federal or State agency: *Provided*, That this shall not include the owner of property on the premises of another under a lease or licensing arrangement where such owner is required pursuant to such lease or license to move such property at his own expense.

BUSINESS

SEC. 114. The term "business" means any lawful activity conducted primarily (1) for the purchase and resale of products, commodities, or any other personal property; (2) for the manufacture, processing, or marketing of any such property; (3) for the sale of services to the public; or (4) by a nonprofit organization. Such term does not include the activity of an investor in acquiring or holding real property for resale for gain.

FARM OPERATION

SEC. 115. The term "farm operation" means any activity conducted solely or primarily for the production of one or more agricultural products or commodities for sale and home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

FARM OPERATOR

SEC. 116. The term "farm operator" means any owner, part owner, tenant, or sharecropper who operates a farm.

FAMILY

SEC. 117. The term "family" means two or more individuals living together in the same dwelling unit who are related to each other by blood, marriage, or adoption.

ELDERLY INDIVIDUAL

SEC. 118. The term "elderly individual" means a person, not a member of a family, who is sixty-two years of age or over.

HANDICAPPED INDIVIDUAL

SEC. 119. The term "handicapped individual" means a person, not a member of a family, who is handicapped within the meaning of section 202 of the Housing Act of 1959.

DISPLACED

SEC. 120. The term "displaced", when used in relation to any person, means any person moved or to be moved from real property on or after the effective date of this Act as a result of the acquisition or reasonable expectation of acquisition of such property for a public improvement constructed or developed by or with funds provided in whole or in part by the Federal Government.

OWNER AND PERSON

SEC. 121. The terms "owner" and "person" mean any individual, and any partnership, corporation, or association.

TITLE II—IMPROVED ADMINISTRATION OF GRANTS-IN-AID TO THE STATES

FULL INFORMATION ON FUNDS RECEIVED

SEC. 201. Any department or agency of the United States Government which administers a program of grants-in-aid to any of the State governments of the United States shall, upon request, notify in writing the Governor or other official designated by him, or the State legislature, of the purpose and amounts of actual grants-in-aid to the State.

DEPOSIT OF GRANTS-IN-AID

SEC. 202. No grant-in-aid to a State shall be required by Federal law to be deposited in a separate bank account apart from other funds administered by the State. All Federal grant-in-aid funds made available to the States shall be properly accounted for as Federal funds in the accounts of the State. In each case the State agency concerned shall render regular authenticated reports to the appropriate Federal agency covering the status and the application of the funds, the liabilities and obligations on hand, and such other facts as may be required by said Federal agency.

SCHEDULING OF FEDERAL TRANSFERS TO THE STATES

SEC. 203. Heads of Federal departments and agencies responsible for administering grant-in-aid programs shall schedule the transfer of grant-in-aid funds consistent with program purposes and applicable Treasury regulations, so as to minimize the time elapsing between the transfer of such funds from the United States Treasury and the disbursement thereof by a State, whether such disbursement occurs prior to or subsequent to such transfer of funds. States shall not be held accountable for interest earned on grant-in-aid funds, pending their disbursement for program purposes.

ELIGIBLE STATE AGENCY

SEC. 204. Notwithstanding any other Federal law which provides that a single State agency or multimember board or commission must be established or designated to administer or supervise the administration of any grant-in-aid program,

the head of any Federal department or agency may, upon request of the Governor or other appropriate executive or legislative authority of the State responsible for determining or revising the organizational structure of State government, waive the single State agency or multimember board or commission provision upon adequate showing that such provision prevents the establishment of the most effective and efficient organization arrangements within the State government and approve other State administrative structure or arrangements: *Provided*, That the head of the Federal department or agency determines that the objectives of the Federal statute authorizing the grant-in-aid program will not be endangered by the use of such other State structure or arrangements.

TITLE III—PERMITTING FEDERAL DEPARTMENTS AND AGENCIES TO PROVIDE SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 301. It is the purpose of this title to encourage intergovernmental cooperation in the conduct of specialized or technical services and provision of facilities essential to the administration of State or local governmental activities, many of which are nationwide in scope and financed in part by Federal funds; to enable State or local governments to avoid unnecessary duplication of special service functions; and to authorize all departments and agencies of the executive branch of the Federal Government which do not have such authority to provide specialized or technical services to State and local governments.

AUTHORITY TO PROVIDE SERVICE

SEC. 302. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government is authorized within his discretion, upon written request from a State or political subdivision thereof, to provide specialized or technical services, upon payment to the department or agency by the unit of government making the request, of salaries and all computable overhead and indirect costs of performing such services: *Provided, however*, That such services shall include only those which the Director of the Bureau of the Budget through rules and regulations, determines may be provided by Federal departments and agencies. Such rules and regulations shall be consistent with and in furtherance of the Government's policy of relying on the private enterprise system to provide those services which are reasonably and expeditiously available through ordinary business channels.

REIMBURSEMENT OF APPROPRIATION

SEC. 303. All moneys received by any department or agency of the executive branch of the Federal Government, or any bureau or other administrative division thereof, in payment for furnishing specialized or technical services as authorized under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged, or to the appropriation currently available for the cost of similar services.

REPORTS TO CONGRESS

SEC. 304. The Secretary of any department or the administrative head of any agency of the executive branch of the Federal Government shall furnish annually to the respective Committees on Government Operations of the Senate and House of Representatives a summary report on the scope of the services provided under the administration of this title.

RESERVATION OF EXISTING AUTHORITY

SEC. 305. This title is in addition to and does not supersede any existing authority now possessed by any Federal department or agency with respect to furnishing services, whether on a reimbursable or nonreimbursable basis, to State and local units of government.

TITLE IV—COORDINATED INTERGOVERNMENTAL POLICY AND ADMINISTRATION OF GRANTS FOR URBAN DEVELOPMENT

DECLARATION OF URBAN ASSISTANCE POLICY

SEC. 401. (a) The economic and social development of the Nation, its strength in world affairs and the achievement of satisfactory levels of living depend in

large degree upon the sound and orderly development of urban communities. In pursuit of this basic objective, the President shall establish rules and regulations for uniform application in the formulation, evaluation, and review of urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities. Such rules and regulations shall provide for full consideration of the concurrent achievement of the following specific objectives of urban development, and, to the extent authorized by law, reasoned choices shall be made between such objectives when they conflict:

- (1) Appropriate land uses for residential, commercial, industrial, governmental, institutional, and other purposes;
- (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
- (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
- (4) Adequate outdoor recreation and open space;
- (5) Protection of areas of unique natural beauty, historical, and scientific interest;
- (6) Properly planned community facilities, including utilities for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes;
- (7) Any other objective through which urban development activities can contribute to the economic, social, and cultural development of the Nation, its strength in world affairs, and the achievement of enhanced levels of living; and
- (8) Concern for high standards of design.

(b) All viewpoints—national, regional, State, and local—shall, to the extent possible, be fully considered and taken into account in planning urban development programs and projects. Regional, State, and local government objectives shall be considered and evaluated within a framework of national public objectives, and available projections of future national conditions and needs of regions, States, and localities shall be considered in plan formulation, evaluation, and review.

(c) To the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes shall be consistent with and further the objectives of State and local government comprehensive planning for urban development. Consideration shall be given to all developmental aspects of the total urban community, including but not limited to housing, transportation, economic development, natural resources development, community facilities, and the general improvement of living environments.

(d) Each Federal department and agency administering an urban development aid program shall, to the maximum extent practicable, consult with and seek advice from all other significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

(e) Insofar as possible, systematic planning required by individual Federal programs (such as highway construction, urban renewal, and open space) shall be coordinated with and made part of comprehensive local and areawide urban-development planning.

FAVORING UNITS OF GENERAL LOCAL GOVERNMENT

SEC. 402. Where Federal law provides that both special-purpose units of local government and units of general local government are eligible to receive loans or grants-in-aid for urban development, heads of Federal departments and agencies shall, in the absence of substantial reasons to the contrary, make such loans or grants-in-aid for urban development to units of general local government rather than to special-purpose units of local government.

RULES AND REGULATIONS

SEC. 403. The Bureau of the Budget or such other agency as may be designated by the President is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this title.

TITLE V—CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATES AND TO LOCAL UNITS OF GOVERNMENT

STATEMENT OF PURPOSE

SEC. 501. It is the purpose and intent of this title to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this title to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANTS-IN-AID PROGRAMS

SEC. 502. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, and such grant is not specifically exempted from the provisions of this title, then the authority to make grants-in-aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not therefore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 503. Where any Act of Congress enacted in the Ninety-first or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire, the committees of the Senate and of the House to which legislation extending such authority would be referred shall separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

- (1) The extent to which the purposes for which the grants-in-aid are authorized have been met;
 - (2) The extent to which such programs can be carried on without further financial assistance from the United States;
 - (3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, to conform to recommendations by the Comptroller General under section 504, should be made;
 - (4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations; and
 - (5) The extent to which such grant-in-aid programs are adequate to meet the growing and changing needs which they were designed to support.
- Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 504. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent

to which programs conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 505. Upon request of any committee referred to in section 503, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380, as amended) shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 506. (a) Each State or political subdivision thereof receiving assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification, or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant may prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the grants received.

TITLE VI—CONSOLIDATION OF GRANT-IN-AID PROGRAMS

STATEMENT OF PURPOSE

SEC. 601. (a) The President shall from time to time examine the various programs of grants-in-aid provided by law and shall determine what consolidations are necessary or desirable—

(1) to promote the better execution and efficient management of individual grant programs within the same functional area;

(2) to provide better coordination among individual grant programs within the same functional area; or

(3) to promote more efficient planning and use by the recipients of grants under programs within the same functional area.

(b) The Congress declares that the public interest demands the carrying out of the purposes of subsection (a) and that the purposes may be accomplished in great measure by proceeding under this title, and can be accomplished more speedily thereby than by the enactment of specific legislation.

PREPARATION AND TRANSMITTAL OF PLAN

SEC. 602. (a) When the President, after investigation, finds that a consolidation of individual grant-in-aid programs within the same functional area is necessary or desirable to accomplish one or more of the purposes set forth in section 601(a), he shall prepare a grant consolidation plan for the making of such consolidation, and shall transmit such plan (bearing an identification number) to the Congress, together with a declaration that with respect to each indi-

vidual program consolidated under such plan, he has found that the consolidation is necessary or desirable to accomplish one or more of the purposes set forth in section 601 (a). Each such consolidation plan so transmitted—

(1) shall place responsibility in a single agency for administration of the consolidated program, and

(2) shall specify in detail the formula or formulas for the making of grants under the consolidated program, and shall set forth the differences between such formula or formulas and the formula for making grants under each of the individual programs consolidated under such plan.

(b) Each grant consolidation plan shall provide for only one consolidation of individual grant programs.

(c) The President shall have a grant consolidation plan delivered to both Houses on the same day and to each House while it is in session.

CONGRESSIONAL CONSIDERATION

SEC. 603. (a) Except as otherwise provided in subsection (c), a grant consolidation plan shall become effective at the end of the first period of ninety calendar days of continuous session of the Congress after the date on which the plan is transmitted to it unless, between the date of transmittal and the end of the ninety-day period, either House passes a resolution stating in substance that the House does not favor the grant consolidation plan.

(b) For purposes of subsection (a)—

(1) continuity of session is broken only by an adjournment of the Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the ninety-day period.

(c) Under provisions contained in a grant consolidation plan, a provision of such plan may become effective at a time later than the date on which such plan becomes effective under subsection (a).

(d) A grant consolidation plan which becomes effective shall be printed (1) in the Statutes at Large in the same volume as the public laws and (2) in the Federal Register.

SEC. 604. (a) This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and it supersedes other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) The provisions of sections 910 through 913 of title 5 of the United States Code shall apply with respect to a grant consolidation plan and, for such purposes—

(1) all references in such sections to "reorganization plan" shall be treated as referring to "grant consolidation plan", and

(2) all references in such sections to "resolution" shall be treated as referring to a resolution of either House of the Congress, the matter after the resolving clause of which is as follows: "That the _____ does not favor the grant consolidation plan numbered _____ transmitted to the Congress by the President on _____, 19____, the first blank therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled.

EXPIRATION DATE

SEC. 605. The authority of the President under section 602 to transmit grant consolidation plans shall expire three years after the date of the enactment of this Act.

**TITLE VII—ACQUISITION, USE, AND DISPOSITION OF LAND WITHIN
URBAN AREAS BY FEDERAL AGENCIES IN CONFORMITY WITH LAND
UTILIZATION PROGRAMS OF AFFECTED LOCAL GOVERNMENT**

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 701. The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), is amended by adding at the end thereof a new title as follows:

"TITLE VIII—URBAN LAND UTILIZATION

"SHORT TITLE

"SEC. 801. This title may be cited as the 'Federal Urban Land-Use Act'.

"DECLARATION OF PURPOSE AND POLICY

"SEC. 802. It is the purpose of this title to promote more harmonious inter-governmental relations by prescribing uniform policies and procedures whereby the Administrator shall acquire, use, and dispose of land in urban areas in order that urban land transactions entered into for the General Services Administration or on behalf of other Federal agencies shall be consistent with zoning and land-use practices and shall be made to the greatest extent in accordance with planning and development objectives of the local governments and local planning agencies concerned.

"DISPOSAL OF URBAN LANDS

"SEC. 803. (a) Whenever the Administrator contemplates the disposal for or on behalf of any Federal agency of any real property situated within an urban area, he shall, prior to offering such land for sale, give reasonable notice to the head of the governing body of the unit of general local government having jurisdiction over zoning and land-use regulation in the geographical area within which the land or lands are located in order to afford the government the opportunity of zoning for the use of such land in accordance with local comprehensive planning.

"(b) The Administrator, to the greatest practicable extent, shall furnish to all prospective purchasers of such real property, full and complete information concerning—

"(1) current zoning regulations and prospective zoning requirements and objectives for such property when it is unzoned;

"(2) current availability to such property of streets, sidewalks, sewers, water, street lights, and other service facilities and prospective availability of such services if such property is included in comprehensive planning.

"ACQUISITION OR CHANGE OF USE OF REAL PROPERTY

804. (a) To the extent practicable, prior to a commitment to acquire any property situated in an urban area, the Administrator shall notify the unit of government exercising zoning and land-use jurisdiction over the property of his intent to acquire such land and the proposed use of the property. In the event that the Administrator determines that the acquisition would have an adverse impact on the proposed purchase, he shall, prior to the acquisition, immediately notify such local government of the acquisition and the proposed use of the property.

"(b) In the event of acquisition or change of use of any real property situated in an urban area for public building, the Administrator shall, to the extent practicable—

"(1) consider all objections made to any such acquisition or change of use of government upon the ground that the proposed acquisition of such property would conflict with the zoning regulations or planning objectives of such units; and

"(2) comply with and conform to such regulations of the unit of general local government having jurisdiction with respect to the area within which such property is situated and the planning and development objectives of such local government.

"SEC. 805. The procedures prescribed in sections 803 and 804 may be waived during any period of national emergency proclaimed by the President.

"DEFINITIONS

"SEC. 806. As used in this title—

"(a) 'Unit of general local government' means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

"(b) 'Urban area' means—

"(1) any geographical area within the jurisdiction of any incorporated city, town, borough, village, or other unit of general local government, except county or parish, having a population of ten thousand or more inhabitants;

"(2) that portion of the geographical area within the jurisdiction of any county, town, township, or similar governmental entity which contains no incorporated unit of general local government but has a population density equal to or exceeding one thousand five hundred inhabitants per square mile;

and

"(3) that portion of any geographical area having a population density equal to or exceeding one thousand five hundred inhabitants per square mile and situated adjacent to the boundary of any incorporated unit of general local government which has a population of ten thousand or more inhabitants.

"(c) 'Comprehensive planning' includes the following, to the extent directly related to the needs of a unit of general local government:

"(1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities including transportation facilities, together with long-range fiscal plans for such development;

"(2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvement to be constructed in the earlier years of the program;

"(3) coordination of all related plans of the department or subdivisions of the government concerned;

"(4) intergovernmental coordination of related planning activities among the State and local governmental agencies concerned; and

"(5) preparation of regulatory and administrative measures in support of the foregoing."

TITLE VIII—UNIFORM RELOCATION ASSISTANCE

DECLARATION OF POLICY

SEC. 801. The purpose of this Act is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs. Such a policy shall be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

PART A.—FEDERAL PROGRAMS

RELOCATION PAYMENTS

SEC. 802. (a) If the head of any Federal agency acquires real property for public use in a State, he shall make fair and reasonable relocation payments to displaced persons in accordance with the regulations established by the head of such agency under section 805 of this Act.

(b) If any displaced person who moves or discontinues his business elects to accept the payment authorized by this subsection in lieu of the payment authorized for such business by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in an amount equal to the average annual net earnings of the business, or \$5,000, whichever is the lesser. No payment shall be made under this subsection unless the head of such agency is satisfied that the business (1) cannot be relocated without a substantial loss of its existing patronage, and (2) is not part of a commercial enterprise having at least one other establishment, not being acquired by the United States, which is engaged in the same or similar business. For purposes of this subsection, the term "average annual net earnings" means one-half of any net earnings of the business, before Federal, State, and local income taxes, during the two taxable years immediately preceding the taxable year in which such business moves from the real property acquired by the United States and

includes any compensation paid by the business to the owner, his spouse, or his dependent children during such two-year period. Such earnings and compensation shall be established by Federal income tax returns filed by such business and its owner and his spouse and dependent children for such two taxable years.

(c) If any displaced person who moved from a dwelling elects to accept the payments authorized by this subsection in lieu of the payments authorized by subsection (a) of this section for moving from such dwelling, the head of such Federal agency shall make the following fixed relocation payments to such person:

(1) A moving expense allowance, determined according to a schedule established by the head of such agency, not to exceed \$200;

(2) A dislocation allowance equal to the amount paid under paragraph (1) of this subsection or \$100, whichever is the lesser;

(3) An additional payment of \$300 if the displaced person purchases a dwelling for the purpose of residence within one year from the date of actual displacement except that such displaced person shall only be eligible for payment under this subsection when the dwelling purchased is situated upon real estate in which such person acquires fee title, life estate, ninety-nine-year lease, or other type of long-term lease equivalent to fee ownership; and

(d) If any displaced person who moves or discontinues a farm operation elects to accept the payment authorized by this subsection in lieu of the payment authorized for such farm operation by subsection (a) of this section, the head of such Federal agency shall make a fixed relocation payment to such person in the amount of \$1,000. In the case where the entire farm operation is not acquired by such Federal agency, the payment authorized by this subsection shall be made only if the head of such agency determines that the remainder property is no longer an economic unit.

(e) (1) In addition to any amount under subsections (a), (b), (c), and (d) of this section, the head of such Federal agency may pay to or on behalf of any displaced family, displaced elderly individual, or displaced handicapped individual, monthly payments over a period not to exceed twenty-four months in an amount not to exceed \$500 in the first twelve months and \$500 in the second twelve months to assist such displaced family or individual to secure a decent, safe, and sanitary dwelling. Subject to the limitation imposed by the preceding sentence, the additional payment shall be an amount which, when added to 20 per centum of the annual income of the displaced individual or family at the time of displacement, equals the average annual rental required for such a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the displaced individual or family in areas not generally less desirable in regard to public utilities and public and commercial facilities: *Provided*, That such payment shall be made only to an individual or family who is unable to secure a dwelling unit in a low-rent housing project assisted under the United States Housing Act of 1937, or under a State or local program found by the Secretary of Housing and Urban Development to have the same general purposes as the Federal program under such Act, or a dwelling unit assisted under section 91 of the Housing and Urban Development Act of 1965.

(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the amount of assistance according to family size, family or individual income, average rents required, or similar considerations for all agencies making such payments.

(3) The additional payments under this subsection may be paid on a lump sum or other than monthly basis in cases in which the small size of the payments that would otherwise be required do not warrant a number of separate payments or in other cases in which other than monthly payments are determined warranted by the head of the Federal agency.

(4) No payment received under this subsection shall be considered as income for the purpose of determining the eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal act.

(f) All functions performed under this section shall be subject to the operation of the Act of June 11, 1946 (60 Stat. 237), as amended (5 U.S.C. 1001-1011). Any displaced person adversely affected or aggrieved by the operation of this section after the effective date of this Act may institute in the district court of the United States for the judicial district in which such claimant resides or in which such claim first arose an action for the review of such determination. Upon the filing of such action, such court shall have jurisdiction to hear and

determine such action and to enter therein such judgment, decree, or order as it shall deem appropriate and may modify such determination upon a showing that such determination was arbitrary, capricious, or in violation of standards applicable to such determinations in similar cases.

RELOCATION ASSISTANCE PROGRAMS

SEC. 803. (a) If the head of any Federal agency acquires real property for public use in a State, he shall provide a relocation assistance program for displaced persons which shall offer the services described in subsection (c) of this section. If the head of such agency determines that other persons, occupying property adjacent to the real property acquired, are caused substantial economic injury because of the public improvement for which such property is acquired, he may offer such persons relocation services under such program.

(b) Federal agencies administering programs which may be of assistance to displaced persons covered by this Act shall cooperate to the maximum extent feasible with the Federal or State agency causing the displacement to assure that such displaced persons receive the maximum assistance available to them.

(c) Each relocation assistance program required by subsection (a) of this section shall include such measures, facilities, or services as may be necessary or appropriate in order (1) to determine the needs of displaced families, individuals, business concerns, and farm operators for relocation assistance; (2) to assure that within a reasonable period of time prior to displacement, there will be available, in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of, and available to, such displaced families and individuals and reasonably accessible to their places of employment, except that such assurance may be waived during any period of national emergency proclaimed by the President; (3) to assist owners of displaced businesses and displaced farm operators in obtaining and becoming established in suitable business locations or replacement farms; (4) to supply information concerning the Federal Housing Administration home acquisition program under section 221(d)(2) of the National Housing Act, the small business disaster loan program under section 7(b)(3) of the Small Business Act, and other programs offering assistance to displaced persons; (5) to assist in minimizing hardships to displaced persons in adjusting to relocation; and (6) to assure, to the greatest extent practicable, the coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community or nearby areas which may affect the carrying out of the relocation program.

(d) Paragraph (3) of section 7(b) of the Small Business Act is amended to read as follows:

"(3) to make such loan (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in continuing in business at its existing location, in reestablishing its business, in purchasing a business, or in establishing a new business, if the Administration determines that such concern has suffered substantial economic injury as the result of its displacement by, or location in, adjacent to, or near, a federally aided urban renewal project or highway construction program or any other public improvement program conducted by or with funds provided in whole or in part by the Federal Government or by the States; and the purpose of a loan made pursuant to such project or program may, in the discretion of the Administration, include the purchase or construction of other premises whether or not the borrower owned the premises occupied by the business and,"

STATES ACTING AS AGENTS FOR FEDERAL PROGRAMS

SEC. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, such acquisition shall, for purposes of this Act, be deemed an acquisition by the Federal agency having authority over such project and such Federal agency shall make relocation payments, provide relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency.

AUTHORITY OF THE PRESIDENT

SEC. 805. (a) To carry into effect the provisions of this title, the President is authorized to make such rules and regulations as he may determine to be necessary to assure—

(1) that relocation payments authorized by section 802 shall be fair and reasonable and as uniform as practicable;

(2) that a displaced person who makes proper application for a relocation payment authorized for such person by section 802(a) shall be reimbursed for or paid—

(A) his actual and reasonable expenses in moving himself, his family, his business, farm operation, or other personal property, and in the case of a farm operation, for his actual and reasonable expenses in searching for a replacement farm;

(B) if he disposes of personal property on moving his business or farm operation and replaces such property at the new location, an amount equal to the reasonable expenses that would have been required in moving such personal property to the new location; and

(C) such other expenses authorized by section 802(a) as may be provided for in regulations issued under this section;

(3) that a displaced person who makes proper application for a relocation payment authorized for such person by this title shall be paid promptly after a move or, in certain hardship cases, the President may, by regulation, authorize advance payment of certain relocation costs;

(4) that any person aggrieved by a determination as to eligibility for a relocation payment authorized by this title, or the amount of a payment, may have his application reviewed by the head of the agency; and

(5) that a displaced person shall have a reasonable time in which to apply for a relocation payment authorized by this title.

(b) The President may, by regulation, establish a limitation on the amount of a relocation payment authorized by section 802(a) with due consideration for the declaration of policy in this title and the provisions of subsection (a) of this section and section 807(b).

(c) In order to prevent unnecessary expense and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, the President is authorized to require that any Federal agency make relocation payments or provide relocation services, or otherwise carry out its functions under this title, by utilizing the facilities, personnel, and services of any other Federal agency, or by entering into appropriate contracts or agreements with any State agency having an established organization for conducting relocation assistance programs.

(d) The President may make such other rules and regulations consistent with the provisions of this title as he deems necessary or appropriate to carry out this title.

FUND AVAILABILITY

Sec. 806. Funds appropriated or otherwise available to any Federal agency for the acquisition of real property or any interest therein shall be available also for obligation and expenditure to carry out the provisions of this title.

PART B.—FEDERALLY ASSISTED PROGRAMS

RELOCATION PAYMENTS AND ASSISTANCE; ASSURANCE OF AVAILABILITY OF HOUSING

SEC. 807. (a) Notwithstanding any other provision of law, on and after the effective date of this Act, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay the cost in connection with the acquisition of real property or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement with the head of such Federal agency to provide to displaced persons for moves from such real property—

(1) fair and reasonable relocation payments as described in section 802 (a) of this title and in accordance with regulations established by the President under section 805 of this title;

(2) fixed relocation payments in the same amounts and under the same terms and conditions as are required to be made by a Federal agency by subsections 802 (b), (c), (d), and (e) of this title;

(3) relocation assistance programs offering the services described in section 803 (c) of this title; and

(4) a feasible method for the temporary relocation of families and individuals displaced from the property acquired, and assurance that within a reasonable period of time prior to displacement, there will be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and individuals displaced, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and individuals and reasonably accessible to their places of employment.

(b) The cost to a State agency providing the payments and services described in subsection (a) of this section may be included as part of the cost of the project for which Federal financial assistance is available to such State agency, and such State agency shall be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other project costs, except that the Federal agency providing such assistance shall contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. However, no State agency need agree to make any relocation payment in excess of \$25,000 to any displaced person in order to receive the assistance authorized by the subsection.

(c) In order to prevent unnecessary expenses and duplication of functions, and to promote uniform and effective administration of relocation assistance programs for displaced persons, any agreement by a State agency under subsection (a) of this section shall provide that such agency may make relocation payments or provide relocation assistance or otherwise carry out its functions under this title by utilizing the facilities, personnel, and services of any other State agency having an established organization for conducting relocation assistance programs.

(d) Any grant to, or contract or agreement with a State agency executed before the effective date of this Act, under which Federal financial assistance is available to pay the cost in connection with the acquisition of real property, or of the improvement for which such property is acquired, may be amended to include an agreement as described in subsection (a) of this section.

(e) If the head of a Federal agency determines that is necessary for the expeditious completion of a public improvement for which a State agency has entered into an agreement, as described in subsection (a) of this section, to make relocation payments to displaced persons, or to provide the funds necessary to meet the requirements of section 905(b)(1) of this Act, he may advance the Federal share of such relocation payments and an amount necessary to make the required payments under section 905(b)(1) to such State agency. Upon determination by the head of such Federal agency that any part of the funds advanced to a State agency under this subsection are no longer required, the amount which he determines not to be required shall be repaid upon demand. Any sum advanced and not repaid on demand shall be deducted from sums otherwise available to such State agency from Federal sources.

DISPLACEMENT BY CERTAIN PROGRAMS RECEIVING ASSISTANCE UNDER TITLE I OF THE HOUSING ACT OF 1949, AS AMENDED

SEC. 808. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of any project or program which receives Federal financial assistance under title I of the Housing Act of 1949, as amended, shall, for the purposes of this title, be deemed to be a displaced person.

SEVERABILITY

SEC. 809. If any provision of this title, or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of the provision to other persons or circumstances shall not be affected thereby.

ACTS REPEALED

SEC. 810. (a) The following laws and parts of laws are hereby repealed:

(1) The Act entitled "An Act to authorize the Secretary of the Interior to

reimburse owners of lands required for development under his jurisdiction for their moving expenses, and for other purposes," approved May 29, 1958 (43 U.S.C. 1231-1234).

(2) Paragraph 14 of section 203(b) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473).

(3) Section 2680 of title 10, United States Code.

(4) Section 133 of title 23, United States Code.

(5) Section 7(b) of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1606(b)).

(6) Section 105(c) of the Housing Act of 1949 (42 U.S.C. 1455(c)).

(7) Section 114 of the Housing Act of 1949 (42 U.S.C. 1465 (a)-(d)).

(8) Paragraph (8) of section 15 of the United States Housing Act of 1937 (42 U.S.C. 1415(8)), except the first sentence of such paragraph.

(9) Section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3071-3074).

(10) Section 107 of the Demonstration Cities and Metropolitan Development Act of 1966.

(b) Any rights or liabilities now existing under prior Acts or portions thereof shall not be affected by the repeal of such prior Acts or portions thereof under subsection (a) of this section.

TITLE IX—UNIFORM LAND ACQUISITION POLICY

PART A.—FEDERAL PROGRAMS

UNIFORM POLICY ON LAND ACQUISITION PRACTICES

SEC. 901. (a) In order to encourage the acquisition of real property by amicable agreements with owners, to relieve congestion in the courts, to assure consistent treatment for owners in the many Federal programs, and to promote public confidence in Federal land acquisition practices, heads of Federal agencies shall, consistent with program requirements, be guided by the following policies:

(1) The head of a Federal agency should make every reasonable effort to acquire real property by negotiated purchase.

(2) Real property should be appraised before the initiation of negotiations, and the owner or his designated representative should be given an opportunity to accompany the appraiser during his inspection of the property.

(3) Before the initiation of negotiations for property, the head of the Federal agency concerned should establish a price which he believes to be a fair and reasonable consideration therefor and should make a prompt offer to acquire the property for the full amount so established.

(4) No owner should be required to surrender possession of real property before the head of the Federal agency concerned pays the agreed purchase price, or deposits with the court, in accordance with section 1 of the Act of February 26, 1931 (46 Stat. 1421; 48 U.S.C. 258a), for the benefit of the owner an amount not less than the appraised fair value of such property as determined by such agency head, or the amount of the award of compensation in the condemnation proceeding for such property.

(5) The construction or development of public improvements should be so scheduled that no person lawfully occupying real property will be required to move from a dwelling, or to move his business or farm operation without at least ninety days' written notice, if consistent with project requirements, from the head of the Federal agency concerned, of the date by which such move is required.

(6) If the head of the Federal agency concerned does not require a building, structure, or other improvement acquired as a part of the real property, he should offer to permit its owner to remove it. As a condition of removal, an appropriate agreement should be required whereby the fair value of such building, structure, or improvement for removal from the real property, as determined by such agency head, will be deducted from the compensation otherwise to be paid for the real property, however such compensation may be determined.

(7) If the head of a Federal agency permits an owner or tenant to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the Government on short notice, the amount of rent required should not exceed the fair rental value of the property to a short-term occupier.

(8) In no event should the head of a Federal agency either advance the time of condemnation, or defer the condemnation and the deposit of funds in court for the use of the owner, in order to compel an agreement on the price to be paid

for the property. If an agency head cannot reach an agreement with the owner, after negotiations have continued for a reasonable time, he should promptly institute condemnation proceedings and, at the same time or as soon thereafter as practicable, file a declaration of taking and deposit funds with the court in accordance with the Act of February 26, 1931 (46 Stat. 1421), if possession is required prior to the entry of the judgment in the condemnation proceeding.

(9) If an interest in real property is to be acquired by exercise of the power of eminent domain, the head of the Federal agency concerned should, except as to property to be acquired under section 25 of the Tennessee Valley Authority Act of 1933 (48 Stat. 70, as amended; 16 U.S.C. 831x), request the Attorney General to institute formal condemnation proceedings. No Federal agency head should intentionally make it necessary for an owner to institute legal proceedings to prove the fact of the taking of his property.

(10) If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the head of the Federal agency concerned should acquire the entire property.

(11) In determining the boundaries of a proposed public improvement, the head of the Federal agency concerned should take into account human considerations, including the economic and social effects of such determination on the owners and tenants of real property in the area, in addition to engineering and other factors.

(b) The provisions of this section, being general policies for the guidance of Federal agencies, shall create no rights or liabilities not otherwise existing or available, nor affect the validity of any property acquisitions by purchase or condemnation.

COMPENSATION FOR PROPERTY ACQUIRED

SEC. 902. If the head of any Federal agency acquires real property for public use in any State or the District of Columbia, by purchase or condemnation, the fair market value of such property shall be paid as compensation therefor unless it is the intention of the seller to convey the property for less than fair market value.

BUILDINGS, STRUCTURES, AND IMPROVEMENTS

SEC. 903. (a) Notwithstanding any other provisions of law, if the head of a Federal agency acquires land or any interest in land for public use in a State, he shall acquire a like interest, or greater interest, in all buildings, structures, or other improvements comprising part of the real property so acquired which are required to be removed from the land or which, in the opinion of such agency head, will be adversely affected by such public use, if such improvements are not required to be removed.

(b) As used in this section, the term "real property" means land, or any interest in land, and (1) any building, structure, or other improvement imbedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential and integral part thereof; (2) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (3) any article so designed, constructed, or specially adapted for the purpose for which such real property is used that (A) it is an essential accessory or part of such real property, (B) it is not capable of use elsewhere, and (C) it would lose substantially all its value if removed from the real property.

(c) For the purpose of determining the extent of the acquisition of real property and the valuation thereof, no building, structure, or other improvement shall be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement at the expiration of his term, and the head of the Federal agency shall pay to the tenant the fair value of the building, structure, or improvement, which fair value shall be determined by such agency head as the greatest of (1) the contributive value of the improvement to the present use of the entirety, (2) the current cost of reproduction less depreciation of the improvement, or (3) the value of the improvement for removal from the property.

EXPENSES INCIDENTAL TO TRANSFER OF TITLE TO UNITED STATES

SEC. 904. (a) The head of a Federal agency, not later than the date of payment of the purchase price or the date of deposit of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is

the earlier, shall reimburse the owner, to the extent the head of such agency deems fair and reasonable, for expenses necessarily incurred for—

(1) recording fees, transfer taxes, and similar expenses in conveying such real property to the United States;

(2) penalty costs for prepayment of mortgage incident to such real property; and

(3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting title or the effective date of a court order of possession, whichever is the earlier.

(b) The determination as to such payments by the head of such agency shall be final and no provision of this section shall be construed to give any person a cause of action in any court, nor may any violation of this section be raised as a defense by such person in any action.

PART B.—FEDERALLY ASSISTED PROGRAMS

REQUIREMENTS FOR APPROVAL OF CONTRACTS OR AGREEMENTS FOR FEDERAL FINANCIAL ASSISTANCE

SEC. 905. (a) Notwithstanding any other provision of law, on and after the date of enactment of this Act no grant to or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance unless such State agency has entered into an agreement which shall provide—

(1) that every reasonable effort shall be made to acquire the real property by negotiated purchase;

(2) that the construction or development of the public improvement will so scheduled that, to the greatest extent practicable, no person will be required to move from a home, farm, or business location without at least ninety days' written notice, if consistent with project requirements, from such State agency of the date by which the move is required; and

(3) that it will be the policy of the head of the State agency, before initiating negotiations for real property, to establish a price which he believes to be a fair and reasonable consideration therefor, and to make a prompt offer to acquire the property for the full amount so established.

(b) Notwithstanding any other provision of law, on and after January 1, 1970, no grant to, or contract or agreement with a State agency, under which Federal financial assistance will be available to pay in whole or in part the cost of the acquisition of real property, or of a public improvement for which real property is to be acquired, may be approved by the head of the Federal agency responsible for the administration of such Federal financial assistance, unless such State agency has entered into the agreements described in subsection (a) of this section and has agreed—

(1) that no owner will be required to surrender possession of real property before the head of the State agency (A) pays the agreed purchase price, (B) makes available to the owner, by court deposit or otherwise, an amount not less than 75 per centum of the appraised fair value of such property, as approved by such State agency head, without prejudice to the right of the owner to contest the amount of compensation due for the property, or (C) deposits or pays the final award of compensation in the condemnation proceeding for such property;

(2) that any decrease in the value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for the proposed public improvement, other than that due to physical deterioration within the reasonable control of the owner, will be disregarded in determining the compensation for the property; and

(3) that for the purposes of determining the extent of the acquisition of real property and the value thereof, no building, structure, or other improvement will be deemed to be other than a part of the real property solely because of the right or obligation of a tenant, as against the owner of any other interest in the real property, to remove such building, structure, or improvement, and that an amount not less than the value which such building, structure, or improvement contributes to the value of the real property

acquired, or the value of such building, structure, or improvement for removal from the real property, whichever is the greater, will be paid to the tenant therefor.

PROVISIONS REPEALED

SEC. 906. Effective on January 1, 1970, sections 401, 402, and 403 of the Housing and Urban Development Act of 1965 are hereby repealed.

[From the Congressional Record, Jan. 26, 1967]

INTERGOVERNMENTAL COOPERATION ACT OF 1967—JANUARY 26, 1967

Mr. MUSKIE. Mr. President, on behalf of myself and Senators JACKSON, BOGGS, MUNDT, and MOSS, I submit, for appropriate reference, a bill entitled the Intergovernmental Cooperation Act of 1967, to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our Federal system in an increasingly complex society to improve the administration of grants-in-aid; to provide technical services to State and local governments; to establish a coordinated intergovernmental policy and administration of grants and loans for urban development; to authorize the President to submit to the Congress for its consideration plans for the consolidation of individual categorical grants within broad functional areas; to provide for conformity in Federal acquisition, use, and development of urban land with local government programs; to provide for uniform relocation assistance to persons and businesses affected by federally assisted real property acquisition; and to provide for a uniform land acquisition policy in Federal and federally assisted programs.

I ask unanimous consent that the bill remain at the desk for 10 days to permit other Senators to add their names as cosponsors.

Mr. President, developments in the past year have demonstrated a growing concern for the administration of Federal grant-in-aid programs. These programs, which have been described—and correctly, I think—as the most important vehicle of intergovernmental relations, now number around 220. They are concerned with, and critical to, the development of the resources of this Nation. Their growth over the past two decades is a testament to their acceptance by a vast majority of the American people. Their effects on the development of our human resources, our natural resources, and our community environment are inestimable. They are critical to the development of our Great Society.

However, the administration of this multitude of programs has severely taxed the resources of all levels of government. And the proliferation of Federal grants has put the spotlight on the Federal system—that durable, but delicate balance of jurisdictions and powers that has evolved throughout our history.

Since its inception, the Subcommittee on Intergovernmental Relations has carried on a continuing study of the problems of the relationships which operate within our Federal system. In the 89th Congress, the subcommittee considered a number of proposals designed to resolve the problems associated with its findings. Several of these proposals focused on the grant-in-aid device. Others involved the problems of the inequities of property acquisition for public development programs, and the relocation of persons and businesses affected.

The Senate approved legislation in both of these areas during the 89th Congress.

INTERGOVERNMENTAL COOPERATION

First, the Intergovernmental Cooperation Act was passed by the Senate on August 5, 1965. This proposal was designed to achieve the fullest cooperation and coordination of activities between the levels of Government in order to improve the operation of our federal system. As passed by the Senate, the measure would—

First. Authorize full information for the Governors on grants made to their States and would provide for more uniform administration of Federal grant funds to the States. It would also improve the scheduling of fund transfers to the States and permit the States to budget Federal grant funds in much the same manner as they budget other revenues;

Second. Provide for Congressional review of future grant programs to insure that such programs are re-examined in a systematic fashion and reconsidered in the light of changing conditions;

Third. Authorize the Federal departments and agencies to render technical assistance and training services to State and local governments on a reimbursable basis;

Fourth. Establish a coordinated intergovernmental urban assistance policy, by requiring local government review of certain applications for Federal aid in urban programs. This provision would serve to strengthen metropolitan planning machinery and encourage more orderly metropolitan growth; and

Fifth. Prescribe a uniform policy of procedure for urban land transactions and use undertaken by the General Services Administration, by requiring consistency of that agency's policies with local zoning regulations and development objectives.

As I mentioned, the Senate unanimously adopted a bill which contained these five provisions. That bill had been introduced with 42 cosponsors, and had drawn broad support from many sources, including national organizations and public officials at all levels of government. Unfortunately, the House of Representatives did not take final action on this measure.

Therefore, the bill I am introducing today contains, in titles I through V and title VII, the measure which received the unanimous consent of the Senate in the last Congress. This is a proposal of utmost importance in the improved functioning of the federal system, particularly as grant-in-aid programs affect that system. It contains all the provisions of H.R. 17955 of the 89th Congress, which the House Subcommittee on Executive and Legislative Reorganization reported to its parent committee in the last week of the 89th Congress. It also includes title V—the Senate-approved provision for periodic review of grant-in-aid programs by the Congress, which the House measure omitted. I believe this provision is a sound management technique which is badly needed and of critical importance to the overall grant system.

CONSOLIDATION OF CATEGORICAL GRANT PROGRAMS

Title VI of the bill I am introducing today contains a new proposal designed to improve the management of grant-in-aid programs. Briefly, it would authorize the President to submit to the Congress plans for the consolidation of individual categorical grants within broad functional areas and to effect the interagency transfer of administrative responsibility for grant programs, subject to the type of congressional veto proviso that governs executive reorganization plans. This proposal would involve the submission to Congress of categorical grant consolidation plans, including such modifications in apportionment formulas and allocation requirements as the President deems necessary. The Congress would accept the plans or disapprove them in a manner similar to that provided in the Reorganization Act of 1949.

Mr. President, Federal grants-in-aid are unquestionably essential and effective methods of financing and administering essential programs to achieve national objectives. But, because their number and variety have increased so rapidly in recent years, the need for coordination in their administration is persistently acute. It was pointed out, in recent hearings before the Subcommittee on Intergovernmental Relations, that over 220 Federal grants-in-aid to assist State and local governments are now administered by 16 of the 21 departments and agencies of the Federal Government. We have 50 different programs to aid general education; 57 programs for vocational and job training; 35 programs involved in housing; more than 20 programs involving transportation; 27 for utilities and services; 62 for community facilities; 32 for land use; 28 for recreational and cultural facilities.

One relatively simple example of the problems which a number of similar categorical grants produce may be found in Federal grant programs for community water supply, sewer and sewage treatment facilities. Five agencies of the Federal Government are presently involved in administering such grants:

- First. The Farmers Home Administration in the Department of Agriculture;
- Second. The Department of the Interior's Federal Water Pollution Control Administration;
- Third. The Economic Development Administration of the Department of Commerce;
- Fourth. The Appalachian Regional Commission (for communities within that Commission's jurisdiction); and
- Fifth. The Land and Facilities Development Administration of the Department of Housing and Urban Development.

In this particular group of aids, the agencies concerned have worked out arrangements which are designed to minimize administrative confusion. But during our recent subcommittee hearings, it became evident that confusion continues to characterize the administration of these programs. The simple form 101, by which local officials attempt to present their case for Federal aid, cannot be filled out until the local official has carefully read—and understood—four pages of closely typed instructions. Judging from a number of examples of cases of grant applications from which local officials have had no response—for sometimes as long as 2 years—I think it can safely be said that improvements in their administration are imperative. This may require action beyond voluntary cooperation among the agencies involved.

Title VI of my proposed bill would give the President the authority he needs to consolidate these programs—subject to congressional review—if he determines such action would improve their administration.

Mr. President, this proposed title has been suggested by the Advisory Commission on Intergovernmental Relations. It has been studied carefully by the Commission's experts, and I believe it merits the Senate's serious consideration. I believe the Congress itself provided a precedent for such a consolidation of programs when it enacted the Comprehensive Health Planning and Public Health Service Amendments of 1966. I hope this proposal will be seriously considered as a means to more effective management of these important grant programs.

UNIFORM RELOCATION

Mr. President, the bill I am introducing today contains two other important titles. The first of these—title VIII—is concerned with a program of uniform relocation assistance for those forced to relocate as a result of the acquisition of real property for Federal and federally aided public improvement programs.

Title VIII is not a new measure in this body. I introduced it as S. 1681 in the 89th Congress. It was passed unanimously by the Senate in July 1966 and subsequently was referred to the House Committee on Public Works, where no action was taken.

Very briefly, this title would provide a policy of uniform treatment for the thousands of individuals who are affected every year by such Government projects as urban renewal and highways.

Mr. President, relocation is a serious and growing problem in the United States. Federal and federally aided programs are displacing approximately 111,000 families and individuals, 18,000 businesses and nonprofit organizations, and 4,000 farm operators each year. The pace of Federal programs indicates this trend will continue. Federally assisted programs alone—mostly urban renewal and highway programs—displace about 96 percent of the families and individuals, 96 percent of the businesses, and 34 percent of the farms affected by land acquisition.

The uniform relocation bill passed by the Senate in the last Congress was the result of an intensive study conducted by the House Select Subcommittee on Real Property Acquisition of the Public Works Committee and by the Advisory Commission on Intergovernmental Relations in cooperation with the U.S. Conference of Mayors, as well as by our own Subcommittee on Intergovernmental Relations.

These studies revealed serious inconsistencies among Federal and federally assisted programs with respect to the amount and scope of relocation payments and advisory assistance. For instance, a homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is also entitled to \$200 but only if the State has authorized participation in the Federal relocation program. Inconsistency in payments for business moving expenses is even greater. Here, the Federal-Aid Highway Act allows such displacement by a federally aided urban renewal project entitles the businessman up to \$25,000 for moving costs. Finally, urban renewal provides fairly comprehensive advice and counseling to business and individuals; the Federal highway program provides no such service.

Among other findings in the studies to which I referred is the fact that the single greatest problem in relocating families and individuals is the shortage of standard housing for low-income groups. Small businesses—particularly those owned and operated by the elderly, such as "Mom and Pop" grocery stores—are major casualties. They have less capital, find it more difficult to secure outside financing, and need assistance to supplement their energy or spirit to resume business in a new location.

Advisory assistance is of growing importance in the relocation process. The poor, the nonwhite, the elderly, and the small business people all need intensive counseling to prepare them for, and to help them carry out, their move.

With the continued growth of Government property acquisition, there has been more, and more concern that relocation programs be made more uniform, and more equitable. Both Presidents Kennedy and Johnson have expressed concern over the human costs and the lack of uniformity in relocation of both families and businesses.

Title VIII of the bill I am introducing would establish uniform relocation payments, and advisory assistance programs for those displaced by Federal and federally assisted programs. Compliance with these relocation requirements would be a condition in Federal grants to State and local governments. The bill would impose on all federally assisted programs the present urban renewal requirement that no property acquisition project may proceed until there is assurance of available standard housing for those displaced.

It would provide full Federal reimbursement of relocation payments up to a maximum of \$25,000; and above that, Federal sharing according to the project's cost-sharing formula. Urban renewal and public housing now pay up to \$25,000, fully reimbursed by the Federal Government, for business moving expenses. The Federal highway program now allows only up to \$3,000 for businesses reimbursed by the Federal Government on a 90-10 basis for interstate, and 50-50 for primary-secondary highways. Today's measure would thus make Federal reimbursement 100 percent up to \$25,000, and would assure that relocation payments will be made by those States where highway displacees are not now entitled to such payments.

Mr. President, I believe the features of this relocation assistance title of the bill I am introducing today, which were passed unanimously by this body last summer, are of utmost importance to the welfare of those who are adversely affected by Federal and federally assisted programs.

URBAN AND ACQUISITION POLICY

The final title of this legislation—title IX—provides for the establishment of a uniform policy for the acquisition of real property by Federal Government agencies and by State agencies using Federal funds for public improvement programs.

Mr. President, this title follows the legislative recommendation introduced by Senator Sparkman in the last Congress as S. 1201. His original proposal combined both a relocation assistance program and one dealing with a uniform acquisition policy for real estate in Federal and federally assisted programs. It is the latter of these two proposals by Senator Sparkman that is incorporated in title IX. Hearings were held on this proposal before the Subcommittee on Intergovernmental Relations in late June and early July of 1965. Title IX was drafted to include most of the recommendations made to the subcommittee by the Departments of Defense, Commerce, and Justice, and the Bureau of the Budget.

As I mentioned in my discussion of the need for uniform relocation assistance policy in Federal and federally assisted programs, growing activity in development programs aided by Federal funds will continue to affect large numbers of property owners each year.

Studies, particularly the one conducted by the Select Subcommittee on Real Property Acquisition, reveal that widespread and serious inequities are found in the acquisition of real property in public development programs. The select subcommittee's study revealed that, in many cases, Federal agencies acquired land at less than the agency-approved appraisals. This is true of some acquisitions by States and localities using Federal funds.

In some jurisdictions, it was found that property owners are, in effect, penalized for lowered market values which result from preliminary announcement of a proposed project; in other instances, the public is compelled to pay higher prices for properties whose values are increased by announcements of a proposed project.

Mr. President, title IX of this bill would institute a uniform policy to guide Federal and federally aided land acquisitions. This is a matter of equity which ought to be an overriding consideration in such acquisitions.

I should say that this title, so far, has not yet been formally endorsed by the Senate as have most of the other titles in the bill. But I believe it is of utmost importance in restoring a measure of assurance to property owners faced with

acquisition of their property by the Government. They should be able to expect equitable treatment.

Mr. President, I realize that the bill I am introducing is long and, at first glance, complicated. But as I have said, most of its provisions have already been accepted—unanimously—by this body. Only titles VI and IX are new, and I hope they will be thoroughly studied by all Members.

Mr. President, I ask unanimous consent that the text of the bill be reprinted in the Record at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the Record, and held at the desk, as requested by the Senator from Maine.

The bill (S. 698) to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic Congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes, introduced by Mr. MUSKIE (for himself, Mr. BOGGS, Mr. JACKSON, Mr. MUNDT, and Mr. MOSS), was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the Record, as follows:

[S. 698, 90th Cong., second sess.]

AMENDMENTS Intended to be proposed by Mr. [redacted] to S. 698, a bill to achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic Congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes

On page 2, line 4, strike out "1967" and insert in lieu thereof "1968".

On page 2, line 19, strike out "title VIII and title IX" and insert in lieu thereof "titles VIII, IX, and X."

On page 59, after line 4, insert the following new title:

"TITLE X—ACCOUNTING, AUDITING, AND REPORTING OF FEDERAL ASSISTANCE FUNDS

"STATEMENT OF PURPOSE

"SEC. 1001. It is the purpose of this title to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, to survey the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions, and to authorize the Comptroller General of the United States to prescribe rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs.

"MORE UNIFORM FINANCIAL REPORTING

"SEC. 1002. Notwithstanding any other provision of law, the President shall have authority to promulgate rules and regulations simplifying and, to the extent feasible, unifying financial reporting requirements of Federal assistance programs.

"ACCEPTANCE OF ACCOUNTING AND AUDITING OF STATES AND THEIR POLITICAL SUBDIVISIONS

"SEC. 1003. (a) The Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget shall conduct a

joint study of the principles, standards, and related requirements of executive agencies, as defined in chapter 1 of title 5, United States Code, for accounting and auditing of Federal assistance programs. Such study shall emphasize ways and means of developing governmentwide accounting and auditing procedures that foster closer cooperation and coordination among the financial management officials of the different levels of the executive agencies, avoid unnecessary duplication, and minimize the amounts of time required to perform the accounting and auditing functions. Such study with recommendations shall be submitted to Congress not later than twelve months after the date of enactment of this Act.

"(b) The Comptroller General shall study and review the accounting and auditing systems of States and political subdivisions receiving Federal assistance in order to determine (1) the adequacy and effectiveness of such systems, and (2) the nature of any changes in the accounting and auditing procedures employed in such systems which would be required for compliance with the principles, standards, and related requirements prescribed by the Comptroller General for protecting the interests of the United States with regard to accounting for expenditures of Federal assistance funds by States and their political subdivisions.

"(c) The Comptroller General, after consulting the Secretary of the Treasury and the Director of the Bureau of the Budget concerning their accounting and auditing needs, and considering statutory requirements and the needs of executive agencies responsible for administering Federal assistance programs, shall prescribe rules and regulations whereby such agencies may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions receiving Federal assistance, when such accounting and auditing meet the requirements prescribed by the Comptroller General applicable to the administration of such assistance received by such States and political subdivisions. The Comptroller General shall make a report to Congress on the operations of this subsection at the end of each fiscal year, beginning with the first full fiscal year following the date of enactment of this Act."

[From the Congressional Record, May 8, 1968]

INTERGOVERNMENTAL COOPERATION ACT OF 1967—AMENDMENTS (MAY 8, 1968)

AMENDMENT NO. 748

Mr. MUSKIE. Mr. President, I submit, for appropriate reference, amendments which I intend to propose to S. 698, the intergovernmental cooperation bill, now pending in the Subcommittee on Intergovernmental Relations, Committee on Government Operations.

The amendments I will offer are intended to encourage simplification and improved coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs.

Every Federal agency administering Federal assistance programs to State and local governments is charged by the Congress and by the regulations of the Comptroller General with assuring proper legal use of Federal funds made available to State and local governments through such programs. As a result each administering agency and each major bureau engaged in grant-in-aid administration deploys a number of fiscal auditors throughout the States at various times to audit grant-in-aid accounts. The General Accounting Office has its own field operations with its "spot audit" program, which is geared to ascertaining the effectiveness of agency audits of Federal expenditures and which also involves audits of grant expenditures at the State and local levels.

Yet, Federal agency auditing and accounting activities have had to keep pace with the growth in the number and variety of Federal assistance programs. Moreover, State governments in recent years and many local governments have made strenuous efforts to improve the capability of their own accounting and auditing systems—thanks to the rapid growth of State and local programs and expenditures.

Federal assistance programs differ in objectives, magnitude, governments, and governmental agencies involved, and the clientele served and in many other characteristics. Such programs then can hardly be expected to yield completely to uniform accounting and auditing requirements. Nevertheless, there remains the question as to whether the existing financial reporting, accounting, and

auditing requirements are reasonable in their demands. Most State and local officials feel they are not. Some Federal aid administrators feel they are not. The recent experience of the Department of Health, Education, and Welfare and the Office of Economic Opportunity in placing reliance on State and local auditing, accounting, and reporting systems suggests that a rigid adherence to the status quo is not the best way to improve intergovernmental relations in this area. To help correct this condition, the Advisory Commission on Intergovernmental Relations in its fiscal balance report adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to Federal grants-in-aid to States whereby: first, the Comptroller General would study and review the accounting and auditing systems of the States receiving Federal grants-in-aid and ascertain their general adequacy and integrity; second, for those States certified by the Comptroller General as meeting standards of adequacy and integrity, the results of State audits of expenditures of Federal grant funds would be accepted by the administering Federal agencies in lieu of their own fiscal audits with such acceptance to cease if the Comptroller General finds that the accounting and auditing system of a particular State no longer meets prescribed standards; and, third, this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizable grant-in-aid funds from Federal agencies.

The amendments I intend to propose are based on this recommendation. First, they would assign authority to the President to promulgate rules and regulations on a Government-wide basis for simplifying, and, to the extent practicable, unifying the financial reporting requirements in Federal grant-in-aid programs. At the present time—thanks to diverse enabling legislation, appropriation acts, departmental regulations and various other factors—the procedures, format, frequency, and intensity of financial reporting requirements differ greatly from department to department and frequently from program to program within a department. The amendments are designed to provide the President with sufficient authority to achieve greater consistency, simplicity, and order in an area of grant-in-aid administration that thus far largely has also been ignored.

The amendments also provide the basis for acceptance of the accounting and auditing system in certain States and certain political subdivisions in lieu of Federal efforts in these fields. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget are mandated to conduct a joint study of the principles, standards, and related requirements of executive agencies as they relate to the accounting and auditing of Federal grants-in-aid with a view to identify ways and means of developing Government-wide accounting and auditing procedures that foster greater interdepartmental coordination among financial management officials in the various Federal agencies administering grant programs. These provisions are designed then to reduce unnecessary duplication and excessive time required to perform these vital fiscal functions.

The Comptroller General is authorized to study and review the accounting and auditing systems of the States and their political subdivisions in order to determine the adequacy and effectiveness of their respective systems and what changes, if any, would be required in them to comply with the principles, standards, and related requirements prescribed by him in the area of grant-in-aid financial accountability. After consulting with the Secretary of the Treasury and the Director of the Bureau of the Budget and after assessing the statutory requirements and the administrative needs of executive agencies administering grants-in-aid, the Comptroller General is authorized to prescribe rules and regulations that would permit such agencies to substitute the accounting and auditing systems of States and local governments when their systems meet standards prescribed by him as they relate to the administration of Federal assistance programs.

The intent of these amendments is not to shortcut in any way the exercise of fiscal prudence and accountability at all levels of government. But they seek to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and would provide the impetus for significant improvements in the whole area of intergovernmental fiscal management.

[S. 735, 90th Cong., first sess.]

A BILL To provide for periodic review of Federal programs of grant-in-aid assistance to the States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Grant-in-Aid Review Act of 1967".

STATEMENT OF PURPOSE

SEC. 2. (a) It is the purpose and intent of this Act to establish a uniform policy and procedure whereby programs, which may be enacted hereafter by the Congress, for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grant-in-aid programs as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant-in-aid programs are revised and redirected as necessary to meet the new conditions arising subsequent to their original enactment; and (3) grant-in-aid programs are terminated when they have substantially achieved their purpose.

(b) It is further the purpose and intent of this Act to provide for a continuing review by Congress of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions with a view to developing legislation terminating those grant-in-aid programs whose purposes clearly have been achieved and revising or redirecting all other existing grant-in-aid programs to improve and enhance their effectiveness as instruments of Federal-State-local cooperation or to meet new conditions arising subsequent to their original enactment.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 3. Whenever any Act of Congress enacted in the Ninetieth or any subsequent Congress authorizes any program for grant-in-aid assistance to two or more States or to political subdivisions of two or more States and there is no termination date otherwise specified for such authority, the authority to make any grant-in-aid under such Act to any State, political subdivision, or other beneficiary from funds not theretofore obligated shall, unless the provisions of this section are specifically excepted from application to such program, expire not later than June 30 of the fifth calendar year which begins after the calendar year in which the effective date of such Act occurs.

COMMITTEE STUDIES OF GRANT-IN-AID

SEC. 4. (a) Whenever any Act of Congress enacted in the Ninetieth or any subsequent Congress authorizes the establishment of any program for grant-in-aid assistance over a period of three or more years to two or more States or to political subdivisions of two or more States, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight with respect to such program shall, during the period beginning not later than twelve months immediately preceding the date on which the authority by such program is to expire, separately or jointly, conduct studies and appraisals of such program. Each such committee shall report the results of its study and appraisal to its respective House, together with recommendations for such legislation as it deems appropriate, not later than one hundred and twenty days before the authority for such program is due to expire.

(b)(1) In the case of any existing statute authorizing the establishment of any program for grant-in-aid assistance over a period of three or more years to two or more States or to political subdivisions of two or more States, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight over such program shall review and study, on a continuing basis, the application, operation, administration, and execution of such program.

(2) To assist it in carrying out this review and study function, each standing committee of the Senate and House of Representatives is entitled to employ a review specialist as a member of the professional staff of such committee in addition to the number of members of such professional staff to which such committee otherwise is entitled. Such review specialist shall be selected and appointed by the chairman of such committee, with the prior approval of the ranking minority member, in a permanent basis, without regard to political

affiliation, and solely on the basis of fitness to perform the duties of the position.

(3) Each standing committee of the Senate and House of Representatives shall submit, not later than March 31 of each year, to the Senate and House of Representatives, respectively, a report on its activities under this subsection during the immediately preceding calendar year.

(c) The studies referred to in subsections (a) and (b) with respect to any program of grant-in-aid assistance shall be conducted by each standing committee of the Senate and House of Representatives involved with a view to ascertaining, among other matters of concern, the following:

(1) The extent to which the purposes for which such grants-in-aid are authorized have been met;

(2) The extent to which the purposes for which such program can be carried on without additional financial assistance from the United States;

(3) The extent to which such program is adequate to meet any growing and changing needs related to the purposes for which it was originally designed; and

(4) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto, should be made.

DEFINITIONS

SEC. 4. As used in this Act—

(a) The term "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State, but does not include any political subdivision of a State;

(b) The term "political subdivision of a State" means any local unit of government of a State, including, but not limited to, a county, parish, municipality, city, town, township, village, or school or other special district created by or pursuant to State law; and

(c) The term "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(1) to a State; or

(2) to a political subdivision of a State; or

(3) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency

if such authorization (A) requires such State or political subdivision to expend non-Federal funds as a condition for the receipt of money or property from the United States; or (B) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to such State or political subdivision, or the amounts to be allotted for use in such State by such State or political subdivision; but such term does not include (i) shared revenues, (ii) payments of taxes (iii) payments in lieu of taxes, (iv) loans or repayable advances, (v) surplus property or surplus agricultural commodities furnished as such, (vi) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private, or (vii) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

[S. 458, 90th Cong., first sess.]

A BILL To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF PURPOSE

SECTION 1. It is the purpose and intent of this Act to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress to insure that (1) the effectiveness of grants-in-aid as instruments of Federal-State-local cooperation is improved and enhanced; (2) grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment; and (3) grant

programs are terminated when they have substantially achieved their purpose. It is further the purpose and intent of this Act to provide for continuing review of existing Federal programs for grant-in-aid assistance to the States or their political subdivisions by the Comptroller General with a view to the formulation of recommendations to assist the Congress in making changes in requirements and procedures applicable to such programs in the interest of eliminating areas of conflict and duplication in program operations and achieving more efficient, effective, and economical administration of such programs, and greater uniformity in the operation thereof.

EXPIRATION OF GRANT-IN-AID PROGRAMS

SEC. 2. Where any Act of Congress enacted in the Eighty-ninth or any subsequent Congress authorizes the making of grants-in-aid to two or more States or to political subdivisions of two or more States and no expiration date for such authority is specified by law, then the authority to make grants-in aid by reason of such Act to States, political subdivisions, and other beneficiaries from funds not theretofore obligated shall expire not later than June 30 of the fifth calendar year which begins after the effective date of such Act.

COMMITTEE STUDIES OF GRANT-IN-AID PROGRAMS

SEC. 3. Where any Act of Congress enacted in the Eighty-ninth or any subsequent Congress authorizes the making of grants-in-aid over a period of three or more years to two or more States or to political subdivisions of two or more States, then during the period of not less than twelve months or more than twenty-four months immediately preceding the date on which such authority is to expire the committees of the House and of the Senate to which legislation extending such authority would be referred shall, separately or jointly, conduct studies of the program under which such grants-in-aid are made with a view to ascertaining, among other matters of concern to the committees, the following:

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met.

(2) The extent to which such programs can be carried on without further financial assistance from the United States.

(3) Whether or not any changes in purpose, direction, or administration of the original program, or in procedures and requirements applicable thereto to conform to recommendations by the Comptroller General under section 4, should be made.

(4) Whether or not any changes in purpose, direction, or administration of the original program should be made in the light of reports and recommendations submitted on request by the Advisory Commission on Intergovernmental Relations.

Each such committee shall report the results of its investigation and study to its respective House not later than one hundred and twenty days before such authority is due to expire.

STUDIES BY COMPTROLLER GENERAL OF FEDERAL GRANT-IN-AID PROGRAMS

SEC. 4. The Comptroller General shall make continuing studies of presently existing and all future programs for grant-in-aid assistance from the Federal Government to the States or their political subdivisions concerning the extent to which program conflict and duplication can be eliminated and more effective, efficient, economical, and uniform administration of such programs could be achieved by changing certain requirements and procedures applicable thereto.

In reviewing such programs the Comptroller General shall consider, among other relevant matters, the equalization formulas, and the budgetary, accounting, reporting, and administrative procedures applicable to such programs. Reports on such studies, together with recommendations, shall be submitted by the Comptroller General to the Congress. Reports on expiring programs should, to the extent practicable, be submitted in the year prior to the date set for their expiration.

STUDIES BY ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 5. Upon request of any committee referred to in section 3, the Advisory Commission on Intergovernmental Relations (established by Public Law 86-380)

shall, during the same period referred to in such section, conduct studies of the intergovernmental relations aspects of programs which are subject to the provisions of such section, including (1) the impact of such programs, if any, on the structural organization of State and local governments and on Federal-State-local fiscal relations, and (2) the coordination of Federal administration of such programs with State and local administration thereof, and shall report its findings and recommendations to such committee.

RECORDS AND AUDIT

SEC. 6. (a) Each recipient of assistance under (1) any Act of Congress enacted after the effective date of this Act which provides for a grant-in-aid from the United States to a State or a political subdivision thereof, or (2) any new grant-in-aid agreement, or extension, modification or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep such records as the Federal agency administering such grant shall prescribe, including records which fully disclose the amount and disposition by such recipient of such grant-in-aid, the total cost of the project or undertaking in connection with which such grant-in-aid is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The head of the Federal agency administering such grant and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the grant received.

DEFINITIONS

SEC. 7. For the purposes of this Act—

(1) The term "State" means the government of a State, or any agency or instrumentality of a State.

(2) The term "political subdivision" means a local unit of government, including specifically a county, municipality, city, town, township, or a school or other special district created by or pursuant to State law.

(3) The term "grant-in-aid" means money, or property provided in lieu of money, paid or furnished by the United States under a fixed annual or aggregate authorization—

(A) to a State or political subdivision of a State; or

(B) to a beneficiary under a State-administered plan or program which is subject to approval by a Federal agency;

if such authorization either (i) requires the States or political subdivisions expend non-Federal funds as a condition for the receipt of money or property from the United States, or (ii) specifies directly, or establishes by means of a formula, the amounts which may be paid or furnished to States or political subdivisions, or the amounts to be allotted for use in each of the States by the State, political subdivisions, or other beneficiaries. The term does not include (1) shared revenues, (2) payments of taxes, (3) payments in lieu of taxes, (4) loans or repayable advances, (5) surplus property or surplus agricultural commodities furnished as such, (6) payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private, or (7) payments to States or political subdivisions as full reimbursement for the costs incurred in paying benefits or furnishing services to persons entitled thereto under Federal laws.

[S. 2981, 90th Cong., second sess.]

A BILL To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Joint Funding Simplification Act of 1968".

PURPOSE

SEC. 2. The purpose of this Act is to enable States, local governments, and other public or private organizations and agencies to use Federal assistance more

effectively and efficiently, to adapt that assistance more readily to their particular needs through the wider use of projects drawing upon resources available from more than one Federal agency, program, or appropriation and to acquire experience which would lead to the development of legislative proposals respecting the consolidation, simplification, and coordination of Federal assistance programs. It is the further purpose of this Act to encourage Federal-State arrangements under which local governments and other public or private organizations and agencies may more effectively and efficiently combine State and Federal resources in support of projects of common interest to the governments, agencies, and organizations concerned.

BASIC RESPONSIBILITIES OF THE HEADS OF FEDERAL AGENCIES

SEC. 3. (a) In order to carry out the purposes of this Act and subject to such regulations as the President may prescribe, the heads of Federal agencies may take actions, by internal agency order or interagency agreement, including but not limited to:

- (1) identification of related programs likely to be particularly suitable or appropriate for providing joint support for specific kinds of projects;
 - (2) development and promulgation of guidelines model or illustrative projects, joint or common application forms, and other materials or guidance to assist in the planning and development of projects drawing support from different programs;
 - (3) review of administratively established program requirements in order to determine which of those requirements may impede joint support of projects and the extent to which these may be appropriately modified, and making modifications accordingly;
 - (4) establishment of common technical or administrative rules among related programs to assist in the joint use of funds in the support of specific projects or classes of projects; and
 - (5) creation of joint or common application processing and project supervision procedures or mechanisms including procedures for designating lead agencies to assume responsibilities for processing on behalf of several agencies and for designation of managing agencies to assume responsibilities for project supervision on behalf of several agencies.
- (b) The head of each Federal agency shall be responsible for taking actions, to the maximum extent feasible under applicable law, which will further the purposes of this Act with respect to Federal assistance programs administered by his agency. Each Federal agency head shall also consult and cooperate with the heads of other Federal agencies in order similarly to promote the purposes of this Act with respect to Federal assistance programs of different agencies which may be used together or jointly in support of projects undertaken by State or local governments or other public or private agencies and organizations.

APPLICATION PROCESSING

SEC. 4. Actions taken by Federal agencies pursuant to this Act which relate to the processing of applications or requests for assistance under two or more Federal programs in support of any project shall be designed to assure, so far as reasonably possible (1) that all required reviews and approvals are handled expeditiously; (2) that full account is taken of any special considerations of timing that are made known by the applicant that would affect the feasibility of a jointly funded project; (3) that the applicant is required to deal with a minimum number of Federal representatives, acting separately or as a common board or panel; (4) that the applicant is promptly informed of decisions with respect to his application and of any special problems or impediments which may affect the feasibility of Federal provision of assistance on a joint basis; and (5) that the applicant is not required by representatives of any one Federal agency or program to obtain information or assurances concerning the requirements or actions of another Federal agency which could better and more appropriately be secured through direct communication among the Federal agencies involved.

SPECIAL AUTHORITIES—BASIC CONDITIONS

SEC. 5. Where appropriate to further the purposes of this Act, and subject to the conditions prescribed in this section, heads of Federal agencies may use the authorities described in sections 6, 7, and 8 (relating to the establishment

of uniform technical or administrative requirements, delegation of powers and responsibilities, and establishment of joint management funds) with respect to projects assisted under more than one Federal assistance program. These authorities shall be exercised only pursuant to regulations prescribed by the President. Those regulations shall include criteria or procedures to assure the authorities are limited in use to problems that cannot be adequately dealt with through other actions pursuant to this Act or other applicable law; that they are applied only as necessary to promote expeditious processing or effective and efficient administration; and that they are applied consistent with the protection of the Federal interest and with program purposes or statutory requirements of a substantive nature.

ESTABLISHMENT OF UNIFORM TECHNICAL OR ADMINISTRATIVE REQUIREMENTS

SEC. 6. (a) In order to provide for projects which would otherwise be subject to varying or conflicting technical or administrative provisions of law, the heads of Federal agencies may adopt uniform provisions respecting:

- (1) inconsistent or conflicting requirements relating to financial administration, including accounting, reporting and auditing, and maintaining separate bank accounts, but only to the extent consistent with the requirements of section 8;
 - (2) inconsistent or conflicting requirements relating to the timing of Federal payments where a single or combined schedule is to be established for the project as a whole;
 - (3) inconsistent or conflicting requirements that assistance be extended in the form of a grant rather than a contract, or a contract rather than a grant;
 - (4) inconsistent or conflicting requirements for merit personnel systems, but only to the extent that the combination of assistance contemplated would cause those requirements to be applied to portions of projects administered by agencies not otherwise subject to such requirements;
 - (5) inconsistent or conflicting requirements relating to accountability for, or the disposition of, property or structures acquired or constructed with Federal assistance where common rules are to be established for the project as a whole; and
 - (6) other inconsistent or conflicting requirements of an administrative or technical nature, as defined in regulations of the President and subject to such conditions as he may prescribe.
- (b) In order to permit processing of applications in accordance with the purposes of this Act, Federal agency heads may provide for review of proposals for projects by a single panel, board or committee in lieu of review by separate panels, boards, or committees when such review would otherwise be required by law.
- (c) In promoting the more effective and efficient use of Federal assistance resources, Federal agency heads may waive requirements that a single or specified public agency be utilized or designated to receive, supervise, or otherwise administer a part of the Federal assistance drawn upon by any jointly funded project to the extent that administration by another public agency is determined to be fully consistent with applicable State or local law and with the objectives of the Federal assistance program involved. This authority may be exercised only upon (1) request of the head of a unit of general government, with respect to agencies which he certifies to be under his jurisdiction, or (2) with the agreement of the several State or local public agencies concerned.

DELEGATION OF POWERS

SEC. 7. With the approval of the President, agency heads may delegate to other Federal agencies any powers relating to the approval, under this Act, of projects or classes of projects under a program if such delegation will promote the purposes of that program. Agency heads may also delegate to other Federal agencies powers and functions relating to the supervision of administration of Federal assistance, or otherwise arrange for other agencies to perform such activities, with respect to projects or classes of projects subject to this Act. Delegations under this section shall be made only on such conditions as may be appropriate to assure that the powers and functions delegated are exercised in full conformity with applicable statutory provisions and policies.

FUNDING ARRANGEMENTS AND PROCEDURES

SEC. 8. (a) In order to provide for the more effective administration of funds drawn from more than one Federal program or appropriation in support of projects under this Act, there may be established joint management funds with respect to such projects. The total amount approved for such a project may be accounted for through a joint management fund as if the funds had been derived from a single Federal assistance program or appropriation. There will be advanced to the joint management fund from each affected appropriation, from time to time, its proportionate share of amounts needed for payment to the grantee. Any amounts remaining in the hands of the grantee at the completion of the project shall be returned to the joint management fund.

(b) Any account in a joint management fund shall be subject to such agreements, not inconsistent with this section and other applicable law, as may be entered into by the Federal agencies concerned with respect to the discharge of the responsibilities of those agencies and shall assure the availability of necessary information to those agencies and to the Congress. These agreements shall also provide that the agency administering a joint management fund shall be responsible and accountable for the total amount provided for the purposes of each account established in the fund; and may include procedures for determining, from time to time, whether amounts in the account are in excess of the amounts required, for returning that excess to the participating Federal agencies in accordance with a formula mutually acceptable as providing an equitable distribution, and for effecting returns accordingly to the applicable appropriations, subject to fiscal year limitations. Excess amounts applicable to expired appropriations will be lapsed from that fund.

(c) For each project financed through a joint management fund established pursuant to this section, the recipients of moneys drawn from the fund shall keep such records as the head of the Federal agency responsible for administering the fund will prescribe. Such records shall, as a minimum, fully disclose the amount and disposition by such recipient of Federal assistance received, the total cost of the project in connection with which such Federal assistance was given or used, the amount of that portion of the cost of the project supplied by other sources, and such other records as will facilitate an effective audit.

(d) The head of the Federal agency responsible for administering such joint management fund and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients that are pertinent to the moneys received from such fund.

(e) In the case of any project covered in a joint management fund, a single non-Federal share may be established according to the Federal share ratios applicable to the several Federal assistance programs involved and the proportion of funds transferred to the project account from each of those programs.

AUXILIARY PROVISIONS

SEC. 9. (a) Appropriations available to any Federal assistance program for technical assistance or the training of personnel may be made available for the provision of technical assistance and training in connection with projects proposed or approved for joint or common funding involving that program and any other Federal assistance program.

(b) Personnel of any Federal agency may be detailed from time to time to other agencies as necessary or appropriate to facilitate the processing of applications under this Act or the administration of approved projects.

FEDERAL-STATE ASSISTANCE AND AGREEMENTS

SEC. 10. Subject to such regulations as the President may prescribe, Federal agencies may enter into agreements with States or State agencies as appropriate to extend the benefits of this Act to projects involving assistance from one or more Federal agencies and one or more State agencies. These agreements may include arrangements for the processing of requests for, or the administration of, assistance to such projects on a joint basis. They may also include provisions covering the establishment of uniform technical or administrative requirements, as authorized by this Act.

AUTHORITY OF THE PRESIDENT

SEC. 11. In addition to powers and authority otherwise conferred upon him by this Act or other law, the President may take such action, prescribe such procedures, and promulgate such rules as may be necessary or appropriate to assure that this Act is applied by all Federal agencies in a consistent manner and in accordance with its purposes. He may, for this purpose, require that Federal agencies adopt or prescribe procedures that will assure that applicants for assistance to projects under this Act make appropriate efforts (1) to secure the views and recommendations of non-Federal agencies that may be significantly affected by such projects, including units of general government, and (2) to resolve questions of common interest to those agencies prior to submission of any application. The President shall also, from time to time, make reports to the Congress on actions taken under this Act and make such recommendations for additional legislative action as he may deem appropriate, including recommendations for the consolidation, simplification, and coordination of Federal assistance programs.

DEFINITIONS

SEC. 12. As used in this Act—

(1) "Federal assistance programs" are programs that provide assistance through grant or contractual arrangements, and include technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance.

(2) "Applicant" includes one or more State or local governments or other public or private agencies or organizations acting separately or together in seeking assistance with respect to a single project.

(3) "Project" includes any undertaking, however characterized and whether of a temporary or continuing nature, which includes components proposed or approved for assistance under more than one Federal program, or one or more Federal and one or more State programs, if each of those components contributes materially to the accomplishment of a single purpose or closely related purposes.

(4) "Federal agency" includes any agency in the executive branch of the Government.

(5) "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and American Samoa.

EFFECTIVE DATE AND EXPIRATION

SEC. 13. This Act shall become effective one hundred and twenty days following the date of enactment and shall expire three years after it becomes effective, but its expiration shall not affect the administration of projects previously approved.

S. 2981—INTRODUCTION OF BILL TO EXPEDITE PROCEDURES FOR CERTAIN FEDERAL ASSISTANCE PROGRAMS (FEBRUARY 16, 1968)

Mr. McCLELLAN. Mr. President, I introduce, by request, a bill to provide temporary authority for expediting procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes.

This bill was drafted by the Bureau of the Budget and submitted to the President of the Senate for introduction, in order that the objectives enumerated in the President's message of March 17, 1967, on the quality of American Government may be fulfilled. The President of the United States recommended that legislation be enacted to permit "Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorization, appropriations, and substantive requirements for each grant-in-aid program."

The purpose of the proposed legislation is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. This bill would enable the State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multiple-purpose projects. Under this bill—

Federal agency heads would be authorized to establish uniform requirements of certain provisions of law so that jointly funded projects would not have to be subject to conflicting rules and regulations;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects in their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multiple-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under this act. He would make reports to the Congress on action taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The Joint Funding Simplification Act of 1948, would not, except as specifically provided, affect substantive provisions of law relating to Federal assistance programs but would provide a legal basis for consolidating some of the financial procedures under centralized direction and control.

S. 2981, JOINT FUNDING SIMPLIFICATION ACT OF 1968 EXPLANATORY STATEMENT

In his March 17, 1967, message on the Quality of American Government, the President instructed the Director of the Bureau of the Budget to develop a legislative proposal that would provide for the simplification of Federal grant-in-aid programs. This statement constitutes a brief summary of the problem and an outline of the proposal that has been developed in response to the President's directive.

PROBLEM

A number of Federal assistance programs which finance different activities could be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would encourage a comprehensive approach to certain problems and enable State and local governments and other grantees to use Federal assistance more effectively and efficiently. (Attached are several examples of projects which are being, or might be, jointly financed.)

However, existing laws and regulations often make these combinations somewhat difficult to "package" and administer. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees often must work with several Federal agencies (or constituent elements of a single agency) — each with its own distinct administrative practices. (Attached is an example of a jointly funded multipurpose neighborhood center which illustrates some of the complexities involved.)

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation.

PROPOSAL

The Joint Funding Simplification Act of 1968 would achieve this objective by (1) authorizing the removal or modification of certain statutory requirements; (2) authorizing agency heads to delegate the approval and administration of Federal assistance programs to other agencies; (3) providing for a special fund in each agency to finance joint projects; (4) describing the actions which Federal agency heads should take to further joint projects; and (5) authorizing the President to establish standards and procedures to implement the Act. (Except as specifically provided, the Act would not change *substantive* provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Such questions will be the focus of a later study.)

WAIVER

Federal agency heads would be authorized to waive or modify certain technical and administrative statutory provisions with respect to joint projects, e.g., re-

quirements relating to reporting and auditing, merit personnel systems (under certain conditions), the timing of Federal payments, etc. Agency heads could also waive the requirement that a single public agency be designated or utilized to administer a specific program when that program was part of a joint project but only with the agreement of the public agencies concerned. Such waivers would have to be consistent with applicable State or local law and with the objectives of the program involved.

DELEGATION

With the approval of the President, Federal agency heads would be authorized to delegate to other agencies powers or functions relating to the approval of programs of their agencies which were component parts of a joint project if such delegation was necessary to accomplish the purposes of the Act. Such delegations would have to be exercised in full conformity with applicable statutory provisions. Authority to supervise the administration of projects could also be delegated.

FUNDING

Federal agency heads would be authorized to establish joint management funds to finance joint projects.

AGENCY ACTIONS

The head of each Federal agency would be responsible for taking actions to facilitate joint funding and to expedite the processing of applications for joint projects. Such actions might include development of common application forms, establishment of common administrative rules, designation of "project managers" in one agency to supervise joint projects, etc. (The possible administrative procedures are developed in more detail below.)

PRESIDENTIAL AUTHORITY

The President would be authorized to (a) approve the agency delegation of powers and functions noted above; (b) prescribe regulations, procedures and rules to assure that Federal agencies apply the provisions of this Act in a uniform manner; and (c) require that Federal agencies adopt procedures which assure that applicants for joint projects under this Act make reasonable efforts to secure the views and recommendations of agencies that may be significantly affected by the project, including units of general local government to the fullest extent appropriate.

In summary, this proposal would enable Federal agencies and grantees more readily to "package" and administer a project whose constituent elements were funded under different assistance programs and to operate it as a single, integrated project with common requirements, funding and procedures.

PROPOSED ADMINISTRATIVE OPERATION

1. *President.*—As noted above, the proposed legislation would grant the President broad authority to make rules and regulations for its implementation. Those rules and regulations might deal, for example, with the format and content of application forms for joint funding, the processing of such forms, procedures for determining lead-agency or project-manager assignments, conditions under which various waivers of statutory provisions would occur, and the manner in which joint funds will be obligated and accounted for. There would probably also have to be a Presidential effort to bring agency rules, regulations and procedures into line with the needs of the joint funding process.

The President would establish methods and procedures by which the representatives of the major grant-in-aid agencies and the Bureau of the Budget would assist him in carrying out his regulatory functions. The agencies would be expected to work cooperatively to harmonize their regulations, develop procedures for disseminating information about the joint funding approach and consider problems that develop in implementation of the concept.

2. *Agencies.*—Each agency will have to develop certain new rules and regulations, or modify its existing rules and regulations as necessary to facilitate the joint funding concept. Its regulations will also have to be in harmony with those issued by the President.

As experience is gained and if patterns of applications for certain types of joint funding emerge, it is expected that agencies will enter into agreements involving specific joint application forms, the processing of those forms, lead-agency or

project-manager assignments and possible delegations of approval authority and allocations of funds. If possible, typical grant packages will be identified, and certain highly desirable ones may be given priority treatment.

3. *Grant recipients.*—Under the proposal, grantees will fall into two broad categories: (a) any eligible grantee will be able to apply for joint funding of any or all grants for which he is otherwise eligible; and (b) the head of a unit of general government (e.g., a governor, mayor, or county chief executive) will be able to apply for joint funding of any or all grants for which the agencies and the unit of general government under his jurisdiction are eligible.

The grantee would be faced with several possibilities once he determines what sort of a joint funding proposal he wishes to make: (a) in the simplest situation, in which his proposal involves only grants from one Federal agency for which he is directly eligible, the grantee would simply apply to, and deal with that agency; (b) if his proposal involves grants from more than one Federal agency but only grants for which he is directly eligible, the grantee would probably apply initially to one of those agencies pursuant to instructions and regulations as to which agency had the lead role in processing the particular type of proposal; and (c) if his proposal involves grants from Federal agencies for which he is both directly and indirectly eligible (e.g., if a mayor's proposal involves both direct grants to his city and grants which are made to the State and then passed on by the State), the grantee would have to apply not only to the Federal lead agency but to the State or other jurisdiction involved. In any case (except as expressly provided otherwise in the bill) the proposal would have to meet the substantive requirements of each one of the grants involved in the package. That is, the planning, eligibility, and matching requirements of each one of the component grants in the package would have to be observed. In addition, the proposal would have to provide for separate accounting for construction and nonconstruction components. However, it could involve the waiver of certain technical and administrative provisions as described in the bill.

Under the draft bill it is also contemplated that a combined application by two or more eligible grantees could be made. Thus, a State having a direct federally-funded community project might combine with a community also applying separately for a Federal grant in a related area for a multigrant project to be jointly funded by the Federal Government. Similarly, a county and a city might submit a combined project application for joint funding.

At the Federal level, several alternatives for handling applications for joint funding are possible. First, the agency receiving the application may simply send copies to the other agencies involved or to the various program units within its own jurisdiction for processing, approval and granting of necessary waivers with an effort to coordinate approval of the overall proposal. Second, pursuant to interagency agreements, the agency might establish a project manager for certain types of proposals who would play an active role in coordinating the processing of the proposal. Third, again pursuant to interagency agreements, the agency might have allocated to it certain funds from other agencies and be delegated the authority to obligate those funds for use in certain joint funding proposals.

[Attachment]

EXAMPLES OF APPLICATION OF THE GRANT SIMPLIFICATION PROPOSAL TO HYPOTHETICAL PROJECTS

A STATE RECREATION PROJECT

The State desires to acquire and develop a historical site and the immediately surrounding property for a recreation project in a metropolitan area. It has decided to apply for the following Federal grants-in-aid which could be elements of the project:

1. A grant for acquisition and rehabilitation of a historically significant building, under the Historic Properties Preservation Act of 1966 (P.L. 89-665). The Federal share may be up to 50%, providing the project is included in an approved State plan for historic preservation, and is coordinated with the State outdoor recreation plan. The grant application is made to the National Park Service of the Department of the Interior. The project grant is approved within an annual allotment made to the State by the Secretary of Interior.

2. A grant for acquisition of surrounding property for park purposes, under the Land and Water Conservation Fund Act (P.L. 88-578). The Federal share may be up to 50%, providing the project is included in the approved State plan

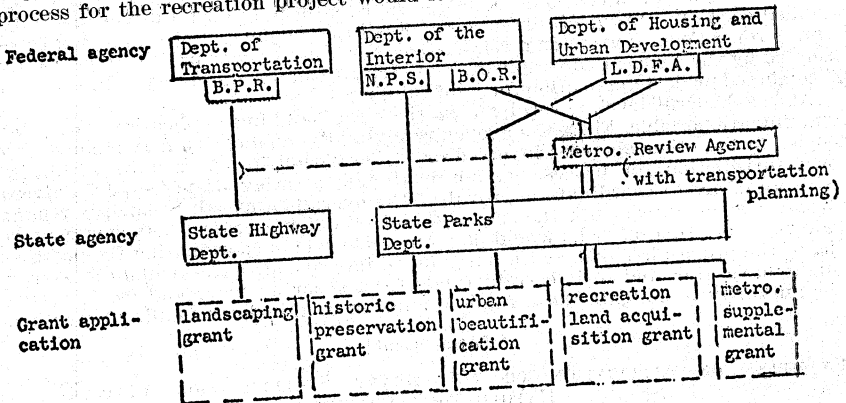
for outdoor recreation. The grant application must be reviewed and commented upon by a metropolitan review agency, pursuant to Title II of the Demonstration Cities Act. The grant application is made to the Bureau of Outdoor Recreation of the Department of the Interior. The project grant is made within an annual allotment made to the State by the Secretary of Interior.

3. A metropolitan development supplemental grant to increase the Federal share of the park land acquisition element by 20% under Title II of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754). This will increase the Federal share in item (2) to 70%. The supplemental grant may be obtained from the Land and Development Facilities Administration of the Department of Housing and Urban Development, provided that the initial park land acquisition proposal is found to contribute significantly to the planned development of the metropolitan area by the metropolitan review agency and HUD. The supplemental grant is a project grant.

4. A grant for urban beautification of the grounds of the project under the Housing and Urban Development Act of 1965 (P.L. 89-117). The Federal share may be up to 50% of the costs of beautification. The grant application must be submitted for review and comment to the designated metropolitan review agency. The application is made to the Land and Development Facilities Administration of the Department of Housing and Urban Development. It is a project grant, executed as a contract between the grantee and HUD.

5. A grant for landscaping the Federal-aid highway right-of-way adjacent to the overall project. It is a project grant financed from the three percent of Federal-aid highway funds allotted to the State annually which is available for landscaping purposes. The grant application is made to the Bureau of Public Roads of the Department of Transportation. The Federal share is 100%. A continuing cooperative comprehensive transportation planning process is required in any metropolitan area in which Federal-aid highway funds are expended.

Under the current legislative and administrative regulations, the applications process for the recreation project would look like this:



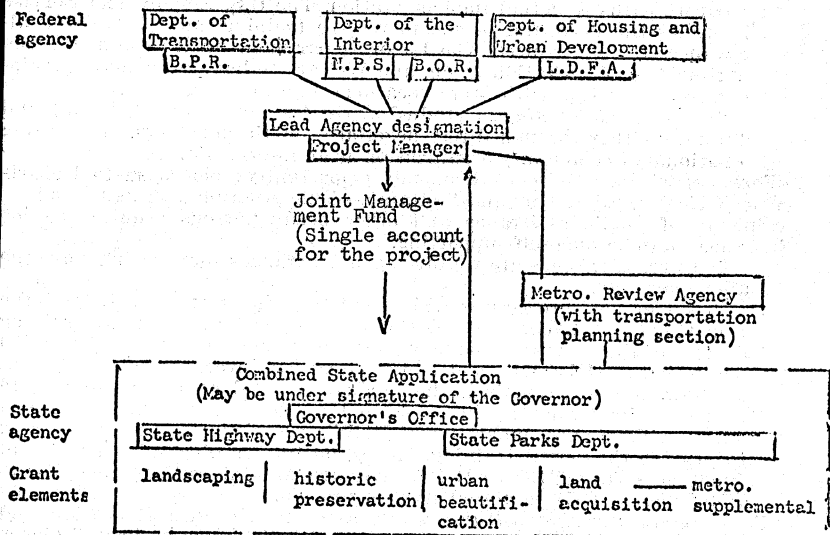
The hypothetical recreation project application process has—
1. Four bureaus in three Federal agencies administering five grant programs.

2. Five separate grant appropriations, obligations, and five separate accounting requirements.

3. Five separate applications (two straight project grants, and three grants which are approved within annual State allotments by the relevant Federal agency).

4. Two State agencies as separate grantees.

Under the proposed grant simplification mechanism, which encourages the combination of separate grants into an application for joint funding by the several Federal grantor agencies, the application process would look like this:



The hypothetical project, under the grant simplification proposal has—

1. A single Federal lead agency and project manager coordinating all the Federal agencies approvals.
2. A single project account from which the grantee may draw funds.
3. A single combined application.
4. Two State agencies as grantees coordinated under the Governor.

CONCENTRATED (SLUM) EMPLOYMENT PROGRAM

I. *Statement of Purpose.*—To provide useful job training, experience, and employment in urban ghettos.

II. *Brief History.*—The Concentrated (slum) Employment Program will be launched in 1967 in 19 cities. Funds from the Office of Economic Opportunity's Nelson, Scheuer, and other "Special Impact" programs will be used as the nucleus of the program, with other programs added as appropriate and feasible. Under current proposals these three programs would be replaced by a single Concentrated Employment Program (CEP) in 1968, when it will be extended to a total coverage to 30-45 cities by 1968.

III. *Outline of Grant Programs To Be Utilized.*—Since the Concentrated Employment Program is a new venture, the exact composition of grants to be employed is not known in advance. However, the grants listed below are likely candidates for being grouped together. A brief description of their operation is included in each case.

A. *Concentrated employment program* (Office of Economic Opportunity; delegated to Department of Labor).—This will be the so-called "glue money" for bringing together the various constituent elements of the program. The program operates through *project grants* largely to local *community action agencies*.

B. *Neighborhood Youth Corps* (Office of Economic Opportunity; delegated to Department of Labor).—This program provides work and training for out-of-school youths in the 16-21 age bracket. It operates through *project grants* largely to local *community action agencies*.

C. *Community Action* (Office of Economic Opportunity).—*Project grants* will be available to local *community action agencies* to pursue this, and other community action, projects.

D. Manpower Development and Training (Department of Labor).

1. *Institutional training* is provided through a bewildering maze which starts with the Bureau of Employment Security and follows two separate paths to actual implementation. The U.S. Employment Service identifies the need and people to receive training, and pays living allowances to the trainees. The Labor Department makes use of the Department of Health, Education, and Welfare to handle the actual training, in cooperation with State vocational education agencies.

2. *On-the-job training* is handled by the Bureau of Apprenticeship and Training either through direct negotiation with employers, or by using a national or community organization as an intermediary.

E. Work experience (Office of Economic Opportunity; delegated to Department of Health, Education, and Welfare).—This program is designed to help recipients of public assistance and other needy persons acquire the job skills needed to become self-supporting.

1. Currently, the State welfare agency arranges for training, pays the allowances, etc.

2. Under new procedures which will take effect on July 1, 1967, the Department of Labor will take on the responsibility for the training aspects of the program. The new path will be a circuitous one. The OEO delegation to HEW will continue in effect. However, while the payment of allowances will remain in the hands of the Federal and State welfare agencies, the training will be shifted to the Department of Labor—which will, in turn, make use of HEW's vocational education complex to provide the actual training. Hence, on the training side, the flow of funds goes from OEO to HEW (Welfare Administration) to Labor to HEW again (OE) to actual implementation.

F. *Community work and training* (Department of Health, Education, and Welfare).—The purposes and process are much the same as in "E" above, except that the funds are appropriated directly to HEW.

IV. *Administrative and Technical Problems.*—Many of the administrative and technical obstacles to joint funding which would be anticipated in the tangled skein above are partially overcome by two factors: (1) as in most grant programs, the obstacles are not statutory in nature, but are lodged in administrative regulations; and (2) the extensive pattern of delegation puts the actual administration of many of the programs in the hands of one agency.

FUNDING AN URBAN COMPREHENSIVE HEALTH CENTER

The purpose of this example is to delineate the variety of Federal funding sources potentially available to a community organization desiring to establish a comprehensive health center which will provide a comprehensive program of diagnostic and treatment services for the poor in an urban community. While a substantial number of grant programs are potentially available to construct, staff, and operate a health center, the description below is limited to those programs which appear most susceptible to utilization and some form of consolidation.

A. Facilities Construction

1. Community Mental Health Center Construction (National Institute of Mental Health, PHS). Formula grants are available for construction of new facilities or remodeling or expansion of existing facilities to provide the mental health component of the community health center. The project must conform to the State mental health facility plan. Funds are made available by the State agency administering the plan upon determination that the project meets a community need.

B. Staffing

1. Community Mental Health Staffing (NIMH, PHS). *Project grants* are available to cover a portion of the costs of professional and technical personnel serving in a comprehensive community mental health center. The program of the center must be in consonance with the State mental health plan.

C. Operations

1. Comprehensive health services (PHS). *Block formula grants* are available under the "Partnership for Health" program. Funds are allocated to the State

health planning agency for distribution. The community project must be consistent with the State comprehensive health plan.

2. Medicaid (Title XIX) (Welfare Administration, HEW). *Formula grants* are provided by the Bureau of Family Services to the State agency responsible for administering the State Title XIX plan. Reimbursements would be made to the community health center for services rendered to persons eligible under the plan.

3. Children and Youth and Maternal and Infant Care projects. (Welfare Administration, HEW). *Project grants* are available from Children's Bureau to public or private sponsors for the operation of comprehensive children and youth and/or maternal and infant care projects. The sponsors must prepare a project plan for approval by Children's Bureau.

4. Basic Support Grants (Vocational Rehabilitation Administration, HEW). *Formula grants* are available through VRA to assist States in meeting the costs of providing services to eligible individuals. These may include diagnosis, physical restoration, as well as vocational guidance and job training. Additional funds may be made available to local health centers in the form of "expansion grants" obtained directly from VRA. Such grants must have the prior approval of the appropriate State vocational rehabilitation agency.

5. Headstart Program (OEO). *Project grants* are available through the community action program of OEO for diagnostic and treatment programs for preschool children.

6. Neighborhood Health Centers (OEO). *Project grants* are available for such services as family planning, prenatal care, and preventative medicine in centers providing comprehensive family care. The projects are funded through local community actions groups.

A SPECIAL SCHOOL FOR DROPOUTS (BASED ON AN ACTUAL MULTIFUNDED, MULTIAGENCY PROJECT)

A non-profit agency with experience in manpower training programs proposes a new kind of residential school for school dropouts in big city slums. Some students will take up residence in the school and others not, but all will remain in their own community environment, thus preserving home ties.

The program is to include not only training in occupational skills and apprenticeship, but a new basic curriculum integrated with the skill training as well as activities designed to lead the students to profound changes in life style and attitudes, hopefully, to break out of the ghetto. Moreover, the presence of the institution in the community is intended to induce changes in the community and the students' families.

The whole project is experimental initially, but if successful, might be replicated in many places. It is not wholly supportable by any single agency or appropriation. It would require participation of at least the following:

Office of Education; Vocational Education Research—Research, evaluation, curriculum development

Office of Economic Opportunity—Residential costs, health services, and recreation

Department of Labor; Manpower Development and Training experimental and demonstration projects—Recruitment of trainees, job counseling, and development of new occupational lines.

Office of Education; Manpower Development and Training—Institutional training costs

Department of Labor; Manpower Development and Training—Student stipends and on-the-job training costs

Some of the problems of packaging such a grant concern the designation of a "lead" agency to carry the main burden of contracting; allocation of costs to appropriations; limitations (administrative or legal) on some agencies "buying into" another agency's project; maintenance of continuity in agency review, approval and monitoring so that a good project is not allowed to falter merely because of staff turnover; securing State approval for release of MDTA funds which ordinarily are reserved for public schools; and arranging for transfer of funds to the contracting agency.

A UNIVERSITY INSTRUCTIONAL IMPROVEMENT PROGRAM

A large university proposes a "package" of activities to support a center to help the faculty find new and better ways to maintain high quality instruction. Center staff could consult with and conduct workshops for faculty members who need technical information and skills in such areas as programmed instruction, testing and grading, and computer assisted instruction in improving classroom instructional techniques. In cooperation with several university departments the Center could help prepare graduate students for positions as teaching fellows. In addition to serving the university, the services of the Center could be made available to a group of smaller and weaker colleges that, alone, cannot keep pace of fast moving developments in higher education and technology.

Building on a group currently receiving National Science Foundation support for the development of new college-level science curricula and an OE supported language laboratory, a university submits a package of proposals which would create a center to improve college-level instruction in science and non-science fields. The ingredients proposed and sources of funding are—

- Research on the learning process—OE research funds (or NIH-NIMH);
- Science curriculum development—continued support from NSF;
- Non-science curriculum development—OE research program;
- Language teaching—continued OE language and area study support;
- Exploring the effective use of computers—NSF's program designed for this purpose;

- Science teacher training—NSF's institutes;

- A subsidiary program for upgrading of teachers from small, weak colleges at this center—OE developing colleges program;

- Research participation support to enable teachers to work on outstanding research projects receiving funds from AEC, NASA, DOD, NIH, or NSF—NSF funds;

- Library books—OE's college library grant program.

Some of the problems of packaging such a grant include—

- The designation of a "lead" agency;

- Allocation of costs to appropriations;

- Arranging for joint agency review and monitoring;

- Arranging for a single set of outside consultants in connection with the review;

- Transfer of funds to contracting agency.

JOINTLY FUNDED MULTIPURPOSE NEIGHBORHOOD CENTER

Facilities or services	Program	Grantee	Annual cost	Comments
1. Center facilities	Neighborhood facilities grants (HUD)	Local public bodies	1 \$600,000	2% grants; limited to new construction or major rehabilitation. No State involvement.
2. Core services: Center management, intake, outreach, community organization, and so forth.	Community action program grants (OEO)	Community action agencies	400,000	100 percent grants for demonstration; other grants require some matching. No State involvement required for demonstration grants.
3. Headstart, child, and parent services, legal services.	do	Community action agency (or other local public or nonprofit agencies).	300,000	Some matching required (usually 20 percent). Governor has veto.
4. Community health services outreach	Comprehensive health planning and service grants (PHS, HEW)	State health agency	250,000	Formula grants; 70 percent must be passed through to communities; 2% to 2% matching based per capita income and population; single State agency requirement. Merit system requirement.
5. Maternal and child health services	Maternal and child welfare service grants (Childrent's Bureau, HEW)	do	100,000	Formula grants; 50 percent matching on half of funds; single State agency requirement. Merit system requirement.
6. Welfare information, referral, counseling	Grants to States for public assistance. (Welfare Administration, HEW)	State welfare agency administered by county welfare agency.	100,000	Single State agency requirement; 25 to 50 percent matching. Service must be provided statewide or this requirement waived. Must be part of State plan. Merit system requirement.
7. Adult basic education classes	Grants for libraries and community services (HEW)	State education agency. Administered by local schools except project grants may be administered by nonprofit agencies.	50,000	Formula grant; single State agency requirement; 10 percent matching; State plan requirement; 20 percent of funds may be used for special project grants directly to local agencies.
8. Neighborhood youth corps projects	Work and training program grants (OEO)	Community action agency or other public or nonprofit agency	100,000	10 percent local matching required. Governor has veto.
9. Employment counseling, youth opportunity center	Grants to States for employment service functions (Labor)	State employment security agency	100,000	No State matching. Merit system requirement. State carries out program directly.
10. Remedial education services	Title I or III grants under Elementary and Secondary Education Act (HEW)	Local schools	100,000	Formula grant; no local matching. Single State agency requirement for title I grants. State approves projects for title I grants.

1 Total cost of facilities.

AGENCY REPORTS ON S. 698

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS,
Washington, D.C. April 6, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 28 requesting the Advisory Commission's views on S. 698, the "Intergovernmental Cooperation Act of 1967." The basic purpose of this legislation, as stated in its preamble, is to "achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society."

The proposed measure contains a number of the most significant recommendations for Federal action advanced by this Commission over the past seven years. Equally significant, it represents a distillation of the thinking and experience of a great many departments and agencies of the Federal Government, of State and local officials throughout the country, and of various national organizations of public interest groups on how some of the more severe impediments to effective intergovernmental collaboration and administration can be removed.

These proposals include: more uniform administration of Federal grants to State governments; strengthening the hand of the governor in the administration of Federal grants going to State agencies; and Congressional review of new grant programs at a fairly early stage in their development. At the local level, they include favoring cities and counties over special districts as applicants for Federal grants; strengthening local and metropolitan planning; and providing more information and greater authority to local governments with respect to Federal land development decisions. Finally, the legislation would help to achieve greater equity and consistency in the treatment of the mounting number of families and businesses displaced by Federal and federally aided programs.

The Commission strongly supports this legislation. Titles V and VIII implement key recommendations advanced in the Commission reports, *Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments* (June 1961) and *Relocation: Unequal Treatment of People and Businesses Displaced by Governments* (January 1965). Title IV implements recommendations advanced in the ACIR reports, *Impact of Federal Urban Development Programs on Local Government Organization and Planning* (January 1964) and *The Problem of Special Districts in American Government*. All told, some 12 separate ACIR recommendations are incorporated in S. 698.

S. 698 contains two new titles relating to grant consolidation plans and to land acquisition practices which the Commission has not had an opportunity to consider. Permit me, then, to explain in more detail the purposes of the titles that the Commission has considered and endorsed and to document the extent to which these provisions either represent current practice in certain grant programs or seek to correct significant deficiencies in present intergovernmental administration.

Title I of S. 698 is limited to standardized definitions covering the remaining titles and functions. In effect, it combines and makes uniform the definitions used in S. 1681 (89th Congress) and S. 561 (89th Congress).

Title II provides for more uniform administration of Federal grants to the States. Federal grants-in-aid now total over 175 general programs and are covered by more than 400 separate authorizations. Despite the increase in the number and size of direct Federal-local grants in recent years, approximately \$10.8 billion out of a total of \$14.6 billion for fiscal 1967 were accounted for by Federal grants going to the States.

This title effects a number of basic changes in the procedural aspects of Federal-State grant-in-aid administration. It provides that, when requested, the governor will be informed by Federal departments and agencies of the purposes and amounts of actual grants being received in the State. This procedural innovation would permit the governor to prepare a more suitable budget by giving him fuller information on the State's financial resources and needs and would enable him to more effectively coordinate his executive departments and agencies. Further, it would facilitate State legislative assessment of the impact of Federal programs on the State's budgetary and administrative processes. The title would make more uniform the handling of grant funds by elimi-

inating any requirement that such funds be deposited in separate bank accounts apart from other funds administered by the State. Another section of Title II would simplify Federal accounting requirements of Federal funds and schedule their transfer to better accord with their actual use by the State. This would eliminate a long-standing controversy over the State's accountability for interest earned on Federal grant funds prior to their actual expenditure and, in effect, would provide a legislative basis for Treasury Circular 1075 whereby a line of credit is established for the State or other recipient unit of government with the Federal Reserve Board, permitting States to draw upon grant funds as they are needed.

The last section of Title II would alleviate another major point of Federal-State friction by authorizing Federal departments and agencies to waive the requirement for "a single State agency" and to approve other forms of administrative organization, providing the objectives of the grant program are not endangered. The "single agency" requirement is found in about a quarter of the Federal grant programs and in certain, concrete instances, it has been used to shackle the States in their efforts to achieve administrative reorganization.

Title III authorizes Federal departments and agencies to provide specialized technical assistance and services to State and local governments on a reimbursable basis. This concept was formulated first and approved by the Commission in response to the expressed interest of individual Federal agencies and organizations of governmental officials. The title would establish, as a general authority, a practice of intergovernmental comity already enjoyed by several Federal agencies, including the Census Bureau, Bureau of Reclamation, and Internal Revenue Service of the Treasury Department.

This discretionary authority would in no way modify the ability or practice of Federal agencies to provide special technical assistance and consultation services as a direct activity without reimbursement as might be authorized in their substantive legislation and appropriations. Further, the title is wholly permissive; under it, the requesting State or local agency and the affected Federal agency would have to agree on the scope and class of the services to be performed. Finally, the services provided would include only those that the Director of the Bureau of the Budget through rules and regulations determines may be provided by such Federal agencies and these rules must be in harmony with the government's policy of relying on the private enterprise to provide those services that are reasonably and expeditiously available through ordinary business channels. The Commission is of the opinion that this title would encourage intergovernmental cooperation in the conduct of specialized and technical services and enable State and local governments to avoid unnecessary duplication of special service functions and to achieve genuine economies.

Title IV establishes a coordinated intergovernmental policy regarding administration of grants for urban development. The first section of this title (1) authorizes the President to establish governmentwide guides in the formulation, evaluation and review of urban development programs and projects; (2) establishes as a matter of Congressional policy that agencies, to the extent feasible, take into account all viewpoints—national, regional, State and local—in the planning and administration of such programs; (3) declares it to be the intent of Congress that Federal departments and agencies consult with and seek advice from one another through interagency and other mechanisms in order to achieve fuller coordination in this critical area; and (4) requires, insofar as possible, that systematic planning stipulated under various individual Federal programs be geared to local and regional comprehensive planning. This section then seeks to come to grips with some of the basic difficulties impeding a more effective Federal role with respect to metropolitan America, including fragmented decisionmaking with respect to Federal aid for various urban facilities and projects, the absence of effective interagency coordinating machinery for such programs, and the failure to consider State, regional, and local comprehensive planning efforts that might relate to such projects. Regarding the planning problem, it might be noted that of the many Federal programs relating to planning, physical facilities and construction, a considerable number have no requirement for conformance with areawide or local comprehensive planning.

Total Federal aid to urban areas (using the standard metropolitan statistical area as the basis for definition here) increased by nearly \$6½ billion or 165 percent since 1961. Approximately \$10.3 billion of the \$17.4 billion total for fiscal 1968 will be spent in SMSA's to help meet the mounting demand for increased services in these areas. If these funds are to be used wisely—especially

those relating to physical development—the mechanisms provided in this title will be needed.

Section 402 of this title gives general units of local government preference as recipients of Federal grants and loans, in the absence of substantial reasons to the contrary. It would not affect the authority of special districts to receive such funds, however.

This provision is in full accord with the Commission's position that the Federal Government, like the States, has a basic responsibility for helping to curb the growing fragmentation of local governmental jurisdictions and that part of this responsibility involves an unfreezing of the jurisdictional status quo.

Title V of S. 698 provides for uniform policy and procedure for systematic Congressional review of any grant program established subsequent to the enactment of the legislation. In addition, it provides that new grant programs enacted without a designated termination date shall expire on June 30 of the fifth calendar year which begins after the effective date of the Act, and that each grant of three or more years, authorized in the 90th or any subsequent Congress, shall be reviewed by the Congress during the two years preceding the date upon which the program is to be terminated. As you know, Mr. Chairman, the Advisory Commission has found that the grants-in-aid to State and local governments thus far have been and are the National Government's principal mechanism for securing intergovernmental collaboration in achieving national legislative objectives. Reliance on the grant-in-aid mechanism has increased significantly during the past three years, with the passage of more than 55 new programs covered by more than 165 separate authorizations. With this have come mounting problems of manageability, coordination and fragmentation. In view of the paramount position of categorical grants in the American system of intergovernmental relations, the Commission has adhered to the position that the efficacy, value and public acceptability of this mechanism must be safeguarded and its usefulness as a collaborative device should be strengthened. The Commission's 1961 report entitled "Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments" spelled out in depth the Commission's recommendations for systematic review and these proposals will be implemented by enactment of this title. The Commission endorsed the stand that there is a general need for providing systematic reassessment of new grant programs, having found that the review and redirection of grants thus far has been treated on an irregular, uncoordinated basis. The findings of the Joint Committee on the organization of the Congress in this area only confirm the Commission's earlier recommendations.

The Commission's position then is that the proposed title would be beneficial on a number of counts. It would stimulate development of more uniform criteria with which Congressional committees could critically assess the effectiveness of grants-in-aid in important subject fields. Further, the provision for systematic committee review would give State and local governments a regular forum for expressing their views concerning problems that have arisen in connection with the administration of individual programs. Finally, the five-year termination provision relating to certain future grants is a salutary feature of the legislation although much confusion has arisen concerning this point. In this connection, it should be noted that this section obviously would in no way affect those grants that have a termination date or those that are specifically exempted from its application. This means that the termination provision merely affects those few programs each session that Congress fails to designate as short-term or long-term joint undertakings. In such cases, this provision along with the review process that in most instances would result are needed safeguards of Congress' legislative oversight role.

With respect to Sections 504, 505, and 506, the Advisory Commission has not taken a formal position. These embody amendments which were adopted by the Senate Subcommittee on Intergovernmental Relations during its deliberations on S. 2114, 88th Congress, and which appeared in Title II of S. 561, 89th Congress, as enacted by the Senate.

The Commission also has not had an opportunity to consider the new Title VI, relating to consolidation of grant-in-aid programs.

Title VII amends the Federal Administrative Property Services Act of 1949 and provides a uniform policy and procedure for the General Services Administration relating to its acquisition, use and disposition of land within urban areas in conformance with local governments' land utilization programs. This title carries out specific resolutions of major organizations representing the municipalities, including the U.S. Conference of Mayors and the National League of Cities.

Further, it is consistent with the findings and the recommendations of the Commission's report on the "Impact of Federal Urban Development on Local Government Organization and Planning."

The language of this title is in large part based on legislation enacted by the 89th Congress establishing similar procedures for the sale and disposition of public lands by the Department of the Interior (78 Stat. 986). Further, it incorporates suggestions of the Comptroller General regarding predecessor legislation whereby Federal interests are protected in the acquisition and disposal by giving the Administrator the authority to shorten the period of advanced notice or to eliminate it entirely when in his judgment such action is needed to avoid such things as land speculation, payment by the Government of higher prices, or time consuming and costly condemnation proceedings. In short, this title would appear to strike a good balance between the administrative needs of GSA and the planning and development objectives of the localities affected.

Title VIII of the proposed legislation establishes a uniform policy of relocation payments and assistance for all persons, businesses, nonprofit organizations, and farm operations displaced by direct Federal programs and by programs conducted through Federal grants-in-aid to State and local governments. It requires all such grant-in-aid programs to assure that standard housing is provided or is being provided for those displaced and provides for full Federal reimbursement of the first \$25,000 of any relocation payment and Federal sharing of any costs beyond that amount on the basis of the regular cost-sharing formula of the individual grant programs.

During the latter part of 1964, the Advisory Commission probed the general topic of Federal relocation policies and the intergovernmental problems generated by their lack of consistency and equity. In its January 1965 report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments" the Commission reached certain major conclusions:

It found that governmental displacement of persons and businesses is substantial and that all indicators suggest that the pace of the displacement will accelerate with increased urbanization and the accompanying mounting demands for more urban services.

It found that over the next four to eight years displacement under Federal and federally aided programs will affect annually an average of 111,000 families and individuals and 18,000 business and nonprofit organizations.

It discovered great inconsistencies among Federal and federally assisted programs with respect to the amount and scope of relocation payments, advisory assistance and assurance of standard housing.

As your Subcommittee hearings on S. 1681 (89th Congress) again demonstrated, even a cursory examination of the existing programs indicates that the quality and quantity of relocation assistance and payments, both figuratively and literally, depend on what development program hits the displacee.

The Commission report documented the fact that the adverse effects of relocation hit most severely those families and individuals least able to withstand it. The worst problem in relocating families and individuals is the shortage of standard housing for low income groups. Minority groups have the greatest relocation problems in terms of population classifications. Large families and the elderly present other special housing problems and among business displacees, small businesses, particularly those owned and operated by the elderly, are the main relocation casualties.

On the basis of these findings the Commission made 14 recommendations for State, local, and Federal action to meet the problems of those displaced by government. Title VIII of this legislation carries out most of those recommendations for remedial action at the Federal level. It provides that Congress establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by Federal and federally aided programs. Hence, under Section 802, heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement, such as those of the Post Office Department, GSA, or the Defense Department, in accordance with regulations established by the President.

Section 804 requires the same agencies to provide advisory assistance programs and specifies that these include determining the needs for assistance; assisting businesses and farm operators in relocating; supplying information regarding Federal Housing Administration, Small Business Administration and other assistance programs; helping to minimize readjustment problems; and coordinating relocation with other project activities and governmental efforts in the community or nearby areas.

Section 807 extends the requirements of Sections 802 and 803 covering payments and advisory assistance to federally assisted programs conducted by State and local governments. Section 805(c) carries out the Commission recommendation that the Executive Branch encourage Federal agencies causing displacement in urban areas to establish in each major urban jurisdiction a focal point of responsibility for relocation administration; it provides that the President may require any Federal agency to make relocation payments or provide other relocation services by entering into contracts or agreements with any State or local agency for use of its relocation facilities, personnel, and services.

Section 807(a) (4) carries out the ACIR recommendation that Congress apply to all federally aided programs a requirement as strict as that in the urban renewal and public housing programs that States and local governments administering Federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people. The language here is comparable to that presently contained in Federal urban renewal legislation. Section 807(b) provides that the Federal Government fully reimburse State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-sharing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulation. The Housing and Urban Development Act of 1965 and the administrative practices of the Department of Housing and Urban Development, covering such programs as urban renewal, public housing, mass transit, community facilities, and open space, along with the relocation provisions of the Model Cities legislation, now utilize the cost-sharing formula for relocation payments up to and above \$25,000 as provided in this title. This title, then, merely extends these standards to other Federal grant-in-aid programs.

The various provisions of Title VIII constitute a meaningful answer to those who call for a more uniform, fair, and equitable treatment of owners, tenants and others displaced by the government's acquisition of real property. Equally important, they will not necessitate huge outlays of Federal dollars. Based on the annual displacement figures cited earlier, the total cost would come to approximately \$136 million annually or only \$63 million more than the relocation payments authorized under present legislation—a small price to pay for the benefits of this title.

Like other provisions of S. 698, this relocation title is a good management measure. It clarifies a confusing condition, simplifies the administration of existing relocation programs, and promulgates rules that can be easily applied. Equally important, it humanizes government at a stage when it appears most cold and calculating.

Title IX which establishes a uniform land acquisition policy for Federal and federally assisted programs is a new feature in the legislation, and the Commission has not yet had an opportunity to develop a formal position on the subject.

S. 698 is designed to correct obvious weaknesses in our federal system and to round out our national policies as they relate to regional and local planning, urban development, and relocation. The legislation seeks these objectives, because the largest unit of government in our federal system has a prime responsibility for assisting and strengthening the smaller units and for instituting needed reforms in the area of intergovernmental administration.

Simplified and more flexible administration of Federal grants to the States, strengthening the traditional services-in-aid device, promulgation of a coordinated intergovernmental urban assistance policy, systematic review by Congress of new federal grant programs, establishment of a uniform GSA policy and procedure for urban land transactions and use, and provision for a uniform relocation assistance policy—these are among the critical concerns of this legislation. These implement concrete recommendations of the Advisory Commission. When viewed separately, each appears to be a modest attempt to cope with some of the difficulties facing us in certain conflict areas. But when combined, as they are in this omnibus bill, they constitute a meaningful move towards achieving greater productivity and rationality in intergovernmental relationships, better administrative use of Federal grants-in-aid, more meaningful metropolitan and local planning, and a more equitable relocation program.

These are basic needs that must be met now if the vitality of our federal system is to be sustained. These are goals that have been endorsed by the National League of Cities, the National Association of Counties, the Council of State Governments, U.S. Conference of Mayors, the Governors' Conference, and the

various individual spokesmen for State and local governments. Finally, enactment of this legislation, in the opinion of the Commission, will implement the President's request, stated in his Budget Message of last January, that Congress "take favorable action on general legislation to improve and strengthen inter-governmental cooperation."

Reserving its position regarding the two new titles of the bill, the Advisory Commission on Intergovernmental Relations urges enactment of S. 698, the proposed Intergovernmental Cooperation Act of 1967, as a vital means of developing more constructive relationships between the levels of government and of curbing some of the confusion that characterizes the administration of certain joint action programs.

The Commission hopes these comments will assist the Subcommittee on Intergovernmental Relations in its deliberations on the proposed legislation. I should like to make it clear that in the submission of these comments, I am speaking only for the Advisory Commission and not for the President or the Administration.

Sincerely yours,

FARRIS BRYANT,
Chairman.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C. April 20, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: By letter dated February 28, 1967, you requested our comments on S. 698, 90th Congress, the proposed Intergovernmental Cooperation Act of 1967.

The growing size and complexity of Federal grants to State and local governments have presented to an increasing degree difficult problems of administration. The general objective of the bill, designed to simplify and improve the administration of grant-in-aid programs, is one which we fully support. While we do not express a substantive opinion with respect to all of the provisions in the bill, we strongly support the idea of a periodic congressional review of the effectiveness of the grant programs.

Section 102 of the bill includes "any agency or instrumentality of a State" in the definition of the term "State." It is possible that the proposed legislation could be construed as applying to any new authorizations, or changes in existing authorizations, for Federal payments to the National Guard enacted by the 91st or subsequent Congresses, since the National Guard is an instrumentality of the various States. However, hearings on similar bills do not indicate that such legislation is intended to apply to Federal funds appropriated for the National Guard. Moreover, since the National Guard has been in existence since the formation of our country and apparently will continue in existence for the foreseeable future, we do not believe that Federal aid in support thereof will be terminated, or that the Congress intends to require the authority for such Federal support to terminate automatically every five years as provided by title V and hence require new study and authorization periodically. Hence, it is our opinion that S. 698 is not intended to apply to Federal payments to the National Guard. It would be preferable, however, if the bill itself or its legislative history would clearly so indicate.

Section 203 requires Federal agencies administering grant-in-aid programs to schedule the transfer of funds to the recipients so as to minimize the length of time elapsing between such transfer and the disbursement of such funds by the State. This is desirable. However, the last sentence of section 203 would free the States of accountability for interest earned on grant-in-aid funds pending their disbursement for program purposes. This is a broadening of the principle set out in section 205 of the Department of Health, Education, and Welfare Appropriation Act, 1965, approved September 19, 1964, Pub. L. 88-605, 78 Stat. 979, which relieved recipients of certain types of grants of liability to pay to the United States interest earned on payments of such grants made before July 1, 1964. The legislative history of that section is not very extensive. However, it would appear that at least part of the reason for enacting the cited section was the fact that the Department of Health, Education, and Welfare had for years been making excessive advances to grantees without requiring payment of the interest or other income earned thereon, and it was considered unfair to the grantee to

retroactively require such payment. We believe consideration should be given to deleting the last sentence of section 203 since there appear to be no valid reasons for extending this principle for future application.

Section 303 provides that payments received by Federal departments or agencies for furnishing specialized or technical services to a State or political subdivision under section 302 shall be deposited to the credit of the principal appropriation from which the cost of providing such services has been paid or is to be charged or to the current appropriation available for the cost of similar services. We question such procedure on the grounds that appropriations may thereby be augmented without congressional review and approval. We suggest that congressional control would be strengthened if the reimbursements were required to be deposited as miscellaneous receipts of the Treasury and the costs of such services are included in the various budgets and appropriations.

Title V of S. 698 provides for congressional review of Federal grants-in-aid and for the automatic expiration of such grants-in-aid. We are in accord with the objectives of this title, which would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grant-in-aid funds but also as an additional requirement for acquiring current information as a basis for legislation in the complex and fast-changing area of Federal-State-local relationships.

Section 504 of title V would require the Comptroller General to make continuing studies of present and future grant-in-aid programs concerning the extent to which conflict and duplication can be eliminated and improvement in the administration of such programs can be achieved by changing certain requirements and procedures applicable thereto, and to make reports on such studies, with recommendations, to the Congress. The Comptroller General would be required, in making such studies, to consider, among other relevant matters, the equalization formulas and the budgetary, accounting, reporting, and administrative procedures applicable to such programs.

It is our view that section 504 neither grants any authority to nor imposes any requirements on our Office in addition to those we believe now exist for reviewing and reporting to the Congress on Government programs, including Federal grant-in-aid programs. Reviews of grants-in-aid are presently made by our Office pursuant to the Budget and Accounting Act, 1921, and the Accounting and Auditing Act of 1950. Under these statutes, we have been making reviews of grant-in-aid programs and have been reporting to the Congress on the results of these reviews, both as part of our regular audit work and pursuant to specific requests of congressional committees. Our existing reporting policy is to invite the attention of the Congress to any significant information obtained during our work which we believe or know to be of interest to it. Inherent in this policy is the inclusion in our reports of recommendations and suggestions which are made to the Congress or the executive departments for consideration, on the basis of the information in the reports, as to whether program changes of a substantive or policy nature should be made. We consider that reporting on substantive and policy matters is an existing responsibility of our Office, and we believe that our reports on Federal programs, including grant-in-aid programs, clearly evidence that we have been carrying out this responsibility for many years. However, enactment of this section would emphasize congressional interest in achieving more effective, efficient, economical, and uniform administration of such programs through continuing reviews by the General Accounting Office.

There is enclosed a copy of our letter to you, B-146285, January 24, 1964, which, in greater detail, explains our view that language along the lines of section 504 would neither impose nor grant any additional authority to our Office. Our letter of January 24, 1964, was prompted by testimony of officials of the Executive branch during the hearings on a similar bill S. 2114, 88th Congress.

The word "therefore" in line 14, page 19, should be "theretofore."

With regard to section 506, the "records and audit" provision, we consistently have been calling attention in our reports to congressional committees on proposed new grant programs to the desirability of including in the authorizing legislation specific provisions requiring grantees to keep adequate cost records of the projects or undertakings receiving Federal financial contributions and authorizing the administrative agencies involved and the Comptroller General to have access to the grantees' records for the purpose of audit and examination. In view of the increase in grant programs over the past several years, we feel that such requirement and authority are necessary in order to determine whether grants have been applied or expended for the purpose for which the grant was made. We most strongly urge that this provision (section 506) be included in

whatever version of the "Intergovernmental Cooperation Act of 1967" that may be enacted.

Title IX provides for the uniform acquisition of real property for Federal and federally assisted programs. Under section 902, applicable to Federal programs, and section 905, applicable to federally assisted programs, the acquisition of real property is to be made at not less than the fair value of such property as determined by the agency head, but there may be a question as to whether the provisions of section 901 offer sufficiently definite criteria for establishing the value of such property to be acquired. Section 903(c), applicable to Federal programs, provides certain criteria for establishing fair value for buildings, structures, and improvements. Section 905(b)(2), applicable to federally assisted programs, provides that decreases in value of the property attributable to the public improvements will be disregarded, but is silent with respect to disregarding increases in value of the property attributable to the public improvement.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

[Enclosure]

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., January 24, 1964.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your letter of January 15, 1964, requesting detailed information on questions arising from conflicting testimony presented at your Subcommittee's hearings on Senate bill 2114. The conflicting testimony, presented by representatives of several executive departments, concerns the impact on the General Accounting Office of Senator Karl E. Mundt's proposed amendment to Senate bill 2114.

As stated by our Mr. Arthur Schoenhaut, in his testimony before the Subcommittee on January 14, 1964, except for certain time provisions for reporting, we do not view the proposed amendment as imposing any requirements on our Office in addition to those we believe now exist for reporting to the Congress on the results of our reviews of Government programs, including Federal grant-in-aid programs. Reviews of grant-in-aid programs by our Office are made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Under these statutes, we have been making reviews of grant-in-aid programs and have been reporting to the Congress and its committees on the results of these reviews, both as part of our regular audit work and pursuant to specific requests from congressional committees.

During his testimony, Mr. Schoenhaut invited the attention of the Subcommittee to a listing of 90 reports which have been made by this Office to the Congress over the last five years covering a wide variety of subjects concerning various grant-in-aid programs. In response to the question raised in your letter of January 15, 1964, as to the extent to which studies, reports, and recommendations of the General Accounting Office—under our existing authority—have gone beyond financial, administrative, and management matters and have suggested changes of a substantive or policy nature, we have compiled, and are enclosing herewith, a summary of selected significant findings and recommendations included in these 90 reports on grant-in-aid programs. These findings and recommendations deal with matters related to basic concepts of particular grant programs, which were called to the attention of the Congress and the Federal agencies involved for consideration as to whether these matters were consonant with the intended purpose and direction of the grant programs. We have reported findings and recommendations of a similar nature on many other Federal programs, but we have limited the enclosed compilation to those of particular interest to your Subcommittee—that is, those involving grant-in-aid programs.

Witnesses appearing before your Subcommittee on behalf of executive departments of the Government presented testimony relating to Senator Mundt's amendment which indicated, generally, that the amendment would require the Comptroller General to (1) depart significantly from his historical function and present responsibilities, (2) make continuing reviews of grant-in-aid programs, which are unnecessary (particularly with respect to the Federal-aid highway program), (3) evaluate the effectiveness, efficiency, and economical administra-

tion of the grant programs, for which he does not have the professional and technical resources, and (4) submit reports to committees of the Congress which would tend to duplicate those available from existing sources. As previously stated, it is our view that the proposed amendment would not impose any requirements on our Office that are not now contained in our basic legislation which is summarized below. Further, we have been making continuing reviews of many of the grant-in-aid programs for many years—the Federal-aid highway program has been under review since 1953 and 37 reports thereon have been issued to the Congress, the Bureau of Public Roads, and the Department of Commerce since 1955—and we consider that our reviews and reports must deal with the effectiveness, efficiency, and economical administration of the programs to be of maximum use to the Congress and the executive departments. We do not believe that any of our reports to the Congress on grant programs have duplicated those made by the executive departments.

Auditing authority and responsibilities have been placed on the General Accounting Office by a number of laws, the principal one being the Budget and Accounting Act, 1921.

Section 305 of this act provides that:

"All claims and demands whatever by the Government of the United States or against it, and all accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office." (31 U.S.C. 71)

Section 312(a) provides that:

"The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President when requested by him, and to Congress at the beginning of each regular session, a report in writing of the work of the General Accounting Office, containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable. In such regular report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy or efficiency in public expenditures." (31 U.S.C. 53)

This latter provision directs the General Accounting Office to examine into and report to the Congress on matters of economy and efficiency as well as on the legality of public expenditures. In explanation of this section, particularly with respect to the meaning of the term "application" (of public funds), which was added by amendment to the bill that became the Budget and Accounting Act, 1921, Congressman Luce of Massachusetts, who offered the amendment, stated:

"* * * It is contemplated that the Comptroller General shall make it his duty, his constant unrelenting duty, to search for methods of economy * * *

"It is in this particular section that we can make this clear. The section was worded, I fear, in a way that might have led some occupant of this office to imagine that his functions were purely clerical; that is, the functions implied by the word 'accountant.' The words used have the savor of the bookkeeper, of the cashier, of the treasurer, not of the investigator of the way the money is spent, not of the man who goes out and looks for trouble, not of the man who attempts of his own initiative to find places to save money. Therefore I make the suggestion that we add to the words of the cashier and the treasurer and the accountant, namely, 'receipt and disbursement,' the word 'application.' If there ever was presented on this floor a single word of amendment which might have a wider extent of usefulness to the people, it has not come to my knowledge."

Later Mr. Luce also made this statement:

"The purpose, Mr. Chairman, is to make it sure that the Comptroller General shall concern himself not simply with taking in and paying out money from an accountant's point of view, but that he shall also concern himself with the question as to whether it is economically and efficiently applied."

Implicit in the audit responsibilities of the General Accounting Office is the responsibility to report information obtained as a result of its audit work. This responsibility is clearly indicated in the legislative history of the 1921 act which states that:

"The independent audit will, therefore, * * * serve to inform the Congress at all times as to the actual conditions surrounding the expenditure of public funds in every department of the Government."

Our audit policies recognize that each Government agency has a primary responsibility to determine, with due regard to all applicable restrictions and requirements, the manner in which its activities and operations are carried out. Our Office is not empowered to direct changes in agency policies, procedures, and functions. We do, however, observe opportunities for achieving greater economy, improving efficiency, and attaining better results. Important deficiencies encountered are fully developed for presentation in our reports with appropriate recommendations for corrective action by the Congress or executive departments.

Senate bill 2114 has as its purpose a periodic congressional review of Federal grants-in-aid to States and to local units of government. Senator Mundt's proposed amendment to section 3 of Senate bill 2114 would require the legislative committees of the House and of the Senate having jurisdiction over the programs to consider whether any changes should be made in the purpose or direction of the program, or in the procedures and requirements of the program to conform to the recommendations of the Comptroller General. Several witnesses for the executive departments apparently interpreted the proposed amendment as *requiring* that the Comptroller General make recommendations as to whether or not any changes in purpose or direction of the original program should be made. We construe this section to require that the legislative committees of the House and of the Senate having jurisdiction over the grant-in-aid programs consider two things: (1) whether any changes should be made in the purpose or direction of the program and (2) whether any changes should be made in the procedures and requirements of the program to conform to the recommendations of the Comptroller General.

It seems clear to us that section 3 of the proposed amendment would not require that the Comptroller General make recommendations concerning changes in purpose or direction of grant-in-aid programs. Our existing reporting policy, however, is to invite the attention of the Congress to any significant information obtained during our work which we believe or know to be of interest to it. Inherent in this policy is the inclusion in our reports of recommendations and suggestions which are made to the Congress or the executive departments for consideration, on the basis of the information in the reports, as to whether program changes of a substantive or policy nature should be made. We consider that reporting on substantive and policy matters is an existing responsibility of our Office, and we believe that our reports on Federal programs, including grant-in-aid programs, clearly evidence that we have been carrying out this responsibility for many years.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,

May 23, 1968.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 28, 1967, for a report on S. 698, a bill "To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes."

This Department agrees in principle with the objectives of the bill—to achieve optimum cooperation and coordination of activities among the various levels of government. The President has strongly emphasized the necessity for increased collaboration among Federal and State governments and communities, particularly in areawide planning. We believe that the bill would be a step towards strengthening and improving the effectiveness of Federal-State programs, but

feel that the bill would better serve this objective if certain provisions are modified or omitted.

S. 698 consists of nine titles. An additional title X has recently been proposed, and this report will include comments on that title. Because of the scope and complexity of S. 698, we will describe and comment on the bill on a title-by-title basis.

TITLE I

Title I defines key terms used in the bill. A few technical questions with respect to such definitions have come to our attention.

The definition of "grant" or "grant-in-aid" in section 106 excludes "payments in lieu of taxes". Public Law 81-815 and title I of Public Law 81-874 are generally regarded as, at least in part, payments in lieu of taxes. It is not free from doubt, however, whether they would be considered (in their entirety) as such within the meaning of the bill. Considering the underlying philosophy of these two laws, it would seem appropriate to classify them as payments in lieu of taxes for the purposes of the bill.

The definition of "comprehensive planning" in section 109 provides an exception with respect to title VI. We believe that this exception should apply to title VII rather than title VI.

The definition of "displaced person" in section 113 would include a person (or individual) who moves from real property as a result of the "reasonable expectation of acquisition of such real property" by a Federal or State agency. It is not altogether clear to us what factual conditions would need to exist to bring the quoted phrase into operation.

TITLE II

Title II would attempt to assist States in carrying out Federal grant-in-aid programs by requiring that the Governor of a State or his designee, or the State legislature be notified (upon request) of the purpose and amounts of grants-in-aid to the State (section 201); by providing that a Federal agency may not require that grant-in-aid funds be deposited in a separate bank account of the State, but that the State agency concerned shall render authenticated reports to the granting agency of the status and application of the funds and such other facts as may be required by the Federal agency (section 202); by providing that grant-in-aid payments to a State be scheduled so as to minimize the period of time during which the funds are held by the State prior to disbursement by it; and by providing that States shall not be held accountable for interest earned on granted funds pending their disbursement for program purposes (section 203).

Section 204 of title II would authorize the head of a Federal agency administering a grant-in-aid program, upon request of a State (i.e., the Governor or other authority responsible for determining or revising the organizational structure of State government), to waive a statutory requirement that the program be administered by a single State agency or by a multimember board or commission and to approve a different administrative arrangement, if the Federal agency head determines that the objectives of the grant-in-aid program would not be endangered and that there has been an adequate showing that the Federal requirement prevents the establishment of the most effective and efficient organizational arrangements within the State government.

Doubtless some State governments do have problems with communication among State officials and with the timing of data on budgets. Consequently, although, as chief executive of the State, the Governor should usually be able to obtain directly all available facts and data from his own State program agency promptly and in a form designed for his needs, we would not object to enactment of section 201.

The sight-draft-account and letter of credit system of this Department for grants-in-aid is consonant with the first sentence of section 203 of the bill, which requires that Federal agency heads shall, consistent with program purposes and applicable Treasury regulations, schedule the transfer of grant-in-aid funds from the Treasury so as to minimize the time lapse between such transfer and the disbursement by a State (see section 6 of P.L. 89-105). While this would ordinarily prevent the earning of interest on our grant funds, we question the second sentence of section 203, which would relieve the States from accountability for interest earned on grant funds pending disbursement, where this did occur. Such a provision might be an incentive to States to draw the funds sooner than actually needed, contrary to the objective of section 203.

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,

we believe that it is properly within the province of the Federal agency administering a grant program to give such advice to potential applicants for grants.

TITLE IV

Title IV would establish a coordinated intergovernmental urban assistance policy. It would require the President to establish Government-wide rules and regulations for use in formulating, evaluating, and reviewing, in the light of specific objectives listed in the bill, "urban development programs and projects for the provision of federally aided urban facilities, and Federal projects having a significant impact on the development of urban and urbanizing communities." In making loans or grants-in-aid for urban development, Federal agencies would be required, in the absence of substantial reasons to the contrary, to make the loan or grant to a unit of general local government rather than to a special-purpose unit of local government.

The Department of Health, Education, and Welfare endorses the purposes of title IV and the guiding principles as stated in section 401. Within the Department, we have made specific organizational changes to improve our ability to work effectively with other Departments on urban problems.

Early in 1967, the Secretary of Health, Education, and Welfare established the Center for Community Planning for the purpose of providing an urban focus for the Department and developing responsiveness to the needs of the city. The Center coordinates Departmental activity in connection with the Model Cities, Neighborhood Services Program, Parent Child Centers, the Youth Opportunity Campaign and other urban programs. It has built a "Technical Assistance Network" utilizing local Social Security District office managers and other Department personnel, through which requests for information and assistance in connection with urban problems may be routed rapidly to that point—the State, the Region or the appropriate agency in Washington—where the most effective help can be given.

One of the Center's major tasks is to develop new and more flexible mechanisms of funding comprehensive urban programs such as the Model Cities. It has developed and is operating a system for prompt interagency evaluation of multi-purpose projects involving this Department and other Departments. The Center represents the Department on interdepartmental task forces and committees concerned with urban programs and with semi-public associations such as the Conference of Mayors and the National League of Cities.

The Center is currently working with the Council of State Governments and the Department of Housing and Urban Development to develop policy for the Federal Departments in working with the States in the Model Cities and other urban programs, and to advise the States of the role they should be playing in this effort. The Center is also chairing an interdepartmental task force attempting to develop information materials aimed at inner city residents to make known the objectives of the Model Cities program and the services available through it and other urban facilities.

While section 401 requires the President to establish rules and regulations to implement its objectives, section 403 would somewhat inconsistently vest the authority for prescribing rules and regulations for effective administration of title IV (which includes only one additional section besides sections 401 and 403) in the Budget Bureau or such other agency as may be designated by the President.

TITLE V

Title V would attempt to strengthen Congressional review of Federal grant-in-aid programs by limiting to five years the duration of any grant-in-aid program which is authorized by the ninety-first or any subsequent Congress and which is given no expiration date (section 502), and by requiring the appropriate Congressional committees to review prior to its expiration date any grant-in-aid program authorized for three or more years (section 503). In addition, the Comptroller General would be directed to make continuing studies of all grant-in-aid programs (section 504), and the Advisory Commission on Intergovernmental Relations would be required, upon the request of an appropriate Congressional committee, to conduct studies of the intergovernmental relations aspects of programs and to report findings and recommendations to such committee (section 505). Section 506 would require recipients of future grants (including those made pursuant to extension, modification, or alteration of existing agreements) to keep certain types of records, such as records disclosing

the amount and disposition of grant funds. This section would also make such records and related documents subject to audit and examination by representatives of the head of each grant agency and of the Comptroller General.

While the automatic termination provision of section 502 could easily be avoided by providing expiration dates for programs or by stating in legislation that the programs authorized are not subject to section 502, we are disturbed by the underlying philosophy of the provision. The mere existence of section 502 seems to suggest that, in the normal case, a Federal grant-in-aid program should not last for more than five years. Very few of the programs administered by this Department fit this generalization. At one extreme we have general support programs, such as public assistance, which represent commitments to assist States for an indefinite period of time, and at the other extreme we have demonstration programs which in many instances should and do last less than five years.

In between these extremes are programs of greatly varying periods of duration. Each case represents a judgment based on the purpose of the program, its maturity, and the likelihood of changes in circumstances which would require review of the program. This program-by-program method is a far more rational approach to the matter of terminating and reviewing programs than would be the five-year generalization implicit in section 502.

While we favor periodic review of programs—the objective of section 503—we believe that this objective can best be fulfilled through strengthening and extending existing Congressional and Executive methods of evaluating grants and reaching decisions to terminate, modify or expand them. Department of Health, Education, and Welfare grants are, in effect, reviewed by Congress through several methods: the consideration of amendments to authorizing legislation frequently requires a fresh look at the basic laws; the budgeting and appropriation process provides an annual mechanism for the evaluation of the cost, efficiency, and performance of programs. Advisory councils charged with the comprehensive evaluation of programs have been established by Congress for several major programs.

An alternative to automatic termination of programs which we recommend (and which is included in the Administration's higher education proposals) would be a provision that would authorize appropriations for one additional year if legislation to extend a limited program has neither been enacted nor rejected by the beginning of the final year of the program's authorization. Such a provision would encourage Congressional review of grant-in-aid programs at least one year in advance of expiration of program authority. Such a review would be further encouraged by provisions like the new advance funding and lead-time provisions enacted by P.L. 90-247 for the Elementary and Secondary Education Act which require the Department to submit to the substantive and Appropriation Committees an annual evaluation report, and a comprehensive evaluation report in the penultimate year before expiration of the program. (Similar provisions are included in the pending Administration bill on higher education.) In addition, Congress not infrequently requires special studies and reports on programs.

No single method and no single time table is adequate to review all the grant programs of the Department of Health, Education, and Welfare. This is so because of the persistency and complexity of the problems to be combated, the many different types of programs operated by the Department, the varying periods of time it takes new programs to get under way, the long-range commitments which must often be made by 50 State governments and hundreds of their subdivisions in order to participate effectively in the programs, and the length of time it takes to acquire meaningful experience at local, State, and national levels with respect to complex programs and major projects.

In addition, we should like to point out that the Comptroller General already appears to have adequate authority to review the legality of Federal expenditures. The amendment proposed by section 504 (and section 501) might inject him into questions of administration which are a fundamental responsibility of the Executive branch, and vesting such a function in the Comptroller General may well duplicate responsibilities of the Congressional committees. We should also like to point out that there is an important distinction between technical studies by the Advisory Commission on Intergovernmental Relations and recommendations. The members of the Commission who are in the Executive branch cannot be committed through such recommendations to provisions inconsistent with the development of legislation and budgetary programs through the regular Executive channels.

With respect to provisions on records and audit in section 506, we should like to point out the Department of Health, Education, and Welfare has for decades required the keeping of pertinent records. We are not aware of the need for additional legislation such as that proposed in section 506.

In view of the above, we recommend that title V not be enacted.

TITLE VI

Under title VI, the President would be required to examine the various programs of grants-in-aid to determine what consolidations are necessary or desirable to promote the better execution and efficient management of individual grant programs within the same functional area, to provide better coordination among individual grant programs within the same functional area, or to promote more efficient planning and use by the recipients of grants under programs within the same functional area. If the President finds a consolidation of individual grant-in-aid programs within the same functional area to be necessary or desirable, he would be required to prepare a grant consolidation plan for the making of such consolidation and to transmit the plan to the Congress. The Congress would have 90 days to reject grant consolidation plans; if not so rejected, they would become effective.

While this Department favors the objectives of title VI—to decrease the current multiplicity of grant programs with a view to achieving more effective and more efficient use of Federal assistance—we believe that this objective can be better accomplished by other means.

First, we should like to point out that the President already has the authority to propose plans which may transfer functions involving grant-in-aid programs, and this authority is in some respects broader than that provided in title VI. For example, under title VI each grant consolidation plan may provide for only one consolidation of individual grant programs (section 602(b)). On the other hand, under the Reorganization Act of 1949, the President has the authority to propose plans which may transfer functions involving any number of grant programs.

Second, it is not clear from the language of title VI to what extent a grant consolidation plan could change existing statutory requirements. Grant consolidations which go beyond questions of the internal organization of the Executive Branch may involve complex changes in existing substantive laws. However, title VI only provides that the consolidation plan transmitted to Congress "shall specify in detail the formula or formulas for the making of grants under the consolidated program . . ." It does not deal with many other types of changes which may be required. All such changes, we believe, are best handled on the case-by-case basis of the regular statutory amendment process.

As you know, steps have been taken to reduce some of the proliferation of categorical grant programs. Our experience has direct bearing on the provisions of title VI. The Department's most extensive efforts to date are incorporated in the Partnership for Health program authorized by Public Law 89-749 and expanded and extended by Public Law 90-174. Prior to passage of Public Law 89-749, most State health programs were supported through disease-oriented categories of health services. Under the Partnership for Health program, the categorical restrictions were removed, thus affording the States new flexibility in dealing with the health needs which the States themselves determine to be most pressing and to which they assign high priorities in their health planning. As a result, a number of States have begun to promote and support health services in areas such as alcoholism and family planning that previously were not supportable under the categorical grant system. Even more important, States are using the planning money available under the Act to determine priorities among their health needs and to allocate State and Federal funds accordingly.

As a supplement to the State formula grants, the Act authorizes project grants to support services to meet health needs of limited geographical scope or of special regional or national significance. These grants provide a mechanism for directing funds where they are most urgently needed, where they will be used most effectively, and where they will develop new and innovative public health programs which promise the most far-reaching effects. The elimination of categorical restrictions on the project grants has also encouraged the introduction of a wide array of new methods for providing various kinds of health services. Among the new activities are family planning, comprehensive health services development, alcoholism programs, and encouragement of group practice.

In addition to the broad programs mentioned above, project grants are playing an active role in the development of a number of special interest programs,

including the Model Cities program, neighborhood health centers, and other neighborhood services. The Department is coordinating its efforts with other Federal agencies to assure that the planning and service programs in the Partnership for Health contribute to meeting national health needs as identified through comprehensive State and local planning.

In summary, it is our judgment that the experience we have had with the Partnership for Health authority—formula and project grants—appears to be highly effective and, we believe, holds great promise for the strengthening of State and Federal relations and for the improvement of the Nation's health.

A second step we are proposing to reduce the number of grant programs in the Department is the Administration's 1968 proposals now under Congressional review for amending the Higher Education Act to include the modification and consolidation of the college-based student financial aid programs into the Educational Opportunity Act. Under these proposals there would be a single appropriation item for Federal capital for the National Defense Student Loan fund and the College Work-Study Program, with a 90-10 Federal institutional matching ratio, and a single appropriation for the Educational Opportunity Grant Program which would not require program matching funds. The fund distribution pattern would be altered from the three separate allotment formulas, which differ, to one not tied to a specific formula, subject only to the limitation that institutions within any one State could not receive more than 12½ percent of available funds.

This proposal, if enacted, would give institutions much greater flexibility in the use of the student aid programs and would eliminate unnecessary diversity among the requirements of the programs. Moreover, the advance funding and leadtime amendments proposed in our bill would provide the Nation's colleges and universities with a firm, operating base for planning their programs.

Title II of the Partnership for Learning and Earning Act of 1968 deals with the consolidation and improvement of existing vocational education programs. The proposed legislation would consolidate existing authority for vocational education programs under the Smith-Hughes and George-Barden Acts, and Vocational Education Act of 1963. The consolidation is proposed in response to the first recommendation of the 1968 Advisory Council on Vocational Education which stated, "Administrative complexities should be reduced by combining all vocational education legislation into one act."

Another significant provision of the Partnership for Learning and Earning Act of 1968 is the removal of the requirement for separate matching purpose-by-purpose under the Vocational Education Act of 1963. The bill would provide instead for overall statewide matching which would allow more flexibility in that varying proportions of Federal funds could be used in matching State and local funds.

Under present law, (The Smith-Hughes Act, the George-Barden Act, and the Vocational Education Act of 1963) 23 purposes are specified, each requiring separate accounting and matching. In addition, within those 23 categories, there are State percentage expenditure requirements for three of the six purposes in section 4(a) of the Vocational Education Act of 1963. These would be abolished.

Finally, we should like to refer again to S. 2981, the "Joint Funding Simplification Act of 1968". This bill would provide for procedures which would expedite consideration and approval of projects drawing upon more than one Federal assistance program and would simplify requirements for the operation of those projects. We believe that S. 2981 will make a significant contribution to the improvement and simplification of our grant mechanism, and that S. 2981 is a more appropriate vehicle than title VI of S. 698 for administrative consolidations for the purpose of improving the use of Federal assistance by States, local governments, and other public and private organizations and agencies.

TITLE VII

This title would amend the Federal Property and Administrative Services Act of 1949 by adding a new title VIII, Urban Land Utilization. The Department of Health, Education, and Welfare agrees with the objective of this title, which is to facilitate coordination between the Federal Government and local governments and planning bodies (including zoning authorities), in the acquisition, use, and disposition of land for Federal purposes. However, on the method and details of this title, we defer to the Administrator of General Services to whom the primary responsibility would be assigned by this title.

TITLE VIII

Title VIII would provide for relocation payments and other assistance to displaced persons (defined, in section 113, to include owners of businesses, farmers, families, and others), on a uniform basis, in Federal and Federally-assisted programs under which real property is acquired. In the case of direct Federal acquisition of real property for public use (part A of Title VIII), section 802 would require heads of Federal agencies to make fair and reasonable payments, pursuant to regulations established by the President, to reimburse displaced persons for their actual moving and related expenses *or*, if any displaced person so elects, to make optional fixed payments to such person according to a formula. Relocation assistance programs (i.e), counseling, information, planning, and coordinating activities) would also be made available. While we endorse the objectives of this part, on its details we defer to other agencies which would be more directly involved in the detailed program features.

With respect to Federally-assisted programs (part B), section 807 would require, as a condition to the approval of any grant, contract, or agreement with a State agency for Federal financial assistance to pay the cost in connection with the acquisition of real property, or of a public improvement for which real property is to be acquired or as the result of which displacement will otherwise occur, that the State agency has agreed to provide to displaced persons for moves from such real property—(a) relocation payments on the same basis as those provided in the case of direct Federal acquisition of real property; (b) relocation assistance programs; and (c) a feasible method for the temporary relocation of displaced families and individuals, and an assurance that decent and sanitary dwellings are available and reasonably accessible to displaced families and individuals. Cost to State agencies providing relocation payments and services would be included as part of the costs of the project for which Federal financial assistance is otherwise available. The State agencies would be eligible for Federal financial assistance with respect to such payments and services in the same manner and to the same extent as with respect to other eligible project costs, except that the Federal agency providing assistance would contribute (up to) the first \$25,000 of any relocation payment to a displaced person, and no State agency would be required to make a relocation payment to any displaced person of *more than* \$25,000 in order to receive Federal assistance for relocation payments, or to meet requirements of section 807. (For purposes of Title VIII, the term "State" would include the political subdivisions of a State.)

We agree with the Bureau of the Budget that insofar as real property acquisition is concerned, the costs of displacement caused in whole or in part by Government action are, in a very real sense, costs of property acquisition and should be financed in the same manner as the other costs of property acquisition. We also believe that, as a matter of policy, all these costs and assistance should be as uniform as possible. It seems to us desirable that in all direct Federal programs, as well as in State or local programs carried on with the assistance of Federal funds, this principle should be applied. The Department of Health, Education, and Welfare fully supports the principle of (1) making fair and reasonable relocation payments to persons displaced by the acquisition of real property under direct Federal programs, (2) provision of a complete range of relocation services and other assistance for program displacees consistent with need, (3) requiring State and local governments to assume responsibility for relocation payments and services as a condition of participation in federally assisted programs, and (4) contributing to the costs of relocation payments a Federal share proportionate to the percentage of Federal participation in other eligible project costs. Title VIII, in our view, would meet these overall objectives if it were amended to provide (as the Bureau of the Budget has suggested), in the case of federally assisted programs, that the Federal Government share in the cost of relocation payments made by State agencies only to the same extent as other project costs.

In reaching the above conclusion, we are not unmindful of the fact that in certain federally assisted programs, e.g., urban renewal, the Federal Government now assumes a higher share of relocation costs than its percentage of participation in the project. On balance, however, recognizing that uniformity is desirable in relocation assistance programs, and on the basis of our experience in the many and varied grant-in-aid programs of this Department, we believe that through the utilization of the particular project formula in relocation costs the common program goals at the Federal, State, and local levels can be reached.

while at the same time strengthening what we regard as a basically effective and purposeful working relationship.

TITLE IX

Part A of this title (Federal Programs) sets forth certain policies vis-a-vis property owners that are to be followed by Federal agencies in acquiring real property from such owners by purchase or condemnation. For the most part, these policies seem designed to assure fair treatment to the owner and to others in possession of the real property.

Part B would provide that financial assistance to a State agency, or to an agency of a political subdivision of a State, shall not be available to pay for the cost of acquisition of real property, or the cost of a public improvement for which real property is to be acquired, unless such agency agrees to follow certain rules (set forth in part B) that, as in the case of part A, seem designed to assure fair treatment to the owner (and others in possession) of the property to be acquired by such agency by purchase or condemnation. Some of these rules would take effect on January 1, 1970. In part, these provisions are patterned after the land acquisition policy provisions contained in Section 402 of the Housing and Urban Development Act of 1965 (P.L. 89-117) which applies to certain programs administered by the Department of Housing and Urban Development. That section, together with certain related sections (Sections 401, 403) of P.L. 89-117, would be repealed effective January 1, 1970.

While we endorse the objectives of this title, on its details we defer, particularly in the case of direct acquisitions, to the General Services Administration and other agencies more frequently involved in such acquisitions.

TITLE X

The purpose of title X is to encourage simplification and improve coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, and to provide for a survey of the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions. This title would authorize the Comptroller General to prescribe rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget would be required to conduct a joint study of the principles, standards, and related requirements of Executive agencies for accounting and auditing of Federal assistance programs, with a view to developing improved Government-wide accounting and auditing procedures.

Within the last month the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget have agreed to initiate an inter-agency study in this area. Consequently, we recommend deferral of legislative action of title X pending completion of this study.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

WILBUR J. COHEN,
Secretary.

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C., June 12, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on S. 698, a bill "To achieve the fullest cooperation and coordination of activities among the levels of government in order to improve the operation of our federal system in an increasingly complex society, to improve the administration of grants-in-aid to the States, to provide for periodic congressional review of Federal grants-in-aid, to permit provision of reimbursable technical services to State and local government, to establish coordinated intergovernmental policy and administration of grants and loans for urban development, to authorize the consolidation of certain grant-in-aid programs, to provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs, to establish a uniform relocation assistance policy, to establish a uniform land acquisition policy for Federal and federally aided programs, and for other purposes."

The substance of Title V of this bill, relating to periodic Congressional review of grants-in-aid programs, is also treated in S. 458 and S. 735. We have sent a separate letter on those bills and those comments constitute our comments on Title V of S. 698.

Title XIII of S. 698 relates to relocation assistance to displacees of Federal and federally-assisted programs. We want to make a special plea for enactment of legislation to provide this assistance. We have in the past been unable to adequately and meaningfully assure that persons displaced by our highway programs are treated justly. The truth is that inadequate provision of relocation assistance has worked a severe hardship on many families and businesses displaced, particularly on the poor. Our detailed views on Title XIII have been submitted in testimony.

Subject to the above views, the Department of Transportation favors enactment of this legislation.

The Bureau of the Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report for the consideration of the Committee.

Sincerely,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C. June 14, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letter of February 28, 1967, requested the views of the General Services Administration on S. 698, 90th Congress, the short title of which is the "Intergovernmental Cooperation Act of 1967."

The bill is subdivided into nine titles. GSA's comments are confined to the provisions of titles VII, VIII, and IX, which relate to the acquisition, use, and disposal of land by Federal agencies, as these are the only portions of the bill which would appreciably affect the responsibilities of GSA. We are in accord with the over-all purposes of these titles.

Title VII amends the Federal Property and Administrative Services Act, 63 Stat. 377, as amended, by adding at the end thereof a new title VIII which would require the Administrator of General Services to give advance notice to local governments prior to offering for sale any Federal real property located within an urban area. The Administrator also would be required to provide available zoning information to prospective purchasers. In connection with the acquisition or change in use of real property, the Administrator would be required to comply to the extent practicable with local zoning requirements, give advance notice of plans to acquire additional property, and to consider objections by local governments to proposed Federal acquisition or use of real property in urban areas. The primary objectives of title VII are consistent with GSA's policy to give advance consideration of local comprehensive planning and land-use regulations in formulating specific acquisition and disposal plans.

We would recommend, however, that the last sentence of the proposed section 804(a) of the Property Act, which begins on line 7 and ends on line 12, page 30 of S. 698, be deleted. The sentence implies that potential adverse impact resulting from advance notice of proposed land acquisitions is the exception rather than the rule. Our experience shows that this is not the case, but that advance public notice of proposed acquisitions of real property by the Federal Government more often than not precipitates land speculation and inflationary real estate prices in the vicinity. With this recommended change, GSA would have no objection to the enactment of title VII.

The purpose of title VIII is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property in Federal and federally assisted programs. This policy is to be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursements for relocation payments under federally assisted programs.

GSA has long recognized the need for uniform and equitable practices in the treatment of persons displaced by the acquisition of real property by the Federal

Government. Except for the acquisition by the Department of Defense or any military department thereof, the Department of the Interior, the National Aeronautics and Space Administration, the Tennessee Valley Authority, and the Department of Housing and Urban Development, displaced owners or tenants of federally acquired property may be paid only the fair market value of the property acquired. Expenses, losses and damages incurred by owners or tenants as a direct result of moving themselves, their families and possessions are not compensable.

Reports issued by the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works and the Advisory Commission on Intergovernmental Relations clearly indicate that the Federal, State, and local governments are falling far short of equity in their treatment of those persons who are displaced as a result of the programs of such governments. GSA has long advocated the enactment of legislation which would minimize inequities existing in the present state of law when property is acquired in Federal programs.

Generally, we believe that enactment of title VIII of S. 698 would establish a workable, uniform system for fair and equitable treatment of individuals displaced by Federal land acquisitions. However, in the interest of clarifying some of its provisions we offer the following comments and amendments for consideration by your Committee.

Section 803(a) provides for a relocation assistance program for individuals who occupy property adjacent to the acquired property and to those displaced from the acquired property. We recommend that the bill not provide assistance to occupants of adjacent property on the grounds of impracticability, the impossibility of factually ascribing claimed losses to the Federal acquisition, and the availability of aid in such situations from other Federal sources such as the Small Business Administration.

We are in accord with the objectives of section 803(c) (2) which would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. However, the effect of this provision on GSA's public buildings program is a matter of some concern. This program requires the acquisition of sites generally located in highly populated areas. The mandatory requirement that the acquiring agency be required to obtain assurance of substitute dwellings for the displaced prior to displacement would in many cases cause interminable delay in the construction of the project. Further, the delays encountered would not be controllable by GSA since the availability of adequate substitute housing is dependent upon local housing conditions. The question whether the Federal Government should assure adequate substitute housing prior to displacement must of course be resolved in the light of the over-all Federal program. However, your Committee should be aware of the effect of section 803(c) (2) on the activities of acquiring agencies whose programs are confined largely to urban areas.

We would suggest that the Committee give serious consideration to amending section 803(c) (2) by granting broader authority to Executive agencies to waive the requirements in unusual situations such as where immediate action might be required to protect individuals or property because of natural or unnatural disasters. The present waiver provision of the bill is applicable only during a period of national emergency proclaimed by the President. We recommend that the section be amended to provide that the President by regulation may prescribe situations when such assurances may be waived.

The suggested amendment will not greatly affect the operations of our site acquisition program although it will permit expeditious action when emergency situations warrant. However, the additional costs which will be incurred in other acquisitions as a result of the assurance provision of section 803(c) (2) will be substantial because of anticipated delays in commencement of construction and increases in other administrative expenses. Because of the many unknown factors, it is not possible to estimate the extent of the additional costs.

With respect to section 805(a) (2) (A), which limits entitlement to actual and reasonable expenses of searching for replacement locations to farm operations, we suggest that the Committee consider, in furtherance of the stated purpose of uniformity of treatment of all persons displaced by Federal acquisitions, whether entitlement to such expenses should also be extended to dwellings and businesses, taking into account also the administrative burden incident to determining the nature and reasonableness of such items of expenses which should be reimbursed.

We suggest that the Committee also consider whether the payment provided for in section 805(a) (2) (B), which section authorizes the payment of an ex-

pense not actually incurred by displaced persons as a result of Federal acquisitions, is inconsistent with the general purpose of section 802(a) of the bill, and, if the provision is retained in the bill, also consider, again in the interest of uniformity of treatment, whether such provisions should be broadened to include displaced persons who move from a dwelling. If the provision is retained, we recommend that the following be substituted for "B":

"(B) if he disposes of personal property on moving his dwelling, or business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Title IX of S. 698 would bring about major changes in Federal land acquisition laws, policies, practices, and procedures. Our comments are directed to certain specific provisions which we believe could be clarified or revised to good effect.

Section 901(a)(3) provides that the head of an acquiring agency establish a fair and reasonable price for the property and make a prompt offer to the owner for the full amount so established. If it is the intent of this provision to require agencies to offer realistic prices, which if refused, could be subject to good faith bargaining, the provision would not be in conflict with GSA's present policy. GSA does not pay less than fair and reasonable prices for acquired property. On the other hand, if the provision was interpreted as establishing a one-price policy which price could not be appropriately increased by the acquiring agency should the owner refuse to accept the fixed amount, the result would be to significantly increase the number of condemnation actions, a result clearly not intended by the bill. The flexibility afforded by our present policy has proven to be in the interest of both the Government and the landowner, and GSA would not favor the more restricted one-price policy.

With respect to section 901 as a whole, we do not believe it is intended that the procedures and safeguards set forth therein are necessary or appropriate to voluntary leases obtained by the Government. In order, however, to clarify this point and provide for uniform interpretation by the various agencies concerned, it is recommended that there be inserted at the end of the section a subsection (c) to read as follows:

"(c) As used in this section, the term 'interest in real property' shall not include any leasehold interest, acquired by the Government, except where such interest is acquired by condemnation."

Section 904 would require the head of a Federal agency to reimburse owners for incidental expenses incurred in conveying their real property to the United States. Included is the payment of penalty costs for prepayment of a mortgage incident to such real property. GSA recommends that language be incorporated to require that the mortgage be in effect at or prior to the time public announcement is made of the project. This could be done by the insertion of a provision to that effect before the semicolon on line 14, page 55, of the bill.

The Bureau of the Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

LAWSON B. KNOTT, Jr.,
Administrator.

AGENCY REPORTS ON AMENDMENT 748

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C. May 8, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of May 2, 1968, requests our views on a proposed amendment in the form of Title X—Accounting, Auditing, and Reporting of Federal Assistance Funds—to S. 698, the Intergovernmental Cooperation Act. Our views presented below are preliminary comments as suggested in your letter in order that you may have the reaction of our Office before the hearings which begin on May 9.

Our Office and other interested governmental agencies have long recognized the growing complexity and serious problems in grant administration, including the areas of accounting, auditing and financial reporting. In recognition of this

situation, a project somewhat similar in purpose to that stated in section 1003 (a) will be undertaken as an activity of the Joint Financial Management Improvement Program. An agreement to undertake such a project was reached at a meeting of the principals of this program, that is, the Secretary of the Treasury, the Director of the Bureau of the Budget, the Comptroller General, and the Chairman of the Civil Service Commission on April 29, 1968.

The project agreed upon, while not of the breadth contemplated in section 1003 (a), involves a review of the requirements and procedures in effect for accounting, auditing, and reporting under grant programs and development of recommendations leading to simplification and better coordination of the financial aspects of these programs.

The project team will be staffed by representatives from the three fiscal agencies—the Bureau of the Budget, the Treasury Department, and the General Accounting Office and by representatives from the four largest agencies involved in grants to States and local governments. These agencies are the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Department of Labor, and the Office of Economic Opportunity. The Assistant Secretary-Comptroller, Department of Health, Education, and Welfare, has strongly endorsed this project.

Because of another pressing priority in this field, the project will not be started until probably sometime in June. In the meantime, we plan to have members of the project team visit with members of your subcommittee staff to explain in more detail the features of this project. Having made the decision to go ahead with such a project, we believe that a statutory requirement for such a joint study as outlined in section 1003 (a) is not needed at this time.

Section 1003 (b) and (c) would lay upon the Comptroller General functions of management involving financial relationships between executive agencies and States and political subdivisions, which are the primary responsibility of the executive agencies in the administration of their programs. The assumption of these functions by the Comptroller General would, in addition, tend to negate the independence and detachment from operational responsibility which the Congress intended for him in the review and evaluation of agency performance. Thus in our view the concept of subsections (b) and (c) is inconsistent with the statutory role of the General Accounting Office.

In a practical sense the requirement of subsection (b) to study and review the accounting and auditing systems of the many States and political subdivisions which are the recipients of Federal aid programs would be an undertaking beyond the resources of our Office, considering our other responsibilities. In addition, subsections (b) and (c) imply that the Comptroller General has prescribed principles, standards, and related requirements concerning accounting and auditing by the States and political subdivisions with respect to the expenditure of Federal aid funds. Such is not the case, and we do not believe that it would be appropriate for the Comptroller General to prescribe such standards and procedures for adoption by State and local agencies. These are matters which should be worked out by the executive agencies and the State and local bodies and made a part of the grant agreements entered into under individual programs.

It is not clear what is intended in subsection 1003 (c) by the provision that executive agencies, upon certain determinations specified in the subsection, may substitute for their accounting and auditing the accounting and auditing performed by States and political subdivisions. Regardless of the acceptability of the accounting of the States and political subdivisions, each Federal agency must account separately to its management and to the Congress for its financial operations of which aid programs with States and political subdivisions are only a part. Moreover, in most if not all Federal agencies the accounts maintained for Federal aid programs are in summary form based on reports and documentation taken from the more detailed accounts of the States and subdivisions.

As to auditing, it is doubtful that Federal agencies would or should accept auditing done by States and political subdivisions without periodic tests to provide reasonable assurance that the prescribed rules and regulations were being adequately followed. At the present time there is some movement in certain Federal agencies toward placing considerable reliance on audits performed by others, but with tests as to the adequacy of such audits.

Also, to reduce the total manpower necessary to perform the audit function and to lessen the impact of Federal auditing on non-Federal organizations, many Federal agencies have entered into cross-servicing arrangements under which the agency having a predominant financial interest in Federal programs at an individual non-Federal entity, performs the audit function, particularly as to overhead

rates, for the Federal agencies having a financial interest at that entity. Insofar as the term "auditing" as used in the proposed Title X relates to financial audits, the expanded use of such cross-servicing arrangements could serve to further reduce the audit problem, and would enhance the feasibility of developing model audit manuals in particular areas and determining the degree to which reliance might reasonably be placed on the grantee's system of internal control, including auditing.

With regard to management-type audits, it is less likely that the Federal agencies would accept audits by States and political subdivisions since management-type audits go beyond the verification of expenditures and are concerned with matters of administration about which audits by States and political subdivisions might not be considered sufficiently objective.

We shall be pleased to discuss the above views in further detail if you desire.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., June 3, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate

DEAR MR. CHAIRMAN: Subsequent to the issuance of our letter of May 8, 1968, presenting our views on the proposed amendment to S. 698 pursuant to your request of May 2, 1968, members of our staff spoke with Mr. Charles Smith, Staff Director of your Subcommittee, on the advisability of having an oral discussion of our views. Mr. Smith advised that there is no necessity for having a further discussion of this matter, but did request that we furnish the Subcommittee, for inclusion in the record, further details concerning the project mentioned in our May 8 letter to review the financial administration of grant programs. This letter is in response to Mr. Smith's request.

As we explained in our earlier letter, the project to review the financial management of grants-in-aid was approved by the principals of the Joint Financial Management Improvement Program at their annual meeting on April 29, 1968. A copy of the project proposal considered by the principals is enclosed. After some discussion as to the objectives of the project, the principals approved going ahead with it with some limitations on the stated scope. The principals agreed that the project team should concentrate on financial matters and that after the team had obtained sufficient information to do so, it would develop a work plan defining in more detail the scope of the study and the priority of coverage. This plan would be subject to further review and approval.

As mentioned in our May 8 letter, other priorities have required that the organization of the project team be delayed for several weeks. When the team is organized, I am sure that one of its first contacts will be with the staff of your Subcommittee to obtain such information and advice on problem matters and areas of concern as your staff may be able to offer. The project team will keep your staff advised of its progress and consult with them on its tentative conclusions.

We believe this to be a very important undertaking but because of our inability to obtain specific information about the kinds and degrees of the problems, we are unable to even conjecture as to the detailed operations which would be involved in this study. The General Accounting Office will probably be assuming the lead in this project and we will arrange for you to receive periodic progress reports.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

[Enclosure]

PROPOSED PROJECT ON REVIEW OF FEDERAL GRANT-IN-AID PROGRAMS

1. *Project Title.*—It is proposed that a project be initiated to be titled Joint Agency Study of Federal Grant-in-aid programs to State and local governments.

2. *Background.*—A large segment of public expenditures is represented by Federal grant-in-aid programs to State and local governments. BOB Special Analysis K estimates these expenditures for fiscal 1968 at \$18.4 billion and for 1969 at

\$20.3 billion. In 1955 expenditures were only \$3.3 billion. It is estimated that there are statutory authorizations for over 400 separate programs. It is further estimated that the programs are administered by 21 departments and agencies, and 150 bureaus and divisions.

Many administrative problems have arisen from the fact that the programs have so proliferated and have originated from such various sources that the state and local governments are presented with multiple administrative and financial reporting problems.

On March 17, 1967, the President sent a message to the Congress entitled "Quality of American Government" in which he called specific attention to the administrative problem of managing grants and in which he directed that steps be taken to remedy the situation. A task force was formed to develop a plan to do this. As a result of the work of this task force a bill was introduced into the 1st session of the 90th Congress on August 28, 1967, (H.R. 12631) to provide temporary authority to expedite procedures for pooling of grants at the State and local levels. Work on the bill was not completed in the 1st session. A similar bill has been introduced also in the second session on February 16, 1968, (S. 2981). The bill is entitled to "Joint Funding Simplification Act of 1968," and provides enabling legislation to permit pooling of funds from grants of more than one Federal agency. The bills currently are in the respective Committee's on Government Operations of the Senate and House. However, these bills deal with only a small part of the problem.

Over the past several years, the Intergovernmental Relations Subcommittee, of the Senate Government Operations Committee, has studied the problem of Federal-local relations. This committee has called attention to the many problems existing in the Federal Grant system. The Advisory Commission on Intergovernmental Relations has also highlighted the needs for some simplification of the Federal grant program.

3. *Project Objective.*—The objective of the project would be to develop recommendations for improvement and simplification of the general administration and financial management of Federal grants-in-aid to State and local governments. This would include efforts to develop recommendations for grantee accounting procedures common to all granting agencies, single audit by a cognizant agency, and a reduction in reporting requirements through simplification, combination or elimination of existing reports.

4. *Scope of the Study.*—The study will cover the following eight agencies:

- Department of Interior
- Department of Labor
- Department of Agriculture
- Department of Commerce
- Department of Health, Education, and Welfare
- Department of Housing and Urban Development
- Department of Transportation
- Office of Economic Opportunity

These agencies have the preponderance of the programs with grants-in-aid.

The study will also cover a representative number of State and local governments to ascertain their problems as recipients of the grants.

5. *Project Organization.*—The project will be conducted under the sponsorship of the Joint Financial Management Improvement Program Steering Committee. The study team should probably include representatives from the following agencies:

General Accounting Office:	
Office of Policy and Special Studies	1
Civil Division	1
Bureau of the Budget	1
Department of the Treasury	1
Department of Health, Education, and Welfare	1
Department of Housing and Urban Development	1
Department of Labor	1
Office of Economic Opportunity	1

AGENCY REPORTS ON S. 735 AND S. 458

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 13, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: Your letter of February 28, 1967, transmitted a copy of S. 458, 90th Congress which has as its stated purpose "To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government."

This measure is identical with S. 2114, 88th Congress, as that bill was passed by the Senate on June 19, 1964. As indicated in the report of the General Accounting Office on S. 2114, as originally introduced, and the testimony of its representatives which appears at page 56 of the published Hearings before your Subcommittee on S. 2114, January 14, 15 and 16, 1964, the General Accounting Office was strongly in accord with the objectives of the bill and recommended that it be given favorable consideration with certain suggested changes which were adopted. These changes are incorporated in S. 458.

We are strongly in accord with the objectives of S. 458, which would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grants-in-aid but also as an additional means for acquiring current information as a basis for legislation in the complex and fast changing area of Federal-State-local relationships. We recommend that S. 458 be given favorable consideration.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS,
Washington, D.C., March 14, 1967.

HON. EDMOND S. MUSKIE,
Chairman, Senate Subcommittee on Intergovernmental Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of February 28 for the views and recommendations of the Commission with respect to S. 458, a bill "to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government," and S. 735, the proposed "Federal Grant-in-Aid Review Act of 1967."

These bills, as well as Title V of the proposed Intergovernmental Cooperation Act of 1967 (S. 698), would provide for a uniform policy and procedure for systematic Congressional review of any grant program established subsequent to enactment of the legislation. In addition, both provide that each such grant-in-aid program enacted without a designated termination date shall expire on June 30 of the fifth calendar year which begins after the effective date of the Act. Finally, both stipulate that each grant-in-aid program of three years or more, authorized in the 90th (S. 458 cites the 89th, but we assume this is a clerical error) or any subsequent Congress, shall be reviewed by the Congress during the two years preceding the date upon which such program is to be terminated.

S. 458 differs from S. 735 essentially by its inclusion of Sections 4, 5, and 6 which, respectively, would provide (a) for studies of existing and future grant-in-aid programs by the Comptroller General, (b) for studies by the Advisory Commission on Intergovernmental Relations of the intergovernmental aspect of programs subject to provisions of section 3 on request of Congressional Committees, and (c) that State and local units of government would be required to keep financial records of programs receiving support from Federal grants-in-aid and that these records be open for inspection and audited by the heads of Federal agencies administering the grants and by the Comptroller General. S. 458 is nearly identical to S. 2114, which was passed by the Senate in the 88th Congress and to Title II of S. 561, as it passed the Senate in the 89th Congress.

S. 735 does not include the three titles discussed above. In addition, it differs from S. 458 and Title V of S. 698 in two other respects. First, Section 4(b) (2) authorizes each standing committee of the Senate and House of Representative to employ a review specialist to assist in carrying out the purposes of the legislation. This provision further implements the recommendations of the Joint

Committee On the Organization of the Congress and closely resembles the proposed amendment (Section 136 (b) and (c)) to the Legislative Reorganization Act of 1946 (2 U.S.C. 190 d) contained in Section 105(a) of S. 355 (90th Congress). Second, Section 4(b) (3) requires that each standing committee of the Senate and House of Representatives submit not later than March 31 of each year reports on their review activities of the preceding calendar year. This section parallels the proposed amendment to the Legislative Reorganization Act of 1946 (Section 136 (d)) appearing under Section 105(a) of S. 355.

The Advisory Commission on Intergovernmental Relations has found that grants-in-aid to State and local governments have been and are the National government's principal mechanism for securing intergovernmental collaboration in accomplishing national legislative objectives. As you know, reliance on the grant device has increased significantly during the past few years. With this have come mounting problems of fragmentation, manageability, and coordination.

In view of the paramount position of Federal grants in the American system of intergovernmental relations, the Advisory Commission believes that the efficacy, value and public acceptability of this mechanism must be safeguarded and that its usefulness as a collaborative device be strengthened. More than six years ago the Commission was struck by the widespread concern over the deficiencies in existing legislative procedures pertaining to grants, especially as related to determining those grants that had achieved their initial objectives and to redirecting others to reflect developments subsequent to their enactment.

On May 25, 1960, the ACIR placed the subject of periodic review of Federal grants-in-aid on its work program and subsequently at its June 15, 1961 meeting the Commission adopted a report entitled *Periodic Congressional Reassessment of Federal Grants-In-Aid To State and Local Governments*. This report was made part of the record of the hearings on S. 2114 in the 88th Congress. It spells out in depth the Commission's recommendation for systematic review. This recommendation would be implemented by the enactment of S. 458, S. 735, or Title V of S. 698.

The Commission position has consistently been that there is a need for general legislation providing for systematic review and assessment of grants-in-aid. This should not be interpreted to mean that Federal grant-in-aid programs under current congressional and administrative processes go unreviewed. The executive agencies involved are giving closer and closer attention to the operation of their programs and requests for grant funds are subject to the usual scrutiny of the appropriation processes in Congress. Moreover, the legislative oversight committees exercise surveillance with respect to grants coming within their jurisdiction. In general, however, the review and redirection of grants are treated unsystematically and on an uncoordinated basis. The findings of the Joint Committee On the Organization of the Congress in this area only confirms these earlier ACIR recommendations.

The Commission position is, therefore, that the proposed legislation would be beneficial on a number of counts. It would stimulate development of more uniform criteria with which Congressional committees could critically assess the effectiveness of grants-in-aid in important subject matter fields. Equally significant is the provision for systematic committee review since it would give State and local governments a regular forum for voicing their views concerning the problems that have arisen in connection with the administration of individual grant programs. Further, the five year termination provision relating to certain future grants is a salutary feature of the legislation. Much confusion has arisen concerning this issue, but it should be pointed out that this section obviously would in no way affect those grants that have a termination date or those that have been specifically exempted from its application. In short, the termination provision merely affects those few programs each session that Congress fails to designate as short-term or long-term undertakings. In such instances, the Commission feels that the five year termination provision, along with the review process that in most instances would result from it, would be helpful.

With reference to Sections 4, 5, and 6 of S. 458, and to Sections 504 and 505 of S. 698, the Advisory Commission has taken no formal position. The first three embody amendments which were adopted by the Senate Subcommittee on Intergovernmental Relations during its deliberations on S. 2114, in the 88th Congress and which appeared in Title II of S. 561 in the 89th Congress as it was enacted by the Senate.

As in the case of the above, the Commission has taken no formal position with reference to the review specialist and annual report provisions of S. 735. These subsections do not appear to conflict with the Commission's basic recommenda-

tions in this area, and tend to further implement those of the Joint Committee on the Organization of the Congress.

We hope these comments will assist the Subcommittee in its deliberations on this proposed legislation. I should like to make clear that in the submission of these comments, I am speaking only for the Advisory Commission and not for the President or the Administration.

Sincerely yours,

FARRIS BRYANT,
Chairman.

COUNCIL OF ECONOMIC ADVISERS,
Washington, April 6, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: As you requested we have reviewed S. 458 and S. 735, bills "to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government."

We find ourselves in sympathy with the proposal calling for evaluation of grant-in-aid programs after several years of experience. But we hesitate to support an arbitrary review and termination date for each program not otherwise covered by a termination date.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

GARDNER ACKLEY.

GENERAL SERVICES ADMINISTRATION,
Washington, April 6, 1967.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Your letters of February 28, 1967, requested the views of the General Services Administration on S. 458 and S. 735 of the 90th Congress, similar bills to provide for periodic congressional review of Federal grants-in-aid to States and to local units of government.

These bills relate to programs to be enacted by future Congresses for grant-in-aid assistance by the Federal Government to States or their political subdivisions; provide expiration dates for the authorization of such grants; and require the review of such programs by appropriate committees of the House and the Senate on or before June 30 of the calendar year preceding the year in which such programs will expire. Committee reports covering such studies would show the extent to which the purpose for which each grant was authorized has been met, whether the recipient can carry on without further Federal assistance, and whether changes in purpose or direction should be made. S. 458 would also vest centralized responsibility in the Comptroller General to review presently existing and all future programs for such grant-in-aid assistance and submit to the Congress reports and recommendations concerning the effectiveness of the programs.

With the enactment of Public Law 88-353, GSA has at this time one program for grant assistance to States and local agencies and to nonprofit organizations and institutions. These grants, which will terminate on June 30, 1969, are to assist in the financing of recipients in the collecting, describing, preserving and compiling and publishing of documentary sources significant to the history of the United States. However, we do not believe that payments under this program would be determined to be "grants-in-aid" under these bills in that section 7(3)(ii)(6) of S. 458 and section 4(c)(B)(vi) of S. 735 exclude "payments under research and development contracts or grants which are awarded directly and on similar terms to all qualifying organizations, whether public or private."

Inasmuch as we do not expect that the enactment of either S. 458 or S. 735 would substantially affect any programs of the General Services Administration, we defer to the views of the interested Federal departments and agencies as to the merits of the proposed legislation.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this report to your Committee.

Sincerely yours,

J. E. MOODY,
Acting Administrator.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 20, 1967.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: By letter dated February 28, 1967, you requested our comments on S. 735, 90th Congress. The stated purpose of this measure is "To provide for periodic review of Federal programs of grant-in-aid assistance to the States."

We note that section 5 of the bill erroneously listed as section 4 includes "any agency or instrumentality of a State" in the definition of the term "State." It is possible that the proposed legislation could be construed as applying to any new authorizations, or changes in existing authorizations for Federal payments to the National Guard enacted by the 90th or subsequent Congresses, since the National Guard is an instrumentality of the various States. However, hearings on similar bills do not indicate that such legislation is intended to apply to Federal funds appropriated for the National Guard. Moreover, since the National Guard has been in existence since the formation of our country and apparently will continue in existence for the foreseeable future, we do not believe that Federal aid in support thereof will be terminated, or that the Congress intends to require the authority for each Federal support to terminate automatically every five years as provided in S. 735 and hence require new study and authorization periodically. Hence, it is our opinion that S. 735 is not intended to apply to Federal payments to the National Guard. It would be preferable, however, if the bill itself or its legislative history would clearly so indicate.

We note that this measure, in large part, would provide for the same type of congressional review of grant-in-aid assistance as would be provided by title V of S. 698, 90th Congress. The primary difference between the provisions of this bill and title V of S. 698 is that in this bill no specific provision is made for studies by the Comptroller General of Federal grant-in-aid programs as provided in section 504 of S. 698. As pointed out in our report of today's date on S. 698, we do not feel that such requirement in S. 698 imposes any requirements on our office in addition to those we believe now exist for reporting to the Congress on the results of our reviews of Government programs, including Federal grant-in-aid programs. Consequently, we do not feel that—so far as our office is concerned—there is any substantial difference between S. 735 and title V of S. 698.

We recognize that any provision for specific review by the Comptroller General of such programs will perhaps change the frequency of our review of such programs and of course, such provision would serve to emphasize congressional interest in a continuing overall review of grant-in-aid programs. In any event, the question of whether specific provision should be made for review of grant-in-aid by our office is viewed as fundamentally a question of policy for the sole determination of the Congress.

We are of course strongly in accord with the objectives of this bill and title V of S. 698. Legislation along the lines of these measures would appear to be beneficial not only as an additional device for strengthening congressional control over Federal grants-in-aid but also as an additional means for acquiring current information as a basis for legislation in the complex and changing area of Federal-State-local relationships.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

DEPARTMENT OF THE ARMY,
Washington, D.C., September 28, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 735, 90th Congress, a bill "To provide for periodic review of Federal programs of grant-in-aid assistance to the States." The Department of the Army has been assigned responsibility for expressing the views of the Department of Defense.

This bill, which if enacted, would be cited as the "Federal Grant-in-Aid Review Act of 1967," would establish procedures for review of grant-in-aid program authorizing assistance from the Federal Government to two or more States or their political subdivisions. All future programs, unless the enacting statute specifically provides otherwise, shall expire on June 30 of the fifth calendar year which begins after the effective date of the enactment of such program. The bill provides for a specific review by the Congress for such programs as are authorized over a period of three or more years. This review would be conducted during the period beginning not later than twelve months immediately preceding the date on which such authority is to expire and the results of committee investigation and study would be reported not later than one hundred and twenty days before such authority is due to expire. In the case of existing statutes authorizing the establishment of programs for grant-in-aid assistance over a period of three or more years to two or more States or their political subdivisions, each standing committee of the Senate and House of Representatives which exercises legislative jurisdiction and oversight over such programs would review and study, on a continuing basis, the application, operation, administration, and execution of such program, and would submit, not later than March 31 of each year, a report on its activities during the immediately preceding calendar year. The studies both for future and existing programs shall be conducted to ascertain whether the purpose for which such future grants-in-aid would be authorized have been met, the extent to which such programs can be carried on without further Federal financial assistance, the extent to which such program is adequate to meet any growing and changing needs related to the purposes for which it was originally designed and whether any changes in purpose, direction, or administration of the original program should be made.

The Department of the Army, on behalf of the Department of Defense, has no objection to S. 735. With respect to the details of this bill, this Department defers to other agencies more directly concerned, that is, those administering grant programs, for example, the Departments of Health, Education, and Welfare, Housing and Urban Development and Transportation.

The fiscal effects of this legislation are not known to the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

STANLEY R. RESOR, *Secretary of the Army.*

DEPARTMENT OF THE ARMY,
Washington, D.C., December 7, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 458, 90th Congress, a bill "To provide for periodic congressional review of Federal grants-in-aid to States and to local units of government." The Department of the Army has been assigned responsibility for expressing the views of the Department of Defense.

This bill would provide that all programs of grants-in-aid (authorized by the Eighty-ninth or any subsequent Congress) from the Federal Government to two

or more States or their political subdivisions, unless the enacting statute specifically provides otherwise, shall expire on June 30 of the fifth calendar year which begins after the effective date of the enactment of such program. Concurrently, the bill provides for a specific review by the Congress for such grants-in-aid programs as are authorized over a period of three or more years to ascertain whether the purposes for which such grants-in-aid would be authorized have been met, the extent to which such programs can be carried on without further Federal financial assistance, and whether any changes in purpose, direction, or administration of the original program should be made to conform to recommendations of the Comptroller General under Section 4 of the bill or the Advisory Committee on Intergovernmental Relations (established by Public Law 86-380) under Section 5. The bill provides that such Congressional review shall be conducted during the period beginning not less than twelve months or more than twenty-four months immediately preceding the date on which such authority is to expire and the results of committee investigation and study shall be reported not later than one hundred and twenty days before such authority is due to expire. The bill further provides that the Comptroller General shall make continuing studies of presently existing as well as all future programs for grant-in-aid assistance from the Federal Government and furnish reports, together with recommendations, to the Congress. Finally the bill provides that each recipient of assistance whether under any new Act of Congress enacted after the effective date of this Act or any new grant-in-aid agreement, or extension, modification or alteration of any existing grant-in-aid agreement pursuant to existing law shall keep records in accordance with the requirements of the Federal agency administering the program.

The majority of the grant-in-aid programs administered by the Department of Defense, which includes direct research grants authorized by the Act of September 6, 1958, P.L. 85-934 (42 U.S.C. 1891), are excluded from periodic Congressional review by the language of this bill. Therefore, the Department of the Army, on behalf of the Department of Defense, defers to the views of other more directly affected Federal agencies.

Enactment of this bill would have no foreseeable fiscal effect on the budgetary requirements of the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

STANLEY R. RESOR, *Secretary of the Army.*

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C. June 11, 1968.

Hon. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Governmental Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our views on S. 458, a bill: "To provide for periodic Congressional reviews of Federal grants-in-aid to State and to local units of government." and S. 735, a bill: "To provide for periodic review of Federal programs of grant-in-aid assistance to the States."

The Department of Transportation administers several grant-in-aid programs. The Federal-Aid Airport Program under the Federal Airport Act provides 50 percent matching funds for airport construction.

The Interstate Highway Program provides 90 percent federal funds, plus a bonus to States having large areas of public lands, for the construction of the 41,000-mile system of Interstate and Defense Highways.

The ABC Highway Program provides 50 percent federal money (plus some bonus) for construction of primary, secondary and urban extension highways.

The Highway Beautification Program provides 75 percent federal funds for billboard and junkyard control and 100 percent funding for landscaping and scenic enhancement.

The Highway Safety Program provides up to 50 percent federal money for assistance to States in implementing programs to meet federal highway safety standards.

All of these grant-in-aid programs are now subject to periodic review by legislative committees of Congress. In the case of the Federal-Aid Airport Program, authorizations have been made for from two to five years, lately for three year periods. Thus, every three years the program is reviewed on its merits and in total by the Senate Commerce Committee and the House Interstate and Foreign Commerce Committee. The highway programs, with the exception of the Interstate Highway Program, are subject to biennial review and authorizations are made for two years at a time. And while authorizations for the Interstate Program are made for more than two or three years, the program is subject to Congressional review when the Public Works Committees biennially consider the apportionment formula to be applied in that program. Thus, all of the grant-in-aid programs administered in this Department are subject to more frequent review than the five-year review contemplated in S. 458 and S. 735. Therefore, the underlying purpose of these bills, to assure that grant-in-aid programs not go on indefinitely without a periodic reexamination of their justification, is already well served and in a manner involving a more frequent review than those bills propose.

In addition, the termination of authority to make grants-in-aid at the expiration of five years would seriously restrict even programs with authorizations for under five years. For example, the Federal-Aid Airport Program was last extended in P.L. 89-647, October 13, 1966. The authorization was for FY 1968, 1969 and 1970. These funds are available until expended.

Under the proposed S. 458 as applied to P.L. 89-647, the funds authorized for 1968 would be available only for four years. The funds for 1969 would be available for three years and those for 1970 for two years. The authority to obligate any funds authorized under P.L. 89-647 would expire June 30, 1971, under section 2 of S. 458.

In this connection, funds apportioned among the states pursuant to section 6(a) of the Federal Airport Act remain available for projects in the respective states for two fiscal years. Any funds remaining unobligated at the expiration of the two-year period are added to the Discretionary Fund pursuant to section 6(c), and are then available for projects in all the states. Several of the less populous states are unable to utilize the full amount of funds apportioned to them under the state apportionment formula. The apportioned funds excess to these states' needs, therefore, lie idle and may not be used until the third year after they first become available. Under the five-year limitation as now written in section 2 of S. 458, unused State Apportionment Funds in the 1970 authorization could never be applied for needed projects. Unobligated State Apportioned Funds in the 1969 and 1968 authorizations would be available for needed projects only one year and two years, respectively.

These limitations would seriously limit our ability to carry out the intended purposes of this program.

Accordingly, the Department of Transportation opposes the enactment of legislation providing automatic termination dates for grant-in-aid programs generally.

The Bureau of the Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report for the consideration of the Committee.

Sincerely,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

AGENCY REPORTS ON S. 2981

OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, D.C., March 1, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department concerning S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

Essentially the proposal would increase joint funding and simplify the administration of grants and contracts where programs or projects are funded from

two or more appropriations. The proposal delineates the scope, authority, requirements, and procedures to be used when joint funding is undertaken.

This Department believes the proposal, which is an Administration bill, will facilitate and encourage the integrated development and execution of program proposals. We think this is a highly desirable result. Since the effective objectives of Government supported programs are multiple, the achievement of these objectives require the simultaneous and integrated implementation of a number of projects.

The three principal programs of this Department that could be operated under this new authority are the Federal-aid to Airports, the Federal-aid to Highways, and the State and Community Safety grants.

The FAA now cooperates, in providing airports, with the Economic Development Administration, Department of Commerce; the Department of Defense; and the National Park Service, Department of the Interior. In addition, the airport grant-in-aid projects might be coordinated with urban renewal projects, mass transit projects, open-space grants, metropolitan planning grants, and with the Department's highway program.

Similarly, the Federal-aid to highways and the State and Community Safety grant programs might, with the assistance of this bill, be utilized more frequently in a coordinated fashion with the grant-in-aid programs of other departments. The multiple impact of joint planning and execution will be much greater if the project is originated and completed in tandem or multiples wherever this is possible. A transportation system is a complex of many items, and a more complementary installation of those items would lead to greater efficiency.

We assume that the language in section 8 is sufficient in its requirement that an expenditure not be inconsistent with other Federal laws, to prevent the expenditure of money transferred from the airport grant-in-aid program or the highway trust fund for other than airport or highway projects respectively. The problem of segregation of the Highway Trust Fund is particularly important since that fund is financed through highway user taxes and has been specifically held by Congress to be available only for that purpose.

Subject to these comments the Department of Transportation favors the enactment of this legislation.

The Bureau of the Budget has advised that enactment of this legislation would be in accord with the President's program.

Sincerely yours,

JOHN L. SWEENEY,
Assistant Secretary for Public Affairs.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., March 4, 1968.

HON. JOHN L. MCCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request for comments of this agency on S. 2981, 90th Congress, a bill, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

In my capacity as the President's liaison with the Governors, I have a direct interest in this bill, and I recommend that it be enacted at an early date.

The Bureau of the Budget advises that it has no objection to the submission of this report, and that enactment of this bill would be in accord with the President's program.

Sincerely,

MORDECAI M. MEEKER
(For Price Daniel, Director).

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 5, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of February 20, 1968, requesting the views of the Bureau of the Budget on S. 2981, the "Joint Funding Simplification Act of 1968."

S. 2981 was developed in response to the President's request—in his March 17 Message on the Quality of American Government—for legislation that would make it possible "... for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program."

Separate Federal assistance programs should be amenable to joint utilization in single projects within which the several programs are melded to achieve mutual objectives. Such combinations of related programs would enable State and local governments and other grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be "packaged" and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees must often work with several Federal agencies (or constituent elements of a single agency)—each with its own distinct administrative practices. As a result, considerable effort is required and significant delays are encountered.

The purpose of S. 2981 is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. The bill would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multi-purpose projects. Under the bill:

Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects on their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multi-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under the bill. He would make reports to the Congress on actions taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The authority contained in the bill would expire after three years.

The Joint Funding Simplification Act of 1968 would not affect substantive provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Problems presented by the diversity in such provisions as these would be studied in connection with proposals for grant consolidation which the President also requested the Director of the Bureau of the Budget to explore in the Message on the Quality of American Government. That effort is now underway. Experience gained under the Joint Funding Simplification Act will be of great assistance in the development of a workable grant consolidation program.

Accordingly, the Bureau of the Budget recommends enactment of S. 2981.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., March 6, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2981, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The proposed legislation is designed to implement the recommendations of the President to provide for the simplification of Federal assistance programs contained in his March 17, 1967 message on the Quality of American Government. The bill would provide authorities for the establishment of uniform technical or administrative requirements, the delegation of powers and responsibilities, and the establishment of joint management funds with respect to projects assisted under more than one Federal assistance program. The authorities would expire after three years. Federal assistance programs would be defined to include loan, loan guarantee, and loan insurance as well as grant programs.

For some time the Department has been encouraging the use of letters of credit for a wide range of domestic and international grant programs to achieve better cash management. The proposed legislation, by consolidating funds from several appropriations, would reduce the number of letters of credit for all grant programs, thereby simplifying funding procedures for the grantee, the agencies, the Treasury, and the Federal Reserve banks. It may achieve further benefits if relatively small grants now paid by check are brought under the letter-of-credit method by virtue of the pooling arrangements.

Consequently, the Treasury supports the objective of the bill.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your Committee and that enactment of the proposed legislation would be in accord with the program of the President.

Sincerely yours,

FRED B. SMITH, *General Counsel*.

THE POSTMASTER GENERAL,
Washington, D.C., March 8, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This Department has been requested to report on S. 2981, a bill "to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The purpose of the bill is to enable States, local governments, and other public or private organizations to use Federal assistance more effectively and efficiently. Subject to regulations to be prescribed by the President the bill would authorize agency heads to cooperate in the identification of programs, development of guidelines, review of program requirements, establishment of common rules, and creation of common application processing and project supervision procedures. The bill would also require Federal agencies to assure that, in the processing of applications, reviews and approvals are expeditious, questions of timing affecting feasibility are considered, the number of Federal representatives involved is kept to a minimum, decisions on applications are communicated promptly to applicants, and applicants are not required by one agency to obtain assurance of the requirements of another agency where such requirements could better be determined through direct interagency communication.

Since the Post Office Department does not administer any Federal assistance programs, the bill would have no effect on the Department. Accordingly, we have no recommendations concerning the bill.

In advising with respect to H.R. 12631, an identical bill, the Bureau of the Budget has stated that there is no objection to the submission of that report to the Committee.

Sincerely yours,

LAWRENCE F. O'BRIEN.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, March 14, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter of February 20, 1968 requesting a report on S. 2981, the "Joint Funding Simplification Act of 1968."

This bill creates authority which will constitute a first and important step in the simplification of grant-in-aid programs. Permitting substantive authority to be delegated from one agency to another, permitting the waiving of technical and administrative requirements and permitting the establishment of uniform matching requirements and single accounting procedures are valuable simplifications of administrative and financial procedures. The Department of Labor therefore strongly supports the bill.

The President recognized last year in his message on The Quality of American Government that simplification of procedures is but one part of the problem of bringing order out of the confusing multiplicity of grant-in-aid programs. The President in his Message described program simplification as even more fundamental than the simplification of procedure, and directed a broad study of this problem and development of solutions. Program simplification—as distinguished from procedural simplification—will require the consolidation of specific pieces of legislation into broad program legislation accompanied by single appropriations without categorical dollar limitations. This bill is a necessary first step in achieving this broader objective.

The Bureau of the Budget advises that there is no objection to the submission of this report and enactment of S. 2981 would be in accord with the President's program.

Sincerely,

WILLARD WIRTZ, Secretary of Labor.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, March 15, 1968.

HON. JOHN J. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 2981, a bill "to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The bill proposes that heads of Federal agencies be authorized to:

1. Identify related programs appropriate for providing joint support for specific kinds of projects;
2. Develop and promulgate guidelines and materials to assist in the planning and development of projects drawing support from different programs;
3. Identify administratively established program requirements which may impede joint support of projects and make modifications as appropriate;
4. Establish common and technical rules among related programs; and
5. Create joint project application procedures and projects supervision procedures.

The head of each agency would be responsible for taking actions to the maximum extent possible under applicable law which would further the purpose of the act with respect to programs administered by this agency. Each Federal agency head would also consult and cooperate with heads of other Federal agencies to promote the purposes of this act.

Actions taken by Federal agencies pursuant to this act relating to the processing of applications must be designed to assure:

- That required reviews and approvals are handled expeditiously;
- That full account be taken of special considerations of timing made known by the applicant that affect the feasibility of the project;
- That the applicant be required to deal with a minimum number of Federal representatives, acting separately or as a board or panel;

That applicants be promptly informed as to decisions for or against applications; and

That applicants not be required by any one Federal agency to obtain information or assurances regarding another Federal agency which could better be secured directly.

Where appropriate, to further the purposes of this act, heads of agencies may use the authorities included in the act to establish uniform technical or administrative requirements, to delegate powers and responsibilities, and to establish joint management funds.

The act provides that (a) appropriations available to any Federal assistance program for technical assistance or training may be used to provide technical assistance or training in connection with projects approved for joint funding involving that program and any other Federal assistance program; and (b) personnel of any Federal agency may be detailed from time to time to other agencies as appropriate to facilitate the processing of applications under this act or the administration of approved projects.

Subject to such regulations as the President may prescribe, Federal agencies may enter into agreements with States or State agencies, as appropriate, to extend the benefits of this act to projects involving assistance from one or more Federal agency and one or more State agency.

The act provides that in addition to powers and authorities otherwise conferred upon him by the act or other law, the President may take such action and prescribe such procedures as may be necessary or appropriate to assure that the act is applied by all Federal agencies in a consistent manner and in accordance with its purpose.

The Department strongly recommends enactment of this bill.

In his March 21, 1967, Message to the Congress, containing recommendations to improve the quality of government, the President recommended general legislation that would authorize Federal agencies to simplify the financial and administrative procedures without disturbing the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program. This legislation broadens this concept to include all Federal assistance, including loans, grants and technical assistance.

We are presently implementing these concepts in three specific areas: (1) coordination of functional planning covering multi-jurisdictional areas; (2) coordination of assistance in metropolitan areas; and (3) specific procedures for consultation with heads of State and local government.

It is this Department's position that the proposed bill will strengthen these efforts by providing needed authority to develop more direct lines of communication with State and local governments and reduce confusion and delay in evaluating and funding programs of local assistance.

We believe this bill will enable substantially increased inter-Departmental level cooperation at the Federal level. This is a key factor to a more effective and efficient relationship with State and local governments, a goal to which we strongly subscribe.

The bill clearly states that the authorities it contains be exercised only pursuant to regulations prescribed by the President. We believe it to be consistent with the President's and our own efforts to improve the effectiveness of the programs administered by this Department.

The Bureau of the Budget advises that there is no objection to the presentation of this report, and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF SCIENCE AND TECHNOLOGY,
Washington, March 18, 1968.

HON. JOHN L. MCCLELLAN,
*Chairman, Senate Government Operations Committee,
U.S. Senate, Washington, D.C.*

DEAR SENATOR MCCLELLAN: This is in response to your request for comment on S. 2981, "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of these projects, and for other purposes."

The purposes of this bill are highly desirable and in accord with the President's program for consolidation of grant-in-aid programs as expressed in his March 17, 1967, message to Congress on "The Quality of American Government." I am therefore happy to endorse the bill.

The regulations implementing the bill will have to be developed carefully to assure that undue or inappropriate restrictions on educational or research grants do not result. There are, of course, good reasons for variation in the extent of controls and restrictions imposed in the administration of assistance programs which are directed at differing purposes.

I do not anticipate that any serious problems of this nature will arise, and hope that the Congress will see fit to enact this measure.

Sincerely,

DONALD F. HORNIG, *Director.*

CIVIL AERONAUTICS BOARD,
Washington, D.C., March 20, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 20, 1968, requesting the Board's views on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

One of the purposes of the bill, as stated therein, is to enable States, local governments, and other public or private organizations and agencies to use Federal assistance more effectively and efficiently.

Although the Board provides subsidy assistance to certain air carriers, it does not administer any programs of Federal assistance to State and local governments or other public or private agencies. The Board does not, therefore, have any comments to offer with respect to the bill.

Sincerely,

JOHN H. CROOKER, Jr., *Chairman.*

OFFICE OF ECONOMIC OPPORTUNITY,
Washington, D.C., March 22, 1968.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for requesting our views on S. 2981, the "Joint Funding Simplification Act of 1968".

The Office of Economic Opportunity strongly favors the enactment of this legislation which carries out the President's commitment in his Message of March 17, 1967, on "The Quality of American Government" to submit to the Congress necessary legislation to simplify our grant-in-aid procedures.

Today there are some 459 Federal domestic assistance programs of which more than 200 are grant-in-aid programs providing financial assistance to State and local governments, private organizations, and individuals. These programs are administered through 25 Federal agencies.

With such a large number of programs in existence, the task of ascertaining what assistance is available for various purposes is in itself a most difficult one. Recognizing that the success of the War on Poverty would to a great extent depend on eligible recipients knowing of the availability of assistance under various laws, the Congress, in enacting the original Economic Opportunity Act of 1964, required this agency to establish an Information Center to insure that information concerning programs related to the Act's purposes is made "readily available in one place to public officials and other interested persons." Two years ago the Congress broadened this mandate by requiring that the Director "publish and maintain on a current basis, a catalog of Federal programs relating to individual and community improvement." On July 1, 1967, the second edition of OEO's "Catalog of Federal Assistance Programs" was published, including in its contents an explanation of the nature and purpose of all current grant-in-aid programs, descriptions of their major eligibility requirements, information concerning places to apply, and lists of available printed materials.

As helpful as this service has proved to be, it still does not resolve the many problems involved when a small community, for example, seeks to put together a "package" of Federal assistance drawn from several sources. Such an applicant must go through the laborious process of filling out widely differing, sometimes complex, application forms and must meet the diverse procedural and other special requirements of the 25 Federal agencies administering grant-in-aid programs. We believe that the simplification of procedures for grant application, administration and financial accounting provided for in this bill would go far toward alleviating these problems and should be enacted into law. It should be noted, in this connection, that the Congress has previously approved the use of joint funding in its enactment of the Economic Opportunity Amendments of 1967. The Amendments add a new section 612 to the Economic Opportunity Act authorizing joint Federal agency funding of programs whereby any one Federal agency may be designated to act for all in administering funds advanced to a community action or other agency assisted under the Act.

The Bureau of the Budget has advised that there is no objection to the submission of this report and that enactment of S. 2981 would be in accord with the program of the President.

Sincerely,

BERTRAND M. HARDING
(For Sargent Shriver, Director).

DEPARTMENT OF THE ARMY,
Washington, D.C., March 26, 1968.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 2981, 90th Congress, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes". The Secretary of Defense has delegated to the Department of the Army the responsibility for expressing the views of the Department of Defense on this bill.

The purpose of the bill is to set up procedures under which more effective use of funds may be made by States, local governments, and other public or private agencies receiving Federal assistance for a project from more than one Federal program, or one or more Federal and one or more State programs. It is designed to encourage Federal-State arrangements under which local governments and other public or private agencies may more effectively combine State and Federal resources in support of projects of common interest to the agencies concerned. Under the bill each Federal agency head would be required to review its programs and identify those appropriate for joint support, as well as establishing guidelines, model projects, and forms to assist in developing such joint projects. Federal agency actions would be designed to assure expeditious handling of reviews and approvals, dealing with a minimum number of Federal representatives, consideration of timing problems affecting feasibility of a joint project, and prompt notification of decisions.

The bill would require the establishment of uniform technical or administrative requirements for federally assisted projects, to eliminate unnecessary burdens on local agencies as to accounting, reporting, auditing, contracting, personnel systems, and accountability for property and structures. To permit better administration of funds drawn from more than one Federal program or appropriation, the bill would authorize establishment of joint management funds into which would be deposited the amounts from various sources financing the project, with payments to grantees being made from the management fund. Proper provision would be made for disposition of excess amounts in such funds, and the keeping of appropriate records by recipients, with audit powers vested in the Comptroller General. Appropriations available for technical assistance or training of personnel would be made available for such purposes in projects approved for joint or common funding, and detailing of Federal personnel to other agencies to administer the programs would be authorized. The bill would permit the completion of agreements with States or State agencies to extend the provisions of the bill to projects involving assistance from one or more Federal agencies and one or more State agencies.

Section 12 of S. 2981 defines "Federal assistance programs" as programs which provide assistance through grant or contractual arrangements, including technical assistance programs or programs providing assistance in the form of loans, loan guarantees, or insurance. It also defines "project" as any undertaking, however characterized and whether of a temporary or continuing nature, which includes components proposed or approved for assistance under more than one Federal program, or one or more Federal and one or more State programs, if each of those components contributes materially to the accomplishment of a single purpose or closely related purposes. While the Department of Defense, particularly the Office of Civil Defense, is engaged in some assistance activities which might fall within the scope of the relevant definitions, the Department is not extensively engaged in the type of assistance programs apparently contemplated under the provisions of the bill. Accordingly, this department defers to the views of Federal agencies which are more affected by S. 2981. The enactment of this legislation will cause no apparent increase in the budgetary requirements for the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely yours,

DAVID E. MCGIFFERT,
Acting Secretary of the Army.

DEPARTMENT OF STATE,
Washington, D.C., March 27, 1968.

HON. JOHN L. MCCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The Secretary has asked me to reply to your letter of February 20, 1968 concerning S. 2981, a bill to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes.

S. 2981 would increase joint funding and simplify the administration of grants and contracts where programs or projects are funded from two or more appropriations. The proposed bill delineates the scope, authority, requirements, and procedures to be used when joint funding is undertaken. In some cases of grants under our cultural affairs programs, joint funding may prove to be appropriate. Accordingly, the Department of State recommends enactment of S. 2981.

The Bureau of the Budget advises that there is no objection to the submission of this report and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

WILLIAM B. MACOMBER, JR.,
Assistant Secretary for Congressional Relations.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., March 27, 1968.

Subject: S. 2981, 90th Congress (Sen. McClellan).

HON. JOHN L. MCCLELLAN,
*Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

This measure, to be cited as the "Joint Simplification Funding Act of 1967," would authorize Federal agencies over a three year period to take various actions designed to promote coordination of financial assistance which is drawn from several Federal, or Federal and State sources and used for support of

a single project. Subject to Presidential regulation, Federal agencies could identify programs suitable for joint funding, review and modify administratively established program requirements which impede joint funding, and set up common application and supervision procedures including procedures to designate lead agencies.

Also, with the approval of the President, a Federal agency could delegate to other Federal agencies powers relating to the approval and supervision of projects or classes of projects under a joint program. The bill further provides for joint management funds with accounting procedures structured as though the assistance were received from a single agency, and for establishment, pursuant to Presidential regulations, of common technical or administrative standards where necessary to avoid subjecting a project to requirements based on inconsistent or conflicting provisions of law. In addition, arrangements similar in many respects to those authorized among Federal agencies could be included between Federal and State agencies where appropriate to facilitate projects involving assistance from both Federal and State sources.

The Department supports S. 2981. In our view it will encourage needed cooperation and innovation in program development at the State and local level. It should contribute substantially to efforts to improve coordination among Federal programs, help make those programs more responsive to State and local needs, and assist in eliminating unnecessary administrative burdens and paper work that may now be involved in developing and carrying out projects drawing upon more than one source of assistance.

At present, even a community or agency with considerable capacity for complex project planning may hesitate to undertake development of a project involving a novel combination or use of assistance from several Federal or Federal and State sources. Such a project may encounter significant delays, while the individual applications for each component of the project are processed by the responsible agencies pursuant to the frequently different technical requirements and priorities of each agency. Because of such delays, the project may have to be abandoned or substantially modified after a good deal of time and effort has been invested. Once approved, the terms and conditions prescribed by each agency for its component of the project may differ to such a degree as to make effective and efficient local administration quite difficult.

In the case of rural or smaller communities the problems are, of course, even more difficult. There, too often, even a relatively simple effort at combining assistance from different sources is likely to be considered too burdensome, assuming that the opportunity for using such a combination in meeting local problems is seen and appreciated.

We think that the bill would encourage communities to make much greater use of their capacity for structuring projects to meet local needs as they see them. In the case of States and larger communities, we would hope this might include a good deal of innovative effort to make more effective use of a variety of programs in dealing with relatively complex problems. Smaller communities may not be able to do so much on their own. But they can be helped to take advantage of the bill through technical assistance, including technical assistance through State agencies funded under title IX of the Demonstration Cities and Metropolitan Development Act of 1966. Further, small communities could benefit greatly from the opportunity which the bill would afford to Federal and State agencies for designing standard program packages or combinations tailored to meet needs or problems known to be common to a number of communities.

There are, we believe, many cases in which programs of this Department might be effectively employed in connection with projects developed under the bill. The bill could, for example, be employed to simplify the securing or administration of assistance in connection with the wide variety of projects that might be included within a Model Cities program. It could be used by applicants seeking to design air pollution or water pollution projects which might involve public facilities programs of this Department and programs of the Department of Health, Education, and Welfare and the Economic Development Administration. It might be used in connection with neighborhood conservation or improvement projects that combine, for example, code enforcement and rehabilitation loan and grant assistance from this Department together with such things as funds from the Department of Labor to assist in training of residents to do some of the work involved or funds to expand a legal services program capable of providing tenants with legal advice and assistance relating to code enforcement activities.

It may, however, be worth noting that the bill may be less important in terms of combinations which the Federal agencies themselves now see as feasible or possible than in connection with combinations that might be seen as desirable by State or local agencies. One of the advantages of the bill is that it should make it easier for State and local agencies to exercise influence on the ways in which Federal agencies view their own programs and the relationships among them. The Federal agencies, in short, may have as much to learn as to teach when it comes to the imaginative and effective use of their programs in dealing with the wide range of needs and problems which exist at the State and local level. To the extent that this is so, and to the extent that the bill contributes to the learning process, it ought to provide the Federal government with a good deal of information relevant to its own organization and coordination decisions.

We would recommend two technical amendments to S. 2981. On page 7, line 24 of the bill, the word "upon" should be placed after "(1)". On page 2, line 19, the requirement might better be described by the word "action" instead of the word "order". We make this latter recommendation because there are circumstances in which a formal Agency order might not be necessary to effect a desirable result.

We have been informed by the Bureau of the Budget that the enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

ROBERT C. WEAVER.

OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., March 28, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Government Operations Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 2981, the "Joint Funding Simplification Act of 1968."

The purpose of the bill is to enable states and public or private organizations and agencies to obtain more effectively and efficiently the use of resources available to them from more than one federal agency, and to combine state and federal resources in support of projects of common interest. To effect these purposes the bill would authorize agency heads to adopt uniform provisions respecting certain statutory requirements, to provide for the delegation of certain powers and responsibilities and to provide for the establishment of joint management funds under conditions prescribed. Federal agencies would be authorized to enter into agreements with states or state agencies as appropriate to extend the benefits of the act.

The proposed bill is an important step in implementing the President's request, in his 1967 message on "The Quality of American Government", for a workable plan for grant simplification. The Department of Justice recommends enactment of S. 2981.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

WARREN CHRISTOPHER, *Deputy Attorney General.*

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., March 29, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR SENATOR McCLELLAN: The Atomic Energy Commission is pleased to reply to your letter of February 20, 1968, which asked for our views on S. 2981, "a Bill to provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

Except for two minor changes,* S. 2981 appears to be identical with H.R. 12631 which was introduced in the House on August 28, 1967.

*Section 3 (a) (page 2, lines 16-17) and Section 3 (a) (4) (page 3, line 12).

The proposed legislation is designed to help simplify and coordinate Federal assistance programs, jointly funded by two or more agencies, in support of projects conducted by local governments and other public or private organizations and agencies. For this purpose, Federal agencies would be authorized to take various appropriate measures through internal orders or interagency agreements.

AEC has had considerable experience with jointly funded projects, a noteworthy example of which is our current joint program with the Office of Saline Water of the Department of Interior for participation in a large nuclear-desalting project to be carried out by the Metropolitan Water District of Southern California and private and public utility entities in Southern California. To the full extent of applicable law, we have had occasion usefully to employ various measures similar to those provided for in S. 2981.

Accordingly, the Commission is in favor of legislation such as S. 2981 which could serve to provide additional authority to facilitate useful joint measures to aid in the administration of jointly funded projects.

The Bureau of the Budget has advised that there is no objection to the presentation of this report and that enactment of S. 2981 would be in accord with the President's program.

Sincerely yours,

R. E. HOLLINGSWORTH,
General Manager.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., May 4, 1968.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reference to your request of February 19, 1968, for our views on S. 2981, the proposed "Joint Funding Simplification Act of 1968."

We fully support the general objective of simplifying and improving the administration of related grant-in-aid programs. Today's large number of individual grant-in-aid programs, each with its own set of complex special requirements, separate authorizations and appropriations, cost sharing ratios, allocation formulas, and financial procedures, makes it increasingly difficult to manage and administer those programs in a comprehensive or efficient manner.

It is our opinion that there is presently much, in the way of coordinating and standardizing current Federal grant-in-aid programs, which could be done on an administrative level without additional legislation. But, if administering grant programs on a consolidated basis is desirable, we believe that the real key to significantly improved administration lies in the legislative consolidation of programs into broader categories of assistance, and the placement of like programs in a single agency, rather than establishing an administrative apparatus to deal with continuing proliferation of single narrow purpose programs.

The bill S. 2981, although limited to three years, would permit the inauguration of the program on a Government-wide basis without provision for going through an experimental and testing period. We would prefer first having a limited application to eliminate any problem areas prior to full-scale implementation.

If legislation is enacted we believe that it should be carefully and gradually implemented under the required Presidential guidelines with provision for thorough evaluations of results achieved, and that a specific provision should be included in the legislation for limiting its application to geographical areas or perhaps to programs. Our concern is that there could exist pressures which might force too rapid an adoption of untested concepts and procedures, and make difficult the reversal of procedures found to be unworkable.

We understand also that it is contemplated that further recommendations will be made by the Executive Branch with respect to the consolidation of existing categorical grants. A determination as to the extent to which this could be accomplished, with appropriate recommendations, should be made in advance of any extension of the legislation.

We would indorse legislation limited in its application as indicated above. This would not only serve to more specifically delineate the advisability of full implementation of the proposals, but would also provide valuable information relating to programs which might be more efficiently administered if consolidated

as contemplated by title VI of S. 698, title VI of H.R. 5770, title III of H.R. 8194, and similar bills now pending in the Congress.

With respect to specific provisions of the bill, section 8 authorizes the establishment of joint management funds to account for projects financed from more than one Federal program or appropriation with any excess funds therein being returned to the participating Federal agencies in accordance with a formula mutually acceptable as providing an equitable distribution, and for effecting returns accordingly to the applicable appropriations. Consideration should be given to the extent to which this procedure might reduce congressional control over the appropriations for the individual programs. Also, section 9(a) would have the effect of permitting any appropriation that is available for training or technical assistance purposes to be used for any other Federal assistance program that becomes involved in joint funding, although the latter program may not have funds approved for training and technical assistance purposes. This could result in significant amounts of training and technical assistance funds being used for purposes beyond those for which they were originally authorized and appropriated.

Sincerely yours,

ELMER B. STAATS,

Comptroller General of the United States.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., May 16, 1968.

HON. JOHN L. McCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate.

DEAR MR. CHAIRMAN: This letter is in response to your request of February 20, 1968, for a report on S. 2981, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The proposed joint funding simplification bill offers a basis for needed improvement in our methods of supporting activities which cut across program and agency lines. Our Department continues to strive toward improving and simplifying our support mechanisms. We believe that S. 2981 will make a significant contribution to our pursuit of this goal by permitting a simplified, better coordinated and more expeditious review, approval and post award administration of jointly funded projects.

Specifically Section 6(b), provides an important new means by which Federal agency heads may arrange for joint review of proposals by a single panel, board, or committee in lieu of separate reviews. Moreover, Section 6(c) authorizes the waiver, in certain circumstances, of single state agency requirements, thereby permitting a more responsive and effective use of aid funds in meeting State, local, and other grantee needs and affording States needed flexibility in recognition of the comprehensive nature of some of our new programs.

In authorizing the establishment of joint management funds, the accounting and administration will be streamlined and simplified both for recipient institutions and awarding agencies. In addition, the establishment of uniform administrative and technical requirements encouraged by Section 6(a) will go far in reducing the administrative complexities which often stand in the way of responsive program administration.

In summary this Department strongly endorses the concepts of grant simplification reflected in the proposed bill, and we feel that the temporary authority requested in S. 2981 will permit an application of these concepts to help solve the mounting problems associated with the increasing complexity of Federal aid administration.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report and that enactment of this legislative proposal would be in accord with the Administration's program.

Sincerely,

WILBUR J. COHEN, *Secretary.*

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,

Washington, D.C., June 12, 1968.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report from the Veterans Administration on S. 2981, 90th Congress, a bill "To provide temporary authority to expedite procedures for consideration and approval of projects drawing upon more than one Federal assistance program, to simplify requirements for the operation of those projects, and for other purposes."

The purpose of this bill is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval, and administration of projects which draw upon resources available from more than one Federal agency, program, or appropriation. This would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support or multi-purpose projects.

The impact of this legislation on Veterans Administration programs would appear to be slight. However, we believe that the bill would have a beneficial effect on the administration of grants-in-aid programs by other Federal agencies and would be of great assistance to State and local governments and other public and private agencies. For these reasons we would have no objection to the favorable consideration of S. 2981 by your Committee.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this report to your Committee, and that enactment of this legislation would be in accord with the program of the President.

Sincerely,

W. J. DRIVER, Administrator.

Senator MUSKIE. Our witness this morning is Mr. Phillip S. Hughes, Deputy Director, Bureau of the Budget.

Why don't you proceed?

TESTIMONY OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU
OF THE BUDGET; ACCOMPANIED BY JAMES M. FREY, DEPUTY
DIRECTOR, OFFICE OF LEGISLATIVE REFERENCE

Mr. HUGHES. Thank you, Mr. Chairman.

We are very pleased to be here, and we share your hope that the people in the room, even though they may find the subject matter complex, will not find it too dry. We agree with you that it is the substance of governmental problems and of intergovernmental relations. Since these are complex, the legislation dealing with these problems is correspondingly complex.

We hope, too, that our testimony is no more incomprehensible than complexity of the subject matter requires. We will try in the statement to deal with the substantive issues and essential questions and will be pleased to work with you and the staff on the "fine print" of amendments and of the details of changes or amendments which prove desirable.

Senator MUSKIE. Thank you very much.

Mr. HUGHES. Mr. Chairman and members of the committee, we are here to discuss S. 698, the Intergovernmental Cooperation Act, which was introduced by the chairman of the subcommittee, and other related measures which have as their purpose the enhancement of our system of federalism and the improvement of the quality of American Government.

The purpose of S. 698 is to make more workable the machinery of our Government through achieving the fullest possible cooperation and coordination of activities at the Federal, State, and local levels in, as the bill phrases it, "an increasingly complex society."

To achieve this purpose the bill as introduced is designed to: (a) improve the administration of grants-in-aid to the States, title II; (b) permit provision of reimbursable technical services by the Federal Government to State and local governments, title III; (c) establish coordinated intergovernmental policy and administration of grants and loans for urban development, title IV; (d) Title V, provide for periodic congressional review of grant-in-aid programs; (e) title VI, authorize the consolidation of certain grant programs; (f) title VII, provide for the acquisition, use, and disposition of land within urban areas by Federal agencies in conformity with local government programs; (g) title VIII, establish a uniform relocation assistance program, and (h) title IX, establish a uniform land acquisition policy for direct Federal and federally aided programs.

Finally, the measure as recently amended by Senator Muskie would aim at improving the accounting, auditing, and financial reporting requirements associated with Federal assistance funds.

The present legislation before this subcommittee is the direct lineal descendant of previous congressional consideration over the last several years of intergovernmental cooperation acts, all of which have been sponsored by the chairman of this subcommittee.

Last year the Advisory Commission on Intergovernmental Relations requested our assistance in developing an intergovernmental cooperation act. After discussions with the various affected Federal agencies and with the Advisory Commission, agreement was reached on a measure transmitted by the ACIR containing five titles which are identical or substantially similar to corresponding titles of S. 698.

My testimony today will also take into account this measure as it relates to the relevant titles of S. 698.

Previous Bureau testimony in 1965 and 1966 emphasized the growing importance of cooperative federalism reflected in the significant enlargement of Federal aid to State and local governments to deal with problems of national concern.

In the fiscal year 1969, the total of Federal grant programs dealing with national goals in a joint endeavor by Federal, State, and local units of government will exceed \$20 billion. In that fiscal period, such Federal financial assistance to State and local governments under existing and proposed programs will total an estimated \$20.3 billion, of which there will be net expenditures of \$15.5 billion from regular budget accounts and \$4.8 billion from the highway and unemployment trust funds.

Senator MUSKIE. I would like to ask a question at this point, Mr. Hughes. Do you have any idea of the amount of State and local matching funds which are added to the \$20 billion of Federal funds under these programs?

Mr. HUGHES. We do have estimates, Mr. Chairman. We may have some fairly precise figures. I know we have data on this. I would be very happy to furnish it for the record. I don't believe we have data on the States' share with us.

Senator MUSKIE. I think we have made some rather wild guesses

here, but we see an opportunity to pin this down and I would appreciate getting that.

Mr. HUGHES. We will get the best data that we can.

(The material follows:)

EXCERPT FROM SPECIAL ANALYSES, BUDGET OF THE UNITED STATES, 1969

TABLE K-4.—FEDERAL-AID EXPENDITURES IN RELATION TO TOTAL FEDERAL EXPENDITURES AND TO STATE-LOCAL REVENUE

	Amount (millions)	Federal aid		
		As a percent of—		
		Total Federal expenditures	Domestic Federal expenditures ¹	State-local revenue ²
1958.....	\$4,935	6.1	14.6	12.0
1959.....	6,669	7.4	16.6	14.6
1960.....	7,040	7.8	17.2	13.8
1961.....	7,112	7.4	15.7	13.2
1962.....	7,893	7.5	16.4	13.5
1963.....	8,634	7.7	16.4	13.7
1964.....	10,141	8.6	18.2	14.8
1965.....	10,904	9.3	18.8	14.8
1966.....	12,960	9.9	20.3	15.6
1967.....	15,240	9.9	20.7	16.9
1968 estimate.....	18,362	10.8	21.8	(3)
1969 estimate.....	20,296	11.1	21.6	(3)

¹ Including expenditures for national defense, space, and international affairs and finance.

² Based on compilations published by Governments Division, Bureau of the Census. Excludes State-local revenue from publicly operated utilities, liquor stores, and insurance trust systems.

³ Not available.

Mr. HUGHES. In 10 years, total Federal aid will have more than tripled, rising from \$6.7 billion in 1959 to an anticipated \$20.3 billion in 1969. It is estimated that, in the same decade, State and local expenditures will have more than doubled.

The fastest growing grants are those to advance the war on poverty, to provide decent medical care for the needy, to improve the facilities and services in our urban centers, and to upgrade the elementary and secondary educational opportunities available to children of low-income families. Between 1965 and 1969, grants administered by the Office of Economic Opportunity will show an increase of \$1.3 billion, and those for the new elementary and secondary education program will rise by \$1.4 billion. During the 1967-1969 period alone expenditures for medicaid will grow some \$949 million, and those for housing and community development will rise \$1 billion.

Total aids for metropolitan or urban areas have risen from \$4 billion in 1961 to an estimated \$12 billion in 1969. Thus, Federal aids benefiting urban areas have grown by about \$8 billion—nearly tripling in less than a decade.

Senator MUSKIE. In the budget there is a statement to the effect that Federal spending for poverty programs has risen from \$9.5 billion to something like \$27 billion. Now, I assume that that needs some clarification to be accurate. Are you in a position this morning or could you for the record spell that out?

Mr. HUGHES. I would be glad to do it for the record in more detail, Mr. Chairman.

Generally speaking, the expenditures for poverty that are so classified in the budget document and the related documents are those which are either specifically directed toward the reduction of poverty in the country, or those portions of expenditures for other social programs—perhaps social security is the classic example—which go to people who

are below the poverty level in economic status. But we can furnish considerable detail in support of the data which you referred to, and indicate the derivation of the figures.

Senator MUSKIE. It would be very helpful not only for this record but it would be helpful to those of us who undertake to discuss these issues with the public. I take it that an accurate label would be that these are programs that are directed either to causes or to the effects of poverty.

Mr. HUGHES. That is correct, Mr. Chairman.

Senator MUSKIE. And they include presumably some portions of our education programs, social security programs, housing programs, manpower training programs and so on.

Mr. HUGHES. That is correct.

Senator MUSKIE. We would appreciate that detail.

Mr. HUGHES. We will be glad to provide it.

(The material referred to follows:)

ESTIMATED FEDERAL FUNDS FOR PROGRAMS ASSISTING THE POOR, FISCAL YEARS 1960-69

(Billions of dollars)

Category and program	1960 actual	1961 actual	1963 actual	1964 actual	1966 actual	1967 actual	1968 estimate	1969 estimate
Education:								
HEW—ESEA Act of 1965, title I					1.0	1.1	1.2	1.2
Other	(1)	(1)	(1)	(1)	.3	.4	.6	.7
OEO—Headstart, Followthrough, et cetera					.4	.4	.4	.5
Interior—Indian education	0.1	0.1	0.1	0.1	.1	.1	.1	.1
Subtotal	.1	.1	.1	.1	1.7	2.0	2.3	2.5
Working and training:								
HEW—Work incentive activities						(1)		.1
OEO					.6	.8	.8	1.1
Labor—MDTA, et cetera	(1)	(1)	(1)	(1)	.2	.2	.3	.4
Subtotal	(1)	(1)	(1)	(1)	.8	1.0	1.1	1.6
Health:								
HEW—Health insurance for the aged ²					(1)	1.3	1.7	2.0
Public assistance medical care	.2	.2	.4	.5	.7	.9	1.4	1.7
Other	.1	.1	.1	.2	.3	.3	.3	.3
VA—Hospital and domiciliary care	.3	.3	.4	.3	.4	.5	.6	.6
OEO					.1	.1	.1	.2
Subtotal	.6	.7	.9	1.0	1.5	3.2	4.1	4.7
Cash benefit payments:								
HEW—OASDI ³	4.0	4.4	5.3	5.8	6.6	6.7	7.9	8.9
Public assistance	1.8	1.9	2.3	2.5	2.8	3.0	3.5	3.6
Railroad retirement ³	.4	.3	.3	.3	.4	.3	.4	.4
VA—Compensation and pensions	1.6	1.8	2.0	2.0	2.3	2.3	2.4	2.5
Labor—UI ³	.5	1.0	.6	.7	.4	.4	.5	.5
Subtotal	8.3	9.5	10.4	11.4	12.5	12.8	14.6	15.9
Other social, welfare, and economic services:								
Agriculture—Food programs	.2	.2	.3	.2	.4	.3	.4	.5
Other	(1)	.1	.1	.1	.1	.1	.2	.2
Commerce—EDA			.1	.1	.2	.2	.2	.2
OEO					.5	.3	.4	.5
HEW	.1	.1	.1	.2	.2	.4	.4	.5
HUD—Public housing and rent supplements	.1	.1	.1	.1	.1	.2	.2	.3
Other					(1)		.1	.3
Interior—Services to Indians, et cetera ²	.1	.2	.2	.2	.2	.4	.3	.3
Labor	(1)	(1)	(1)	.1	(1)	(1)	(1)	(1)
SBA—Economic opportunity loans					(1)	(1)	(1)	(1)
Appalachian program (FAP)					(1)	.1	.1	.1
Subtotal	.5	.6	1.0	.9	1.8	2.0	2.4	2.9
Total	9.5	10.9	12.5	13.4	18.3	21.1	24.6	27.7

¹ Less than \$50,000,000.

² Includes some trust funds.

³ All trust funds.

Notes: (1) Total may not add due to rounding. (2) The amounts shown in this table are (1) NOA's for regular budget accounts except where program level is the more meaningful concept, (2) expenditures for trust funds.

NOTE.—The tabulation prepared by the Bureau of the Budget does not encompass all programs which affect the poor, but only those that have special impact on them qua poor. The following are the criteria used in selecting the programs for inclusion in the tabulation.

1. Programs which are aimed at the *poor* in general, or at a specific group of the population who are poor (example, Indians) or at a particular region which is considered poor (example, Appalachia). Major programs in this category include:

- Title I of ESEA.
- Economic Opportunity grants.
- Work study.
- Adult basic education.
- Head Start.
- Indian health, education, and welfare.
- Job Corps.
- Work incentive activities.
- Neighborhood Youth Corps.
- Concentrated Employment Program.
- Public assistance.
- Food stamp program.
- Appalachian program.
- Aid to depressed areas and regions.
- Comprehensive health centers.
- Day care centers.
- All other OEO programs.

2. Programs which are aimed principally at *low income* groups of which the poor constitute a significant proportion. Major programs in this category include:

- NDEA student loans.
- Health insurance for the aged.
- Medicaid.
- Veterans disability pensions.
- Veterans survivor pensions.
- Direct distribution and removal of surplus agricultural commodities.
- Minimum wage enforcement.
- Grants for maternal and child health and welfare.
- Low rent public housing.
- Comprehensive city demonstration program.
- 10-year housing program.

3. Programs which are open to *all* regardless of income but which are taken advantage of most by low income groups. Major programs in this category include:

- Vocational education.
- MDTA.
- Selective Service System rejectee program.
- VA hospital, nursing, domiciliary and outpatient care.
- Grants for vocational rehabilitation service.
- Grants for neighborhood facilities.

4. Programs which are open to *all* regardless of income but which contain specific benefits to the poor or to the very low income groups. Major programs in this category include:

- OASDI.
- Railroad retirement program.
- Unemployment insurance.
- Veterans survivor compensation.
- School lunch and special milk programs.
- Rural housing loan program.

Programs in the first category are included in the tabulation mostly at 100%. For the remaining categories only that portion of a program which is estimated to relate to poor beneficiaries is included. It should be emphasized that this tabulation relates to *outlays* of the Federal Government assisting the poor and should not be taken to measure the *benefits* that the poor derive from these programs.

The above criteria are somewhat narrower than those applied to last year's tabulation. All years appearing in the tabulation have been prepared on the basis of the new set of criteria. As an indication of the effect the new criteria have had, for 1969 the difference in the totals would be between \$1 and \$1.5 billion.

Mr. HUGHES. The effective administration of Federal aid programs has received increasing attention in the last several years. The Bureau's concern has been both with the budgetary impact of grant expenditures, and with the means of coordinating the growing number of grant programs as well as devising measures for the more effective management of cooperatively financed Federal programs.

The Bureau of the Budget has consistently supported the purposes of an Intergovernmental Cooperation Act. My testimony will be directed almost entirely toward those portions of S. 698 where significant problems or issues arise.

I intend now to turn to discussion of the individual titles of the bill. Title I deals solely with definitions, and we continue to support title II, designed to improve the administration of grants-in-aid to the States.

We also favor the provisions of title III which would authorize all Federal departments and agencies to provide specialized or technical services on a reimbursable basis to State and local governments. We are fully in accord with the proviso that such services shall include only those which are not reasonably and expeditiously available through ordinary business channels.

Title IV of S. 698, dealing with coordinated intergovernmental policy and administration of grants for urban development, differs slightly in language from the provisions of title IV of the Advisory Commission intergovernmental relations bill. It would be our suggestion here that the provisions of S. 698 be conformed to the Commission's bill.

The Bureau is in accord with the aim of assuring periodic congressional review of Federal grant-in-aid programs, as is provided for in title V, and in S. 458 and S. 735. We doubt, however, either the feasibility or desirability of an arbitrary 5-year termination date for such programs.

Senator MUSKIE. Does it disturb you to be interrupted?

Mr. HUGHES. Not at all, Mr. Chairman. Proceed any way you would like.

Senator MUSKIE. Those questions which might generate an extended discussion I would postpone until the end, but from time to time it is helpful to interrupt with questions on relatively minor points.

First of all, what is your count of grant-in-aid programs now? Our staff uses different figures. I never know which one is firm.

Mr. HUGHES. Mr. Chairman, there are several hundred. I think the count depends on the subclassification and what we decide is the program versus component of a program. It is of the magnitude of 300 or 400.

Senator MUSKIE. I think my staff is now using or did in the opening statement, the figure of over 500. That is 500 authorizations, I believe. It is the Library of Congress figure.

Mr. HUGHES. We would accept Mr. Labovitz as an authority on this subject and we would be pleased to agree in general terms at least with your staff.

(A memorandum on this subject, furnished by Mr. I. M. Labovitz, senior specialist in social welfare, the Library of Congress, follows:)

NUMBER AND SCOPE OF FEDERAL AID AUTHORIZATIONS

Any count of Federal aid programs is necessarily somewhat arbitrary and imprecise—and its preparation is a complicated job, because the authorizations

are diverse and there are difficulties in defining the unit, the "program" or "authorization," that is to be counted. Our last detailed enumeration was prepared two years ago, following publication of the Second Supplement to the Catalog of Federal Aids to State and Local Governments, issued by the Subcommittee on Intergovernmental Relations.

Two years ago, there were authorizations on the statute books for something like 162 programs or groups of closely related programs of Federal aid to State and local governments. When the total of 162 was subdivided to identify separately the formula grants, project grants, loans and loan guarantees, shared revenues, technical assistance, and other types of intergovernmental aid, the list indicated that there was then a gross total of 479 separate authorizations or subcategories of programs. This included instances of multiple classification of the same authorization (in cases where the same provision of law authorized a formula grant and a project grant, or a grant and technical assistance, or a grant and a loan). Subtracting 80 instances of multiple classification, we had a net count of 399 separate authorizations or subcategories at the beginning of 1966.

We do not yet have a comparable up-to-date count—mainly because preparation of the new edition of the Catalog of Federal Aids to State and Local Governments is still in process and the Catalog may not be ready for several months. We hope to compile a new summary when the document is issued. It is clear, nevertheless, that the number of Federal aid authorizations has increased significantly as a result of Congressional enactments in the last two years. By now there are statutory authorizations for perhaps 200 programs or groups of closely related programs, compared with 162 in 1966; and we now have probably 500 or more separate authorizations or subcategories of programs, compared with 399 in 1966.

The earlier enumeration indicated that there were 91 authorizations for apportioned formula grants and 226 for project grants. In 1968, the number of apportioned formula grants is surely above 100, and the number of project grants probably has approached or passed 300. All these authorizations are for specific categorical programs—but the scope of the categories varies greatly. Examples of this diversity are the broad authorizations for large grants for highway construction; the subdivided and complex authorizations for large public assistance grants; the new broadened category of partnership-for-health grants; and dozens of specialized programs, each providing relatively small sums for selected projects in narrowly defined fields.

Senator MUSKIE. It is my impression that more and more of these programs, especially the new ones, have termination dates now.

Mr. HUGHES. That is correct, some of them quite short.

Senator MUSKIE. They could not exceed 5 years and many of them are less than that.

Mr. HUGHES. That is correct.

Senator MUSKIE. If we could get in the record some documentation on that point, this might become a moot point.

Mr. HUGHES. Perhaps so, Mr. Chairman. I think our concern is with any fixed figure, simply because the circumstances under which programs arise and the corresponding circumstances under which they should be reexamined seem to us to differ widely from case to case. We certainly support the concept of periodic review of grant programs and feel that this should be a continuing part of both the legislative and the executive process.

Senator MUSKIE. I think I will withhold any further questions on this. Do you think you can get us any idea of how many programs or what proportion of them have termination dates of 5 years or less?

Mr. HUGHES. The count is not a difficult thing. The definitions that lead up to the count must be spelled out fairly carefully, but the count itself is feasible. The tabulation of expiration dates should be possible, and we would be pleased to work with your staff and with Mr. Labovitz and get some data for the record.

(A table showing Federal grants-in-aid to State and local governments, with limitations of authorization in programs enacted since

1961, was submitted as part of the testimony of the Advisory Commission on Intergovernmental Relations, and appears on pages 158-162.)

Mr. HUGHES: Also we wish to reaffirm our earlier views that the Congress itself should conduct the periodic reviews. We believe that periodic review of grant programs by the Comptroller General or other bodies could not be as effective or serve the same purpose as a review by the relevant congressional committee, and that any review of grant programs should be initially limited to new programs.

Title VI of the bill would authorize the President to follow a procedure based on the Reorganization Act of 1949 to consolidate grant-in-aid programs. Thus, it attempts to deal with one of the most significant problems effecting intergovernmental relations—the multiplicity of narrow categorical grants.

Under title VI, the President would be authorized to prepare plans to consolidate individual grant-in-aid programs within the same functional area when he finds consolidation to be desirable or necessary. Each plan could provide for a single consolidation and would have to place responsibility in a single agency and specify the grant formulas for the consolidated program. Such plans, like reorganization plans, would be transmitted to the Congress by the President. Congressional action would be governed by a procedure similar to that under the reorganization statute, except that the Congress would have 90 days to reject grant consolidation plans rather than the 60 days provided for disapproval of a reorganization plan.

If title VI is narrowly interpreted, it adds very little to the authority which the President already has under the reorganization statute and might conceivably be construed as a limitation on that authority. Under the reorganization statute, the President has the authority to propose plans which may transfer functions involving any number of grant-in-aid programs. For example, reorganization plan No. 2 of 1968 transfers authority for a series of urban mass transportation grant programs from the Department of Housing and Urban Development to the Department of Transportation. Under title VI each plan may deal with “only one consolidation of individual grant programs,” and that must be within the same functional area.

Section 602(a) (2) of title VI appears to be the only specific addition to the President’s existing authority. It states that each grant consolidation plan “shall specify in detail the formula or formulas for the making of grants under the consolidated program * * *.” If that language is intended to authorize the President to include changes in matching and apportionment formulas in a grant consolidation plan, it goes beyond the authority contained in the reorganization statute. However, that authority by itself may not be useful since program consolidation would generally also require changes in eligibility, planning, and other requirements as well.

In addition, we believe the committee should carefully consider the use of the type of procedure set forth in title VI to deal with matters which go beyond questions of the internal organization of existing executive branch functions with which the President may deal under the reorganization statute. Grant consolidations, in most cases, would have to involve changes in existing functions and substantive law which are of major concern outside the executive branch.

While we have reservations about the approach used in title VI, we share your concern about the current multiplicity of narrow grant programs. We believe some consolidation into broader program grants is desirable and have been working with various agencies to explore the possibility of developing such consolidated grants.

Senator MUSKIE. With respect to title VI, I take it your position is neither affirmative nor negative at this point?

Mr. HUGHES. That is correct, Mr. Chairman. First, we are somewhat uncertain as to the impact of title VI, for the reasons that we have mentioned.

Secondly, and we are somewhat embarrassed by this, I am frank to say, we are not certain of the impact of a provision such as title VI on the general and continuing problem of executive-legislative relations.

You may be aware that questions continually arise of the constitutionality and validity of the Reorganization Act procedure, and at least one of the arguments in support of that procedure has centered around the fact that it deals with essentially executive matters; namely, the organization of agencies. This fact gives us some concern in considering whether it is appropriate and constitutional to deal with the amendment of substantive legislation by this kind of a procedure.

Certainly this kind of authority would give the President a very useful tool in accomplishing purposes that you and we agree are desirable.

Senator MUSKIE. May I make two or three observations at this point?

I think you are undoubtedly correct that with some and maybe many Members of this Congress with this proposal you touch a sensitive nerve about the proposition of legislative authority, between the legislative and executive branches.

Second, I think you are also correct in suggesting in your prepared statement that the executive reorganization authority gives some authority to us. And yet I suspect that it has been little used because of the first reason that you just touched upon. It is used in the case of the Department of Housing and Urban Development transfer to the Department of Transportation, I think with the advance approval of the Congress. I think it was understood that there would be some transfer of this kind, because it wasn't possible to work it out legislatively.

Mr. HUGHES. The problem was dealt with in the creation of the Department of Transportation itself, and there was the expectation that there would be a follow-on action of some sort.

Senator MUSKIE. In other words, my feeling is that without additional mandate from the Congress, perhaps in the form we have in this bill, the President is not likely to use the reorganization authority he now has to accomplish this purpose, even though the authority may exist to some degree. Is that an accurate assessment; do you think?

Mr. HUGHES. We certainly would proceed very cautiously, Mr. Chairman. I don't think there is any question about that.

Senator MUSKIE. So the question then which we seek to raise in this legislation is whether or not this is the time for Congress to consider it positively, and to give a positive mandate or reject it.

Mr. HUGHES. Yes. Part of our concern here is that if the Congress, in considering this elects to reject it, that rejection may carry with it implications with respect to the Reorganization Act authority, which is generally accepted.

Senator MUSKIE. Let me make one further point or suggestion. You have indicated, at least this is the implication of what you have said, that if this provision is retained in the bill, it ought to be modified in some respects.

Mr. HUGHES. Yes, sir.

Senator MUSKIE. Would you be willing to work with the staff in developing these modifications?

Mr. HUGHES. We certainly would, Mr. Chairman.

Senator MUSKIE. Thank you.

Mr. HUGHES. Title VII amends the Federal Property and Administrative Services Act by adding at the end thereof a new title VIII—urban land utilization. This title would require the Administrator of General Services to give advance and reasonable notice to a responsible official of local governments before offering for sale any Federal real property located within an urban area as defined in the act.

The Administrator also would be required to provide available zoning information to prospective purchasers of such property. He would additionally be required to the extent practicable to comply with local zoning requirements, to give advance notice of plans to acquire additional Federal property, and to consider objections by local governments to proposed Federal acquisition and use of real property in urban areas.

The Bureau of the Budget generally supports provisions of title VII of this bill but believes that the provisions should be conformed to those contained in the Advisory Commission's bill.

Title VIII of S. 698 is to establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs. This policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

Generally, we believe that title VIII would establish a workable, uniform system for fair and equitable treatment of those displaced by such land acquisitions. However, we believe that it could be substantially improved in a number of respects to meet more adequately its objectives. If it is agreeable to the committee, I would like to present for inclusion in the record at an appropriate point a statement containing detailed comments on title VIII and at this time address our more significant recommendations.

Senator MUSKIE. The statement will be included in the record at the close of your statement.

Mr. HUGHES. Thank you, Mr. Chairman.

First is the question of the method of financing the cost of relocation expenses for federally assisted programs and for programs which require State agencies to furnish land incident to a Federal public improvement project. This subject is covered in sections 804 and 807 (b). The net effect of both provisions is to require the Federal Government to pay 100 percent of the cost of relocation in most cases.

We agree that under these programs the same type of relocation payments, services and assurances as are required for Federal programs should be furnished. However, we believe that the cost of relocation should be considered as a part of the cost of the acquisition of land and should be borne by the party responsible for land acquisition. Where acquisition of land is a prerequisite to a project and the State agency normally would pay for the cost of land, we believe that the cost of relocation should be the responsibility of the State agency. Where the cost of the land is shared on some type of a previously agreed-upon basis, or prescribed by law, we believe that the costs of relocation should be shared on the same basis.

Second, section 803(c) (2) requires assurance of the availability of adequate substitute dwellings within a reasonable period of time prior to displacement for all individuals displaced by the Federal Government. This assurance may be waived in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed urgently with a land acquisition and that, therefore, the Government must have some additional flexibility in this regard. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire property for urgent national defense purposes when the President has not proclaimed a period of national emergency.

There may well be other situations in addition to the national defense when the Government must move swiftly to protect individuals or a community. We recommend revision of section 803(c) (2) to provide that the President may prescribe by regulations those situations when such assurances may be waived.

Third, title VIII does not recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe, and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally assisted programs. We believe this problem should be dealt with in title VIII by providing for a payment of up to \$5,000 which would represent an amount which, when added to the acquisition payment, equals the average price required for a decent, safe, and sanitary dwelling of modest standards available on the private market.

Fourth, section 802(b) provides that a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. If, as we understand it, the intent of this provision is to recognize both the cost of moving and the economic impact of displacement, we recommend that it be clarified by authorizing the payment of (a) actual moving expenses plus (b) a payment equal to the average annual net earnings of the business of \$2,500, whichever is the lesser.

Fifth, section 803(d) would make three changes in section 7(b) (3) of the Small Business Act. Under the current law some businesses are eligible for long term low-interest loans, if they have suffered substantial economic injuries as a result of displacement by a federally-aided urban renewal, or highway construction program, or by any

other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also nondisplaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs, but by also "... any other public improvement program ..." and (3) to cover not only businesses injured by Federal or federally-aided programs, but also businesses injured by wholly State or local programs.

We are opposed to these amendments to the Small Business Act. We believe it is impractical to provide assistance to other than those who are actually displaced, and we believe it inappropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally-aided programs.

Title IX of the bill would establish a uniform policy on land acquisition practices. We concur in the objectives of title IX; but believe that certain amendments are desirable for purposes of clarification, permitting greater flexibility and more fully protecting the Government's interests.

Section 901(a) (3) concerns the establishment of a fair and reasonable price to be paid for property acquired. We interpret this provision as assuring that the Government will reimburse landowners in an amount which is fair and reasonable, commensurate with the appraised value of the land, and arrived at through mutual negotiation. We do not believe that the provision is intended to preclude effective negotiation or to establish a "one-price" policy. Since some of the administering agencies so interpret the section, we recommend that the legislative history make it clear that a hard and fast "one-price" policy is not intended.

Section 902 provides that when real property is acquired, the fair market value for such property should be paid therefore unless it is the intention of the seller to convey the property for less than fair market value. We concur in this provision.

Section 903(c) provides that in determining the extent of real property to be acquired and the evaluation thereof, we should pay for tenants' improvements even though the tenant may be required to remove the improvements by a contract with the owner of the land. The Department of Justice and some of the major land-owning agencies point out that the present language might cause the Federal Government to pay both the property owner and the tenant for the improvements. We will be glad to provide language to assure that the interest of the United States will be protected and the objectives of the provision accomplished.

Section 904 provides that an acquiring agency shall reimburse the seller for all reasonable expenses incidental to the transfer of title to the Government. We favor the objective of this provision, but recommend certain minor amendments concerning the timing of the payment and limitations on reimbursement to seller for mortgage penalty costs. We will provide language to improve this section.

Section 905(b) details those land acquisition policies that State agencies will be required to follow after January 1, 1970 to obtain approval of grants, agreements, or contracts for Federal financial assistance where acquisition of land or of any public improvement is

part of the cost. We recommend that this provision be amended to defer the effective date of the requirement for 3 years after enactment to allow State and local governments sufficient time to make necessary changes in their laws.

Section 905(b)(3) provides for the acquisition of tenants' improvements in federally assisted programs. The purpose of this section is identical to the purpose of section 903(c) which is applicable to Federal programs. We have already recommended certain revisions to section 903(c). We believe that the two sections should be identical.

Section 906 provides that effective January 1, 1970, certain specified sections of the Housing and Urban Development Act of 1965 are repealed. We have already recommended that the effective date for the requirements of Federal aid specified in section 905(b) be changed to 3 years after enactment. We would make the same recommendation concerning repeal of the specified sections of the Housing and Urban Development Act of 1965.

The purpose of title X is to encourage simplification and improve coordination of accounting, auditing, and financial reporting requirements of Federal assistance programs, and to provide for a survey of the adequacy and effectiveness of the accounting and auditing systems of recipient jurisdictions. Additionally, this title of the bill places new responsibilities upon the Comptroller General of the United States in respect to the financial administration of grant programs at the State and local levels, including the promulgation of rules and regulations for using State and political subdivision accounting and auditing in meeting financial management requirements of such programs. This title of the bill would also require a joint study by the Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget, looking towards improvement of the financial administration of grant programs at the Federal and local levels.

We agree that there is need for improving the financial management of grant programs through more simplification and better coordination of accounting, auditing, and reporting activities. The committee may be interested to know that in 1965 the Bureau of the Budget issued circular No. A-73, the purpose of which is to promote improved audit practices and to achieve more efficient use of manpower through improved coordination of the efforts of Federal, State, and local government audit staff.

In this regard the committee may also be interested to know that just last week the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget agreed to launch, under the auspices of the joint financial management improvement program, an interagency study in this area. We recommend deferral of legislative action on this title of the bill pending completion of the interagency study.

In conclusion, Mr. Chairman, I simply reiterate that the Bureau of the Budget believes the objectives of the Intergovernmental Cooperation Act are most meritorious and will make a positive contribution to a stronger and more effective American federalism.

Mr. Chairman, that is the end of my prepared statement, but yesterday's action referring the Joint Fund Simplification Act to this subcommittee suggested to us perhaps the desirability of making some mention of that in our presentation at these hearings.

The bill was transmitted by the then Director of the Bureau of the Budget to the Congress, Mr. Charles Schultze, on August 11, 1967, and you may wish to include in the record, the letter, the bill and attachments in the form of an explanatory statement and some examples of the kinds of actions which might be possible under the act.

Senator MUSKIE. It will be included in the record, and before I forget it, circular No. A-73 to which you referred in your prepared statement will also be included in the record.

(The materials referred to follow :)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1967.

HON. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: We are transmitting herewith for appropriate consideration the proposed "Joint Funding Simplification Act of 1967."

This proposal was drafted in response to the President's request—in his March 17 Message on the Quality of American Government—for legislation that would make it possible "... for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures—without disturbing, however, the separate authorizations, appropriations, and substantive requirements for each grant-in-aid program."

A number of Federal assistance programs which finance different activities can often be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would enable State and local governments and other grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be "packaged" and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, etc. Further, the grantees must often work with several Federal agencies (or constituent elements of a single agency)—each with its own distinct administrative practices. As a result, considerable effort is required and significant delays are encountered.

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available from more than one Federal agency, program or appropriation. The Act would enable State and local governments and other public or private agencies to use Federal financial assistance under two or more programs in support of multi-purpose projects. Under the bill:

Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures;

In appropriate cases, Federal agencies would have authority to delegate to other agencies power to approve portions of projects on their behalf;

Federal agency heads could establish joint management funds in their agencies to finance multi-purpose projects drawing upon appropriations from several different accounts;

The President would prescribe appropriate regulations for, and approve agency delegations of power and functions under the Act. He would make reports to the Congress on actions taken, and make recommendations for additional legislative action, including proposals for consolidation, simplification or coordination of grant programs.

The Act would expire after three years.

The Joint Funding Simplification Act of 1967 would not, except as specifically provided, affect substantive provisions of law relating to Federal assistance programs such as eligibility criteria, maintenance of effort, matching ratios, authorization levels, program availability, etc. Problems presented by the diversity in such provisions as these would be studied in connection with proposals for grant consolidation. In the Message on the Quality of American Government, the President also requested the Director of the Bureau of the

Budget "to review the range of Federal grant-in-aid programs to determine . . . areas in which a basic consolidation of grant-in-aid authorizations, appropriations, and statutory requirements should be carried out." That effort is now underway. Experience gained under the Joint Funding Simplification Act will be of great assistance in the development of a workable grant consolidation program.

Sincerely,

CHARLES L. SCHULTZE,
Director.

[Circular No. A-73]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 4, 1965.

To the heads of Executive Departments and establishments.

Subject: Audit of Federal grants-in-aid to State and local governments.

1. *Purpose.* This Circular sets forth policies to be followed in the audit of Federal grants-in-aid to State and local governments. The primary objectives of this Circular are to promote improved audit practices, and to achieve more efficient use of manpower through improved coordination of the efforts of Federal, State, and local government audit staff. To the extent appropriate, the policies should also be applied to contracts with, and loans to, State and local governments.

2. *Coverage.* This Circular applies to all Federal agencies responsible for administering programs that involve grants-in-aid to State and local governments.

3. *Audit policies.* Federal agencies are responsible for providing adequate audit coverage of grant programs, as a constructive aid in determining whether Federal funds have been applied effectively and in a manner that is consistent with related Federal laws, program objectives, and underlying agreements.

a. *Determination of audit requirements.* Each Federal agency conducting grant programs will establish audit policies for guidance of its internal or independent auditors. For this purpose, the agency will review its individual grant programs to determine the coverage, frequency, and priority of audit required for each program. Such review should include consideration of the following factors:

(1) The dollar magnitude and duration of the grant program.

(2) The extent of Federal matching requirements.

(3) The Federal management needs to be met, as developed in consultation with the responsible program officials.

(4) Prior experience in auditing the program, including the adequacy of the financial management system and controls.

The audit policies of Federal agencies will provide for relying, to the maximum extent feasible, on internal or independent audits performed at the State and local levels and for appropriate use of the principles of statistical sampling.

b. *Scope of individual audits.* To assist in deciding on the scope of Federal audit required for each grant program, determinations will be made of the adequacy of the internal management control system employed by the grantee—including consideration of whether the accounting records are maintained, and reports are prepared, in accordance with generally accepted accounting principles, and whether audits are carried out in accordance with generally accepted auditing standards. This involves an evaluation of the grantee's organizational arrangements, financial systems, and facilities for audit and other reviews. The aim is to determine whether the management controls provide an effective system that promotes efficient administration and satisfies governing laws and regulations, the audit service is provided on a timely basis by qualified staff, and the auditors have sufficient independence of operations to permit a comprehensive and objective service to management.

Where grantee practices are considered to be acceptable under such standards, Federal audits will be oriented toward establishing the adequacy of the system and controls in operation, supported by a testing of transactions to verify the reliability of the system.

Where the grantee's internal management control system does not meet these standards, Federal agencies will encourage the grantee to review existing practices and bring about necessary improvements, and will cooperate by lending such assistance as may be feasible in developing an appropriate system and orienting grantee staff.

Each Federal agency will make available—on request from another Federal agency—the results and findings of previous audits that identify the adequacy of

a grantee's system of financial management and control as well as such other information as will assist in establishing audit requirements and the scope of audit.

c. *Arrangements for conduct of audits.* In order to conserve manpower, promote efficiency, and minimize the impact of required audits on the operations of grantee organizations, the audit of all grant programs administered under the jurisdiction of a single Federal department should be coordinated in all cases where related authorities and responsibilities are delegated to constituent organizations.

In addition, each grantor agency will give full consideration to establishing cross-servicing arrangements under which one Federal agency would conduct audits for another—whenever such arrangements are in the best interests of the Federal Government and the grantee. This is particularly applicable where two or more Federal agencies are auditing programs in the same State agency or local unit, or in offices located within the same geographical area. Under such circumstances, it will be the responsibility of the Federal agencies involved to collaborate in determining the feasibility of one of the agencies conducting audits for others, and to work out mutually agreeable arrangements for carrying out the required audits on the most efficient basis. To the extent that problems are encountered which cannot be resolved through such collaboration, the Bureau of the Budget will lend assistance as required.

d. *Coordination of Federal, State, and local audits.* Federal agencies responsible for conducting audits of grant operations will foster close cooperation and coordination among the auditors of the respective jurisdictions. Continuous liaison, including the exchange of audit standards and objectives, should be maintained among the Federal, State, and local audit groups involved. As a minimum, these groups will collaborate in the development of audit schedules to minimize the amount of effort required, as well as the impact on operations of the grantee offices. While the Federal Government cannot automatically accept audits performed by a representative of the grantee, maximum use should be made of audits performed by the grantee's internal or independent auditors, so as to avoid unnecessary duplication by Federal auditors.

4. *Implementation action.* Federal agencies administering grants to State and local governments are requested to make a critical review of policies and practices currently followed in the audit of grant programs, and to take such action as is necessary to comply with the policies set forth in this Circular. For this purpose, the head of each agency should designate a central point in the agency to be responsible for seeing that this is done expeditiously.

Each Federal agency subject to this Circular will submit a report (original and one copy) to the Bureau of the Budget by March 31, 1966, as to the actions taken and progress made toward: (a) establishing and publishing statements of audit requirements; (b) coordination of audits within the agency; (c) establishing cross-servicing arrangements; and (d) coordinating Federal audit work with that of the State and local governments concerned.

CHARLES L. SCHULTZE,
Director.

Mr. HUGHES. Thank you, Mr. Chairman. I can, if you wish, comment on the joint funding bill or I will be pleased to stop.

Senator MUSKIE. Why don't you go ahead.

Mr. HUGHES. All right, sir.

The August 11 letter points out that the proposal was drafted in response to the President's request, in his March 17 message on the quality of American Government, for legislation that would make it possible "for Federal agencies to combine related grants into a single financial package, thus simplifying the financial and administrative procedures without disturbing, however, the separate authorizations, appropriations and substantive requirements for each grant-in-aid program."

Under the bill a number of Federal assistance programs which finance different activities can be brought together in a single project to support similar or directly related purposes. Such combinations of related programs would enable States and local governments and other

grantees to use the wide variety of Federal assistance programs more effectively and efficiently.

However, such combinations cannot be packaged and administered easily under existing laws and regulations. Each Federal grant program may have different requirements in such matters as application forms, accounting procedures, advisory panels, reporting dates, et cetera. Further, the grantees must often work with several Federal agencies or constituent elements of a single agency, each with its own distinct administrative practice. As a result, considerable effort is required and significant delays are encountered.

The purpose of this proposal is to remove or simplify certain administrative and technical impediments which hamper or prevent the consideration, processing, approval and administration of projects which draw upon resources available and for more than one Federal agency, program or appropriation. The act would enable State and local governments and other public and private agencies to use Federal financial assistance under two or more programs in support of multipurpose projects.

Under the bill, Federal agency heads would be authorized to establish uniform requirements respecting technical or administrative provisions of law, so that jointly funded projects would not have to be subject to varying or conflicting rules or procedures. In appropriate cases Federal agencies would have the authority to delegate to other agencies power to approve portions of projects on their behalf. Federal agency heads could also establish joint management funds in their agencies, to finance multipurpose projects drawing upon appropriations from several different accounts.

The President would prescribe appropriate regulations for and approve agency delegations of power and functions under the act. He would make reports to the Congress on actions taken and make recommendations for additional legislative action, including proposals for consolidation, simplification, or coordination of grant programs. The act would expire after three years.

I think those are the essential points, Mr. Chairman.

Again I just emphasize that the act is not intended to alter substantive program requirements, but rather to facilitate the administrative procedures and practices that are required to carry out those program purposes.

Senator MUSKIE. In a limited way it works at the same problem as the proposed consolidation of grants authority.

Mr. HUGHES. That is quite correct, Mr. Chairman.

Senator MUSKIE. I wonder if you might, Mr. Hughes, refer to recent developments in the executive branch to promote improved intergovernmental relations, especially as it relates to the present role of the Bureau of the Budget interagency arrangements.

Mr. HUGHES. I will be glad to do that, Mr. Chairman. We can also provide for the committee's more complete review some material for the record which would spell this out in more detail.

A number of things are going on. Some of them have produced specific results. Others have not, but we are hopeful about them. One, of course, is the grant-in-aid simplification legislation to which I just referred.

I referred in my statement also to efforts that we are engaged in with the agencies to consolidate grants-in-aid by legislative action. The health services legislation I believe you are aware of and have referred to in some of your comments.

There are two other similar actions in the legislative mill this year. One of them deals, I believe, with vocational education, and the other is with student aids in the field of higher education. These measures would consolidate existing separate programs into a single entity which would be both more flexible and more easily manageable.

We have, in addition, we are carrying on a dialogue with a number of agencies. HEW is the most obvious candidate for this kind of action, I think, but a number of other agencies as well, to explore, identify and carry forward plans to do the same kind of thing in other program areas.

The President of May of last year instructed the Secretaries of Housing and Urban Development, Labor, and HEW and the Director of the Office of Economic Opportunity to revise and improve their procedures for processing grant-in-aid applications in their areas. As a consequence of this effort, an interagency task force, under the leadership of the Department of Housing and Urban Development, has carried on a very intensive program which has produced identifiable results approximating a 50-percent reduction in application handling time. The time required is still more than those agencies or we wish it were, but the effort has produced significant results, and more are in the works. We are carrying forward this same kind of effort in other agencies as well—in the Department of Interior, which has a number of grant programs, the Department of Transportation and so on.

Then in 1966 the President directed increased consultation by the Federal agencies with State and local chief executives in the development and execution of programs, and the Bureau of the Budget, after a series of meetings with State and local associations issued circular A-85, of 1967. We would be glad to provide a copy for the record if you don't have it. The circular carries out the objectives of the directive with respect to one particular area of Federal activity—the issuance of regulations and other administrative instructions. The circular establishes a procedure under which instructions affecting State and local governments are transmitted in draft by agencies to the ACIR for its consideration and review.

In January of last year Bureau of the Budget circular A-80 was issued on the coordination of development planning, an effort in a sense to have the planners plan a little better and in a more coherent fashion, particularly in programs that are based on multijurisdictional areas. The circular implements a Presidential message.

The Bureau itself is engaged in a couple of major efforts that I think are worth mentioning. They are also spelled out in more detail in the material which we can provide. The first of these that I will mention is an effort to improve the Government's management information system and statistics. It is an effort based upon the utilization of modern ADP computer techniques and technology to bring together for the use of all more effective, more complete, and more revealing information than we have ever been able to get together before about Federal programs and their impact both nationwide and on specific areas of the country. This effort is only beginning to get underway, and

it is inherently complicated and difficult, because of the multiplicity of programs, the multiplicity of jurisdictions, and the need for a capacity to produce the information on any of a wide variety of classifications and cross-cutting categories. But we are making progress and do expect both in the short run and long run to make some substantial improvements.

The other area that is an internal Bureau effort involves increased emphasis on administrative policies, philosophy, and management. As I see it many of the old management doctrines are inadequate for our current day needs. The old concepts of nice, clear, and precise lines of responsibility and authority certainly have been useful, and within particular areas of administration they provide concepts that we must adhere to. But most programs nowadays, and most Government and I think for that matter private businesses nowadays, are by their nature interrelated, hence there is no way to organize the Government so that the Department of Housing and Urban Development can operate independently of the Department of Health, Education, and Welfare or of the Office of Economic Opportunity or of the Department of Labor. We need to work with the agencies and with the Congress on a new set of concepts which will cut across traditional categorical lines, committee jurisdictions, agency and bureaucratic jurisdictions, and so on, recognizing that manpower problems are, to an extent, health problems and education problems and training problems, and so on.

Senator MUSKIE. I understand that the detail on this is now being reviewed and when the review is completed we may have it for the record.

Mr. HUGHES. That is correct.
(The materials referred to follow:)

[From the Bureau of the Budget, Office of Executive Management, June 21, 1968]

SUMMARY OF RECENT ACTIVITIES TO PROMOTE IMPROVED INTERGOVERNMENTAL RELATIONS

The Bureau of the Budget and other Federal agencies are making progress on a number of actions designed to improve the administration of grant-in-aid programs and Federal-State-local relations. A brief summary of the more important activities follows:

GRANT-IN-AID SIMPLIFICATION

In the President's message to the Congress concerning the *Quality of American Government* last year, the Director of the Bureau of the Budget was assigned the task of developing a plan and implementing legislation which would simplify the procedures for grant-in-aid application, administration and financial accounting. Legislation was accordingly developed to facilitate the combination of related categorical grants into single packages by applicants without disturbing the substantive requirements of each program. State and local government associations were specifically consulted at several steps during the preparation of this legislation inasmuch as their clients will benefit most directly. The legislation has now been introduced as the "Joint Funding Simplification Act of 1967" (H.R. 12631 and S. 2981). Bureau staff are now studying with the Federal agencies the procedures that must be developed to implement the provisions of the bill.

CONSOLIDATION OF GRANTS-IN-AID

The President's message on the *Quality of American Government* also directed the Director of the Bureau of the Budget to undertake a study of basic consolidations of similar and related grant programs into broader purpose program grants. Bureau staff are already working with a Department of Health, Educa-

tion, and Welfare study group which is exploring alternative proposals for the consolidation of HEW grants in a manner similar to the example set by the Comprehensive Health Planning Act of 1966. A proposal for consolidation of aids to students in institutions of higher learning has been developed and put before the Congress (H.R. 15067, Title 4). In addition, limited authority is being sought to permit recipient institutions to transfer funds between Economic Opportunity Grants and the proposed consolidated student aid programs as needed. Authority will also be sought for consolidation of vocational education grant programs by abolishing past practices of earmarking vocational education funds into heavily structured separate program channels. This improvement has been a key change requested by the States in 1967.

A proposal developed by HEW for consolidation of numerous State plans required by the several grant programs for education has been discussed with the State education agencies. Questions and problems raised by the State agencies are being evaluated by a survey group on which Bureau staff are participating.

PROBLEMS CAUSED BY DELAYS IN FUNDING GRANT PROGRAMS

A Bureau of the Budget team has studied the difficulties States experience because Federal funds for grant-in-aid programs are delayed by late congressional authorizations and appropriations. A report to the Director was made indicating the costs the States incur because of these delays, existing funding techniques for Federal grants, and recommendations for action to ease the problem. The study also covered the feasibility from the Federal point of view of the "pre-financing" of Federal grants by State and local governments. A pre-financing proposal, advanced by Governor Rockefeller of New York in 1967, envisages State financing of the Federal share of grant project costs prior to Federal grant approval, with the expectation that the Federal Government would make reimbursement at a later date. The Clean Water Restoration Act of 1966 now makes provision for a limited program of eligibility for later Federal funding of previously constructed sewage works.

Bureau staff also participated in a special study of the special problems caused by delayed funding of Federal grants for education programs which was carried out jointly with the Department of Health, Education, and Welfare. Bureau field visits to the States were coordinated with HEW data collection needs, and a joint HEW-Bureau team visited New York State and Colorado. The HEW survey report and recommendations were submitted to Secretary Gardner in September as "A Model Authorization and Funding System for Elementary and Secondary Education." The major proposals involved alleviating problems caused by delayed appropriations by (1) requesting Congress to appropriate funds one year in advance, and (2) seeking longer-term authorizations. The Elementary and Secondary Education Amendments of 1967 did adopt one-year advance funding and two-year authorization of the program.

The President is seeking one-year "advance funding" for college student aid programs in H.R. 15067, the Higher Education Amendments for 1968.

SHORTENING PROCESSING TIME

The President, in May 1967, instructed the Secretaries of Housing and Urban Development; Labor; and Health, Education, and Welfare, and the Director of the Office of Economic Opportunity to review their procedures for the development and processing of grant-in-aid applications and to recommend steps for reducing the time involved by 50 percent. An interagency task force under HUD's direction was created to implement that instruction, and made a progress report dated June 30, 1967. A report on "Reducing Federal Grant-In-Aid Processing Time" was forwarded to the President in late September. It reported that decisions already implemented or in the planning stage of implementation will achieve the following estimated reductions in Federal processing time in each multi-purpose area: Model Cities—50 percent; Neighborhood Centers—50 percent; Manpower—47 percent; Water and Sewers—57 percent. The President subsequently instructed those agencies to implement their proposals by December 31, 1967, and further instructed those agencies and others to cut processing time similarly on other critical programs. The President requested reports on these efforts by March 31, 1968. These reports, covering the analyses of 16 Federal agencies, reflect a net reduction of over 50 percent in the processing time of 66 grant-in-aid programs or major program components. Including the initial report of the Joint Administrative Task Force, 108 programs or major components, comprising the great

majority of Great Society grants-in-aid to State and local governments, have now been analyzed, with significant improvements made in nearly all.

INCREASED CONSULTATION WITH STATE AND LOCAL GOVERNMENTS

In 1966, the President directed agencies to consult with State and local chief executives in the development and execution of programs directly affecting State and local affairs. The Bureau of the Budget, after a series of meetings with State and local associations and Federal agencies, issued Circular No. A-85 in 1967, to implement the President's directive with respect to one major area of Federal activity—the issuance of regulations and other administrative instructions. The Circular establishes a procedure under which instructions affecting State and local governments are transmitted in draft by the agencies to the Advisory Commission on Intergovernmental Relations. The Commission staff, acting as a general secretariat, distributes those drafts or summaries thereof to the major State and local government associations which, in turn, are responsible for securing and presenting the views of their clients on the drafts.

In the first eleven months of operation, the ACIR has received from the Federal agencies and transmitted to the public interest groups 61 draft regulations. Evidence indicates that the procedures required by Circular A-85 are working well and that substantive comments by the State and local governments are considerable help to the Federal agencies. Federal agencies making the most use of the procedures have been HUD, OEO, and Interior. HEW, DOT, OEP, USDA and the Bureau of the Budget have also transmitted regulations to ACIR for A-85 review procedure.

PLANNING COORDINATION

In January 1967, Bureau of the Budget Circular No. A-80 was issued on the coordination of development planning for programs based on multi-jurisdictional areas. The Circular implements the President's Memorandum of September 2, 1966, on the coordination of Federal development planning.

Agency procedures for carrying out the instructions have been reviewed to assure maximum consistency among the many Federal agencies and programs concerned. Under the Circular, Federal agencies are required to consult with Governors before designating planning and development districts or regions in their States. Where the State has established such districts, the boundaries of new districts designated by Federal agencies will conform to them unless there is a clear justification for not doing so. At this time, 8 Federal programs of planning assistance are coordinated under Circular A-80 procedures.

The Director of the Bureau has taken recent action to further implement the purposes of Circular A-80. In a memorandum to heads of agencies on June 1st, the Director has asked for developed procedures for 14 Federal planning assistance programs which have not yet been coordinated under the Circular. Agency issuance of the procedures is targeted for August 1st. In addition, the agencies are being asked to report to the Bureau the experience gathered, under A-80 in all the covered programs by the end of 1968.

PLANNING COORDINATING COMMITTEE

Bureau staff are also participating in a Planning Assistance and Requirements Coordinating Committee, established by the Department of Housing and Urban Development and representing the several Federal agencies which have grant programs which aid or require development planning. Three early tasks outlined for the committee are:

To act as clearing house for information on grants-in-aid awarded to State and local governments for various types of development planning, and to make such information available to the States as well.

To survey comprehensively the many Federal requirements for planning in order to ease the burden of the applicant State and local governments in supplying data, progress reports, and other types of justifications of planning activity.

To monitor the numerous planning research efforts which the agencies are conducting in-house by contract in order to prevent duplication of effort and to propose areas for further relevant study.

COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

In accordance with the provisions of Section 204 of the Demonstration Cities Act of 1966, the Bureau of the Budget has issued Circular No. A-82 (Revised)

providing procedures for review of local and State applications for Federal construction loans and grants by metropolitan or regional planning agencies. Section 204 required that an operative program for the review of the major physical development grant program applications by metropolitan or regional planning agencies must be established by July 1, 1967. The Bureau of the Budget has the responsibility of designating the applicable planning agencies. Review agencies have now been designated in all 233 Standard Metropolitan Statistical Areas of the United States. A review of the first six months' experience in implementing the requirement indicates a general satisfaction with its development, an awareness of problem areas, and willingness to improve the review process.

GRANT-IN-AID CATALOGS

In February 1967, the Director of the Bureau of the Budget requested the Secretaries of Commerce, Labor, Interior, Agriculture, Housing and Urban Development, and Health, Education, and Welfare, and the Directors of the Office of Economic Opportunity and the Office of Emergency Planning to avoid unnecessary duplication in the production of general catalogs of Federal grants-in-aid. Several agencies were producing or contemplating the production of different catalogs which contained information on their own grant programs as well as information on programs of other agencies. Response to the Director's letter was favorable; a single revised catalog listing all Federal programs of the agencies which bear on individual and community development was published under the leadership of the Office of Economic Opportunity. The new *OEO Catalog of Federal Assistance Programs*, which became generally available in July, contains information on 458 Federal assistance programs. A companion document to the Catalog, the *Vice President's Handbook for Local Officials*, was recently issued by the Office of the Vice President and has been distributed to over 50,000 State and local officials.

The Director has established an interagency task force to further integrate these efforts and build upon the concept of a single authoritative catalog for Federal domestic assistance programs. The task force is to advise the Director on matters such as the assignment of organizational responsibility for publication and maintenance of such a catalog, additional matters to be covered, and methods to insure periodic updating. Task force members include representatives of the Departments of Labor, Commerce, Interior, Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare, and the Office of Economic Opportunity, Office of Emergency Planning, Library of Congress (Legislative Reference Service), and the Office of the Vice President. A final report has been submitted to the Director. Bureau of the Budget staff are now considering actions which should be taken in response to this report.

UNIFORM DETERMINATIONS OF ALLOWABLE COSTS FOR FEDERAL GRANT PROGRAMS

The Bureau of the Budget has recently issued Circular No. A-87 which sets uniform standards for determination of allowable costs for administrative and other program-related expenses under *all* Federal grant-in-aid programs. One major thrust of the circular would be to have State and local indirect overhead costs recognized as allowable costs in connection with administration of aid programs. The objective is to achieve greater uniformity and to eliminate so far as possible present differences in agency practices.

GRANTS MANAGEMENT IMPROVEMENT STUDIES

Several projects are currently underway which will improve the management of Federal grants and contracts, particularly for the grantee.

A Federal team comprised of the Bureau, NSF, DOD, GAO and HEW/NIH has completed a review of the problems which universities experience because of Federal requirements for time and effort reporting on grant and contract projects. The findings of the team resulted in an amendment to Circular A-21 which has just been issued.

Another project having to do with Federal-university relationships has recently been completed. Budget Circular No. A-88 has been issued calling for a single Federal agency to negotiate indirect cost rates with an individual university, with all other Federal agencies following that guideline. The circular also requires that one Federal agency do the auditing of all Federal grants and contracts at the university.

The letter-of-credit mechanism for orderly and timely flow of grant monies to recipients, designed to achieve Federal savings on interest, is being reviewed by an interagency group composed of the Bureau, Treasury, HEW, and the GAO. Recent experience indicates that grantees have been drawing funds down too fast, without corresponding expenditures. Procedures to tighten the timing of funds are being studied. The interagency group is also exploring other programs in which the introduction of the letter-of-credit might be beneficial.

INFORMATION SYSTEMS AND STATISTICS

Bureau staff have participated in a task force representing State and local government associations and the ACIR which has identified intergovernmental problems in the efficient use and management of information systems. A final report of the task force proposes, among other things, a Budget circular setting out guidelines for Federal agency cooperation in the intergovernmental use and management of information systems and statistics. A draft of the proposed circular is already being considered by Federal agencies, and has been sent to States and local governments under A-85 consultation.

1. Compatibility of data which the levels of government collect and use.
2. Coordinated development of common information systems.
3. Joint utilization of automatic data processing facilities.
4. Federal agency criteria for considering grant applications for information system assistance.

The Bureau, together with the ACIR and the State and local government associations, sponsored a National Conference on Comparative Statistics on April 4-5, 1968 in Washington. The Conference considered the final report of the task force noted above, and examined problems and progress in intergovernmental statistical cooperation.

Additionally, Bureau staff have worked with the Census Bureau in the development of seminars for State and municipal officials acquainting them with Federal statistical series and services. The first cycle of seminars, concentrating on State officials, has been completed, and a second cycle—for municipal officers—was begun this Spring. One result of the Census Bureau work with the States is the inauguration of a joint cooperative program with 30 States to develop annual population estimates by county using common procedures and methods. The States will prepare the figures and the Census Bureau will publish them.

The Bureau of the Budget has established a system for the reporting of Federal outlays by geographic location. The Office of Economic Opportunity Information Center, which had previously developed the "Summary of Federal Social and Economic Programs," operates the system for the Bureau, with data being provided to OEO by all departments and agencies. The Federal outlay information which is being developed will add greatly to the abilities of State and local jurisdictions to plan adequately with knowledge of specific Federal funds and programs working in their areas. Under procedures set forth in Bureau Circular A-84, figures by county and by municipality of 25,000 and above will be published on a quarterly basis. The first report is expected in June 1968. (It should be cautioned, however, that this system is still in a developmental stage and that methods are being developed to improve the accuracy, reliability and usefulness of the data.)

The Information Center has also been working with several States in the development of State systems for reporting State financial outlays by governmental subunit. OEO provides limited technical assistance (a small team) and the States provide all other resources. Assistance has been provided in 11 States so far, and several others are anxious to initiate such systems with OEO assistance.

NEIGHBORHOOD CENTERS DEMONSTRATION PROJECTS

Under the leadership of the Department of Housing and Urban Development, Federal interagency field teams worked with 14 municipalities to develop pilot neighborhood centers. A key aspect of the effort is the integration into the center of existing programs and activities now being carried on in the neighborhood—or being carried on in the city and susceptible to being decentralized into the neighborhood. Bureau staff have been active team members in Washington on the Interagency Review Committee (WIRC) and in the field in each of the 14 municipalities. Initial planning grants were made to seven cities, and combined grants for planning and early "core services" organizations were made to the

remaining seven cities. Attempts have been made in every case to link the neighborhood centers with target areas of proposed Model Cities projects, the Concentrated Employment Programs, and the Comprehensive Area Manpower Planning System. The municipalities then submitted second-phase applications ("Neighborhood Services Program-II") for construction and operation of the centers which indicate the programming of all Federal, State, and local resources for the pilot projects. Those applications were reviewed and, to date, 13 have been approved by WIRC. Action on the remaining application is pending.

INTERGOVERNMENTAL MANPOWER

In 1967, a White House task force, surveying the manpower needs of State and local governments over the next decade, recommended Federal legislation to provide assistance to the States and local jurisdictions. Projections of manpower requirements clearly indicated that (1) heavy manpower replacement and new recruitment would be a critical problem for State and local governments, and (2) the quality and training levels of the new manpower must be significantly higher than previously in order to meet the more sophisticated tasks these governments are now undertaking. Accordingly, Bureau staff worked with the Civil Service Commission and HEW in the development of two legislative proposals to help meet these needs:

The Intergovernmental Manpower Act (S. 1485 and H.R. 8233) which provided for in-service training assistance, intergovernmental personnel transfers, and aids to augment State and local personnel systems. In October 1967, the Senate passed an amended version, the Intergovernmental Personnel Act (S. 699). House hearings on H.R. 8233 have been held in February 1968. Further hearings are expected.

Education for the Public Service Act (H.R. 8175) which provides for pre-service training for students desirous of entering the public service. The bill has been incorporated in H.R. 15067, the Higher Education Amendments of 1968.

OPERATIONAL COORDINATION STAFF

To help identify and put into motion solutions to specific problems occurring in the field, the Bureau of the Budget, as part of its reorganization in 1967, has created an Operational Coordination Staff. The staff has been engaged in a continuing program of on-site visits to States, counties and municipalities, with particular emphasis being placed on the coordination of Federal assistance programs at the applicant level.

INTERGOVERNMENTAL MEETINGS

Under the leadership of the Director of the Office of Emergency Planning, a series of direct consultations with Governors and their staffs have been held in a program of visits to State capitals. Top-level representatives from the Federal grant program agencies and the Bureau of the Budget accompanied the Director on the trips in order to discuss State problems in administering grant programs. A number of the trips also included meetings with State legislative leaders. Forty State capitals were visited. The new Director of the Office of Emergency Planning has also instituted a program of State visits to Washington and meetings of Federal regional people in State capitals. A number of these "State Days" in Washington have been held, and several more were scheduled in the Spring of 1968.

The Vice President continues to hold meetings with mayors, city and county managers, and other local officials to discuss common interests and problems in the field of intergovernmental relations. In the past year, he has held over 25 meetings with organizations of local officials and many local and metropolitan groups as well as the leadership of national organizations such as the National League of Cities, the U.S. Conference of Mayors, the International City Managers Association, the National Association of Counties, and the National School Boards Association. Many of these meetings represent the first time such groups have had a chance to consult with top-level government officials. Several of their pinpointed problems in intergovernmental relations and resulted in further problem solving sessions with the Bureau of the Budget and other executive agencies.

The Bureau of the Budget recently held its annual Spring liaison meeting with the National Association of State Budget Officers in Washington. Federal and

State budget officials have been meeting on common problems for more than seven years now.

PLANNING-PROGRAMING-BUDGETING SYSTEM

Application of PPBS to improve the analytic base for public decisions by the Federal Government has stimulated similar activity in States and localities. In support of these activities, the Ford Foundation has granted the George Washington University State and Local Finances Project funds to conduct a pilot program of the feasibility of PPBS in five States, five counties, and five cities. The Bureau of the Budget has also contracted with the Project for a study of actions the Federal Government might take to facilitate an intergovernmental PPB System related to grant-in-aid programs.

Additionally, the Bureau has contracted with the Management Analysis Center, Inc., of Cambridge, Massachusetts, for the development of ten cases on various aspects of planning-programing-budgeting activities in the Federal Government. The cases will be constructed primarily for use in Government training courses, but also will be made available to colleges and universities for instructional purposes. It is expected that the cases will be particularly useful in training students for State and local government posts where a knowledge of the PPB System will be increasingly important.

FEDERAL AID INDICATORS

Special Analysis K of the Budget for 1969, which is the Bureau's indicator of "Federal Aid to State and Local Governments", presents the following relevant trends in Federal aid:

Total Federal grants to State and local governments in fiscal year 1969 are estimated to increase by \$1.9 billion over 1968 estimates to \$20.3 billion.

Total aids for metropolitan areas in FY 1969 will rise to an estimated \$12 billion, compared with an estimate of \$8.9 billion just two years earlier, up by roughly \$3 billion.

The largest Federal aid programs continue to be public assistance (\$5.8 billion including Medicaid) and highways (\$4.3 billion) of the total aid payments.

The fastest growing aid programs have been Office of Economic Opportunity grants (\$1.4 billion estimated for 1969), Elementary and Secondary Education (\$1.4 billion estimated), and Medicaid (\$2.1 billion estimated).

Administrative expenses as a percentage of Federal aid expenditures, including indirect costs, have remained consistently less than 2% over the past decade.

[Circular No. A-80]

EXECUTIVE OFFICE OF THE PRESIDENT,

BUREAU OF THE BUDGET,

Washington, D.C., January 31, 1967.

To the heads of executive departments and establishments.

Subject: Coordination of development planning for programs based on multi-jurisdictional areas.

1. Purpose

Efficient accomplishment of many Federal program missions depends in large measure on the quality, comprehensiveness, and degree of coordination of physical, economic, and human resources planning efforts. The multiplicity of unrelated planning jurisdictions and activities now existing under various Federal programs inhibits their most effective operation. To help correct this situation, President Johnson, on September 2, 1966, addressed a memorandum to certain agencies which may assist comprehensive or functional planning covering multi-jurisdictional areas or require such planning as a condition to development assistance in such areas. Specifically, the President called for procedures which would encourage—

State and local planning agencies to work together in using common or consistent planning bases (i.e., statistical and economic estimates), and in sharing planning facilities and resources, and utilization of common boundaries for planning and development districts or regions assisted by the Federal Government and consistency of such districts with established State planning and development districts and regions.

The President requested the heads of the departments and agencies involved to work with the Director of the Bureau of the Budget in achieving these objectives.

This Circular provides general guidelines to the agencies in meeting these objectives.

2. Definitions

a. *Development planning*.—Planning covering the whole or components of the physical, economic, or human resources development of a geographic area.

b. *Comprehensive development planning*.—The process of (1) assessing the needs and resources of an area; (2) formulating goals, objectives, policies, and standards to guide its long-range physical, economic, and human resource development; and (3) preparing plans and programs therefor which (a) identify alternative courses of action and the spatial and functional relationships among the activities to be carried out thereunder, (b) specify the appropriate ordering in time of such activities, (c) take into account other relevant factors affecting the achievement of the desired development of the area, and (d) provide an overall framework and guide for the preparation of functional and project development plans.

c. *Functional development planning*.—The preparation of plans and programs for generalized but limited development objectives such as the establishment or improvement of systems of transportation, education, pollution control, manpower development, and the like, which systems are integral components of the overall development of an area.

d. *Project planning*.—Planning of a set of short-range, specific, closely related actions that together will constitute one step in the achievement of broader, longer-range functional and comprehensive development objectives (e.g., the development of a highway, an urban renewal project, a headstart program, or construction of a waste treatment plant).

e. *Multijurisdictional area*.—Any geographical area extending into more than one unit of general local government.

f. *Planning and development district or region*.—A designated multijurisdictional area which covers a standard metropolitan statistical area or the major urbanized part thereof, or extends into more than one county or State.

3. Policies and objectives

a. To encourage and facilitate State and local initiative and responsibility in developing organizational and procedural arrangements for coordinating comprehensive and functional planning activities.

b. To discourage overlap, duplication, and competition in State and local planning activities assisted or required under Federal programs and to maximize State and local resources available for development planning (leadership, manpower, and money).

c. To minimize inconsistency among Federal administrative and approval requirements placed on State, regional, and metropolitan development planning activities.

d. To encourage the States to exercise leadership in delineating and establishing a system of planning and development districts or regions in each State, which can provide a consistent geographic base for the coordination of Federal, State, and local development programs.

4. Steps to achieve common or consistent planning and development districts or regions

a. Prior to the designation (or approval of the designation) of any planning and development district or region, agency procedures will provide a period of thirty days for the Governor(s) of the State(s) in which the district or region will be located to review the boundaries thereof and comment upon its relationship to planning and development districts or regions established by the State. Where the State has established such planning and development districts, the boundaries of designated areas will conform to them unless there is clear justification for not doing so. Where the State has not established planning and development districts or regions which provide a basis for evaluation of the boundaries of the area proposed for designation, major units of general local government in such area should also be consulted prior to designation of the area.

b. Prior to designation (or approval of a designation) of a planning and development district or region, the agency will establish, through checkpoint procedures developed therefor, that

(1) related programs or activities being carried on within the district or region have been identified by the applicant;

(2) such related programs are being planned on the same geographic basis; or

(3) where the designated area will have boundaries different than those within which related programs are being planned, there are compelling reasons for such differences.

c. Prior to making any designation, the administering agency will notify other Federal agencies administering related programs of the proposed designation. Such agencies will submit their comments, if any, within 15 days after receiving the notice.

d. Each agency will review existing planning and development districts or regions designated in connection with appropriate programs which it administers for their consistency with the purposes of the President's Memorandum of September 2, 1966.

5. Common and consistent planning bases and activities in multijurisdictional areas

Each agency will develop checkpoint procedures and requirements for applications for planning and development assistance under appropriate programs to assure the fullest consistency and coordination among planning activities thereunder and related planning being carried on under other Federal programs or under State and local programs in any multijurisdictional area.

The checkpoint procedures will incorporate the following:

a. identification by the applicant of planning activities being carried on for related programs within the multijurisdictional area, including those covering a larger area within which such multijurisdictional area is located, sub-areas of the area, and areas overlapping the multijurisdictional area;

b. evidence of explicit organizational or procedural arrangements that have been or are being established by the applicant to assure maximum coordination of planning for such related functions, programs, projects and activities within the multijurisdictional area. Such arrangements might include joint or common boards of directors or planning staffs, umbrella organizations, common referral or review procedures, information exchanges, etc.;

c. evidence of cooperative arrangements that have been or are being made by the applicant respecting joint or common use of planning resources (funds, personnel, facilities and services, etc.) among related programs within the area; and

d. evidence that planning being assisted will proceed from base data, statistics, and projections (social, economic, demographic, etc.) that are common to or consistent with those being employed for planning related activities within the area.

6. Joint funding

Where it will enhance the quality, comprehensive scope, and coordination of planning in multijurisdictional areas, agencies will to the extent practicable, provide for joint funding of planning activities being carried on therein.

7. Coordination of agency procedures and requirements

With respect to the steps called for in paragraphs 4 and 5 of this Circular, departments and agencies will develop for relevant programs appropriate draft procedures and requirements by March 1, 1967. Copies of such drafts will be furnished to the Director of the Bureau of the Budget and to the heads of the departments and agencies administering related programs. The Bureau, in consultation with the agencies, will review the draft procedures to assure the maximum obtainable consistency among them.

8. Inquiries

Inquiries as to scope and coverage of the Circular may be directed to the Office of Management and Organization, Bureau of the Budget (Code 103, Extension 30311).

CHARLES L. SCHULTZE, *Director*.

[Attachment: Circular No. A-80]

MEMORANDUM FROM THE PRESIDENT REQUESTING COORDINATION AT THE FEDERAL LEVEL, SEPTEMBER 2, 1966

Subject: Coordination for Development Planning

The Federal Government, through a number of departments and agencies, is now authorized to require and assist State and local governments and specialized agencies to formulate and carry out development plans.

Comprehensive planning covering wide areas is a promising and extremely important beginning to the solution of critical State, metropolitan, and regional problems. It is essential that it be done well.

At the Federal level, we must coordinate our efforts to prevent conflict and duplication among federally-assisted comprehensive planning efforts.

This should have two aspects:

State and local development planning agencies should be encouraged to work together in using common or consistent planning bases (i.e., statistical and economic estimates), and in sharing facilities and resources.

Boundaries for planning and development districts assisted by the Federal Government should be the same and should be consistent with established State planning districts and regions. Exceptions should be made only where there is clear justification.

I am requesting the head of each of the departments and agencies concerned with these matters to work with the Director of the Bureau of the Budget to insure the fullest coordination in fixing the boundaries of multijurisdictional planning units assisted by the Federal Government.

[Circular No. A-82, revised]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., December 18, 1967.

To: The heads of executive departments and establishments.

Subject: Coordination of Federal aids in metropolitan areas under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966.

1. *Purpose.*—This revised Circular replaces and rescinds Circular No. A-82, dated April 11, 1967. The principal changes are as follows:

a. Responsibility for general administrative oversight and coordination of section 204 is withdrawn from the Department of Housing and Urban Development because of a provision of the 1968 HUD appropriations act which prohibits expenditure of HUD funds for such purposes.

b. Certain of the programs listed for coverage in the original Circular have been dropped. Generally, these have been planning assistance programs which are of such scale that they do not result in proposals for specific projects which would be covered by section 204 or, where they do, applications for specific assistance to such projects would themselves be submitted for comment under this Circular.

c. Instead of a HUD review and evaluation of the implementation of section 204, provision is made for such review and evaluation by the agencies having programs covered by section 204 and this Circular.

2. *Basis.*—Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754; 80 Stat. 1263) provides that—

“(a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

“(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

“(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

"(b) (1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

"(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate areawide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

"(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

"(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section."

This Circular has been prepared pursuant to subsection (c) of section 204.

3. *Definitions.*—Terms used in this Circular will have the following meanings:
a. "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of any of the foregoing.

b. "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Bureau of the Budget may determine to be appropriate.

c. "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (2) programming of capital improvements based on a determination of relative urgency; (3) long-range fiscal plans for implementing such plans and programs; and (4) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

d. "Hospitals" means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' homes and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

e. "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

f. "Special purpose unit of local government" means any special district,

public-purpose corporation, or other limited-purpose political subdivision of a State, but will not include a school district.

g. "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

4. Coverage of Circular.—

a. This Circular will have applicability to—

(1) All applications for assistance to those categories of land acquisition and construction projects and related planning in metropolitan areas, which an agency administering a program listed in Attachment A, in consultation with the Bureau of the Budget, determines are of the types set forth under subsection (a) of section 204 of the Act.

(2) Amendments to applications which, in light of the purposes of section 204 and this Circular, the administering agency determines would involve a major change in a project covered by an application previously submitted and reviewed.

b. The Bureau of the Budget will extend the coverage under the Circular to such new or additional programs as may be appropriate from time to time.

5. Procedures.—

a. The heads of departments and agencies administering programs covered by section 204 and this Circular, in consultation with the Bureau of the Budget, will develop and put into effect procedures for obtaining the comments of areawide agencies and units of general local government.

b. Procedures will provide for—

(1) Such arrangements for the handling and disposition of applications and comments as the heads of departments and agencies and the Bureau may agree to be desirable and feasible.

(2) An enumeration of types of projects that will be covered under each program and of the materials that will be submitted by the applicants to an areawide agency (and, in the case of applications made by a special purpose unit of government, to a general purpose unit of local government) for comment. Such materials will include—

(a) a copy of the application, or

(b) a description of the project for which an application is being made, in sufficient detail to permit the reviewing agency to make meaningful comments and recommendations and provide information of the type contemplated under section 204(b)(1) of the Act.

(c) such additional or supplementary materials or information as the applicant and the reviewing agency may agree upon as necessary or useful.

6. *Existing requirements for application review.*—The requirements of section 204 and this Circular do not supplant existing statutory or administrative requirements for review by metropolitan planning agencies and units of general local government of applications or development plans for projects under the above programs. Whenever, and to the extent that the Bureau of the Budget, in consultation with the head of any department or agency administering a covered program with such existing requirements, determines that they adequately meet the requirements of section 204, the separate review, certifications and reports required by this Circular and section 204 will not be required.

7. *Metropolitan review agencies.*—An areawide agency for every metropolitan area has been federally designated except in those cases where an areawide agency could not be identified. In such cases, the Governors of the States in which such areas are located have designated State government or other agencies to serve the purposes of section 204 until such time as areawide agencies are established. All initial Federal designations were made on an interim basis because of the limited time available for thoroughly evaluating the appropriateness of the designation, particularly in the case of agencies formed or reorganized in response to the requirements of section 204. In the event of changes in the designation of areawide agencies or of the boundaries of metropolitan areas, the Federal agencies having covered programs will be so notified.

8. *Reports and evaluations.*—Each Federal agency having programs covered by section 204 and this Circular will submit to the Director of the Bureau of the Budget by February 1, 1968, and periodically thereafter as the Director may request, a report on agency experience in administering this requirement. The reports will include the following information for each covered program for the period July 1, 1967, to January 1, 1968:

a. By metropolitan area:

(1) The number of projects submitted for comment to an areawide agency

and, in the case of applications made by a special purpose unit of local government, to a general purpose unit of local government.

(2) Nature of comments—number:

- (a) No response received.
- (b) "No comment" response.
- (c) Supportive of projects.
- (d) Critical of projects.

(3) Disposition of project applications carrying critical comments:

- (a) Resulted in project modification.
- (b) Resulted in project disapproval.
- (c) Project approved with no modifications due to comments.

(4) Evaluation of general quality and utility of comments.

b. Identification of problems encountered in the administration and implementation of section 204 and this Circular.

9. *Contact*.—Inquiries respecting section 204 and this Circular may be addressed to Office of Executive Management, Bureau of the Budget, or telephone 395 (Code 103)—3031.

PHILLIP S. HUGHES, *Acting Director*.

[Attachment A: Circular No. A-82, revised]

COVERAGE OF CIRCULAR

This Circular will cover those categories of land acquisition and construction projects and related planning in metropolitan areas, under the following programs, which the head of the administering department or agency determines, in consultation with the Bureau of the Budget, are of the types set forth under subsection (a) of section 204.

A. *Open space land*

1. Department of Housing and Urban Development (HUD)—Open space program (42 USC 1500–1500e)
2. Department of the Interior/Bureau of Outdoor Recreation—Outdoor recreation (16 USC 460i–460i–11)
3. Department of Transportation (DOT)/Federal Highway Administration—Landscaping and scenic enhancement (23 USC 319(b))
4. Department of Agriculture (USDA)/Soil Conservation Service—"Green-span" program (7 USC 1838(i)(j))

B. *Hospitals*

1. Department of Health, Education, and Welfare/Public Health Service (HEW/PHS)—Hill-Burton hospital and health facilities construction program (42 USC 291–291j)
2. HEW/PHS—Health research facilities construction (42 USC 292–292(i) as amended by P.L. 89–115)
3. HEW/PHS—Community mental retardation facilities and mental health centers construction (42 USC 291k, 295–295e, 2661–2665, 2671–2677, 2691–2696)
4. HEW/Vocational Rehabilitation Administration—Vocational rehabilitation facilities construction (P.L. 89–333)
5. HEW/PHS—Narcotic treatment center construction (P.L. 89–793, Title IV, Section 402)
6. Appalachian Regional Commission (ARC)—Health facilities construction (multi-county demonstrations) (40 USC App 202)
7. HUD—Hospital housing and other hospital facility loans (12 USC 1749)

C. *Airports*

DOT/Federal Aviation Agency—Airport planning and construction (49 U.S.C. 1101–1120)

D. *Libraries*

HEW/PHS—Construction of regional medical libraries (42 USC 280b–3)

E. *Water supply and distribution*

1. HUD—Basic water facilities construction (42 USC 3101–3108)
2. USDA/Farmers Home Administration—Rural water facilities construction (7 USC 1923(a))

F. *Sewerage facilities and waste treatment*

1. ARC—Sewage treatment works construction (40 USC App 212)

2. HEW/PHS—Solid waste disposal facilities construction (P.L. 89-272)
3. Department of the Interior/Federal Water Pollution Control Administration (FWPCA)—Waste treatment works construction (33 USC 466c-1)
4. USDA/Farmers Home Administration—Rural waste disposal facilities construction (7 USC 1926(a))
5. HUD—Basic sewer facilities construction (42 USC 3101-3108)

G. Highways

1. ARC—Appalachian development highway system (40 USC App 201)
2. DOT/Federal Highway Administration—Highway planning and development (23 USC)

H. Other transportation facilities

- HUD—Urban mass transportation facilities construction (49 USC 1601-1604, 1607-1611)

I. Water development and land conservation

1. ARC—Mining area restoration (40 USC App 205)
2. Department of Defense/Army Corps of Engineers—Beach erosion control and flood prevention (33 USC 426-426h)
3. Department of the Interior/Bureau of Reclamation—Irrigation and reclamation (43 USC 421b, 421c, and 422a-k)
4. Department of the Interior/FWPCA—River basin pollution control and abatement planning (P.L. 89-753; 80 Stat. 1246-1254)
5. USDA/Soil Conservation Service—Watershed protection and flood prevention (16 USC 1001-1009; 58 Stat. 887), excluding investigations and surveys under the provisions of 16 USC 1006
6. USDA/Farmers Home Administration—Loans for soil and water conservation and shifts in land use (7 USC 608c)

J. Miscellaneous

1. HUD—Public facility loan program (42 USC 1491-1497)
2. HUD—Public works planning (40 USC 462)
3. HUD—Urban planning assistance (40 USC 461)
4. HUD—Advance acquisition of land (42 USC 3101-3108)
5. Department of Commerce/Economic Development Administration—Public works and development facilities loans and grants (42 USC 3131-3136, 3141-3143)
6. USDA/Farmers Home Administration and Soil Conservation Service—Rural renewal and resource conservation and development (7 USC 1010, 1011, 1013a)
7. USDA/Farmers Home Administration—Sewer and water planning (7 USC 1926(a) (6))

[Attachment B : Circular No. A-82, revised]

PROGRAMS COVERED BY SECTION 204 BY AGENCY

A. Department of Housing and Urban Development

1. Open space program.
2. Basic water and sewer facilities.
3. Urban mass transportation.
4. Public facility loans.
5. Public works planning.
6. Urban planning assistance.
7. Advance acquisition of land.
8. Hospital housing and other hospital facility loans.

B. Department of the Interior

1. Outdoor recreation.
2. Waste treatment facilities.
3. Irrigation and reclamation.
4. River basin pollution control and abatement.

C. Department of Transportation

1. Highway landscaping and scenic enhancement.
2. Highway development.
3. Airport planning and construction.

Department of Health, Education, and Welfare

1. Hill-Burton hospital and health facilities.
2. Health research facilities.
3. Community mental health facilities and centers.
4. Vocational rehabilitation facilities.
5. Regional medical libraries.
6. Solid waste disposal.
7. Narcotic treatment centers.

Department of Agriculture

1. "Greenspan" program.
2. Rural water and waste disposal facilities and planning.
3. Watershed protection and flood prevention.
4. Soil and water conservation loans.
5. Rural renewal and resource conservation and development.

Department of Commerce

Public works and economic development facilities.

Department of Defense

Beach erosion control and flood prevention.

Appalachian Regional Commission

1. Health facilities construction.
2. Sewage treatment works.
3. Appalachian development highway system.
4. Mining area restoration.

[Circular No. A-85]

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 28, 1967.

o: The heads of executive departments and establishments.

subject: Consultation with heads of State and local governments in development of Federal rules, regulations, standards, procedures, and guidelines.

1. *Purpose.*—In accordance with the Memorandum of the President dated November 11, 1966, on "Advice and Consultation with State and Local Officials" (copy attached), the purpose of this Circular is to afford chief executives of State and local governments a reasonable opportunity to comment on significant proposed Federal rules, regulations, standards, procedures, and guidelines (hereafter called regulation) applicable to Federal assistance programs. As an alternative to direct consultations, the Circular provides for assistance by the Advisory Commission on Intergovernment Relations (ACIR) in arranging to obtain State and local advice and comment on such matters, in cooperation with State and local general government associations.

2. *Background.*—Federal agencies administering programs of assistance to State and local governments normally issue regulations under which the programs are administered. These regulations affect the conduct of State and local affairs, including management and organization, planning, program adjustments, and fiscal and administrative systems. Federal requirements may not be consistent among Federal agencies nor permit needed flexibility for State and local governments. To meet the President's objective of making certain that vital Federal assistance programs are made workable at the point of impact, heads of State and local governments should be afforded an opportunity to comment on Federal regulations prior to their issuance.

3. *Policies.*—Agencies will be guided, to the fullest practical extent consistent with Federal laws, by the following policies in developing regulations for administering programs of assistance to State and local governments.

a. The central coordinating role of heads of State and local governments, including their role of initiating and developing State and local programs, will be supported and strengthened.

b. Federal regulations should not encumber the heads of State and local governments in providing effective organizational and administrative arrangements and in developing planning, budgetary, and fiscal procedures responsive to needs.

c. Duplication of reporting requirements and controls which are established by State and local governments will be avoided, and Federal agencies should rely wherever possible on internal or independent audits performed at the State or local level as provided in Budget Circular No. A-73, dated August 4, 1965.

d. Except as may be required by law or special circumstances, agency regulations dealing with like matters (e.g., allowable costs, definitions of like terms, and procedures and information needed for determining eligibility in like cases) will be consistent both internally and with practices of other agencies.

4. *Coverage.*—This Circular applies to regulations and revisions thereof which implement a Federal assistance program that includes among its eligible recipients State or local governments or quasi-public agencies (e.g., public housing or urban renewal agencies) and directly affect—

- a. Interstate relationships;
- b. Intergovernmental relationships (e.g., State-local and interlocal);
- c. Types of eligible recipients;
- d. Designations of agencies within State or local government;
- e. Requirements affecting State or local personnel;
- f. Organizational, planning, or fiscal activities of State and other governments; or
- g. Roles and functions of heads of State or local governments.

5. *Procedures for informing State and local government associations of proposed new or revised regulations.*—

a. The issuing agency will provide to the ACIR a copy and a summary of the proposed regulation. As a norm, this should be done not less than 45 days before the intended date of promulgation. If special legal or other circumstances do not permit sufficient time for such notice and comment, the agency will advise the ACIR of the time available and provide at least a summary or abstract in lieu of the full draft text of the regulation.

b. The ACIR will promptly transmit copies of the agency materials to each of the following State and local government associations: National Governors' Conference, Council of State Governments, International City Managers' Association, National Association of Counties, National League of Cities, and United States Conference of Mayors.

c. Unless an earlier response is required, the State and local government associations desiring to comment will transmit their views within three weeks after receiving the summary, addressing comments to the Federal agency concerned through the ACIR.

d. If requested by either the Federal agency concerned or by a State or local government association, the ACIR will arrange a meeting between representatives of the agency and the association (along with State or local chief executives or their representatives, where desirable) to consider modifications of the proposed regulation.

e. The agency will supply a copy of the regulation, when published, to the ACIR.

f. To see that these provisions are carried out, each agency should promptly designate one responsible official, and inform the Bureau of the Budget and the ACIR as to the name of the official.

6. *Additional functions of the ACIR.*—

a. The ACIR is prepared to assist agencies in developing new regulations covered by this Circular and will assist in assuring that regulations dealing with like matters are consistent, as provided in paragraph 3(d).

b. By January 31 of each year, the ACIR will make a report to the Director of the Bureau of the Budget concerning operations under this Circular. Copies of the report will be furnished to each agency and to the associations representing general units of State and local government.

7. *General considerations.*—This circular deals with only one aspect of the President's policy on intergovernmental consultation: the development of regulations relating to Federal assistance programs. The Circular is not intended to limit the consultation process to this aspect of the intergovernmental problem. Well in advance of the stage of promulgating formal regulations, consultation should be pursued actively with heads of State and local governments; and to this extent the burden of consultation requirements will be spread instead of concentrated at the stage of issuing regulations.

It is not intended that all proposed regulations or revisions will be automatically channeled through the procedure called for in this Circular; no purpose would be served by creating congestion and delay. Judgment must be exercised by the agencies and by the State and local governments in applying the Circular;

selectivity will be needed in determining which substantive and administrative regulations are significant enough to be put through the consultation arrangements. As experience is gained, Federal agencies and State and local governments are expected to work out a mutually productive system of consultation, with flexibility and room for judgment as to what is important.

The Circular is addressed primarily to new regulations or revisions of existing Federal regulations. However, agencies will give constructive consideration to requests from heads of State and local governments to review and revise regulations already in effect, and to consult with such officials on request.

8. *Effective date.* The provisions of this Circular become effective 30 days from the date of issuance.

CHARLES L. SCHULTZE, *Director.*

[Attachment : Circular No. A-85]

THE PRESIDENT'S MEMORANDUM TO HEADS OF CERTAIN FEDERAL AGENCIES
NOVEMBER 11, 1966

Memorandum from the President to : Secretary of Defense, Acting Attorney General, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce, Secretary of Labor, Secretary of Health, Education, and Welfare, Secretary of Housing and Urban Development, Director, Office of Economic Opportunity, Director, Office of Emergency Planning.

Subject: Advice and Consultation with State and local officials.

The basis of creative federalism is cooperation.

If Federal assistance programs to State and local governments are to achieve their goals, more is needed than money alone. Effective organization, management and administration are required at each level of government. These programs must be carried out jointly; therefore, they should be worked out and planned in a cooperative spirit with those chief officials of State, county and local governments who are answerable to their citizens.

To the fullest practical extent I want you to take steps to afford representatives of the Chief Executives of State and local government the opportunity to advise and consult in the development and execution of programs which directly affect the conduct of State and local affairs.

I believe these arrangements will greatly strengthen the Federal system at all levels. Our objective is to make certain that vital new Federal assistance programs are made workable at the point of impact.

I am asking the Director of the Bureau of the Budget to work with you, with the Advisory Commission on Intergovernmental Relations, and with the public interest groups representing State and local government in developing useful and productive arrangements to help carry out this policy.

Mr. HUGHES. Mr. Chairman, I would like to introduce Mr. James Frey, the Deputy Director of our Office of Legislative Reference. I should have done that earlier. He is here to share the burden with me.

Senator MUSKIE. We are delighted to have you with us, Mr. Frey.

Mr. FREY. Thank you.

Senator MUSKIE. There is a request I would like to make, Mr. Hughes. I suspect that after we have heard other testimony, we may want to check with you on certain points of the legislation.

Mr. HUGHES. I would be delighted.

Senator MUSKIE. I think many of those questions would be directed toward your statement on uniform relocation assistance. We have not really had an adequate opportunity to study that one.

Mr. HUGHES. Yes. I understand. It is a detailed matter and quite complicated.

(The statement follows:)

STATEMENT OF PHILLIP S. HUGHES, DEPUTY DIRECTOR, BUREAU OF THE BUDGET ON
TITLE VIII, UNIFORM RELOCATION ASSISTANCE

Title VIII of the bill would establish a uniform policy for the fair and equitable treatment of owners, tenants, and other persons displaced by the acquisition of real property by Federal and federally assisted programs or by related activity

in public improvement programs. Title VIII states that this policy would be as uniform as practicable as to (1) relocation payments, (2) advisory assistance, (3) assurance of availability of standard housing, and (4) Federal reimbursement for relocation payments under federally assisted programs.

The House Public Works Committee's Select Subcommittee on Real Property Acquisition issued a staff report in 1965 which clearly documents the case that the Federal, State and local governments are falling far short of equity in treatment of those displaced by governmental programs. The Bureau of the Budget favors enactment of legislation which would minimize inequities which exist when land is acquired for use in a Federal or federally assisted program.

Generally, Title VIII would establish a workable, uniform system for fair and equitable treatment of individuals displaced by acquisition of real property in Federal and federally assisted programs. However, in an effort to improve the bill, we have a number of recommendations and also offer some technical suggestions.

Section 802(b) provides that under certain circumstances, a displaced person who moves or discontinues his business may elect to accept an optional payment of up to \$5,000. We understand that the intent of this optional payment is to cover both (1) the cost of moving and (2) a readjustment allowance payment to assist small businesses in making up for the economic impact of displacement. If this is in fact the intent, we recommend that Section 802(b) be revised to treat these two purposes more clearly by providing for two separate payments; one for actual moving expenses and one for economic readjustment. Accordingly, Section 802(b) should be amended as follows: Delete the first sentence in Section 802(b) beginning on line 19, page 33 "If" and ending on line 2, page 34 with "lesser." Substitute the following for this sentence: "In addition to the payment authorized by Subsection (a) of this section an additional payment is authorized for any displaced person who moves or discontinues his business provided the average annual net earnings of the business are less than \$10,000 per year. This payment shall be in an amount equal to the average annual net earnings of the business or \$2,500, whichever is the lesser."

Section 802(c)(3) provides that should a displaced person who moves from a dwelling select an optional payment in lieu of reimbursement for fair and reasonable expenses as provided by 802(a), he would receive \$300 in addition to the allowances provided by 802(c)(1) and 802(c)(2) if he purchases a dwelling for purpose of residence within one year from the date of actual displacement. This payment would be made only if the displaced person selects the optional payment. We would like to invite the Committee's consideration of whether or not this payment should also be made to a displaced person who elects to receive fair and reasonable relocation payments as provided by Section 802(a).

The provisions of Title VIII fail to recognize the problem of the owner-occupant of real property which is acquired, but for which the fair market value paid is not sufficient to enable the previous owner to obtain a decent, safe and sanitary dwelling adequate in size to meet his needs. This most frequently occurs as a result of the private market no longer producing a significant volume of new housing in the price ranges comparable to that being acquired under Federal and federally-assisted programs. Accordingly, we invite the Committee's consideration of the following amendment to be inserted as subsection 802(f), with the present subsection (f) redesignated (g).

"(f)(1) In addition to amounts otherwise authorized, the head of such Federal agency may make a payment to the owner of real property which is acquired for the project and which is improved by a single- or two-family dwelling occupied by the owner for a period of not less than one year prior to the initiation of negotiations for the acquisition of such property. Such payment, not to exceed \$5,000, shall be an amount which, when added to the acquisition payment, equals the average price required for a decent, safe and sanitary dwelling of modest standards adequate in size to accommodate the displaced owner, reasonably accessible to public services and places of employment and available on the private market: *Provided*, that such payment shall be made only to a displaced owner who purchases and occupies a dwelling within one year subsequent to the date on which he is required to move from the dwelling acquired for the project.

"(2) The Secretary of Housing and Urban Development shall make the determinations under this subsection on the prices prevailing in the locality for dwellings meeting the requirements of paragraph (1) above for all agencies making such payments."

Section 802(f) of the bill would make all functions performed under *Section 802* subject to the provisions of the Act of June 11, 1946 and judicial review. The Department of Justice and the major real property acquiring agencies advise that this provision would unnecessarily burden property acquiring agencies with the expense of making a record upon which defense of their determinations may be based and will add to the litigation load of the Department of Justice. Furthermore, it appears that under *Section 802(f)* only the publication, public inspection, and judicial review provisions of the Administrative Procedure Act would be applicable, although the "all functions performed under this section language carries the implication that administrative determinations must be made in accordance with all the requirements of the Administrative Procedure Act. In the latter circumstance the expense to agencies would be considerable, and delays in making payments would detract from some of the intended benefits of the bill.

The primary purpose of *Section 802(f)* is to give recognition to the principle that the payments authorized by *Section 802* should be viewed as rightful compensation of persons displaced by Federal programs. The need for this provision would appear to be more theoretical than practical. The Department of Defense advises that during 15 years it has administered thousands of applications for payments for relocation costs under its broad authority (10 U.S.C. 2680) with a negligible number of appeals from displaced individuals to the Department. We believe that the objective of this provision can be achieved by making clear that the provisions of *Section 802* as regards relocation payments would represent congressional policy and that the heads of agencies would be responsible for its faithful execution. For the language now in *Section 802(f)* we recommend substituting:

"Any person aggrieved by a determination as to eligibility for a payment authorized by this section, or the amount of a payment, may have his application reviewed by the head of the agency, whose determination shall be final, and no provision of this section shall be construed to give any person a cause of action in any court."

Section 803(a) of the bill provides for a relocation assistance program not only to individuals actually displaced from the acquired property but also to those who occupy property *adjacent* to the acquired property and who are caused substantial economic injury by the acquisition.

We believe it is impractical to determine where to stop Government assistance if indirect effects of Government acquisition are to be considered. For example, a business operating one block (or farther) from the property taken might be affected more than one adjacent to it. Suppliers or customers of businesses adjacent to such property may also be adversely affected if those businesses move or cease operations. Moreover, it would often be impossible to determine whether the decreased profits or losses suffered by an adjacent business were actually caused by the property acquisition or by other factors. We are convinced that aid to those indirectly affected should be confined to that generally available, such as loans and advisory services from the Small Business Administration or assistance under the Manpower Development Training Act. We therefore recommend that the balance of *Section 803(a)* beginning with "If the head of such agency" on line 18, page 38, be deleted.

Section 803(c)(2) would require Federal agencies to assure the availability of adequate substitute dwellings within a reasonable period of time prior to displacement. The last clause of *Section 803(c)(2)* provides for waiver of the assurance requirement in periods of national emergency proclaimed by the President. We believe that there may be other cases when it will be in the national interest to proceed with a land acquisition project even though the Government cannot assure comparable housing within an individual's financial means. For example, we have been advised by the Department of Defense that there have been a number of times when it has been necessary to acquire real property for urgent national defense purposes when the President has not formally proclaimed a period of national emergency. This situation arose during the Cuban crisis when it was necessary to obtain certain properties and thousands of cableline easements were urgently required for the installation of Minute Man Launching Sites and easements for the control of such launching for the protection of this Nation. Under the then existing world situation, any delay which would have resulted to enable assurance of housing could have resulted in incalculable dangers or risks.

There are other situations in addition to the national defense of the country when the Government must move swiftly to protect individuals or a community.

Some of these may be caused by natural disasters such as floods or earthquakes, or sometimes it has been our experience when excavations are made for the basement and piles are driven for the new building, large timber supporting footings of adjacent buildings are endangered. Such is the case surrounding the new Foley Square Courthouse, an office building in New York City, New York. We believe it is desirable to provide sufficient flexibility in the relocation requirements of the bill to enable a distinction to be made when circumstances similar to those described above may arise.

Therefore, we recommend revision of this section to provide that the President may provide by regulations situations when such assurances may be waived. This can be accomplished by deleting the balance of Section 803(c)(2) beginning with "such assurance" on line 18, page 39, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; . . ."

Section 803(d) would make three changes in Section 7(b)(3) of the Small Business Act. Under the current law, small businesses are eligible for long term, low interest loans if they have suffered substantial economic injury as a result of displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also non-displaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs but also by ". . . any other public improvement program . . ." and (3) to cover not only businesses injured by Federal or federally aided programs but also businesses injured by wholly State-run programs.

The Bureau of the Budget is opposed to these amendments to the Small Business Act. As noted in our comments on Section 803(a), we believe it is impractical to provide assistance to other than those who are actually displaced. Further, we do not believe it is appropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally assisted programs. Accordingly, we recommend that Section 803(d) be deleted.

Section 804 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance and assurances. The staff report of the House Public Works Committee's Select Subcommittee on Real Property Acquisition included a bill with such a provision. That report states that the reason for this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of flood control projects. The Corps of Engineers requires localities to furnish lands, easements, rights of way, and relocation of utilities in these and certain other water resource projects.

We agree with the intent of Section 804 to provide relocation assistance for displaced individuals in public improvement projects, as in the case of acquisitions of property by a Federal agency. However, when land is furnished incident to a Federal public improvement project, relocation should be the responsibility of the State agency as a prerequisite to the acceptance of the properties for project purposes. Relocation expenses should be considered an essential cost of the acquisition and borne by the party responsible for land acquisition.

In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by P.L. 89-80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for Section 804:

"Sec. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 805 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the Act and also would pre-

scribe minimum legislative guidelines. *Section 805(a)(2)(A)* would limit reimbursement to actual and reasonable expenses in searching for a replacement farm to those individuals who are displaced from a farm operation. The Department of Defense advises that it has followed the policy of reimbursing persons in locating all types of replacement property and can find no reason to limit the reimbursement to farms. The General Services Administration also recommends reimbursement for searching for all types of replacement property. Accordingly, we recommend that this provision be amended on page 42, lines 5 and 6 by deleting "in the case of a farm operation," and on page 42, line 7 by substituting "property" for "farm".

Section 805(a)(2)(B) would authorize a payment to businesses and farm operations which dispose of their personal property and replace such at the new location. This payment would be made whether or not any expense is actually incurred by displaced persons. The Department of Defense, under its present authority to make relocation payments, only authorizes the payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving the property, or its market value, whichever is less. Under the present language, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. A displaced person who would dispose and replace personal property of a very low value, which is very bulky, heavy and costly to move might receive an unintended "windfall" if the present language remains in the bill. We believe that the present practice of the Department of Defense should be made applicable to all programs and we recommend that this provision be amended to read as follows:

"(B) if he disposes of personal property on moving his business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 807 details the requirements for approval of contracts or agreements. State agencies must meet for Federal financial assistance, the type of relocation payments and assistance to be provided, and how the program is to be financed.

Section 807(a)(2) requires State agencies to make fixed relocation payments in the same amount and under the same terms and conditions as are required to be made by a Federal agency by subsection 802 (b), (c), (d), and (e) of this title.

We believe there should also be authorized for federally assisted projects the payment for owner-occupants which we recommended as a new subsection 802(f). However, we understand that several States are considering legislation which would permit such payments as a part of the acquisition price under eminent domain rather than as a separately determined relocation payment. We believe this bill should prevent the possibility of double payment without, however, eliminating an area of experimentation. This can be accomplished by a provision prohibiting Federal assistance for a payment under this section if the owner-occupant receives a payment under state law which the head of the Federal agency determines to have the same purpose and effect and for which Federal assistance is available. Accordingly, we recommend the following language be inserted as subsection 807(a)(5):

"(5) A payment for owner-occupants under the same terms and conditions as are required to be made by Federal agencies by subsection 802(f) of this Act: *Provided*, That no such payment shall be required or included as a project cost under subsection 807(b) if the owner-occupant receives a payment required by the State law of eminent domain which is determined by the head of the Federal agency to have substantially the same purpose and effect as subsection 802(f) and to be part of the cost of the project for which Federal financial assistance is available."

Section 807(b) provides in the case of federally assisted projects that costs of relocation would be included in project costs and Federal financial assistance would be provided to the same extent as other project costs, except that the Federal agency would contribute the first \$25,000 of the cost of providing a relocation payment to any displaced person. The effect of the proposal would be to have the Federal Government assume almost all relocation payments.

We believe that relocation payments are an essential element of project cost and see no reason to exempt the first \$25,000 from the usual sharing requirements. Moreover, these relocation provisions will be administered by local agencies. They can be expected to administer the provisions more economically and efficiently if they are also required to bear the same portion of these costs as of other project

costs involved. We believe strongly that relocation payments should be shared as other project costs. Accordingly, we recommend that the comma after "project costs" on line 24, page 45, be changed to a period and the balance of the sentence on lines 24 and 25 of page 45 and 1 of page 46 be deleted.

We believe that a new section should be added to this title to provide for the effective date of this title. This amendment is necessary to provide sufficient time for the assignment of responsibility and for drafting of regulations for direct Federal programs and to allow State and local governments sufficient time to make necessary changes in their laws and possibly their constitutions to permit the agreements required as a condition of Federal aid. We recommend the new *Section 811* should read as follows:

"This Act shall become effective 180 days after enactment, except that Sections 807, 808, and 810(a)(4), (5), (6), (7), (8), (9), and (10) shall become effective three years after enactment; *Provided That*, commencing 180 days after enactment, the provisions of Sections 807 and 808 shall be applicable with respect to any contract, grant to, or agreement with a State agency, where such State agency is able under State law or local ordinance to agree to the requirements set out in Section 807(a) and the provisions of law governing relocation payments and assistance otherwise applicable to the provisions of Federal financial assistance to such State agency shall be superseded by this Act."

BUREAU OF THE BUDGET PROPOSED AMENDMENTS TO SECTIONS 903 (C) AND 904

Section 903(c).—Change the period at the end of the section to a comma and add as follows: "which determination of fair value and method used by the agency head shall be final and conclusive. **PROVIDED**, (1) that payment hereunder will not result in duplication of any payments otherwise authorized by law; (2) that the fee owner of the land involved disclaims any interest in the improvements of the lessee; and (3) the lessee in consideration for such payment shall assign, transfer and release to the United States all his right, title and interest in and to such improvements; **PROVIDED FURTHER**, that no provision of this section shall be construed to deprive the lessee of his right to reject the payments hereunder and to obtain payment for his property interests of just compensation as otherwise defined by law."

Section 904.—(1) On line 1 of Section 904(a) after "agency," delete "not later than" and substitute "as soon as practical after."

(2) On line 14 of subsection 904(a)(2), after "property" delete "; and" and add as follows: "provided that such mortgage shall be of record as required by law on the date the official announcement of the project is made by the authorized Federal agency; and"

"Senator MUSKIE. The relocation provisions of this bill would be aimed at achieving uniformity.

Mr. HUGHES. Yes.

Senator MUSKIE. Across the board.

Mr. HUGHES. Yes.

Senator MUSKIE. I think as the problem is emerging, we ought to be considering whether or not, and I guess you do to some extent, the present level of assistance is adequate.

Mr. HUGHES. We have certainly considered that, and I think both the statement submitted for the record and the one which I presented do reflect some of that concern.

As your comment indicated, the practice among the agencies varies tremendously, because of differences in their own statutes and in their own traditions really. The evolution of a uniform policy and practice is probably at least as painful within the executive branch as it is in Congress. But we fully agree as to the desirability of that, and we believe the executive branch by and large agrees.

Part of the problem here, of course, is that magic numbers are very difficult to come by. What is adequate recognition of relocation costs? I am certain that the committee will wish to consider very carefully

whether we have underdone, or for that matter overdone our efforts to meet need in various areas. By and large I think the proposals that we have made involve a very substantial liberalization of relocation arrangements for the great majority of agencies involved.

Senator MUSKIE. I notice especially your recommendation that a lump sum of up to \$5,000 be added to the fair market value for homes, et cetera, in certain price categories. This is a move in that direction.

Mr. HUGHES. Yes.

Senator MUSKIE. I think it has been our attitude too much in the past as we buy up land for public purposes to try to get it as cheaply as we can at the expense of the people who are being displaced by this action. I think it really is unconscionable to expect them to bear the lion's share or a major share of the burden of public programs.

Mr. HUGHES. This has been a problem, I think, both in the relocation area, Mr. Chairman, and in the property acquisition area.

Senator MUSKIE. Yes.

Mr. HUGHES. The traditional posture of the Government in many ways has not been the posture of the sovereign. It has been a business posture, a hard bargaining posture. Obviously the Government needs to protect its own interests and the interests of the public at large. But it seemed to us as we dealt both with the problem of relocation and with the problem of acquisition of property, that the Government also has a responsibility to be fair and not to take advantage.

Senator MUSKIE. Or even to drive a hard bargain.

Mr. HUGHES. To drive a fair bargain.

Senator MUSKIE. To drive a fair bargain.

Mr. HUGHES. But not a hard bargain, that is correct. The Bureau of the Budget has a somewhat split personality on this matter.

Senator MUSKIE. I am sure you do.

Mr. HUGHES. The "one-price" comment which I made in the statement I think reflects some traditional agency concern in this area, and some of the agencies feel they are in kind of a logical dilemma. If they have started out negotiating at a fair price, why isn't that the price, and what is the use of bargaining, and so on. You can understand the difficulty.

Senator MUSKIE. Is there likely to be a problem of coordination among the departments and agencies with respect to their relocation activities? If so, how do you propose to handle it?

Mr. HUGHES. There have been some problems, Mr. Chairman, but we think we have it reasonably well in hand at this point. We have worked extensively with the agencies on this as well as on the property acquisition problem. They, too, understand the reasons why the Government should buy land for highways and pay relocation costs on the same terms and on the same set of principles as it busy areas for urban renewal or airports or Corps of Engineers project.

Senator MUSKIE. To summarize your position on this bill, your reservations and objections include: one, the consolidation of programs; two, the 5-year termination provision and the review of grants-in-aid section; and three, your recommendation as to the relocation section. That is about it, is it? Other than that, you support the bill?

Mr. HUGHES. I think that is substantially it, Mr. Chairman, yes, and even in those areas—relocation, and in the grant consolidation area, for example—we would like to work with you and the staff to see

if we can evolve techniques that would facilitate the processes. If we can do so, we certainly would be delighted.

Senator MUSKIE. We would be glad to work with you. The ideas embodied in the bill are in a sense over-simplifications that are attractive. But I think as we have worked with this we have learned that the oversimplified formula doesn't necessarily work. I think there is enough in the bill to commend itself to further effort on our part and yours to try to work this out.

Mr. HUGHES. I certainly agree, Mr. Chairman.

Senator MUSKIE. I think, then, that is all for this morning, Mr. Hughes.

Mr. HUGHES. Thank you, Mr. Chairman.

Senator MUSKIE. Thank you both very much.

We will be back to you, I am sure.

Mr. HUGHES. Thank you.

Senator MUSKIE. The committee will be recessed until 10 o'clock tomorrow morning.

(Whereupon, at 11:40 a.m. the subcommittee recessed to reconvene at 10 a.m., Friday, May 10, 1968.)

INTERGOVERNMENTAL COOPERATION ACT OF 1967 AND RELATED LEGISLATION

FRIDAY, MAY 10, 1968

U.S. SENATE,
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 3302, New Senate Office Building, Senator Edmund S. Muskie (chairman) presiding.

Present: Senators Muskie and Mundt.

Staff members present: Charles M. Smith, staff director; Robert E. Berry, minority counsel; E. Winslow Turner, general counsel; Lucinda T. Dennis, administrative secretary.

Senator MUSKIE. The subcommittee will be in order.

Before we begin with our witnesses, without objection, we will include in the record a statement by Senator Jack Miller, of Iowa, who has been most interested in this legislation, first when he was a member of this subcommittee, and subsequently. We are happy to have his statement which will be included in the record.

(The statement follows:)

STATEMENT OF HON. JACK MILLER, A U.S. SENATOR FROM THE STATE OF IOWA

Mr. Chairman and members of the subcommittee, as a co-sponsor of the bill on which these hearings are being held, I wish to express a few viewpoints which may be helpful towards favorable consideration of this proposed legislation by the Subcommittee.

The main thrust of the bill as a whole is to provide for greater efficiency and effectiveness of the operation of the federal government in carrying out the mandates of Congress, particularly when other levels of government are involved.

One of the principal targets for improvement in environmental conditions for our people has to do with urban areas. There are many federal programs affecting urban areas and the people living there, but there is, as yet, no unified policy and guidelines for these programs; nor is there a mechanism to insure full coordination of these programs within the interested agencies of the federal government and between the various levels of government. We believe this legislation will fill this gap.

Our system of grants in aid from the federal government to the states and other levels of government has mushroomed without any particular attention to the need for consolidation and coordination to prevent duplication, overlapping, and obsolescence. Criticism that old programs never die, nor do they even fade away, is justifiable. Now, with our federal government in its worst financial stress since the 1930's how could there be a more appropriate time to establish a basis for review and consolidation of these many programs of grants in aid? The mechanisms for doing so are contained in this bill, and the decisions are left with the Congress—but in a manner which will help insure that Congress knows what it is doing. There isn't a Member of Congress who isn't concerned about the grants-in-aid thicket in which those we represent find themselves—

because we find ourselves in the thicket too. It is long past time to break out into the open and put order, priorities, and efficiency in what we have been doing.

No one in Congress intended hardship to result to individuals and businesses from our programs for redevelopment and renewal, but that is what has happened. Due to lack of uniform policy and procedures, not all individuals and businesses have been treated alike, and this is manifestly unfair. Not only should hardships be avoided or, at least, alleviated; but the treatment should be uniform. For the first time, adoption of this legislation will establish uniformity for the various federal and federally-assisted programs involving relocation of individuals and businesses. It is too late to rectify past mistakes, but it is not too late to prevent future mistakes—and there will be many with our ongoing programs unless action is taken now.

Whether one has supported some of these federal programs or not, each of us must be concerned that the people who are paying the bill receive maximum value for their tax money. Each of us must be concerned that maximum benefit goes to those for whom the legislation was intended. In its partnership with other levels of government, the federal government has a responsibility to serve as a model of efficiency, effectiveness, progress, and fairness. S. 698 will be most helpful in enabling us to meet that responsibility.

Senator MUSKIE. We shall proceed with this morning's witnesses. First, it is a pleasure to welcome the executive director of the Advisory Commission on Intergovernmental Relations, Mr. Colman, and his assistant, Mr. Walker. Mr. Walker, having been a member of this subcommittee staff in the past, should be in a position to enlighten us.

We are delighted to have you both with us this morning.

TESTIMONY OF WILLIAM G. COLMAN, EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS; ACCOMPANIED BY DAVID B. WALKER, ASSISTANT DIRECTOR (GOVERNMENTAL STRUCTURE AND FUNCTIONS), AND ALBERT J. RICHTER, SENIOR ANALYST

Mr. COLMAN. Mr. Chairman, we have with us this morning Mr. Richter.

Senator MUSKIE. It is a pleasure to have you with us.

At this point, the record of the hearing will begin to acquire real meaning.

Mr. COLMAN. Thank you, Mr. Chairman. It is a pleasure to be here.

We have prepared for the use of the subcommittee a lengthy background statement. We have underlined the highlights of the statement. If it is your pleasure, Sir, I can read the highlights.

I am appearing on behalf of the chairman, Farris Bryant, and members of the Advisory Commission in support of the proposed "Intergovernmental Cooperation Act" and two related measures.

The "Intergovernmental Cooperation Act" is based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past 8 years. The measure, as a whole, was specifically endorsed by the Commission at its April 14, 1967, meeting.

Enactment of this legislation is of critical significance, since it comes to grips with several of the major management problems that plague effective Federal-State-local relations. Improved public administration is a prime prerequisite for improved intergovernmental relations and this legislation—in all of its titles—is geared to achieving this.

I shall skip title I, Mr. Chairman, since it deals with definitions.

Title II: title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executive and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amending action taken in 1966 by the House Subcommittee on Executive and Legislative Reorganization with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist Governors in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and Governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power.

Clearly, progress has been made in overcoming the problem of agency bypassing of the Governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of section 201 would formalize certain procedures which are now informal and establish as rights what now are privileges unknown to many State officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal moneys must be kept in separate bank accounts by State governments. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary.

Section 203 recognizes the merits of the letter-of-credit mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, governmentwide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislation requirements for a "single State agency," multi-member board or commission. One of the most critical needs in con-

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.

It would not apply to grants wherein Congress had waived application of this termination provision.

It would apply only to those grants which Congress—for some reason or other—failed to designate as ongoing or short run programs.

As a technical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. Of the 30 major grant-in-aid enactments in 1966, only four contained no expiration provision (air pollution control maintenance, the nonfood assistance program under the Child Nutrition Act of 1966, the national trust historical preservation legislation, and assistance for housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967), only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one, (child welfare services under the social security amendments) lacks such a provision. We would like to submit for the record a list of grant-in-aid programs enacted during the period 1961–April 1968, showing the extent to which specific expiration dates have been provided. This table should allay the fears of those who view section 502 of S. 698 with alarm.

Title VI: This title constitutes an entirely new departure from the previous legislation and is designed to overcome the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of congressional veto that presently applies to executive reorganization plans. It is almost superfluous, Mr. Chairman, to declare to this subcommittee that the proliferation of Federal grants has created serious fiscal and administration problems at all levels of government.

Some opponents of this “reorganizational plan approach” have contended that it involves an unconstitutional delegation of legislative authority to the executive branch. We are convinced—and various authorities support us—that the issues involved in this argument differ in no respect from those that apply to the Reorganization Act of 1949, as amended. Thus, far, the latter has been voted by Congress on seven different occasions and renewal is again pending. Congress’ action then, along with court cases upholding the validity of the act, clearly demonstrates the constitutionality of this device.

Title VII: Title VII amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for the acquisition, use and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments’ planning and land use goals.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets and other local governmental functions. At present, there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations.

Furthermore, the testimony on March 8, 1967 of Mr. Boyd L. Rasmussen, Director of Interior’s Bureau of Land Management, before the U.S. Senate Subcommittee on Public Lands of the Interior and Insular Affairs Committee would indicate that Bureau of Land Manage-

ment has found that the local land use planning requirements of the Public Sale Act of 1964 have produced salutary changes in Interior's land disposition program and afforded the Department major opportunities to strengthen intergovernmental relations in this functional area—an opportunity, it would seem, that the Department and the States and counties involved are using to good advantage.

Title VIII: This title establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move by Federal or federally assisted programs. With the exception of those provisions relating to land acquisition which are now covered by Title IX, Title VIII in this bill is identical to a separate bill which passed the Senate on July 22, 1966, but died in House committee.

The Advisory Commission considered the issue of Federal relocation policy in a report, approved in January 1965, on relocation: Unequal treatment of people and businesses displaced by governments. This report resulted in the subsequent introduction by you, Mr. Chairman, of S. 1681.

As already noted, the Commission's 1965 study found that the most serious inequities in Federal relocation policies arose because highway programs cause about one-third of the relocation problem and the level of highway assistance and payments is substantially below that of the major Federal displacing program—urban renewal. It is therefore significant that a special 1967 study on highway relocation assistance undertaken by the Department of Transportation pursuant to congressional mandate in Public Law 89-574 strongly corroborates the principal findings of the ACIR study.

Summing up the Commission's recommendations, they are precisely in accord with those in title VIII with respect to (a) uniformity among Federal and federally assisted programs concerning relocation payments and advisory assistance, (b) assurance of provision of a supply of standard housing for those displaced, (c) Federal reimbursement for relocation expenses in federally aided programs, and (d) Federal encouragement of coordination of relocation administration in major urban areas.

A relevant question is: What would be the cost to the Federal Government of the proposed provisions for relocation payments compared to the cost of present provisions? It is our very rough estimate that the cost to the Federal Government for fiscal year 1967 under title VIII of S. 698 would have been about \$79 million, compared to an estimated \$40 million cost under the relocation payments provisions existing at that time. Of the total increase of about \$39 million, about \$29 million is attributable to the highway program, resulting from extension of coverage from 33 (in fiscal year 1967) to 50 States, liberalization of relocation payments, and the proposed increase in the Federal share of relocation payments from 90 percent of interstate roads and 50 percent on primary and secondary roads up to 100 percent for all payments of \$25,000 or less. Another \$8 million of the total increase would be for the HUD programs, again reflecting liberalization of relocation payments provisions. The remainder of the estimated increase is accounted for by liberalized payments by the Army Corps of Engineers, and initiation of payments by four Federal agencies not now reimbursing for relocation expenses: GSA, the International Boundary and Water Commission, the Post Office Department, and TVA.

Title IX: This title of S. 698 establishes a uniform policy on land acquisition practices used in Federal and federally assisted development programs, and complements the previous relocation title.

Title IX of S. 698 incorporates the three land acquisition proposals that formerly appeared as section 10 of S. 1681, plus other land acquisition provisions adapted from sections 101-106 and 112 of S. 1201. (89th Congress.) In effect, this title represents the first attempt by the Federal Government to establish a uniform policy on land acquisition practices covering both Federal and federally assisted development programs.

The next portion of our statement deals, Mr. Chairman, with amendment No. 748 to S. 698, which recently was introduced by you, Mr. Chairman, dealing with "Accounting auditing, and reporting of grant-in-aid funds." This proposed new title would carry out a specific recommendation adopted by the Advisory Commission in its report on "Fiscal balance in the American Federal system" and we strongly urge its enactment.

A recent study by the State budget officers (NASBO) of Federal grant-in-aid requirements which impede State administration showed considerable dissatisfaction with the detailed, burdensome, and slow auditing and reporting procedures required by Federal grant programs. The variation between Federal and State requirements and among Federal requirements regarding frequency, classification systems, and methods of accounting were cited as creating particular problems. The excessively detailed reports on subprograms were mentioned by one State official who indicated that 54 individual fiscal reports must be prepared and filed regarding expenditures of funds under the Vocational Education Act at both State and local levels, taking weeks of staff time.

Although the difference in Federal program objectives, magnitude, and administrative arrangements can hardly be expected to yield completely to uniform reporting and accounting requirements, there remains the question of whether existing requirements are reasonable in their demands. Most State and local officials feel they are not and at least some Federal aid administrators agree.

In its recent report on "Fiscal balance in the American Federal system," the Advisory Commission adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to grants-in-aid to the States whereby: (1) the Comptroller General would study and review the accounting and auditing systems of State Governments receiving Federal grants-in-aid and ascertain their general adequacy and integrity; (2) for those States meeting certified standards, the results of State audits of the expenditure of Federal grant funds would be accepted by Federal administrators in lieu of their own fiscal audits as long as the State accounting and auditing system continued to meet the prescribed standards; and (3) this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizeable grants directly from Federal agencies.

Concluding the discussion of the proposed new title, this new title seeks to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and provide the basis for significant improvements in intergovernmental fiscal management without in any way shortcutting the

exercise of fiscal prudence and accountability at all levels of government.

We turn now to S. 2981, the final major topic that is covered in your hearings, Mr. Chairman. It is our understanding that S. 2981, The Joint Funding Simplification Act of 1968, has been referred to your subcommittee and that this measure is to be considered in these hearings. The Advisory Commission, in its fiscal balance report, recommended enactment by the Congress of this administration bill as an important means of modernizing the management of Federal assistance programs.

States and localities more and more are adopting a multifunctional, packaging approach to meet varying social and physical developmental needs. Yet presently, a State or local government in putting together an integrated program must apply separately, for example, for the educational component, welfare component, job training component, urban renewal component, and so on. Keeping the separate applications moving along in tandem frequently nearly becomes an exercise in administrative futility.

This bill seeks to remove or simplify administrative or technical requirements to permit a more flexible packaging approach to consideration, processing, approval, and administration of Federal assistance programs.

The Advisory Commission believes this joint funding approach is workable assuming it is reinforced with strong direction at the highest administrative levels in the executive branch and at the same time receives the dedication to cooperation from functional program administrators. We are convinced that initial implementing efforts—assuming the bill's enactment—should focus on the intradepartmental phase of this packaging problem, since the management hurdles in this area are far less difficult than those involving interdepartmental collaboration.

To conclude, Mr. Chairman, the Advisory Commission strongly supports passage of S. 698, the proposed Intergovernmental Cooperation Act including amendment No. 748, and we support the enactment of S. 2981.

These bills constitute a viable, vigorous, first response to many of the management muddles that plague contemporary intergovernmental relations. We support them. We urge their early enactment. And we offer the services of our staff to assist the subcommittee in whatever way is deemed appropriate to facilitate your deliberations.

Thank you, Mr. Chairman. That concludes our statement.

Senator MUSKIE. Thank you very much, Mr. Colman, for your excellent statement. I know the committee will be interested in studying not only that portion which you read, but the remainder of the statement.

(The complete statement follows:)

STATEMENT OF WM. G. COLMAN, EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. Chairman and members of the committee, I am appearing on behalf of the Chairman, Farris Bryant, and members of the Advisory Commission in support of the proposed "intergovernmental Cooperation Act" and two related measures.

In 1959, as you well know, Mr. Chairman, the Congress established the Advisory Commission on Intergovernmental Relations and stipulated that in performing its primary function of developing and considering "ways and means of fostering

better relations between the levels of government" the Commission—among other things—should "provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental relations cooperation" and "give critical attention to the conditions and controls involving administration of Federal grant programs."

The "Intergovernmental Cooperation Act" is based on several of the most significant findings and recommendations for Federal action advanced by the Commission during the past eight years. The measure, as a whole, was specifically endorsed by the Commission at its April 14, 1967 meeting.

Enactment of this legislation is of critical significance, since it comes to grips with several of the major management problems that plague effective Federal-State-local relations. Improved public administration is a prime prerequisite for improved intergovernmental relations and this legislation—in all of its titles—is geared to achieving this. To put this legislation in its proper perspective, certain basic features of the contemporary grant-in-aid system should be noted:

The twin pressures of population growth and rapid urbanization have generated greater demands for more and better services traditionally provided by State and local governments. These, in turn, have triggered an expansion of Federal involvement in several domestic program areas—largely by means of the grant-in-aid device and quite heavily in recent years. From 1963 through the end of the last session of Congress, some 240 new grant-in-aid programs were enacted, bringing the total to over 400 separate categorical authorizations.

Grant-in-aid expenditures thus far have increased more than two and one-half times in this decade, rising from \$7 billion in fiscal year 1960 to an estimated \$18.3 billion for this fiscal year. All told, some \$98.3 billion in Federal aid has been dispersed to State and local jurisdictions during this nine year period.

This extraordinary expansion in the number and dollar amounts of grants-in-aid clearly signifies a greater acceptance of the partnership principle which undergirds this intergovernmental device. It also signifies a rejection of the centralizing, direct Federal Government-citizen relationship.

The extraordinary number and variety of grant programs, however, have led to serious problems of overlapping, fragmentation, information, and difficult management at all levels.

We know now that management is as important as legislative enactment. We also know that while executive orders, Budget Bureau circulars, and departmental changes in procedure can correct *some* of the difficulties in intergovernmental administration, other management headaches stem from statutory provisions, from uncertainty as to power of the Executive Branch in certain areas, and from the fact that the President needs extra authority to discharge his tough assignment as chief manager of the grant-in-aid system. We feel the proposed legislation advances sensible solutions to several of the pressing problems impeding improved intergovernmental administration.

The bill, as introduced, seeks reform in eight basic areas. In the subsequent discussion of its eight substantive titles, efforts will be made concerning those provisions that appeared in predecessor legislation (S. 561, the proposed "Intergovernmental Cooperation Act of 1966" and S. 1681, the proposed "Uniform Relocation Act of 1966"—89th Congress) to provide up-to-date background information regarding their relevance. The new titles in S. 698 (Titles VI and IX dealing with Presidential authority to submit consolidation proposals to Congress and with establishment of a uniform policy on land acquisition practices respectively) receive more extensive treatment.

Title I: Title I of the proposed legislation contains definitions of terms that are used frequently throughout the other titles and appears to be inadequate in all major respects, but one. The definition of "grant" or "grant-in-aid" in Section 106 was carefully drawn with particular reference to the needs of Title II, "Improved Administration of Grants-in-Aid to the States," and Title V, "Congressional Review of Federal Grants-in-Aid to States and to Local Units of Government" and specifically excludes certain types of Federal assistance, such as loans and loan guarantees that are relevant to the broader scope of Federal assistance involved in those titles that have been added to the original legislation: Title VI, "Consolidation of Grants-in-Aid Programs," Title VIII, "Uniform Relocation Assistance," and Title IX, "Uniform Land Acquisition Policy." To fill this definition gap, we suggest revising Section 107 to include a definition of the terms "Federal assistance," "Federal financial assistance," "Federal assistance programs," and "federally assisted programs," while at the same time

preserving the present Section 107's intent with respect to District of Columbia financial payments. The following language would implement this suggestion:

"FEDERAL ASSISTANCE, FEDERAL FINANCIAL ASSISTANCE, FEDERAL ASSISTANCE PROGRAMS, OR FEDERALLY ASSISTED PROGRAMS

"Sec. 107. The term 'Federal assistance,' 'Federal financial assistance,' 'Federal assistance programs,' or 'federally assisted programs,' means programs that provide assistance through grant or contractual arrangements, and includes technical assistance programs or programs providing assistance in the form of loans, loan guarantees or insurance. The term does not include any annual payment by the United States to the District of Columbia authorized by Article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47-2501a and 47-2501b)."

Appropriate revisions would be needed in Title VI to make this broader definition apply to consolidations authorized under this title, rather than the more narrow definition of grants-in-aid which appears in Section 106.

Title II: Title II seeks to coordinate and make more flexible certain standards and procedures governing financial, organizational, and other activities of State executives and other State officials, insofar as these activities are affected by Federal grant programs. The specific language of this title reflects the considerable attention given to it and amendatory action taken in 1966 by the House Subcommittee on Executive and Legislative Reorganization with respect to predecessor provisions.

The present title effects a number of basic changes in the administration of grants-in-aid to the States. Section 201 provides that governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. This procedural innovation would assist governors in preparing a more adequate budget and enable him to maintain more effective coordination over his executive departments and agencies. In a similar fashion, State legislatures would be assisted in their administrative oversight and fiscal functions.

Coordination of grant-in-aid programs is as critical a problem at the State level as it is at the Federal, and governors have a major responsibility in this area. Yet many State chief executives are not in a position to assume this role. Not all States, for example, require agencies to obtain the approval of the governor before entering into negotiations with Federal departments for grant programs. A 1965 survey indicated that in 18 States gubernatorial approval is required, while in 18 other States it was not. The situation varied in ten States, it was found, where approval was required in some instances but not in others. In the four remaining States, some other form of approval was stipulated.

As of the beginning of this year, 46 States had established some form of liaison unit to coordinate Federal aid programs, but these units vary greatly in structure and power. In Delaware, Georgia, and North Carolina, State planning agencies have been assigned this responsibility. In New York and Rhode Island, an interdepartmental committee has been established on a continuing basis to make studies and recommendations to the governor and legislature. In other States, including Connecticut, Illinois, Louisiana, Vermont, and Maine, the governors have designated an official in his office or in the Department of Administration to coordinate grant-in-aid activities. To complement these efforts, at least 13 States have established a Washington office.

Clearly, progress has been made in overcoming the problems of agency bypassing of the governor and much of this can be attributed to the impact of the conferences on Federal-State relations conducted by the Office of Emergency Planning in more than 40 States throughout 1967 and to the initiative of the Washington office of the National Governors' Conference. Nonetheless, the provisions of Section 201 would formalize certain procedures which are now informal and establish as rights what now are privileges unknown to many State officials.

Section 202 of the measure rests on the assumption that there can be a proper accounting of Federal grant funds without the use of separate bank accounts. A few of the older grant statutes and some grant regulations stipulate that Federal monies must be kept in separate bank accounts by State governments. Some States as a consequence maintain intricate systems of bank accounts for various Federal aid programs. With the development of modern accounting techniques, it is only necessary that the State maintain appropriate fund accounts which distinguish the balance that the State has received but not yet

earned. This section of S. 698 provides for the application of these principles to grants to States, while preserving the Federal Government's legitimate concern in seeing that all such grants are applied as intended and in receiving certain elementary facts with respect to the financial status of grant programs. To clarify the intent of this section, we recommend insertion of the phrase "or administrative regulation" after the word "law" on line 15, page 10, of the bill.

Section 203 establishes a procedure designed to discourage the advancement of Federal grant-in-aid funds for longer time periods than are necessary. As was noted in the prior hearings on S. 561, the Department of the Treasury has already sought administratively to achieve this objective through its Departmental Circular No. 1075, issued on May 28, 1964. This circular was and is geared to establishing a letter-of-credit procedure which maintains funds in Treasury until needed by recipient jurisdictions and thus reducing interest costs. Advances for three to six months formerly made in several programs and still permitted in some have resulted in expenditures of money from the Federal Treasury before they were actually needed—with no concomitant advantage accruing to the Federal or State agencies concerned or to effective program implementation.

Lump sum advances at specified intervals now constitute a rather outmoded way of transmitting money from one jurisdiction to another—given the emergence of telegraphic transfers, sight drafts, and the letter-of-credit procedure. The Treasury circular recognizes this fact and pursuant to its procedures advances are limited to the minimum allowances that are necessary and are timed to coincide with the actual cost requirements of the recipient jurisdiction in carrying out the purposes of a grant program. This letter-of-credit device in and by itself does not insure against excessive withdrawals, as Treasury has recently discovered in its monitoring of the system. Yet it can and does provide a simple, uncomplicated way of getting payments for readily ascertainable short-term needs. It also precludes the necessity of trying to anticipate the requirements of longer time periods with the consequent tendency to overestimate.

Two problems, however, seem to have arisen thus far in administering this letter-of-credit procedures. First certain States, including among others Alabama, Arizona, California, Indiana, Kansas, Ohio, Oklahoma, Tennessee, and Massachusetts, appear to have legal fiscal requirements that impede application of the procedure to these jurisdictions. Second, certain of the Federal agencies using the device have not been fully aware of its basic purpose and have failed to institute an effective monitoring system. A special Federal Task Force on letter-of-credit procedure spearheaded by Treasury is now reviewing these and other related problems with a view toward overcoming these deficiencies. In short, the letter-of-credit procedure per se is no better than those using it, but with effective implementation it could become a vitally significant financial procedure for eliminating a continuing tension point in intergovernmental fiscal relations.

Section 203 recognizes the merits of this mechanism and seeks to give them the full force of law. It is geared to assuring that States will not draw on grant funds in advance of their program needs. At the same time, it does not seek to hold them accountable for interest or other income earned on any grant funds advanced, prior to their disbursement for program purposes. Effective, government-wide implementation of this device should save the Federal Government considerable amounts of interest costs.

Section 204 stipulates that Federal departments and agencies may waive legislative requirements for a "single State agency," multimember board, or commission. In 1965, we testified that "about one-third of the Federal grant-in-aid programs are governed by single State agency provisions" and "almost three-fourths of total Federal grant funds are disbursed under these provisions." A cursory examination of grant programs enacted since that time reveals that at least four of the newer programs, including the Narcotic Addiction and Alcoholism amendments, Regulation of Surface Mining Operations legislation, the Clean Air Act amendments, and the Meat Inspection Act, contain "single agency" provisions.

The merits of the single State agency requirement now appear to be largely historical. In the formative years of the public assistance, for example, the requirement was essential to bring order out of chaos in the existing, as well as newly emerging public assistance programs in the States. It was necessary then that the Federal agency have one and only one State agency to deal with matters regarding public assistance and that this agency be held responsible

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

assistance may well exceed the \$37 billion mark—or twice the 1961 level. These figures, it should be noted, are based on the projected extent of Federal financial obligations or commitments to communities of 2500 or more and include insurance and guaranteed loans.

The greatest growth in urban-oriented grants have occurred in the areas of education, housing and community development, and programs to better the position of the disadvantaged. They include grants that go directly to the local communities involved as well as those to States which subsequently are channeled to or benefit urban communities.

The need for coordination and improved intergovernmental relations is clearly reatest in our metropolitan areas where, according to the 1967 Census of Governments, the fragmentation and overlapping of governmental jurisdictions is accelerating. Title IV offers some procedures for assisting the various levels of government operating directly or indirectly in such areas to work together to solve common problems. It authorizes the President to establish government-wide guides for the formulation, evaluation, and review of Federal urban development programs and projects (Section 401). It also provides as a matter of Congressional policy, that agencies—to the maximum extent possible—will take into account all viewpoints—national, State, regional, and local—in the formulation and valuation of such programs and projects (Section 401). Moreover, systematic planning required by several individual Federal-urban programs shall—again, to the extent possible—be coordinated with and made part of comprehensive local and areawide urban development planning (Section 401).

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 7th Congress. It provides a uniform policy and procedure for Congressional review of future grants-in-aid to States and local units of government. In those cases where no expiration date for grant authority is specified by law and where such grants are not specifically exempted from the provisions of Section 502, a five-year termination date is stipulated.

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.

Grants-in-aid, as was noted at the outset, constitute the Federal Government's principal weapon for accomplishing national legislative goals in the domestic arena, while at the same time maximizing intergovernmental cooperation and reliance on grassroots of governmental administration. Yet, one perennial criticism made of Federal grant programs is that once established they tend to continue of their own accord without substantial modification, even when the circumstances that prompted their establishment have changed or disappeared. The need for systematic reassessment of grant-in-aid programs is especially important in a period of rapid urbanization and technological change, such as we are now experiencing.

The Advisory Commission in its report on Periodic Congressional Reassessment of Grants-in-Aid to State and Local Governments (1961), and the Joint Committee on Congressional Reorganization in one of its major findings clearly underscored the need for this title. As a matter of fact, it serves as excellent complementary legislation to Section 105 of the proposed Congressional Reorganization Act (S. 355 and H.R. 2595) which authorizes "review analysts" for each of the major standing committees of Congress.

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

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

It would not apply to grants wherein Congress had waived application of this termination provision; and

It would apply only to those grants which Congress—for some reason or other—failed to designate as ongoing or short-run programs.

As a practical matter and if the past is any guide, few grants-in-aid would be affected by this termination provision. Our staff analysis of recently enacted grant programs indicates that Congress as a matter of course now provides expiration dates for almost all grant programs. Of the 41 enactments of new or expanded grant programs in 1965, all but three contained expiration or other limiting provisions (the three include: USDA's program for Water Works and Sewage Plants in Rural Areas, and two programs authorized by the Social Security Amendments of 1965). Of the 30 major grant-in-aid enactments in 1966 only four contained no expiration provision (Air Pollution Control Maintenance the Nonfood Assistance program under the Child Nutrition Act of 1966, the National Trust Historical Preservation legislation, and Assistance for Housing in Alaska). Of the 17 enacted during the first session of the 90th Congress (1967) only one had no expiration provision (Meat Inspection Act). Finally, of the four passed thus far in this session, only one (Child Welfare Services under the Social Security Amendments) lacks such a provision. We would like to submit for the record a list of grant-in-aid programs enacted during the period 1961–April 1968, showing the extent to which specific expiration dates have been provided. This table should allay the fears of those who view Section 502 of S. 698 with alarm.

With reference to the final three sections of Title V we agree with the position taken earlier by the Bureau of the Budget and others that Section 504, which calls for studies by the Comptroller General of Federal grant-in-aid programs, would simply give greater focus to the efforts of GAO and would result in a better servicing of the needs of the reviewing committees. It is our belief that the Comptroller General now has the authority to undertake the mission assigned to him by this section. Similarly, the role assigned to the Advisory Commission on Intergovernmental Relations under Section 505, while creating possible budgetary problems, certainly is within the Commission's present mandate "to make available technical assistance to executive and legislative branches of the Federal Government in their review of proposed legislation to determine its overall effect on the federal system." The question raised in the 1965 hearings as to a possible conflict regarding the role of Federal executive members on the Commission appears to lack much substance, since any member of the Commission is always at liberty to dissent to or abstain from recommendations adopted by the majority. Finally, the GAO records and audit authority stipulated in Section 506 is simply in accord with good fiscal management practices. Most grant-in-aid legislation contains such provisions, but the general authority provided would remove any ambiguities concerning GAO's power in those few instances where it is lacking.

Title VI: This title constitutes an entirely new departure from the previous legislation and is designed to overcome the proliferation of Federal grant programs by authorizing the President to submit to Congress plans for the consolidation of individual categories within broad functional areas. Such authority would be subject to the type of Congressional veto that presently applies to executive reorganization plans.

It is almost superfluous, Mr. Chairman, to declare to this Subcommittee that the proliferation of Federal grants has created serious fiscal and administrative problems at all levels of government. Your "Creative Federalism" hearings as well as those of the Subcommittee on Executive and Legislative Reorganization clearly reveal the detrimental impact of such factors as the lack of information concerning sources of available funds, the overlapping and duplication among functional programs, and the inflexibility of many separate funds and requirements on capacity of both administrators and elected officials to effectively execute, coordinate and evaluate grant-in-aid programs.

Consolidation then is a top priority item on practically everybody's check list on how to strengthen the grant-in-aid system. Unfortunately, consolidation is far easier to orate about, than to achieve. Certain encouraging steps, however, have been taken at the Federal level to achieve greater rationality in the maze of programs by grant consolidations.

First, under the leadership of the Department of Health, Education, and Welfare, which administers approximately half of the grant programs, the Comprehensive Public Health Planning and Public Health Services amendments (Partnership in Health Act) were developed and subsequently enacted by Congress. This Act consolidates several previously separate categorical pro-

grams and established a single authorization, appropriation and set of requirements. Under it, the States are given considerable discretion in developing their own health services in light of their own special needs.

Second, President Johnson in his March 1967 message on "The Quality of Government" announced that he requested the Director of the Bureau of the Budget to review the range of Federal grant-in-aid programs to determine additional areas where consolidation should be taken. Pursuant to this Presidential directive, top level HEW officials have been working with the Bureau of the Budget in analyzing possibilities of further consolidations in HEW administered programs.

Third, this year two additional consolidating measures were introduced by the Administration for Congressional consideration: the proposed Partnership in Earning and Learning Act (S. 3099 and H.R. 15066) and the proposed Consolidation of the Educational Opportunity Grant, National Defense Student Loan, and Work Study Programs (Section 402 of S. 3098 and H.R. 15067).

To date then, grant consolidation has followed the normal course of the legislative process. A major rationale for this approach is that combining grants involves changing varying legislative requirements concerning allocation formulas, matching ratios, as well as the basic responsibility of Congress for determining the direction of Federal funds to achieve special and national objectives. The principal defects of this method are of a political and more practical nature. First, middle management administrators at both the State and Federal levels frequently are unfriendly to departmental efforts to consolidate programs which they administer. Second, special interests which usually attach themselves to the grant aided functions frequently set up political obstacles to Congressional efforts which threaten to upset the grant-in-aid status quo. Third, the practical problems imposed by the complexity and divergent program goals of the existing grant structure hinder the formulation and effective implementation of workable consolidations. These factors combine to hinder both departmental and Congressional endeavors to achieve grant consolidations through the normal legislative process.

The approach embodied in Title VI is geared to overcoming some of these obstacles. Under it, the President would submit grant consolidation plans to Congress under procedures similar to those used for administrative reorganization plans and this would place primary responsibility for this effort in the Executive Office of the President. A plan would become effective at the end of ninety (90) calendar days of continuous session of Congress following its transmittal, unless either House passed a resolution disapproving the proposed consolidation. Each plan would involve a consolidation of individual programs within the same functional area and would focus administrative responsibility in one Federal agency, specify the formula or formulas for making the grant, and describe the differences between the new formula and those under each of the previous individual programs.

Some opponents of this "reorganizational plan approach" have contended that it involves an unconstitutional delegation of legislative authority to the executive branch. We are convinced—and various authorities support us—that the issues involved in this argument differ in no respect from those that apply to the Reorganization Act of 1949, as amended. Thus far, the latter has been voted by Congress on seven different occasions and renewal is again pending. Congress' action then, along with court cases upholding the validity of the Act, clearly demonstrate the constitutionality of this device.

The Advisory Commission in its massive study of Fiscal Balance in the American Federal System recommended a drastic decrease in the number of separate authorizations for Federal grants and specifically sanctioned the method set forth in this title as a means of furthering this objective.

Title VII: Title VII amends the Federal Property and Administrative Services Act by stipulating a uniform procedure for acquisition, use and disposition of land within urban areas by the General Services Administration in conformance, to the extent possible, with local governments' planning and land use goals. The U.S. Conference of Mayors and the National League of Cities have adopted specific resolutions calling for this title and it is wholly consistent with the findings and recommendations in the Commission's report on the Impact of Federal Urban Development Programs on Local Government Organization and Planning.

Under the provisions of this title, the GSA Administrator in disposing of Federal urban land holdings, shall, to the extent practicable, give advance notice to

the general local government having zoning and land use jurisdiction over the land involved in the proposed transaction. The Administrator is also directed to comply, to the extent possible, with the zoning and land-use regulations of the local government affected when acquiring or changing the use of any real property in urban areas.

Federal land acquisition disposal practices in urban areas clearly have a significant impact on local schools, water and sewage services, highways and streets and other local governmental functions. At present there is no formal Federal policy with respect to these practices, in contrast to the planning requirements in several grant programs that seek to strengthen local and areawide planning and land-use regulations. The notice required in disposition proceedings would give local governments an opportunity to zone the use of such land in accordance with local comprehensive planning objectives. Moreover, the GSA Administrator in such proceedings, to the extent feasible, would furnish any prospective purchases with local planning information relating to zoning, land use, and other regulations which would be applicable to the use and development of the property offered for sale. In acquiring or changing the use of real property in urban areas, the Administrator, to the extent practicable, would consider all objections made by the affected local government relating to possible conflicts with its zoning regulations or planning objectives and GSA is required to comply with such regulations and objectives—to the extent he determines feasible. The language of this title clearly protects the Federal interest in these various proceedings. At the same time, due consideration is given to protecting the legitimate planning and land use objectives of urban local governments.

The thrust and even some of the language of this title closely resemble legislation enacted in the 88th Congress establishing similar procedures for sale or disposition of public lands by the Department of Interior (78 Stat. 986). The following excerpt from the regulations issued by the Department of Interior on this Act (*Federal Register*, February 20, 1965) demonstrate that the procedures established in Title VII of S. 698 are both practical and desirable:

"Disposal programs will be scheduled in a manner to make all actions consistent with established or proposed State or local governmental programs and with State, county, and other local governmental master and detailed plans. Disposals within the area of influence of growing communities will be deferred until local governmental master plans have been adopted and zoning regulations are in effect. However, in the absence of master plans, critical needs in such areas or influence may be met if such action appears proper to the authorized officer after consultation with the appropriate local planning and governing officials.

"No less than 90 days before offering for sale lands which have been classified for disposal under the act in accordance with the procedures in part 2410, the authorized officer will notify the head of the governing body of the political subdivision of the State having jurisdiction over zoning in the geographic area within which the lands are located, to afford that body an opportunity to zone the land for use in accordance with local planning and development."

Furthermore, the testimony on March 8, 1967 of Mr. Boyd L. Rasmussen, Director of Interior's Bureau of Land Management, before the U.S. Senate Subcommittee on Public Lands of the Interior and Insular Affairs Committee would indicate that Bureau of Land Management has found that the local land use planning requirements of the Public Sale Act of 1964 have produced salutary changes in Interior's land disposition program and afforded the Department major opportunities to strengthen intergovernmental relations in this functional area—an opportunity, it would seem, that the Department and the States and counties involved are using to good advantage.

Title VIII: This title establishes a uniform policy for the fair and equitable relocation of persons and businesses forced to move by Federal or federally assisted programs. With the exception of those provisions relating to land acquisition which are now covered by Title IX, Title VIII in this bill is identical to a separate bill which passed the Senate on July 22, 1966 but died in the House committee.

The Advisory Commission considered the issue of Federal relocation policy in a report, approved in January 1965, on Relocation: Unequal Treatment of People and Businesses Displaced by Governments. This report resulted in the subsequent introduction by you, Mr. Chairman, of S. 1681.

The Commission undertook the study of relocation when it became concerned over the reported lack of uniformity in relocation policies among and within the three levels of government and the resultant inequitable and inconsistent treatment of those displaced. It felt that the problem had clear intergovernmental

mplications, particularly because the federally assisted urban renewal and highway programs cause most of the displacement nationwide, and the displacement occurs mainly in urban areas where intergovernmental relations are most critical.

The heart of the Commission's Relocation report was an analysis of governmental policies and practices in relocation current at that time at all three levels. A fundamental source of information was a questionnaire survey of the practices and policies of cities over 100,000 population conducted jointly in the summer of 1964 by the Commission and the U.S. Conference of Mayors. In addition, Commission staff worked closely with the staff of the Select Subcommittee on Real Property Acquisition of the House Committee on Public Works.

The Commission found that governmental responsibility for helping displacees to relocate stems from two sources: (1) government's exercise of eminent domain in acquiring real property; and (2) its concern for the economic and social welfare of its citizens. Under the Constitutional doctrine of eminent domain in the United States, government can force people to sell their property. The property owner thus cannot refuse to sell if he believes the price offered is insufficient to compensate for all costs of reestablishing himself. Since the courts generally have limited compensation to the fair market value of the real property acquired, property owners and tenants must look to the legislature to be compensated for incidental costs not covered by the value of the real property taken.

Unlike property owners displaced by public acquisition, owners displaced by private acquisition can hold out for a sales price which will assure them compensation for the cost of resettling, as well as the value of their real property. Tenants in either case—public or private—have little protection. Lower income groups are usually renters and find it most difficult to rehouse and readjust.

Government for many years has had a policy of concern for the economic and social opportunities of its citizens. This concern logically should include the social and economic effects of forcible displacement, particularly at this juncture in time.

As a general principle, therefore, the Commission concluded that persons and businesses displaced by local, State, or Federal public works and other programs are entitled to assistance in relocating, and this entitlement extends to lessees and tenants as well as to owners of homes and business establishments.

Nine major findings arose from the Commission study:

It found that governmental displacement of persons and businesses is substantial, particularly with respect to the federally aided urban renewal, highway programs, and local code enforcement. Moreover, all indications are that the rate of displacement will continue to grow. Thus, it is noteworthy that while the House Select Subcommittee in 1964 estimated future annual displacement of families and individuals by highway departments at 36,770 and businesses and nonprofit organizations at 3,876, a 1967 study by the Department of Transportation estimated these annual figures for the period July 1967 through June 1970 would be 48,983 and 5,559, respectively.

The Commission discovered great inconsistencies in present provisions for relocation assistance. These inconsistencies are among different programs within the same level of government—local, State, and Federal—and among levels of government. They concern the amount and scope of relocation payments, advisory assistance, and assurance with respect to availability of standard housing. Nationwide, federally aided urban renewal and highway programs cause the most displacement. The urban renewal program makes the most comprehensive provision for relocation assistance, but relocation provisions of the highway program are appreciably less equitable.

The effect of the inconsistencies is felt most keenly in urban areas where programs of all kinds at all three levels of government most frequently come together—where different Federal and federally aided programs displace neighboring properties. A homeowner whose property is taken for a federally aided urban renewal project is entitled to moving costs up to \$200. His neighbor, whose property is taken for a federally aided highway program, is entitled to \$200, but only if the State has authorized it. As of April this year, 14 States had not authorized such payments, and even among the States that have, an appreciable number have not authorized payments up to the Federal limit, or not for tenants and lessees. A third homeowner in the same neighborhood may receive nothing at all if his property is taken by General Services Administration for an office building. Inconsistency in payment of business moving expenses is even greater since the Federal Aid Highway Act allows business moving expenses only up to \$3,000, whereas displacement by a federally aided urban renewal project entitles a business

owner to as much as \$25,000 for moving expenses. Displacement by GS would be without compensation for moving costs.

The worst problem in relocating families and individuals is the shortage of standard substitute housing for low income groups.

Nonwhites have the most difficult relocation problem of all population groups. This comes from their generally lower economic and educational status; the impact of urban renewal and code enforcement programs on neighborhoods where they are concentrated; and public and private practices that restrict their access to housing.

Large families and the elderly present other special housing problems.

Among business displacees, small businesses, particularly those owned and operated by the elderly, are the main dislocation problem. The typical displaced small business is an independent commercial establishment, partnership, or a proprietorship rather than a corporation. The elderly generally have less capital and find it more difficult to secure outside financing. They have little energy or spirit to resume business in a new location. Their problem is most serious when they operate their own business and depend on it for their livelihood. Their businesses are usually retail or personal service stores, dependent on long-developed neighborhood patronage.

Advisory assistance is of growing importance in the relocation process.

The relocation process often discloses the social and economic needs of displaced persons, and thereby offers a unique opportunity for helping less privileged social and economic groups.

Three years have elapsed since the Commission adopted this Report, but there has been little change in the basic conditions it criticized then. The consequences of inconsistency and inequity in relocation policies and practices have become worse, if anything, because of the continuing rise in displacements caused by governmental programs.

As already noted, the Commission's 1965 study found that the most serious inequities in Federal relocation policies arose because highway programs cause about one-third of the relocation problem and the level of highway assistance and payments is substantially below that of the major Federal displacing program—urban renewal. It is therefore significant that a special 1967 study of highway relocation assistance undertaken by the Department of Transportation pursuant to Congressional mandate in Public Law 89-574 strongly corroborates the principal findings of the ACIR study. The DOT study states, for example:

"As the highway program has moved forward with a desirable acceleration, the problem of relocation has become more and more aggravated and has affected more and more individuals and businesses. There is an urgent need to fashion a better solution to the urban relocation problem than has existed heretofore.

"This is not a problem peculiar to the highway program alone. It is equally as acute in urban renewal, public building, construction, reclamation projects, and other public improvement programs. In fact, to the extent possible, a generally uniform approach to the solution of the relocation assistance problem seems indicated."

In summarizing the results of consultations with urban officials throughout the country, the DOT report states:

"The problem most frequently mentioned at over 80 percent of the meetings was the disparity of moving cost payments allowed under urban renewal policy, Federal-aid highway policy, and State legislative policies.

"The second problem most frequently referred to was the lack of uniformity of the many relocation assistance procedures within the large urbanized areas. There were differences in payments, time element, administrative practices, planning, eligibility rules, etc.

"Still another problem mentioned was the low income of the minority groups displaced, which in turn created difficulty or in many cases inability to relocate to decent, safe, and sanitary housing units without welfare-type assistance . . .

"Uniformity in relocation procedures and moving payment was the most emphasized recommendation at the majority of the meetings. The lack of uniformity of the many governmental agencies created some bitterness and disillusionment in the large urban areas where several different programs were in operation at the same time."

The findings of the Commission's 1965 report are confirmed almost daily by reports in the news media of public confusion and outrage at inequitable relocation policies. In the Portland *Oregonian* of July 7, 1967, for example, there

appeared a story under the title "Businessmen Object to Sacrifice Freeways Demand," from which the following is a direct quote:

"... just as the Oregon State Highway Department has started buying up right-of-way, a new problem has arisen:

"Who will recompense the hundreds of small business establishments in its path?

"Homeowners, of course, can simply sell out and find another home with more or less degree of inconvenience or emotional impact.

"But what about a small business, with a clientele built up slowly over the years, and with little or no reserve capital stashed away?

"And what about the lost income this little business is bound to suffer through relocation?

"Even if the business could be moved—where to? A strictly zoned metropolitan city such as Portland offers few opportunities to find a suitable substitute location.

"These were the questions flung at State and federal politicians and bureaucrats alike by a small group of businessmen in Southeast Portland at a public meeting called to seek support for relocation compensation.

"A freeway project costing millions in tax money should not be allowed to bankrupt small businesses in its path,' said Jack Jensen, owner of a dry cleaning establishment at 9543 SE Division St. . . .

"The state and federal agencies which finance and build the freeways pay for the costs of moving the equipment to another location—and not very much at that, in most cases.

"The businessmen were told by state and federal representatives that this reimbursement for moving varied by statute from \$200 to \$3,000 maximum—no matter what the move cost.

"State Rep. Howard D. Willits, who was chairman of the meeting, commented that the politician frequently described the small business man as the backbone of the economy, especially during political campaigns, but when it came to protecting his interests in such cases of inequitable dislocations, he is woefully neglected.

"Adolph E. Susan, regional appraiser for the Federal Highway Administration (formerly Bureau of Public Roads) said it was indeed a deplorable situation and blamed it on the lawmakers who wrote the statutes allowing only 'reasonable and necessary moving expenses.'

"He said he was sympathetic and he thought members of Congress were, but until the law was changed nothing but sympathy could be dispensed in the matter of compensation."

On the basis of its findings, the Advisory Commission on Intergovernmental Relations made 14 recommendations for local, State, and Federal action to meet the problems of persons displaced by governments. The recommendations fell under six major headings: (a) uniformity of relocation advisory assistance and payments; (b) assignment of responsibility for determining relocation payments; (c) assurance of the availability of standard housing for displaced people; (d) financing of relocation costs; (e) modification of related Federal programs to ease the relocation process; and (f) local organization, technical assistance, and planning for relocation. For Federal action, it recommended:

"1. That the Congress establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by direct Federal programs and by Federal grant-in-aid programs, and that the President direct that the necessary steps be taken to formulate regulations for carrying out such a policy.

"2. The Congress should require that State and local governments administering Federal grant programs assure the availability of standard housing before proceeding with any property acquisition that displaces people. This requirement should be at least comparable to that in Federal urban renewal legislation, assuring that (a) there is a feasible method for temporary relocation of displaced families and individuals, and that (b) there are or are being provided standard housing units within their financial means and in areas reasonably accessible to their places of employment.

"3. With respect to financing relocation payments under federally assisted programs, the full costs of payments to any person for relocating a family, and the costs of payments up to \$25,000 to any person relocating a business, should be completely reimbursed by the Federal Government; and the costs of business relocation payments in excess of that amount should be shared on the basis of the cost-sharing formula governing the particular program.

"4. The Small Business Administration Act should be broadened to authorize disaster loans to small business concerns (a) that suffer substantial economic injury as a result of a construction program conducted by State and local government, as well as one conducted by a Federal or federally aided program; or (b) that are adversely affected but not actually displaced by government property takings.

"5. The executive branch should: (a) authorize and encourage all Federal agencies causing displacements in urban areas to centralize in a single local agency in each major urban jurisdiction, through formal or informal agreement, responsibility for administering relocation planning, payments, and services; and (b) require all displacing agencies to give advance notice at the earliest practicable time to local units of general government of any construction programs which will cause displacement."

Title VIII of S. 698 would carry out these recommendations. Basically, it would establish a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by Federal direct and grant-in-aid programs. Thus, under Section 802, heads of Federal agencies are required to make relocation payments in direct Federal programs causing displacement, such as GSA, the Post Office Department, or the Defense Department, in accordance with regulations established by the President. Section 803 requires the same agencies to provide relocation assistance programs and specifies that these include (a) determining needs for assistance, (b) assuring the availability of standard housing within a reasonable period of time prior to displacement, (c) assisting businesses and farm operators in relocating, (d) supplying information regarding FHA, SBA, and other assistance programs, (e) helping in minimizing readjustment problems, and (f) coordinating relocation with other project activities and governmental activities in the community or nearby areas. This section also broadens the Small Business Administration Act to authorize disaster loans to small concerns that suffer substantial economic injury from construction conducted by State and local government or that are adversely affected but not actually displaced by government property takings.

Section 807 extends the requirements of Sections 802 and 803 with respect to payments and advisory assistance to federally assisted programs conducted by State and local governments.

Section 807(b) is in accord with the Commission recommendation that the Federal Government fully reimburse State and local governments for relocation payments up to \$25,000 in federally aided programs and on a formula cost-sharing basis for any portion above \$25,000 per displacement. The Federal reimbursement would be contingent on the State or local agency's agreeing to provide relocation payments and advisory assistance as prescribed by Federal law and regulations.

Finally, Section 805(c) follows the Commission recommendation that the executive branch encourage Federal agencies causing displacements in urban areas to centralize in each major urban jurisdiction responsibility for relocation administration. It provides that the President may require any Federal agency to carry out its relocation functions by entering into contracts or agreements with any State or local agency for use of its relocation facilities, personnel, and services.

To sum up, the Commission's recommendations are precisely in accord with those in Title VIII with respect to (a) uniformity among Federal and federally assisted programs concerning relocation payments and advisory assistance, (b) assurance of provision of a supply of standard housing for those displaced, (c) Federal reimbursement for relocation expenses in federally aided programs, and (d) Federal encouragement of coordination of relocation administration in major urban areas.

A relevant question is: What would be the cost to the Federal Government of the proposed provisions for relocation payments compared to the cost of present provisions? It is extremely difficult to make an estimate because of the lack of recent data on displacement of people and businesses by programs other than the HUD and highway programs, and on the number of displacees likely to be eligible for the \$1,000 adjustment payments for families and the \$1,000 and \$5,000 relocation payments for farmers and businesses, respectively. Within these limitations, it is our very rough estimate that the cost to the Federal Government for FY 1967 under Title VIII of S. 698 would have been about \$79 million, compared to an estimated \$40 million cost under the relocation payments provisions existing at that time. Of the total increase of about \$39 million, about \$29 million is

attributable to the highway program, resulting from extension of coverage from 3 (in FY 1967) to 50 States, liberalization of relocation payments, and the proposed increase in the Federal share of relocation payments from 90 percent of interstate roads and 50 percent on primary and secondary roads up to 100 percent for all payments of \$25,000 or less. Another \$8 million of the total increase would be for the HUD programs, again reflecting liberalization of relocation payments provisions. The remainder of the estimated increase is accounted for by liberalized payments by the Army Corps of Engineers, and initiation of payments by four Federal agencies not now reimbursing for relocation expenses: ISA, the International Boundary and Water Commission, the Post Office Department, and TVA.

In conclusion, we should note that in its report the Advisory Commission also urged States to adopt uniform relocation policies to govern strictly State-local activities. An increasing number of States in recent years have acted to establish consistent relocation practices within their borders, including the payment of relocation costs. As early as June 1964, the Pennsylvania legislature authorized payments of relocation moving costs as part of the State's first comprehensive eminent domain act applicable to all property takings by State and local agencies (Laws of Pennsylvania, Act No. 6, 1964). The Pennsylvania law provides that "just compensation" shall consist of the fair market value of the real property taken, plus such other damages as provided in the law. The latter include the following and are payable to both owners and tenants of real property: (1) reasonable expenses of removal, transportation, and installation of machinery, equipment, or fixtures, not to exceed \$25,000 and in no case to exceed the market value; (2) business dislocation damages, where it is shown that the business cannot be relocated without substantial loss of patronage—payments may be no more than \$5,000 and no less than \$250; (3) moving expenses for personal property other than machinery, equipment, or fixtures, not to exceed the market value of the personal property.

In 1965 the General Court of Massachusetts passed a law requiring payment of moving expenses of up to \$200 to families and individuals and up to \$3000 to businesses when displaced by agencies that exercise the power of eminent domain (Acts 1965, C. 790). Any proposed acquisition involving displacement of occupants of more than five dwelling units or more than five business units may not proceed until the central bureau of relocation in the State Department of Commerce and Development has approved a relocation agency and a relocation plan for the project. The relocation plan must include evidence of "the availability of safe, decent, sanitary housing and commercial buildings within the means of occupants to be displaced," and a program for relocation of the occupants.

In 1967, the New Jersey legislature passed an act (Public Laws 1967, C. 79) requiring any State agency or local government causing displacement to pay relocation costs of up to \$200 for individuals and families, \$3,000 for businesses and nonprofit organizations, and \$4,000 for farm operations. It assigned to the Commissioner of the Department of Community Affairs responsibility for certifying that displacing agencies have workable relocation assistance programs in effect before forcing anyone to move.

Last year, the Connecticut legislature created a Department of Community Affairs and assigned it important relocation responsibilities, including the administration of grants-in-aid for relocation payments made by localities (Public Act 522, Laws 1967, Sec. 24). The commissioner of the Department is authorized to give such aid to municipalities for relocation payments up to \$250 for any individual or family and up to \$25,000 for any business concern or farm.

Federal and federally assisted programs, however, cause the great bulk of relocation traceable to governmental action. It will become the Federal Government then to lag behind the States in treating fairly those on whom it inflicts hardship by its many property taking activities. This is one more reason the Commission believes a uniform and equitable policy of relocation assistance as provided in Title VIII of S. 698 is long overdue.

Title IX: This title of S. 698 establishes a uniform policy on land acquisition practices used in Federal and federally assisted development programs, and implements the previous relocation title.

In recent years, there have been growing complaints concerning the equity of government agency land acquisition practices, the adequacy of traditional standards of compensation, and the sufficiency of assistance to persons adversely affected by Federal direct or federally assisted public improvement programs. These problems have been largely treated on a piecemeal basis, with consequent

inconsistency among areas covered and inequity for those not covered. As a result, bills were introduced in Congress as early as the 85th Congress proposing an independent commission to make a comprehensive study of all aspects of the land acquisition and relocation problems. One bill to establish such a commission was introduced in the 86th and 87th Congresses by Senator John Sparkman, then Chairman of the Housing Subcommittee of the Senate Banking and Currency Committee. The Bureau of the Budget supported the objective of the commission but suggested that the study be conducted within the legislative branch. This proposal was adopted when the House Committee on Public Works established the Select Subcommittee on Real Property Acquisition in 1961. After three years of intensive study, the Subcommittee in December 1964 filed its report, *Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs*. Its recommendations were introduced in the 89th Congress as S. 1201 by Senator Sparkman and in the House as H.R. 3421 (Johnson of California), H.R. 6559 (Bingham), and H.R. 6580 (St Germain).

Because of its provisions on relocation, S. 1201 was linked with S. 1681 and referred to this Subcommittee on Intergovernmental Relations, which held hearings on both bills in early summer, 1965. At the suggestion of the Bureau of the Budget, nearly every Federal agency which testified or submitted a statement requested more time to study the land acquisition provisions of S. 1201, so that attention was focused on the relocation provisions. S. 1681 eventually passed the Senate and included three land acquisition provisions paralleling subsections 402(1), 402(2), and 402(3) of the Housing Act of 1965, which also conformed to three provisions of Title I of S. 1201. Following Senate action on S. 1681, the Subcommittee on Intergovernmental Relations received detailed reports from the Bureau of the Budget and other agencies on the land acquisition provisions of S. 1201.

Title IX of S. 698 incorporates the three land acquisition proposals that formerly appeared as Section 10 of S. 1681, plus other land acquisition provisions adapted from Sections 101-106 and 112 of S. 1201. In effect, this title represents the first attempt by the Federal Government to establish a uniform policy on land acquisition practices covering both Federal and federally assisted development programs.

Section 901 establishes uniform standards to guide the land acquisition practices of Federal agencies. It requires that:

- every land acquisition agency make every reasonable effort to acquire property by negotiation rather than condemnation;

- appraisals be made before initiation of negotiations;

- the Federal agency establish a fair and reasonable purchase price before the start of negotiations and make a prompt offer to acquire at that price;

- no owner be required to surrender possession of his property before the Federal agency pays the agreed purchase price or deposits with the court an amount not less than the appraised fair value or the amount of the condemnation award;

- no occupant be required to move without at least 90 days' written notice;

- the Federal agency permit a property owner to remove an improvement if it is not required by the agency;

- tenants of property acquired by the government not be charged rent above a fair rental value;

- Federal agencies not advance the time of condemnation or defer the condemnation or deposit of funds in order to pressure the owner to agree on a price for his property;

- if property is to be acquired by eminent domain, the Federal agency institute formal condemnation proceedings;

- if the acquisition of only part of a property would leave the owner with an uneconomic remnant, the Federal agency acquire the entire property; and

- the Federal agency take into account human considerations in setting the boundaries of a proposed public improvement.

In brief, this section makes it clear that the Congress desires that public agency policies and procedures for the acquisition of real property should be fair and consistent, and should be directed to giving the property owner the full measure of compensation authorized by law promptly, with a minimum of inconvenience, and without forcing him to prolong negotiations or to costly litigation. Many Federal agencies adhere to some or most of these procedures and their reports on S. 1201 (89th Congress) indicated they could abide by all of the above.

Section 902 directs that "fair market value" be paid as compensation for purchase or condemnation. Section 903 requires that a Federal agency which takes land or an interest in land must take a similar interest in any improvement that is part of the real property. It also provides a uniform standard for determining whether a structure or other improvement is a part of the real property. Section 903 further provides for equal treatment of property owners and tenants with respect to buildings and structures on land taken.

Section 904 authorizes Federal agencies to reimburse property owners for reasonable and necessary expenses incidental to transferring title to real property to the United States. This recognizes the inequity in taking private property for public use and requiring the owner, who may be unwilling to sell, to incur expense in order to transfer title.

Section 905 applies to federally assisted programs key elements of the property acquisition policies and procedures for direct Federal programs set forth in Sections 901 through 904. Specifically, it states that State or local agencies may not receive Federal aid for acquisition of real property unless they agree to: acquire by negotiated purchase rather than condemnation when reasonably feasible; give ninety days' advance written notice to vacate; and establish a price before beginning negotiation and make a prompt offer to acquire the property at that full price. Further, beginning in 1970 such agreements must also include provision that the State agency: will pay the agreed purchase price, make available to the owner 75 percent of the appraised fair value of the property, or deposit or pay the final amount of the condemnation award; will disregard any decreases in market value caused by preliminary administrative actions or public announcements of a proposed public improvement; and will assure equal treatment of property owners and tenants in regard to improvements owned by the tenant. The latter effective date of this provision is in recognition of the fact that some State and local government agencies cannot legally or practicably comply without first obtaining appropriate authorizing legislation.

The requirements under Section 905 for preferring negotiation to condemnation, for ninety days' notice, and for prompt payment of the negotiated appraised or condemnation price, already apply to certain acquisitions financed by the Department of Housing and Urban Development pursuant to 1965 legislation, as noted earlier.

To grasp the significance of achieving a more uniform and fair property acquisition policy, one need only examine the anticipated annual scale of future property acquisitions under direct Federal and federally assisted programs, as estimated by the House Select Subcommittee on Real Property Acquisition in its 1964 report:

MAGNITUDE OF FUTURE PROPERTY ACQUISITIONS, ANNUAL BASIS (ESTIMATE)

	Acreage	Compensation payments	Ownerships
Direct Federal.....	1, 204, 700	\$214, 400, 000	30, 660
Federally assisted.....	523, 100	1, 403, 900, 000	152, 340
Total.....	1, 727, 800	1, 618, 300, 000	183, 000

The Advisory Commission on Intergovernmental Relations believes these figures argue eloquently for a serious effort by the Federal Government to bring order and equity to its property acquisition policies, and that Title IX, largely based on the exhaustive study of the House Select Subcommittee on Real Property Acquisition, is just such an effort. Not to be overlooked is the fact this title's provisions are essentially in accord with the reports of the Bureau of the Budget, Department of Defense, Department of Interior, and the General Services Administration on S. 1201 (89th Congress).

Amendment No. 748 to S. 698: Our testimony shifts at this point from S. 698 as introduced, to the proposed Amendment No. 748 just introduced by you, Mr. Chairman, which deals with "Accounting, Auditing, and Reporting of Grant-in-Aid Funds." This proposed new title would carry out a specific recommendation adopted by the Advisory Commission in its report on Fiscal Balance in the American Federal System and we strongly urge its enactment.

Federal agencies administering assistance programs are charged by Congress and by regulations of the Comptroller General with assuring the proper and

legal use of grant funds distributed to States and local governments. Furthermore, the General Accounting Office as part of its "spot" audit to ascertain the effectiveness of agency audits of Federal expenditures, also audits grant-in-aid expenditures at the State and local levels.

Adequate fiscal and program controls are an essential part of any assistance program. The government providing the assistance must be able to assure itself that funds are being legally spent for the purposes intended. Auditing procedures and financial reporting requirements are essential for this purpose. However, while meeting the necessities of adequate reporting and review, every effort should be made to avoid placing undue and time-consuming burdens on State and local program administrators. Surveys indicate that this latter goal is frequently not achieved.

A recent study by the State budget officers (NASBO) of Federal grant-in-aid requirements which impede State administration showed considerable dissatisfaction with the detailed, burdensome, and slow auditing and reporting procedures required by Federal grant programs. The variation between Federal and State requirements and among Federal requirements regarding frequency, classification systems, and methods of accounting were cited as creating particular problems. The excessively detailed reports on subprograms were mentioned by one State official who indicated that 54 individual fiscal reports must be prepared and filed regarding expenditures of funds under the Vocational Education Act at both State and local levels, taking weeks of staff time. Another official complained that the breakdowns requested are almost endless.

In the earlier survey of *The Federal System as Seen by State and Local Officials*, your Subcommittee, Mr. Chairman, found that half of the respondents indicated that variations among the Federal agencies reporting and accounting requirements and differences between Federal and State requirements had caused difficulties in administering grants-in-aid. As one Governor stated it:

"Many Federal agencies ignore the States' basic accounting system and the controls therein, making it necessary for State operating agencies to keep double sets of books for Federal audit purposes. Some Federal agencies go to the extent of almost complete voucher-by-voucher audit and at times demand that accounting be done by a "Federal" standard which in essence is not Federal as such but peculiar to the needs of the specific agency concerned. Overall, an overwhelming number of the State and local officials indicated that legislation was needed to achieve more uniform accounting and auditing procedures among Federal grant programs."

On the other hand in the subsequent Subcommittee report entitled *The Federal System as Seen by Federal Aid Officials*, it was reported that a majority of Federal program administrators responding felt that the variations in auditing requirements cause no difficulties in the State and local administration of their respective programs. A sizeable majority rejected the proposal that the post-audit of aid programs might be dispensed with where a State's post-audit system met standards the Comptroller General set down. In addition a comparable proportion disputed the need for more uniform auditing and accounting procedures for all grant-in-aid programs.

Although the difference in Federal program objectives, magnitude, and administrative arrangements can hardly be expected to yield completely to uniform reporting and accounting requirements, there remains the question of whether existing requirements are reasonable in their demands. Most State and local officials feel they are not and at least some Federal aid administrators agree.

In its recent report on Fiscal Balance in the American Federal System the Advisory Commission adopted a three-pronged recommendation urging enactment of general legislation by the Congress applicable to grants-in-aid to the States whereby: (1) the Comptroller General would study and review the accounting and auditing systems of State governments receiving Federal grants-in-aid and ascertain their general adequacy and integrity; (2) for those States meeting certified standards, the results of State audits of the expenditure of Federal grant funds would be accepted by Federal administrators in lieu of their own fiscal audits as long as the State accounting and auditing system continued to meet the prescribed standards; and (3) this authorization would be extended at the discretion of the Comptroller General to units of local government receiving sizeable grants directly from Federal agencies.

The proposed new title includes provisions designed to facilitate the simplification and standardization of financial auditing and reporting requirements in Federal grant-in-aid programs. Its second section provides the President with sufficient authority to achieve greater consistency, simplicity and order in an

area of grants-in-aid financial reporting—an area only beginning to be recognized as a serious intergovernmental fiscal management problem. It authorizes the President to promulgate rules and regulations simplifying financial reporting requirements of Federal grants-in-aid and, to the extent feasible, making them more uniform.

The new title's third section provides the basis for constructive efforts to avoid unnecessary duplication and time-consuming fiscal management procedures at the Federal level and establishes a basis for accepting State and local accounting and auditing systems that meet acceptable standards. The Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget are directed to conduct a joint study of the principles, standards, and related requirements of executive agencies governing the accounting and auditing of Federal grants-in-aid. They are to identify ways and means of developing government-wide accounting and auditing procedures to foster greater cooperation and coordination among the financial management officials of all levels of government. This assignment, in effect, is already theirs under the Budget and Accounting Act of 1950 and we understand a Task Force is being established to look into these issues.

The Comptroller General under this third section is directed to study and review the accounting and auditing systems of the States and their political subdivisions in order to determine their adequacy and effectiveness in light of the principles and standards prescribed by him. After consulting with the Secretary of Treasury and the Director of the Budget and considering statutory requirements and the needs of administering Federal agencies, the Comptroller General is authorized to prescribe rules and regulations permitting such agencies to substitute the accounting and auditing systems of State and local governments when they meet prescribed standards.

This proposed new title seeks to develop new intergovernmental arrangements in the accounting and auditing field which would lead to a significant saving in time and energy and provide the basis for significant improvements in intergovernmental fiscal management—without in any way shortcutting the exercise of fiscal prudence and accountability at all levels of government.

We turn now to S. 2981, the final major topic that is covered in your hearings, Mr. Chairman.

It is our understanding that S. 2981, "The Joint Funding Simplification Act of 1968," has been referred to your Subcommittee and that this measure is to be considered in these hearings. The Advisory Commission, in its *Fiscal Balance Report*, recommended enactment by the Congress of this Administration bill as an important means of modernizing the management of Federal assistance programs.

States and localities more and more are adopting a "multifunctional," "packaging" approach to meet varying social and physical developmental needs. Yet presently, a State or local government in putting together an integrated program must apply separately, for example, for the educational component, welfare component, job training component, urban renewal component, and so on. Keeping the separate applications moving along in tandem frequently nearly becomes an exercise in administrative futility. The applicant State or local community may find part of its components approved and other suspended in a morass of administrative and fiscal uncertainty, because of competition within certain funding sectors. This bill seeks to remove or simplify administrative or technical requirements to permit a more flexible "package" approach to consideration, processing, approval, and administration of Federal Assistance programs.

S. 2981 will accomplish this by (1) authorizing waiver or modification of certain statutory procedural requirements; (2) permitting agency heads to delegate the approval and administration of Federal assistance programs to other agencies; (3) providing for a special fund in each agency to finance joint projects; (4) describing ways Federal agency heads can foster joint projects; and (5) authorizing the President to establish implementing standards and procedures. The proposal would not change, with certain exceptions, substantive provisions of law governing assistance programs, such as eligibility criteria, matching ratios, and apportionment formulas.

The Advisory Commission believes this joint funding approach is workable assuming it is reinforced with strong direction at the highest administrative levels in the Executive Branch and at the same time receives the dedication to cooperate from functional program administrators. We are convinced that

initial implementing efforts—assuming the bill's enactment—should focus on the intradepartmental phase of this “packaging problem,” since the management hurdles in this area are far less difficult than those involving interdepartmental collaboration.

To conclude, Mr. Chairman, the Advisory Commission strongly supports passage of S. 698, the proposed “Intergovernmental Cooperation Act” including Amendment No. 748 and we support the enactment of S. 2981.

We endorse these measures, because we accept the intrinsic worth of the existing grant-in-aid system. But we know that it is in desperate need of modernization. The underlying thrust of all the legislation before you is geared to achieving much of this needed reform. Improved intergovernmental management is as critical a factor today in improving Federal-State-local relations as any other. Yet, better intergovernmental administration is as difficult a subject to dramatize and to achieve action on—as any we know. Prompt, decisive and meaningful action must be taken, however, if American Federalism is to survive the many public service burdens now thrust upon it.

These bills constitute a viable, vigorous, first response to many of the management muddles that plague contemporary intergovernmental relations. We support them. We urge their early enactment. And we offer the services of our staff to assist the Subcommittee in whatever way is deemed appropriate to facilitate your deliberations.

Mr. COLMAN. We have this table, Mr. Chairman, that I mentioned to submit for the record.

Senator MUSKIE. It will be included in the record.

How many programs in all over this period did not have a termination date?

Mr. COLMAN. Well, over the entire period, it would appear that only eight out of about 60 enactments did not have a termination date.

Senator MUSKIE. I asked the Bureau of the Budget yesterday for this information, and you provide the answer today. That is quick service.

Mr. COLMAN. Thank you.

(The table referred to follows:)

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS ENACTED SINCE 1961)

Program (established during period 1961-68)	Year established	Federal department or agency currently administering program	Limiting provision
Area redevelopment.....	1961	Commerce.....	All authority under the Area Redevelopment Act expired June 30, 1965 (enacted for 5 years).
Community health services particularly for the chronically ill and aged.	1961	Health, Education, and Welfare..	1967 (for both formula grants and project grants).
Mass transportation demonstration projects.	1961	Housing and Urban Development.	An expiration date is not specified but the aggregate of grants may not exceed \$25,000,000 (included within the limit on urban renewal capital grants).
Open space land preservation.....	1961	do.....	An expiration date is not specified but the aggregate of grants may not exceed \$21,000,000.
Public works acceleration.....	1962	Commerce.....	An expiration date is not specified but the appropriation is for an aggregate sum not to exceed \$900,000,000.
Services for agricultural migratory workers.	1962	Health, Education, and Welfare..	1968 (the last appropriation was for fiscal 1965).
Intensive community vaccination programs.	1962	do.....	1963.
Educational television broadcasting facilities.	1962	do.....	1967 (enacted for 5 years).

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS
ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year es- tablished	Federal department or agency currently administering program	Limiting provision
manpower development and training....	1962	Labor.....	Authorization to make agree- ments with States will expire June 30, 1969; and authority to disburse Federal grants will expire Dec. 30, 1969.
maternal and child health services, special project.	1963	Health, Education, and Welfare..	1968 (for special projects for maternity and infant care only).
mental retardation planning.....	1963	---do-----	A 1-time grant for fiscal years 1964, 1965.
mental retardation facilities (community facilities).	1963	---do-----	1968, Community facilities (enacted for 4 years beginning with fiscal year 1965).
occupational education originally enacted in 1917. Program expanded and im- proved in 1963.	1963	---do-----	No limitation on authorization. However, the 1963 act re- quires appointment of an advisory council to review the program and its administra- tion and to make recom- mendations to the President and Congress not later than Jan. 1, 1968. Similar councils are required thereafter at intervals of not more than 5 years. Occupational training in redevelopment areas— authority under the Area Redevelopment Act (in which this provision is included) expires June 30, 1965. Residential vocational educa- tion schools—1968 work- study programs—1968.
construction of teaching facilities for medical, dental, and other health personnel.	1963	---do-----	1969.
agricultural experimental station re- search facilities.	1963	Agriculture.....	No expiration.
Higher Education Facilities Act.....	1963	Health, Education, and Welfare..	5 years.
Air pollution control.....	1963	---do-----	1967.
Water Resources Research Center.....	1964	Interior.....	1974. 10-year limitation on title II. Additional water re- sources research programs only.
Mass transportation systems.....	1964	Housing and Urban Develop- ment.	1968. Appropriations remain available until they are ex- pended (enacted for 3 years).
Library construction (new) and library services (extension to urban areas).	1964	Health, Education, and Welfare..	1966.
Commercial fishery research.....	1964	Interior.....	1969.
Hospital and medical facilities amend- ment (construction and moderniza- tion).	1964	Health, Education, and Welfare..	1969.
Economic Opportunity Act.....	1964	OEC.....	4 years.
Graduate public health training project grants.	1964	Health, Education, and Welfare..	6 years.
Food Stamp Act.....	1964	Agriculture.....	3 years.
Housing Act amendments: (a) Urban renewal code enforce- ment.	1964	Housing and Urban Develop- ment.	1965.
(b) Rural housing low-rent domes- tic farm labor housing.	1964	---do-----	1965.
(c) Training and fellowship pro- gram.	1964	---do-----	3 years.
Land and Water Conservation Fund Act..	1964	Interior.....	No expiration.
Nurses Training: (a) Construction.....	1964	Health, Education, and Welfare..	4 years.
(b) Scholarships.....	1964	---do-----	5 years.
Historic documents.....	1964	General Services Administra- tion.	Do.
Appalachian Regional Development Act..	1965	Appalachian Regional Develop- ment Commission.	6 years.

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year established	Federal department or agency currently administering program	Limiting provision
Elementary and secondary education:			
(a) Education of children of low-income families.	1965	Health, Education, and Welfare..	1968.
(b) School library resources, textbooks, and other instructional materials.	1965	-----do-----	5 years.
(c) Supplementary educational centers.	1965	-----do-----	Do.
(d) Regional facilities for educational research and related purposes.	1965	-----do-----	1970.
(e) Strengthening of State departments of education.	1965	-----do-----	5 years.
Older American's Act.....	1965	-----do-----	Do.
Water resources planning.....	1965	Water Resources Council.....	1976.
Health of school and preschool children.....	1965	Health, Education, and Welfare..	1970.
Community mental health centers—initial personnel costs.	1965	-----do-----	1972 (grants made after June 30, 1968 will be available only for centers or services for which a grant was made before that date).
Housing and Urban Development Act of 1965:			
(a) Basic water and sewer facilities.	1965	Housing and Urban Development.	1969.
(b) Neighborhood facilities.....	1965	-----do-----	1969.
(c) Advance acquisition of land.....	1965	-----do-----	1969.
(d) Open space land buildup urban areas.	1965	-----do-----	An expiration date is not specified but the aggregate of grants may not exceed \$64,000,000.
(e) Urban beautification and improvement.	1965	-----do-----	An expiration date is not specified but the aggregate of grants may not exceed \$36,000,000.
Public Works and Economic Development Act:			
(a) Public works and development facilities.	1965	Commerce.....	1969.
(b) Technical assistance, research, and information.	1965	-----do-----	1970.
(c) Economic development districts.	1965	-----do-----	1969.
(d) Regional action planning commissions.	1965	-----do-----	1969.
State technical assistance to commerce and industry.	1965	-----do-----	1968.
Law enforcement assistance.....	1965	Justice.....	3 years.
Arts and humanities.....	1965	National Foundation on Arts and Humanities.	1968.
Water pollution research and development.	1965	Health, Education, and Welfare.	1969.
Heart disease, cancer, and stroke.....	1965	-----do-----	1968.
Construction of waterworks and sewage disposal plants in rural areas.	1965	Agriculture.....	No expiration.
Solid waste disposal.....	1965	Health, Education, and Welfare..	1969.
Highway beautification.....	1965	Commerce.....	1967.
Improvement of training facilities for medical, dental, and other health personnel.	1965	Health, Education, and Welfare..	1969.
Medical libraries.....	1965	-----do-----	1970.
Higher Education Act of 1965:			
(a) Community service and continuing education.	1965	-----do-----	5 years.
(b) College libraries.....	1965	-----do-----	Do.
(c) Strengthening developing institutions.	1965	-----do-----	1966.
(d) Improvement of undergraduate instruction.	1965	-----do-----	5 years.
Vocational rehabilitation originally enacted in 1920. Program expanded and improved in 1965:			
(a) Vocational rehabilitation services generally.	1965	-----do-----	1968.
(b) Planning comprehensive programs.	1965	-----do-----	3 years.
(c) Planning and initiating special programs.	1965	-----do-----	6 years.
(d) Rehabilitation facilities and workshops.	1965	-----do-----	5 years.
(e) Workshop improvement and training services.	1965	-----do-----	6 years.

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAMS
ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year es- tablished	Federal department or agency currently administering program	Limiting provision
Manpower Act of 1965: (a) Labor mobil- ity demonstration projects.	1965	Labor.....	1967.
Social Security Amendments of 1965:			
(a) Medicaid.....	1965	Health, Education, and Welfare..	No expiration.
(b) Training of professional per- sonnel for health and related care of crippled children.	1965	do.....	Do.
Health Professions Educational Assist- ance Amendments.	1965	do.....	1969.
Historical properties preservation.....	1966	Interior.....	1970.
Water research projects.....	1966	do.....	1976
Comprehensive Health Planning and Public Health Service Amendments, 1966:			
(a) Comprehensive State health planning.	1966	Health, Education, and Welfare..	1968.
(b) Areawide health planning.....	1966	do.....	1968.
(c) Project grants for training, studies, and demonstrations.	1966	do.....	1968.
(d) Comprehensive public health services.	1966	do.....	1968.
(e) Project grants for health ser- vices development.	1966	do.....	1968.
Allied Health Professions Training Act of 1966:			
(a) Construction of teaching facili- ties.	1966	do.....	1969.
(b) Improve quality of training centers.	1966	do.....	1969.
(c) Traineeships.....	1966	do.....	1969.
(d) Nursing educational opportunity.	1966	do.....	1969.
Clean Air Act Amendments of 1966; air pollution control maintenance.	1966	do.....	No expiration.
Economic Opportunity Amendments of 1966:			
(a) Special impact programs.....	1966	Office of Economic Opportunity..	1970.
(b) Comprehensive health services.	1966	do.....	1970.
Child Nutrition Act of 1966:			
(a) Special milk program.....	1966	Agriculture.....	1970.
(b) School breakfast program.....	1966	do.....	1968.
(c) Nonfood assistance.....	1966	do.....	No expiration.
Elementary and Secondary Education Amendments of 1966; education of handicapped children.	1966	Health, Education, and Welfare..	1968.
Library Services and Construction Act Amendments of 1966:			
(a) Interlibrary cooperation.....	1966	do.....	1971.
(b) State institutional library ser- vices.	1966	do.....	1971.
(c) Library services to the physi- cally handicapped.	1966	do.....	1971.
Demonstration Cities and Metropolitan Development Act of 1966:			
(a) Comprehensive city demon- stration:			
(1) planning, technical as- sistance.	1966	Housing and Urban Develop- ment.	1968.
(2) administration, reloca- tion.	1966	do.....	1969.
(b) Supplementary grants for metro- politan development.	1966	do.....	1968.
(c) National Trust for Historic Pres- ervation.	1966	do.....	No expiration.
(d) Urban information and technical assistance.	1966	do.....	1968.
(e) Assistance for housing in Alaska.	1966	do.....	No expiration date specified but aggregate of grants may not exceed \$10,000,000.
Urban Mass Transportation Act of 1964, Amendment:			
(a) Technical studies.....	1966	do.....	1969.
(b) Managerial training programs.....	1966	do.....	1969.
(c) Research and training in urban transportation problems.	1966	do.....	1969.

FEDERAL GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS (LIMITATIONS OF AUTHORIZATION IN PROGRAM:
ENACTED SINCE 1961)—Continued

Program (established during period 1961-68)	Year es- tablished	Federal department or agency currently administering program	Limiting provision
Mental Retardation Amendments of 1967:			
(a) Cost of professional and technical personnel of community mental retardation facilities:			
(1) initial grants.....	1967	Health, Education, and Welfare...	1970.
(2) renewal grants.....	1967	do.....	1969-74.
(b) Training of physical educators and recreation personnel.	1967	do.....	1970.
(c) Research and demonstration projects in physical education and recreation.	1967	do.....	1970.
Meat inspection.....	1967	do.....	No expiration.
Elementary and Secondary Education Act Amendments of 1967:			
(a) Incentive grants.....	1967	do.....	1969.
(b) Regional resource centers for improvement of education of handicapped children.	1967	do.....	1970.
(c) Centers for deaf-blind children...	1967	do.....	1970.
(d) Recruitment of personnel and information on education of handicapped.	1967	do.....	1970.
(e) Bilingual education programs...	1967	do.....	1970.
Appalachian Regional Development Amendments of 1967:			
(a) Planning and other preliminary expenses of proposed housing projects.	1967	Housing and Urban Development.	1969.
(b) Supplements to Federal grants...	1967	Commerce.....	1969.
Air Quality Act of 1967:			
(a) Research relating to fuels and vehicles.	1967	Health, Education, and Welfare...	1969.
(b) Developing uniform motor vehicle emission device inspection program.	1967	do.....	1970.
Education Professions Development:			
(a) Attracting qualified people to education.	1967	do.....	1970.
(b) Attracting and qualifying teachers to meet critical teacher shortages.	1967	do.....	1970.
(c) Improving training opportunities for personnel in education programs other than higher education.	1967	do.....	1970.
Fire Research and Safety Act of 1968....	1968	Commerce.....	1970.
Social Security Amendments of 1967:			
(a) Training nursing home administrators.	1968	Health, Education, and Welfare...	1972.
(b) Child-welfare services.....	1968	do.....	No expiration.
(c) Expansion and development of undergraduate and graduate social work programs.	1968	do.....	1972.

Senator MUSKIE. On page 5 you point out that section 201 provides that Governors or State legislatures would, on request, be informed by Federal departments and agencies of the purposes and amounts of grants being received. Should this information be given only on request, or should it be a routine submission?

Mr. COLMAN. In our opinion, Mr. Chairman, and I think this opinion is shared by the Bureau of the Budget, it should be on request, because the amount of information about these grants-in-aid involves a terrific amount of paper. Just where you stop in providing this or where the Governor would want to stop would vary from State to State—for example, the grants that go to universities from Federal agencies, or individual detailed and minor project grants of one kind or another that are made by the Federal agency. So we believe that rather than deluging the Governor or legislature with this complete mass of information, it should be worked out with the States. If more

information is desired by a particular government, it should be provided, but it should await his request.

Senator MUSKIE. Will he know what to ask for before he knows what is available?

Mr. COLMAN. Of course, that always is a difficult question. The intent of this section, with its proviso, "on request," is that basic information would be provided to all Governors as a matter of course. But extensions beyond that, going beneath the general and moving to the particular, would need to come at the initiative of the Governor.

Senator MUSKIE. In other words, he will be advised as to what programs are being used?

Mr. COLMAN. Yes.

Senator MUSKIE. Then it is up to him to decide how much detail he wants?

Mr. COLMAN. Yes, sir.

Senator MUSKIE. With respect to amendment 748, which you discuss I think, on page 46, I understand that the Comptroller General would have some responsibility for this and he is almost totally negative with respect to this proposal.

Mr. COLMAN. I missed the first part of your comment.

Senator MUSKIE. I understand that the Comptroller General is completely negative.

Mr. COLMAN. This is news to me. He may very well be negative, but I think that Mr. Staats understands pretty fully the basic rationale of the proposal. He and I have discussed it. He has had copies of it for a long time.

It may very well be that his staff and he, in finally deciding whether to support or oppose this provision, may very well have decided that the balance is in the negative rather than the positive.

Senator MUSKIE. For instance, he says:

Sections 1003 (b) and (c) would lay upon the Comptroller General functions of management involving financial relationships between executive agencies and states and political subdivisions which are the primary responsibility of the executive agencies in the administration of their programs. The assumption of these functions by the Comptroller General would, in addition, tend to negate the independence and detachment from operational responsibility which the Congress intended for him in a review and evaluation of agency performance. Thus in our view, the concept of subsections (b) and (c) is inconsistent with the statutory role of the General Accounting Office.

Mr. COLMAN. That sounds, Mr. Chairman, as though he were commenting on some provisions dealing with the periodic review of grant-in-aid programs. Because what you have just read has been the type of objection that has often been made by the Bureau of the Budget and by Federal agencies to the role of the Comptroller General with regard to the review of the grants.

Now, there may be a difficulty, Mr. Chairman, with regard to the language here in amendment No. 748, but it is certainly not the intent of the Commission's recommendation to involve the Comptroller General in management responsibilities. The Comptroller General now conducts audits on a spot basis of grant-in-aid programs, and he and his staff are very much concerned about the audit of Federal expenditures in these programs.

The Comptroller General's staff is already in the State governments looking at their books on a spot basis. This proposal of the Commis-

sion says, in effect, that the Comptroller General would take a look at the overall adequacy of the auditing system of each State and come to a conclusion as to whether that system is adequate and meets proper accounting standards.

After such a finding of adequacy under this proposal, Federal agencies would then be obliged to accept the State audits as being responsible without having to rely on a duplicating agency audit. That is the purpose of the amendment.

Senator MUSKIE. His comments are clearly directed to amendment No. 748. It may be that you would like to discuss his comments with him to see whether or not his opposition is based upon a misconception of the legislation or whether the legislation clearly defines what you had in mind for it.

He also had a second paragraph of comment in his letter which I shall refer to now. He says:

In a practical sense, the requirement of subsection (b) to study and review the accounting and auditing systems of the many states and political subdivisions which are the recipients of Federal programs would be an undertaking beyond the resources of our office, considering our responsibilities. In addition, subsections (b) and (c) imply that the Comptroller General has prescribed principles, standards and related requirements concerning accounting and auditing by the states and political subdivisions with respect to the expenditure of Federal aid funds. Such is not the case. We do not believe it would be appropriate for the Comptroller General to prescribe such standards and procedures for adoption by state and local agencies. These are matters which should be worked out by the executive agencies and the state and local bodies and made a part of the grant agreements centered on individual programs.

We would be happy to make available to you a copy of the Comptroller General's comments dated May 8. Perhaps it might be helpful to all concerned if you were to discuss it with him to see whether or not the difficulties he sees can be resolved in any way.

Mr. COLMAN. It does not surprise me at all, Mr. Chairman, that concern is expressed with regard to subsection (b). This would involve an increase, a significant increase in the staff of the Comptroller General. The question I think the Congress has to consider is whether by making a modest increase in the staff of the Comptroller General for purposes of examining the auditing systems of the States on more than a spot basis, but on a rather general basis, will mean a consequent elimination of the necessity of literally hundreds and thousands of Federal agency auditors going into those States to duplicate audits already made by the State auditors. So I think in a way, that question is comparable in terms of money and resources to the one that frequently comes up in connection with the Internal Revenue Service. You can spend some more money to put more agents on the payroll, but if you put them on the payroll, they bring in additional revenues to the Federal Government. I think the same kind of possible economies face the Congress with respect to the provisions of this amendment.

Senator MUSKIE. I think we ought to have some estimate in the record of what additional staff resources the Comptroller General would require in order to perform this function and the estimated cost. Then, as I say, it seems to suggest that some of the proposed responsibilities are inconsistent with the congressional concept of the Comptroller General's office. I think that perhaps it would be helpful if we have some consideration at this point between the two of you.

If you cannot resolve it, fine. At that point, we have to decide to what degree this did or did not represent a departure from the traditional concept of the Comptroller General's office.

Mr. COLMAN. We will consult with the Comptroller General and his staff, Mr. Chairman, and be in touch with the staff of the subcommittee about this.

Senator MUSKIE. I have some questions that arise out of the testimony yesterday of Mr. Hughes of the Bureau of the Budget.

He pointed out that title VI, providing a method for grant consolidation, gives the President authority to specify the formula or formulas for making grants under the consolidated programs, but does not give him authority to propose changes in eligibility, planning, and other requirements that may be needed.

Do you see the need to give the President this additional authority? If so, would it raise any serious legal questions?

Mr. COLMAN. Yes, sir, we think that the provisions of the title should make clear, if they do not now make clear, that the types of considerations that could enter into a grant consolidation plan might involve such things as planning requirements, eligibility requirements, classes of recipients, and so forth. But I see no legal problem.

The Reorganization Act deals with matters of statutory law, as do the grant programs.

Now, at the risk of analogy, sir, which is always risky, let me advance one that seems to us to be fairly close to the concept proposed here. That is the way that a committee of conference of Congress works. When a committee of conference has two versions of the bill before it, there are the parameters within which the committee hammers out the final version of the legislation. Under this proposed title, the President would have the statutory language of the two, three, or more grant-in-aid programs being considered for consolidation. Those various statutory provisions would be the parameters beyond which he could not go but within which he could operate freely as to formula, as to planning requirements, as to eligibility, and so on.

It is like the banks of a river, the banks being fixed, but the particular course of the channel being flexible.

We would certainly believe that the items Mr. Hughes referred to in his testimony should be within the scope of the President's powers under the bill.

Senator MUSKIE. Mr. Hughes suggested that the authority which title VI would give the President is already contained in large part in the President's Reorganization Act authority. Do you have any view on that?

Mr. COLMAN. Well, if one wants to forget about the word, "formula," and the associated words in the text now, well, certainly, a number of the effects of grant-in-aid consolidation are covered by the Reorganization Act, but only those parts having to do with what agency or unit of an agency shall administer the program. There is no authority, as we understand it, and I think this was implicit in what Mr. Hughes said, there is no authority in the Reorganization Act to take two grant programs and merge the formulas, merge the rules for eligibility, merge the planning requirements, operating within the parameters of the different statutes but not going beyond them. I do not think that is at all permitted under the Reorganization Act of 1949, as amended.

Senator MUSKIE. With respect to amendment 748, Mr. Hughes also had a comment. He proposed that action be deferred on this new title in view of the fact that a joint study has just been undertaken by the Comptroller General, the Secretary of the Treasury, and the Director of the Bureau of the Budget, looking toward improvement in the financial administration of the grant programs at Federal and local levels.

In view of this development, do you agree that legislative action should be deferred? If not, would you give us the reasons why you think the action should proceed before that study is completed?

Mr. COLMAN. With all due respect to Mr. Hughes and to the Comptroller General, it would be the Commission's view that this ought to proceed, because a joint task force effort which is being launched by the joint working group of the Secretary of the Treasury, Director of the Budget Bureau, and Comptroller General on grants-in-aid in effect is a continuation of a long series of joint endeavors in this and other fields. I think the present task force will give more concentrated attention to grants-in-aid than other of their joint efforts in the past.

But here is a basic departure, really, in the posture of the Federal Government with regard to the audit of grant-in-aid funds. So it would be our belief, with all due respect to the other two agencies involved, that the Congress should proceed with the perfecting of this legislation and the full consideration of it.

Senator MUSKIE. With respect to title VIII, the relocation title, I have a series of questions based upon Mr. Hughes' testimony yesterday and on other things.

Section 805(a). The title describes the payments to be made to various groups dislocated.

Mr. COLMAN. What was the citation again, Mr. Chairman?

Senator MUSKIE. Section 805(a) on page 41. In your relocation report, you also list the source of costs that are incurred by displaced people, businesses, and so on. In your judgment, are all fair and reasonable relocation payments to persons, businesses, and farm operators fully covered by paragraph 805(a) in the light of your consideration of the costs that are incurred? Have you made a comparison of the two?

We have assumed, I think, that the legislation covered everything, all types of costs, that a displaced person or business or farm operator might expect. You have gone into some consideration of the costs, and we simply want to know if the legislation covered everything that it ought.

Mr. COLMAN. That is hard to answer, Mr. Chairman. It covers nearly all of the contingencies that we could conceive. Maybe some new ones have been uncovered.

Senator MUSKIE. Do you think your report is complete in that respect as of the time it was written?

Mr. COLMAN. Yes, sir.

Senator MUSKIE. Maybe it would be well to include in the record of the hearings appendix 3 of the table of your report that bears upon this point.

I know that Senator Mundt has been interested particularly in the past with the farm operators' problems in this respect.

(The table follows:)

APPENDIX

TABLE 3.—SAMPLE OF VARIATIONS IN ITEMS OF LOSS AND EXPENSE COMPENSABLE UNDER ADMINISTRATIVE REGULATIONS APPLICABLE TO FEDERAL AND FEDERALLY AIDED PROGRAMS

Item	Urban Renewal	Bureau of Public Roads	Corps of Engineers	Navy	Department of Interior
Costs during search for replacement property:					
Transportation.....			X	X	X
Lodging.....			X	X	X
Expenses in obtaining replacement property:					
Appraisal.....			X	X	X
Title examination.....			X	X	X
Credit reports.....			X	X	
Closing costs—recording fees.....			X	X	
Moving costs:					
Disconnecting and dismantling fixtures, machinery, equipment, etc. (not compensated as part of realty).....	X	X ¹	X	X	X
Loading and unloading personal property.....	X	X ¹	X	X	X
Cost of transporting displaced party and family to new dwelling.....			X	X	X
Reassembling and reinstalling fixtures, machinery, equipment, etc. (not compensated as part of realty).....	X	X ¹	X	X	X
Inspection fees for reinstalled property.....		X ¹	X	X	
Taxes incident to moving personal property.....			X	X	X
Time lost from employment because of moving (not including labor performed in accomplishing move).....			X ²	X	X
Loss in value of personal property disposed of because of displacement: fixtures, machinery, equipment, etc. (not paid for as part of realty).....	X				
Loading and related costs to convey property to Government.....		X ¹			

¹ The Bureau of Public Roads will participate but it is entirely up to the State whether to pay at all or whether to pay for specific item.

² Supervision only.

Source: Select Subcommittee on Real Property Acquisition, Study, op cit., p. 102.

Senator MUSKIE. Just one or two more questions.

The Bureau of the Budget has suggested that the owner of real property taken under a Federal or federally assisted program who purchases another home within a year be paid an amount of up to \$5,000 which, when added to the acquisition payment, equals the average price for standard dwellings adequate to accommodate the displaced owner. In other words, it was their feeling that the fair market value does not really represent what it is likely to cost the displaced owner to get into comparable housing on the current market, that he ought to be allowed up to \$5,000 more.

Now, do you agree with this idea as an addition to the relocation benefits available under the act, and do you feel that the figure he suggested is adequate in the light of present-day costs in the housing market?

Mr. COLMAN. We think there is much to be said for that point, Mr. Chairman. I do not think we would be disposed to challenge the figure.

Senator MUSKIE. Have you had a chance to consider that concept?

Mr. COLMAN. Yes, we have. This seems to us to be reasonable. The only reservation that I would enter is with regard to the precise amount. We have no basis however to say that the amount is not a proper one.

Senator MUSKIE. I think I neglected to pursue that point yesterday with the Bureau of the Budget. I think I ought to ask the staff to

inquire of the Bureau of the Budget what the basis for that \$5,000 figure is. Is it simply one picked out of the air, or does it have some basis?

Mr. COLMAN. It is our understanding, Mr. Chairman, that this figure was developed through some special relocation studies conducted by the Department of housing and Urban development and supplied by the HUD staff to the Bureau of the Budget.

Senator MUSKIE. I think we ought to have a piece of paper at least describing the process by which the figure was arrived at.

With respect to section 807(b) in federally assisted programs, urban renewal, highways, and others, the Bureau has suggested that relocation payments be made in accord with the usual cost sharing requirements, half of the worth of the project. They propose this instead of the provision in the act which follows urban renewal practice in providing for the Federal agency to contribute the first \$25,000 of the relocation payment, with higher costs being shared in accordance with the formula governing the program.

In the light of what we know about State and local laws and financial capabilities at this time, would this not place obstacles in the way of what we are attempting to accomplish and defer the time when relocation payments would be available under many of the new programs intended to be covered by this act?

Mr. COLMAN. It certainly will, Mr. Chairman, in our opinion. To go further, this particular point has been one of the most troublesome between the subcommittee on the one hand, and the Budget Bureau, on the other, with regard to relocation.

I think we would all agree that if one were starting all over and if there were no relocation provisions now on the statute books, the posture of the Budget Bureau would be the proper one and you should tie the cost-sharing arrangements within ceilings to the project cost formula that happened to govern the particular program—50-50, for example, in the case of primary and secondary roads; 90-10 in the case of interstate highways, and so forth.

But the fact of the matter is that in the housing area, in the urban renewal area, in the model cities area, the Congress on repeated occasions—I guess three or four times now—has broadened and extended the relocation policies in those programs to provide for 100 percent Federal reimbursement up to certain ceilings. So the Commission does not see it as a practical alternative to try to turn the clock back and roll back the formulas with regard to these other programs.

I think if you tried to do that, you would have the whole thing tied up. So on tactical grounds as well as the general problem of fiscal, State and local fiscal capability, we would not favor this approach.

Now, there is another problem. The way the relocation title of S. 698 is drawn, it will become obligatory upon State and local governments to enact legislation to provide machinery for these payments. If a sizable cost sharing were required, we would have a lot of States coming into this room and opposing this legislation on the ground that they just did not have the money to pick up the tab or part of the tab as far as highway displacees are concerned. And again, we would be in a bind as far as moving ahead here with some Government-wide uniformity.

Now, one might say, let bygones be bygones and let these housing people and the urban renewal people enjoy their 100 percent arrange-

ment, but apply the Bureau's formula to the highway program and in the new ones to be covered. Well, here we would be defeating what we started out in the first place to achieve, namely, Government-wide uniformity of treatment of individuals and businesses regardless of which particular authorization or which particular statute happens to cause them to become displaced.

Senator MUSKIE. Two more questions. Then I yield to Senator Mundt.

Present law and the provisions of this bill provide that relocation payments and assistance begin only when an agreement is reached between either the Federal Government and the localities to proceed with the project. As far as I know, no assistance is available during the planning stages that precede such an agreement. Yet this is a period when displacement begins under the threat of compulsory removal when the project is actually undertaken. There have been many, many instances of hardships attributable to this point.

Now, what can be done to provide for relocation assistance at an earlier stage than is presently provided for, assistance at the stage when the planning and surveying of the proposed project is announced? What can be done to relieve people of the fear of removal and smooth the road to orderly relocation in this period?

Mr. COLMAN. Well, one possibility might be, Mr. Chairman, re-ramped operations of the Department of Housing and Urban Development. Greater planning work could be undertaken to assist the communities in providing interim relocation housing, which is being increasingly done in a number of places, with trailer homes, mobile homes, and that type of thing. Where the final project has not been worked out, and where the bulldozers may finally start to operate and where they may not, but where there is a kind of upheaval and unrest caused because of the planning activities, perhaps some type of housing availabilities might be—

Senator MUSKIE. The problem, I suspect, affects homeowners and landowners who begin to find tenants disappearing or rental properties impossible to rent during this period when it is clear in the whole community that the area is going to be cleared and yet nobody is in a position to buy their property or to reimburse them or to make it possible for them to reinvest elsewhere, and they have to continue to pay taxes. So there is a period of great hardship and considerable loss, not so much for tenants, perhaps, although they may incur some difficulties here, but for the property owners.

Mr. COLMAN. As far as the owners are concerned, Mr. Chairman, would it not be the case that this type of loss of rental income, declining market value, and that sort of thing would all be legitimate considerations, legally, within the acquisition processes as they operate under the condemnation or taking laws of most States? In other words, an owner of rental property who lost his tenants a year in advance of the actual taking would be able to include this loss along with other factors that the Court or the appraisers would take into consideration.

Senator MUSKIE. These costs are not now covered, I do not think, are they?

Mr. COLMAN. It was my impression—I could be wrong on this—that as far as owners are concerned, this type of thing was admissible evidence in terms of losses being suffered by owners.

Mr. Chairman, Mr. Richter has some additional comments.

Mr. RICHTER. I believe under title IX, the uniform land acquisition title, the thrust of the legislation is to speed up the period of taking of property and, in addition, to make available to the property owner as quickly as possible the estimated fair value which the Federal agency sets on the land to be acquired. I think this gets somewhat to the problem.

Senator MUSKIE. By speeding up the process, you may reduce it, but the question put to Mr. Colman is whether or not actual loss can now be compensated under present law. Do you have any answer to that?

Mr. COLMAN. I think there is also in here a declaration of legislative intent that in the price finally set, the Federal agency shall take account of any decrease in value which shall take place between the time of announcement of the intent to take property and the actual closing of the negotiations.

Senator MUSKIE. That is decrease of value. It is not loss of rental. There is none?

Mr. RICHTER. I think that is right.

Senator MUSKIE. Would you supply a different answer if a different answer is appropriate?

Mr. COLMAN. Yes, Mr. Chairman, and it might be that we will want to suggest some additional language to try to meet this problem.

Senator MUSKIE. One final question. It is a long one, but it is one question.

Section 803(d) would extend the long-term, low-interest loan program of SBA to cover, one, not only small businesses displaced but also nondisplaced small businesses which suffer economic injury as a result of federally aided programs; two, businesses injured not only by urban renewal, highway, and other construction programs, but also by any other public improvement programs; and three, not only businesses injured by Federal or federally aided programs, but also businesses injured by State programs.

The Bureau opposes these amendments, on the grounds, first, that it is impractical to provide assistance to other than those actually displaced; and second, that it is inappropriate for the Federal Government to assume responsibility for relocation of displacees from other than Federal or federally assisted programs.

Now, what would you say to those objections?

Mr. COLMAN. I am going to ask Mr. Richter to respond to part of the question. I think that with regard to displacements caused by other programs in which the Federal Government is not involved, it is, I think, difficult to debate or rebut the Bureau's point on that one. In other words, strictly a State program or strictly a local program that causes displacement—I think to get SBA involved in a special financial relief operation for those people perhaps is carrying Federal responsibility too far.

Mr. RICHTER. Mr. Chairman, on the other part of it, my recollection is that this provision was proposed in the report of the House Select Subcommittee when S. 1681 was up before you, and it came out of S. 1201. I think that that committee's staff had found that this was a real problem, the problem of these people not actually displaced but affected.

I believe that at your hearings on S. 1681, the representative of SBA at that time indicated that it might be a problem in determining the degree to which these nondisplaced affected businesses should be or could be helped. But he did not say it was an insuperable problem. He recognized that there were some administrative difficulties involved.

Senator MUSKIE. Of course, what we are talking about here is not compensation for displacees, but simply the availability of a loan program in connection with natural disasters, or Federal displacement, and other reasons that are beyond the control of the Federal Government, the State government, or the businessman involved. So I think it is a little different consideration than the question of whether or not the Federal Government ought to provide these other compensations. It is a question mainly of a Federal loan program which is not matched by a State loan program for another class of people hit by adversity not of their own making.

Mr. WALKER. There is just one historical footnote to add, Mr. Chairman; that is, the original SBA title, as it appeared in S. 1681, did not include the specific provision which we have been talking about. It was incorporated during the hearings, largely at the behest of Senator Sparkman and members of the Housing Subcommittee of the Banking and Currency Committee. I gathered at that time that they had explored this in some depth and felt it merited consideration by this subcommittee. For this reason, it is in this title.

Senator MUSKIE. All right. I guess we have the issue before us.

Senator Mundt?

Senator MUNDT. Thank you, Mr. Chairman. I just want to go into two different aspects of the discussion.

First of all, Mr. Colman, I was happy to read on page 16 of your statement your continued support of the 5-year termination provision. You point out that it appears Congress provides expiration dates as a matter of course for almost all grant programs. That seems to be very significant and very well grounded.

I certainly am one who believed in stronger reviewing authority at the time you wrote this provision. I believe that these periodic reviews are very essential, very important.

I thought that we were going to do something through the Congressional Reorganization Act, Mr. Chairman. I was optimistic that we were going to provide Congress with additional trained personnel, guidelines, and other new authorities. But the House apparently has driven a knife into the back of that legislation. Nothing has happened. It took some little time in the Senate, but we finally got it through. For a while, it looked like there was an agreement in the House, but the session is nearing its busiest period, prior to adjournment, and I am pretty pessimistic that the House will act on the bill. It seems to me that what we have set out here for the function of the General Accounting Office is very essential, and even more essential in view of the lack of action in the House, to modernize the procedures of the Congress.

As you point out, and as I have observed, most of them now provide for some kind of payment. I was at the Appropriations Committee earlier this morning where the same question about termination dates,

review periods, and contracts came up. There was a very illuminating discussion as to its validity. We have lived as we have learned and we have learned as we have lived.

Here you come to a situation in a rapidly changing world where we ought to be taking a look at these things to see whether they are up to date, whether there are new problems, and whether mistakes have been made which can be corrected legislatively, whether omissions occurred at the time the legislation was passed. The attitude of some of the people in the administrative agencies, that all of the creative thinking and all new ideas terminated when we wrote the bill, seems to me to be utterly indefensible. I cannot understand why they persist. I am glad you pointed out so effectively that that attitude is not a defensible one.

Now, a question or two on the testimony of Mr. Hughes, which you have studied and read. The one part about this legislation which concerns me, though I am a cosponsor, is the use of the Reorganization Act technique in title VI. I think Mr. Hughes makes a perfectly valid point when he implied that restricting the reorganization procedure regarding consolidations involves changes in formula and other substantive law which are naturally the function of the legislative body. It seems to me we might have to give this pretty serious thought, Mr. Chairman, and figure out how these changes can be made in the normal legislative procedures, rather than running the clock backwards and utilizing the reorganization process and procedure to virtually write new legislation.

I would like to have your comments on that.

Mr. COLMAN. Well, Senator Mundt, I think it depends upon the distinction between the end and the means. If the Congress wants grant consolidation, if the Congress wants these 400 or more separate grant programs reduced, if you want to bring that situation under control, an effective tool for doing that is provided in the title suggested here. Admittedly, just as in the case of the Reorganization Act, there is some delegation of the initiative from the Congress to the Executive. But I think that the Congress, in its action on the Reorganization Act back in 1949, felt that the end justified the means, that you would get more reorganization and that you would get a more effective grouping of agencies by lessening the legislative hurdles and roadblocks that these programs would have to encounter in order to become effective.

Now, we all know of and you referred a minute ago, Senator, to the number of advocates of these individual grant-in-aid programs. They are numerous, and they are powerful, and they will not be moved. When you bring up a consolidation proposal that has to run through the regular legislative gamut—if they are able to achieve in action at any one spot along the line, just as the folks have over in the House about the legislative reorganization bill—they have it made. They have stopped the consolidation.

This approach admittedly assigns initiative to the Executive, but the Congress retains the veto power, and the proponents of grant fragmentation could no longer be victorious though achieving legislative inaction. They would have to muster a majority of votes in one House or the other of the Congress in order to block a grant consolidation plan.

So those are the very compelling reasons that the members of the

Advisory Commission considered on two separate occasions. They did not approach this proposal lightly. They debated it.

I remember, and I think you were present, Senator, when Governor Daniel stated that he did not like certain parts of this in terms of its philosophy, but in order to get the job done, he thought it was essential and he was therefore going to support it. Several other members of the Commission made some comments.

Senator MUNDT. I do not think we can conclude, however, that that is the only way to do it. It is true that Congress is willing to delegate the initiative of the formulas of this type in certain circumstances, and probably widen the scope to the Executive. But here we delegate a little bit more than the initiative, coming up with a proposal to be studied and amended and approved by the Congress. Here we come with a reversal of the status of the veto, whereby Congress assumes the role of the vetoing agency and the legislative aspect goes on at the other end of the avenue, a reversal of the normal constitutional legislative process. We do that in the reorganization of agencies and departments and personnel, because that is the reorganization of the functions of the executive branch, where they determine where personnel should be, how such changes should be handled, how you streamline an executive agency for greater efficiency. But I think what you do is amend by Executive suggestion legislative proposals which have been written out for the various formulas for grants.

I think you are going to have a very difficult time selling it to Congress. I am not sure it is a wise precedent to establish, because it might be used in other places. In this great struggle for maintenance of the balance of power, Congress is always at a disadvantage because it operates more slowly. It does not have the homogeneous concepts that you have in the executive branch. We toss away a little bit like this, we toss away a little bit and go for the item of veto, and the first thing you know, we change the status. Our reorganization plan is not amended by that.

Mr. COLMAN. No.

Senator MUNDT. So you see, you tie your hands, you take this or nothing. We take the bitter with the sweet, the good with the bad. We try to do things which we would not do if we legislate.

I think we ought to give it serious thought; if you people are interested in the maintenance of our system of government, you ought to give a little thought to it. Here we are saying, this will work, so let us take it. It will work, but I think other systems will work. I think if we give the initiative to the Executive and they come up with a formal legislative package which will provide this whole concept of consolidation and so forth of the grants, I think it should be subject to hearing, should be subject to possible amendment. The majority position in Congress will prevail.

It seems to me you run just as much chance of killing the whole package through the reorganization action, because you cannot amend it. You have to deal with offensive aspects just as much that way as you would by submitting the whole package through the legislative mill.

Mr. COLMAN. Let me say this Senator. Certainly this is a very important and very difficult question. The Congress might wish, if it decided

to travel this road or part of the way down the road as proposed here, to introduce some element of amendment or some elements of narrowing of scope, but still departing from the status quo. At the present time, the President can't come up here with a bill to consolidate a number of grant programs and have an easy time of it. It gets referred to committees in each House and it goes the usual way, and because of the things that we have mentioned here this morning—the great tenacity which these interests, once developed under a grant program, tend to demonstrate—the prospects for such a proposal become very dim indeed.

So I am not implying or suggesting here, Senator Mundt, that this is the only way. I am suggesting very strongly that something different from the status quo needs to be adopted with regard to the executive-legislative process on grants-in-aid if we are going to make significant progress in the consolidation of this ridiculously large number of grants.

And it is growing each session. There are in this Congress about 15 or 20 new grant programs that have been added to this list. And you have some in process now. So this number just keeps building up and it is becoming a managerial nightmare.

Senator MUNDT. Here is what I am proposing: I am prepared to agree that our present status quo operation is not the best. It does not attain the objective we seek and is not an effective method at all. I am also prepared to believe that the reorganization concept will get the job done, but that the price you pay is too great in terms of the relationship between the executive and the legislative, in terms of the precedents you establish, in terms of the failure to give Congress any flexibility of action.

Tourists come to town and say, Mr. Colman, how do you get to New York? You can say, you can walk and get there. But that is not the only way.

You can take the train or other modes of transportation. The same is true with consolidating grants.

I think we are going to have to exercise some imagination and come up with new ideas, maybe a new reorganization concept which is amendable, or which you do not have to take or leave in its entirety, or which is not under pressure of time, so if Congress were unable to meet, everything goes through. I think we have to recognize that simply because the end is desirable, the means are not necessarily desirable. I think the end is desirable, but I think we have to fashion a means which is compatible with the concept of balance of powers which recognizes the right of the legislators who originally created the programs to have something to say about the manner in which they are going to be consolidated.

I do not think it is analogous, really, to the reorganization authority we gave the President to rearrange the chairs in his own house. This is a little different. This is the Executive.

We have a question, after all, of the amounts we want to provide, the ways we want to provide them, whether we want to have an existing formula, a consistent formula for everything or a varying formula growing out of a legislative proposal that has been enacted

by Congress. We have so many they certainly ought to be consolidated. But I think you brain trusters down in your shop ought to give a little thought to coming up with something new.

I refuse to believe you can just get to New York by walking or riding the train. There are other ways you can contrive. There are other ways we can contrive, I think, of achieving this objective. I do not think we ought to destroy the goal and cease reaching for the objective simply because there are things that are pretty largely anathema in terms of utilizing the concept of the reorganization program to meet the objectives.

Senator MUSKIE. Thank you very much, Mr. Colman, Mr. Walker, and Mr. Richter. We appreciate your excellent testimony. I think we have exposed the issues involved.

Our next witness, to present the statement of Gov. John Connally of Texas, is the vice chairman of the National Governors' Conference, Mr. Wayne Gibbens, Texas director of State-Federal relations, and Mr. David Hill, liaison officer of the National Governors' Conference.

STATEMENT OF HON. JOHN CONNALLY, GOVERNOR OF TEXAS, VICE CHAIRMAN OF THE NATIONAL GOVERNORS' CONFERENCE, AS PRESENTED BY WAYNE GIBBENS, TEXAS DIRECTOR, STATE-FEDERAL RELATIONS, STATE OF TEXAS, ACCOMPANIED BY DAVID HILL, LIAISON OFFICER, NATIONAL GOVERNORS' CONFERENCE

Mr. GIBBENS. Mr. Chairman, Senator Mundt, I represent Governor Connally, who is vice chairman of the Governors' committee which considered this proposed legislation at the National Governors' Conference midwinter meeting. It is my pleasure to present to you his statement.

It is a pleasure for me to express on behalf of the National Governors' Conference and the Council of State Governments, our support for S. 698, the proposed "Intergovernmental Cooperation Act of 1967."

Testimony from representatives of the National Governors' Conference and the Council of State Governments was heard by this subcommittee in 1965 when a similar piece of legislation was being considered. At that time, the Governors expressed enthusiastic support for the Intergovernmental Cooperation Act of 1965. Therefore, I will not belabor the issues discussed at that time, but I would like to briefly reiterate the position taken by the National Governors' Conference on the provisions of the 1965 bill which are still part of the proposal now being considered.

The title providing for improved administration of grants-in-aid to the States would arm the States' chief executives with sufficient means to bring about a greater degree of regularity and financial planning and budgeting for all the funds expended in State government operations. The section providing for full information on grants-in-aid to the Governors of the States is essential if the Governor is to function as an efficient chief executive. This proposal would insure the State's Governor of timely information on grants-in-aid to his State.

The "single State agency" concept is oftentimes a significant deterrent to effective State organization and reorganization. This require-

ment, and the manner in which it has been defined by regulation, has created some problems in the States. The section authorizing Federal departments and agencies to waive this requirement and approve other forms of administrative organization is heartily endorsed.

The title permitting Federal departments and agencies to provide specialized or technical services to State and local units of government properly reflects the partnership needed in strengthening the service features of all levels of government, and the Governors again lend their support to this concept.

The National Governors' Conference has in the past gone on record supporting the general provisions in the act calling for development of a national urban systems policy for coordinating machinery among Federal departments and between the Federal Government and other levels of government.

Also with the increased pace of State planning activities in the last few years, the section calling for full consideration of "all viewpoints—national, regional, State, and local" in planning urban development programs is even more significant and necessary. The provision of this section of the act favoring units of general local government as recipients for Federal grants-in-aid is wise, and, as a matter of good governmental policy, general-purpose governments rather than existing or proposed special districts should be encouraged to undertake those tasks which they can perform.

While generally supporting the philosophy underlying the title dealing with acquisition, use, and disposition of land within urban areas by Federal agencies, it was urged by the Governors in their 1965 testimony that the provisions of this title be extended to rural areas where they are or might be practical.

The Governors are also on record in support of the periodic congressional review of Federal grants-in-aid to the States and to local units of government. We believe it to be a matter of simple prudence to provide for periodic congressional review and examination of grants-in-aid as well as other types of legislation. An excellent first step in this area would provide for congressional review in new programs every 5 years, unless the program had a termination date. If the program were limited, then it could be reexamined before extension.

Turning now to the new titles found in S. 698, I and the conference endorse the concept of consolidation of grants-in-aid programs. Consolidation, on the scale required, will not be easy. There will be pressures from both within and without Government to maintain the present proliferation and categorization of grants-in-aid programs.

The conference, in a study by the State Urban Relations Committee, published in October 1967, addresses itself to this problem, and I quote:

A basic consolidation in the number of categorical grants-in-aid must be undertaken by the Federal Government. To the maximum extent possible, categorical grants within the same functional area should be consolidated into a single program, with a single set of statutory requirements and a single authorization and appropriation and be administered by a single Federal agency. It is quite feasible that the number of separate grant authorizations can be reduced by half the present number without sacrifice of essential national priorities in the provision of financial assistance to the States and localities.

In order to facilitate meaningful consolidation of grants-in-aid, Congress should pass enabling legislation to allow the President to submit consolidation plans. After due consideration in Congress and without negative resolution, the proposed consolidation would become effective.

Furthermore, consolidation would greatly facilitate State planning efforts. Some States have repeatedly sought to submit comprehensive plans that would interrelate the various programs within broad functional areas. The distortion effect in State budgetary decisions would also be reduced. At present, for example, the scattering of categorical programs tends to induce states and localities to concentrate their own financial resources in those programs which are matched by Federal funds and to leave their own nonaided programs underfunded.

Closely related to the grant consolidation concept, is the idea of joint funding of Federal grants-in-aid. At the 1967 annual meeting of the National Governors' Conference, a resolution was adopted by the conference supporting the Joint Funding Simplification Act now pending before the Congress.

A questionnaire concerning the Joint Funding Act has been sent out to the various Governors by the National Governor's Conference, and as soon as that information is compiled, we will be pleased to forward our findings to this subcommittee.

I might add that there has been some experimentation in this area. A significant example is the unified application procedure for assistance to fund a State urban affairs program being considered by the Department of Housing and Urban Development.

Presently, there are three programs that the Governor may use to strengthen State participation and executive capability in urban affairs. They are: (1) the local planning assistance program authorized by section 701 of the Housing Act of 1954; (2) the community development training and research program authorized by title VIII of the Housing Act of 1964; and (3) the urban information and technical assistance program authorized by title IX of the Demonstration Cities and Metropolitan Development Act of 1966.

The parallel and similar purposes of each of these Federal assistance programs lends weight to consideration of using a unified application procedure for program grant-in-aid funds. With this in mind, the Department of Housing and Urban Development early this year developed a guide outlining procedures for submission of a single grant application covering these three programs. The draft guide was sent to the Governors for their comment and review, and the Governors overwhelmingly endorsed this approach to Federal grants-in-aid, and in addition urged that this approach be extended to other Federal programs at a minimum on a department-by-department basis.

While such simplification is welcomed, it cannot be left to piecemeal procedural reorganizations within executive departments, and it would appear that the Intergovernmental Cooperation Act is a promising mechanism for facilitating such consolidation and simplification.

The Governors are aware of the many complex problems of relocation and land acquisition, and they recognize the need for uniformity of treatment of the many businesses and businessmen dislocated by Federal or federally assisted programs. The Governors are also aware of the amendment submitted this week regarding accounting and reporting procedures.

However, the Governors have not had an opportunity to consider this, and the conference will submit a supplementary statement on this at a later date.

In conclusion, I feel that S. 698 is a far-sighted proposal. It recognizes that our system of cooperative federalism is strengthened by strong governments at every level. It properly acknowledges that the Federal grants-in-aid devices underlie most functional and operating intergovernmental relationships. Since this area is currently undergoing rapid evolution in both form and focus, it is today more essential than ever before that our partnership system work at its greatest potential efficiency. The Intergovernmental Cooperation Act represents a significant step toward harmonizing and improving important aspects of Federal-State-local relations. The National Governors' Conference welcomes this measure, but it sincerely hopes that it will be but the first of a series of needed proposals designed to keep our continually evolving Federal system viable.

Senator MUSKIE. Thank you very much, Mr. Gibbens. I have three questions that I would like to put, perhaps to Mr. Hill, for the purpose of getting information into the record.

First of all, could the Governors' Conference provide for the record of this hearing the degree to which the States are reorganizing their executive departments and strengthening the role of the Governor over his budgeting, planning, and programing so as to take advantage of the many sections proposed in S. 698?

Mr. HILL. Yes; we will be glad to do that. The Governors' Committee on Constitutional Revision last year developed an appendix or summary of reorganization developments in the States over the period from 1963 to 1967 on a State-by-State basis. We shall be glad to furnish that for the record.

Senator MUSKIE. Is it your impression that there is movement following in this field?

Mr. HILL. Yes, very active movement in the area.

Senator MUSKIE. The staff study for the Committee on State-Urban Relations recommended the creation of State relocation agencies to coordinate relocation assistance and minimize problems.

How many States are doing this? Can you supply that for the record?

Mr. HILL. Yes. I know that Connecticut has a law in effect and there are a few other States moving in this direction, and we shall be glad to update and furnish that for the record.

Senator MUSKIE. Would you also indicate how such agencies are financed?

Mr. HILL. Yes, I will. I think the best thing to do would be to furnish a copy of the Connecticut law and those of other States that have laws on the books.

Senator MUSKIE. Would it be a good idea for States to assist the creation of local relocation agencies to coordinate local assistance on projects where urban renewal, highways, and other programs are involved at the same time?

I think some States have done this, but to what extent do you think that sort of thing ought to be encouraged and stimulated?

Mr. HILL. It would be very difficult to answer that. I know some States have moved in this area, but I am aware that there are State laws that would prohibit or encumber such activities. But there has been some activity in that area of providing for coordination of relocation assistance and other assistance.

Senator MUSKIE. Are Federal agencies presently assisting the States and localities in developing overall relocation agencies?

Mr. HILL. I am not aware of any activities.

Senator MUSKIE. I am not, either.

Again in recommendation 13 of the conference study, it was proposed that States take up the option of sharing in payments to those displaced by highway and other programs. Could the Conference provide us with up-to-date information as to the degree the States are moving in this direction?

Mr. HILL. Certainly.

Senator MUSKIE. Thank you very much. We appreciate your testimony and your support.

I hope you will convey to the Governor our appreciation for his interest and attention.

Mr. GIBBENS. I will; thank you.

(The material previously referred to follows:)

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., May 21, 1968.

HON. EDMUND S. MUSKIE,

Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: In our testimony before your subcommittee on May 10, 1968, on the Intergovernmental Cooperation Act, you asked that we supply you with additional information on the degree to which the states are reorganizing their executive departments and strengthening the role of the Governor over his budgeting, planning, and programming so as to take advantage of the many sections proposed in S. 698. In this regard, we are enclosing a "Summary of Reorganization Developments in the States, 1963-67" which was prepared for the Governors' Committee on Constitutional Revision and Governmental Reorganization by the staff of the political science department of the University of Washington. This summary notes the significant reorganization activities in the states in the four year period between 1963-67. In Maine, for example, the Governor appointed in 1967 a Task Force to study the reorganization of the Maine state government. In addition, the Governor, by executive order, directed that all applications for non-state funds be reported both to the Office of the Governor and to the state budget office. These are but two examples in one state of vigorous activity in most states in reorganizing state government.

You also requested that information be furnished to the Subcommittee on state activities in the field of relocation assistance. The states have just begun to assume a significant role in relocation efforts. Governor Hughes of New Jersey in his "The States and Urban Problems" estimated that ten states currently offer relocation payments or services for displacements caused by state activities, including non-federal aid highways. The 1962 Federal Aid Highway Act gave the states the option to share in moving cost payments, and at the end of 1967 approximately half of the states were sharing the costs of these payments. Several states have moved very rapidly. In Connecticut, for example, a law was passed in 1967 (Connecticut, PA 552, law 1967 (Section 24) which authorized state grants-in-aid equal to the cost of relocating individuals, families, and businesses displaced by government action who have not been reimbursed for moving cost in a condemnation proceeding and who are not otherwise reimbursed by the federal government or the state.

In Maryland, Massachusetts, Minnesota, New Jersey, New York, Pennsylvania, Tennessee and Wisconsin general statutes require relocation payments in cases where requirements differ from those in federal renewal programs. In several other states, state law requires relocation efforts be made for specific projects. In Rhode Island payments for displacements arising from reservoir construction are required by state law.

States are beginning to realize their responsibility for coordinating relocation efforts. Massachusetts and New Jersey have both authorized specific departments to oversee the total relocation process. These departments have the responsibility

for reviewing and approving the relocation plans and programs of agencies engaged in activities which displace individuals and businesses. This review authority in both states extends to federally-aided projects, and the agencies can require projects to halt if relocation programs prove to be inadequate.

The California legislature is now considering a bill which would provide relocation assistance for low income families. This is an example of state action aimed at alleviating the economic hardship caused to certain segments of the population when public projects such as highways require the acquisition of a large number of homes owned by low income families. A copy of this bill is enclosed for your information.

To adequately meet the demands placed upon our society by extensive urban renewal and other public activities, the states must become significant members of the federal-state-local partnership. The states can perform valuable services in the relocation field by plugging gaps, providing additional assistance to dislocated families and businesses, and stimulate coordination of relocation efforts. The National Governors' Conference has gone on record supporting the Intergovernmental Cooperation Act as a means of enhancing the efficiency of this partnership.

We trust that the information outlined in this letter has adequately described the current efforts of the states in reorganization and relocation. However, if you should have any additional questions or further instructions concerning this matter, please do not hesitate to contact us.

Very truly yours,

DAVID L. HILL, *Liaison Officer.*

SUMMARY OF REORGANIZATION DEVELOPMENTS IN THE STATES, 1963-67

Alabama.—Our study uncovered no information of major administrative reorganization in Alabama during this five year period.

Alaska.—The legislature created a Department of Highways (1963) advancing that function from its previous divisional status in the Department of Public Works. The Commissioner of Highways is appointed by the Governor and is one of 14 Commissioners who comprise the Governor's cabinet.

A new Planning and Research Division was established by statute in the Office of the Governor (1966). This function was formerly assigned to the Department of Economic Development and Planning.

The legislature also established a new Alaska State Council on the Arts (1966).

Arizona.—An executive budget system was established by statute and assigned functionally to a new Department of Finance (1966). The commissioner of the Department serves at the Governor's pleasure. Other activities of the Department include state planning (1966) and purchasing (1967) each of which has divisional status.

Arkansas.—A new Planning Commission was created to assume certain functions of the Arkansas Geological and Conservation Commission (1963). The Commission is involved in state and local planning and it coordinates state and local applications for federal grants and loans. The executive director is appointed by and serves at the pleasure of the Governor.

An addition to the Governor's staff resulted from creation of the post of Economic Advisor (1965).

California.—The legislature established a new Department of Social Welfare with a director appointed by the Governor (1963). The Department assumed the regulatory and appellate functions of the State Social Welfare Board which became purely an advisory body. Also created by law was a Department of General Services which was given activities formerly performed by the Department of Finance and the Department of Public Works (1963). Those activities include accounting, budgeting, data processing, architectural and building services, printing, purchasing, management planning and others. The director is appointed by the Governor.

An Intergovernmental Council on Urban Growth was made an adjunct of the Governor's office, by statute (1966). Procedures for removing a disabled Governor from office were added to the constitution by amendment (1966).

By executive order all departments and agencies in California state government were directed to report to the Governor through three "executive secretaries"—for Human Relations, Resources and Development, and Business and

Transportation (1967). The director of the Department of Agriculture was subsequently added to the group of executive secretaries and all four comprise the Governor's cabinet. This arrangement replaced the previous structure by which all departments and other units were grouped into eight "agencies" headed by "administrators."

Colorado.—The Department of Parks and Recreation and the Department of Game and Fish were merged into a new Department of Game, Fish and Parks by statute (1963).

A constitutional amendment transferred the State Auditor from the executive to the legislative department (1964).

Another amendment (1966) provides that instrumentalities of the executive department with certain exceptions must be grouped into not more than 20 departments.

By statute the legislature created separate air and water pollution control commissions (1966).

Connecticut.—The Connecticut legislature consolidated functions affecting youth in a Commission on Youth Services which is administratively attached to the Department of Education (1963). By executive order the Governor established a Commission on Federal Aid to Higher Education (1963).

The Governor created an Office of Economic Opportunity in the Department of Finance and Control by executive order (1964).

A "Federal Program Coordinator" was designated by the commissioner of the Department of Finance and Control (1965). The legislature by statutory action transferred the Data Processing Center from the Budget Division to the Office of the State Comptroller (1965). By legislative action all state institutions of higher learning except state technical colleges were integrated into a single state system of higher education headed by a commissioner (1965). A group of occupational licensing boards was assigned administratively to the Department of Education by statute (1965).

The legislature established a State Personnel Department headed by a commissioner to replace the previous Personnel Department, Civil Service Commission, and Personnel Board (1967). A new Department of Community Affairs was created by statute and was given some functions formerly performed by the Development Commission, Public Works Department, and the Office of Economic Opportunity (1967). The Connecticut Historical Commission was separated from the Department of Education and given independent status, by statute (1967).

The legislature added the state technical colleges to the consolidated higher education system, thus removing an exception allowed by the 1965 act which organized the system (1967). Statutory action also consolidated the Connecticut State Prison, State Farm and Prison for Women, Connecticut Reformatory, the State Jails, and the Board of Parole in a new Department of Corrections (1967). The Commission on Federal Aid to Higher Education was attached to the Department of Finance and Control by statute (1967).

Delaware.—The legislature reorganized fiscal administration in state government (1963). The position of Budget Director made appointive by the Governor, was created to replace the Budget Commission which became purely an advisory body. In a transfer of functions pre-auditing was reassigned from the State Auditor to the Budget Director and post-auditing was moved from the Budget Director to the State Auditor (who was and remains independently elected).

New agencies created were a Department of Mental Health, a Department of Correction, and a Higher Education Advisory Commission (1964). The latter agency was assigned the administration of the federal Higher Education Facilities Act of 1963.

The legislature combined air and water pollution control efforts in a Water and Air Pollution Resources Commission (1966).

Florida.—The legislature created a Revenue Commission to take over certain revenue activities of the State Comptroller and Secretary of State (1963). The Commission, which is composed of seven elective officials, appoints the Director of Revenue. Also established were an Outdoor Recreational Development Council and an Outdoor Recreational Planning Committee (1963). A constitutional amendment was adopted which provided that the Governor and cabinet officials would henceforth be elected for four-year terms in the even-numbered years between presidential elections and further, that the Governor could not succeed himself (1963).

A Committee on Government Reorganization and Efficiency was established by the legislature (1964).

The Outdoor Recreational Planning Committee was abolished but the Outdoor Recreational Development Council was retained and its basic statute amended (1967). The Council is composed of the Governor as chairman, plus the other six independently elected cabinet officials. A State Personnel Board under the cabinet was established by law (1967). Other statutes created an Office of State Planning and a Data Processing Department (1967).

Georgia.—A statute was enacted which provided that the Governor-elect be given certain information and facilities during the period between his election and inauguration (1963). The legislature authorized the Governor to consolidate, subject to its ratification, state agencies and departments (1963). The three-member State Highway Board was reorganized into an eleven-member Board with a fulltime director (1963). Statutory action created a Division for Children and Youth in the Department of Family and Children Services (1963). The Division is "autonomous" with its own Board for Children and Youth with the director of the Department serving as chairman of the Board.

A constitutional amendment brought about recomposition of the State Board of Education to include eight members appointed by the Governor and the elective Superintendent of Public Instruction (1964).

A State Planning Bureau to coordinate state, regional, and local planning was created by the legislature (1967).

Hawaii.—A constitutional amendment providing for the Governor and Lieutenant Governor to be elected jointly was approved (1963). The legislature formed a new Department of Planning and Economic Development by merging the Department of Planning and Research and the Department of Economic Development (1963). The director of the Department is appointed by the Governor. The new department became the seventeenth in Hawaii's executive branch.

The Department of Budget and Revenue was renamed the Department of Budget and Finance and the Department of Treasury and Regulation became the Department of Regulatory Agencies by statutory action (1963).

Funds to establish the office of Consumer Counsel under the Attorney General were approved by the legislature (1964). Constitutional amendments changed the State Board of Education from appointive to elective, changed the title of the Superintendent of Public Instruction to Superintendent of Education, removed the Superintendent from voting membership on the Board of Education, and made him its secretary (1964).

Idaho.—The legislature appropriated funds for a staff position of coordinator of federal-state programs in the Office of the Governor (1965).

A State Commission on Arts and Humanities was established by executive order of the Governor (1966). A Water Resources Agency was created pursuant to a constitutional amendment approved by the voters (1966).

Legislation was approved establishing a new Department of Administrative Services with divisions of Budget, Data Processing, Management Services, Building Services and Communications (1967). The director is appointed by the Governor.

Illinois.—A new Department of Children and Family Services was set up by law to assume certain functions formerly in the Department of Mental Health (1963). The director is an appointee of the Governor. Statutory action also resulted in abolition of the Illinois Public Aid Commission and its replacement by a new Department of Public Aid headed by a director appointed by the Governor (1963).

Indiana.—A Construction Projects Study Committee was established by law to coordinate the construction activities of state agencies (1963). A Recreation Council was added to the State Board of Health and authorized to advise communities on recreation programs by law (1963). Statutory action created a Youth Council, designed to coordinate state services aimed toward preventing juvenile delinquency (1963). Another statute provided that a Governor-elect be given office space, an operating budget, and information on state activities in the interim between his election and inauguration (1963).

The legislature created a Department of Natural Resources which absorbed the functions of the former Department of Conservation, the Flood Control and Water Resources Commission, the State Soil Conservation Committee, and the Recreation Council (1965). The Department is headed by a director appointed by the Governor and by a Natural Resources Commission. The budget adopted

by the legislature included funds for a member of the Governor's staff to be located in Washington, D.C., as a federal-state-local relations coordinator (1965).

An Economic Development Authority was established by law for the purpose of aiding the industrial development efforts of local governments (1965). A statute abbreviated the name of the Department of Commerce, Industry, Agriculture, and Public Relations to "Department of Commerce" and redefined its duties to include industrial development, tourism, and state planning (1965). The director of the Department is the Lieutenant Governor who serves *ex officio* with no additional compensation.

The Budget Agency was assigned the function of coordinating federal aid programs in the state, by statute (1967). Federal aid applications of state agencies must be reviewed by the Budget Agency before they are submitted to the appropriate federal agencies. The legislature directed the Governor to examine "from time to time" the organization of state government and to submit reorganization plans as necessary (1967). To be effected such plans require affirmative enactment into law by the legislature.

Iowa.—The Governor established a Traffic Safety Coordinating Committee by executive order (1964).

Kansas.—The legislature created a new Department of Economic Development and assigned it industrial development, tourist promotion, and state and local planning functions (1963). The former Industrial Development Commission was abolished. The new agency is headed by a commission appointed by the Governor; the commission appoints the director of the Department.

Kentucky.—Three new divisions were established in the Department of Finance: Investment Management, Planning, and Organization and Methods Examination (1964). The Tax Commission was removed from the Department of Revenue and made a separate agency by statute (1964). A Board of Tax Appeals was also established (1964). The legislature authorized the Governor to appoint a Commission on Economy and Efficiency to investigate cost reduction in state government (1964).

Legislative action created a Mining Council, Traffic Safety Coordinating Committee, and State Air Pollution Committee (1966). Also established was a cabinet-level position assigned responsibilities in housing and urban development (1966).

Louisiana.—The Louisiana legislature allocated \$10,000 for the office expenses of the Governor-elect (1963). State purchasing was centralized in a new Central Purchasing Agency in the Division of Administration by statute (1964). Another law established the State Commission for the Higher Education Facilities Act; this agency administers the federal higher education acts of 1963 and 1965 in Louisiana (1964).

A Council on Governmental Reorganization was created by the legislature to recommend improvements in the executive branch (1965).

A constitutional amendment to allow the Governor to be elected to a second consecutive term was adopted (1966).

Maine.—A Recreation Authority was created by the legislature (1965). The Authority consists of nine members appointed by the Governor; the Authority appoints the manager of the agency. Another statute established a State Museum and commission to administer it (1965).

The Governor appointed a task force to study the reorganization of Maine state government (1967). Coordinated data processing was given a start with the Governor's appointment of an Interdepartmental Committee on Central Data Processing to be directed by the State Controller by executive order (1967). The Governor by executive order directed that all applications for nonstate funds be reported both to the Office of the Governor and to the Budget Office (1967).

Maryland.—A commission to advance educational and cultural television was established by statute (1966). Also established by statutory action was a new Department of Juvenile Services (1966). The planning and controlling of data processing in state government was assigned to the Budget Bureau in the Department of Budget and Procurement by statute (1966).

Massachusetts.—A Consumer's Council of 13 members was created and attached to the Office of the Governor by statute (1963). Also by statutory action the Public Works Commission was abolished and replaced by a new Department of Public Works (1963). The Department is headed by a commission of five members appointed by the Governor, one of five is designated by the Governor to be chairman of the commission and "Commissioner of Public Works"—the administrator of the Department.

The Legislature created a Higher Education Facilities Commission to administer in the state the federal Higher Education Facilities Act of 1963 (1964). The State Board of Education assumed the functions of the State Board of Control for Vocational Education which was abolished by statute (1964). Community colleges in the state were brought under the jurisdiction of a new state board for public two-year colleges by statute (1964). A new Department of Commerce and Development was established by law consolidating the former Department of Commerce, State Housing Board, Atomic Energy Commission, Mass Transportation Commission, and Division of Urban and Industrial Renewal (1964). The executive head of the agency is the Commissioner who is appointed by the Governor.

A constitutional amendment changing the terms of the Governor and other elected officials to four years was approved (1964). The Governor's staff was augmented with the addition of a Secretary for Intergroup Relations to assist in solving civil rights and employment problems. The function of approving receipt and expenditure of federal funds is vested in the Commissioner of Administration under the terms of the annual appropriation act. Statutory action reorganized the state's public education system abolishing a number of agencies and creating three new ones (1965). The new agencies are a Board of Education, a Board of Higher Education, and an Advisory Council on Education. All three boards are appointed by the Governor, the boards in turn appoint the executive heads of their respective organizations.

The Governor was given the power to initiate reorganization plans affecting the executive department under the terms of an amendment to the constitution (1966). The plans are submitted to the legislature which must accept or reject them *in toto* within 60 days after submission. A Council on Arts and Humanities was established by statute (1966). Decentralization of mental health services was accomplished by legislation providing for an area administrative structure in the Department of Mental Health (1966).

Michigan.—The legislature created a new Department of Economic Expansion and assigned to it state planning and other functions (1963). Michigan's 1958 law giving the Governor power to initiate reorganization plans was amended to provide that the legislature can amend or repeal such plans by law (1963). Data processing was centralized as a Division in the Department of Administration. (1963).

Michigan's new constitution included such features as joint election of the Governor and Lieutenant Governor, extension of their terms to four years, and a reduction in the number of elective executive officials (1964).

Statutory action brought about creation of a new state building authority (1964).

Pursuant to Michigan's new state constitution the legislature passed a far-reaching executive reorganization act (1965). It consolidated all agencies outside the legislature and judiciary and certain other exceptions into 19 administrative departments. Certain of the new departments are headed by single appointees of the Governor and others are headed by commissions which select their executive officers. Among numerous changes was the transfer of the Budget Division from the Department of Administration to the Office of the Governor.

Minnesota.—The Governor established a Traffic Safety Coordinating Committee (1964).

Mississippi.—The legislature designated the Building Commission as the agency to administer the federal Higher Education Facilities Act of 1963 (1964).

A constitutional amendment was approved which increased to four years the terms of the Auditor and Treasurer and prohibited the latter from succeeding himself in office (1966).

Missouri.—Legislation was enacted creating a commission to study governmental organization and to make recommendations to the 1965 legislature (1963). The Governor appointed a Committee on the Arts to explore ways of making the state's cultural institutions more effective (1963).

A constitutional amendment was adopted to allow Governors to succeed themselves in office (1965).

State, regional and local planning services were consolidated in a new Office of State and Regional Planning and Community Development attached to the Office of the Governor by statute (1966). The agency is headed by a director appointed by the Governor. The legislature has since upgraded the Office to a Department of Community Affairs (1967).

Montana.—The legislature created a new Department of Administration made up of Divisions of Accounting, Purchasing, Architecture and Engineering, and

General Services (1963). The Department is headed by the State Controller who is appointed by the Governor.

Nebraska.—The term of Nebraska's Governor was extended to four years (1963). Four year terms were also approved for the Secretary of State, Auditor of Public Accounts, Treasurer, and Attorney General (1964).

The legislature established a new Department of Administrative Services and assigned to it the functions of budgeting, accounting, purchasing, building, and data processing (1965).

The electorate approved constitutional amendments limiting the Governor to two consecutive four year terms and eliminating the ineligibility of elected executive officials from seeking state offices while serving in state offices (1966).

Nevada.—A new Department of Administration was created by the legislature which included in it the functions of budgeting, personnel, purchasing, and buildings and grounds (1963). The director is appointed by the Governor. Also established by law was a Department of Commerce with a director appointed by the Governor and with Divisions of Banking, Insurance, Real Estate, and Savings and Loan (1963). Functions relating to health, welfare, institutions, and youth services were consolidated in a new Department of Health and Welfare by law (1963). The director serves at the pleasure of the Governor. Further legislative action placed the state park system in the existing Department of Conservation and Natural Resources (1963).

The legislature transferred vocational rehabilitation activities from the Department of Education to an expanded and renamed Department of Health, Welfare, and Rehabilitation (1967).

New Hampshire.—The position of Coordinator of Federal Funds was established in the Attorney General's office by statute (1965). The Coordinator advises state agencies on federal grant programs and reviews their applications or the same.

The legislature transferred the Coordinator of Federal Funds to the Governor's office, and expanded his functions to include rendering assistance to local governments concerning federal grant programs (1967).

New Jersey.—The legislature consolidated the various state agencies involved in transportation in a new Department of Transportation (1965).

Statutory action resulted in the establishment of a council on the Arts, an Office of Economic Policy in the Department of Treasury, an Educational Facilities Authority, and a Department of Community Affairs (1966).

New Mexico.—A new Department of Aviation was established by the legislature (1963). The Department is headed by a board appointed by the Governor, the board in turn appoints the director of the agency. Also created by law were a Probation and Parole Board, a Department of Motor Vehicles, and a New Mexico State Authority, with the latter enabled to issue revenue bonds for improving recreational areas (1963).

The coordination of federal programs was assigned by the Governor to one of his staff agencies—the State Planning Office (1965). The legislature established the new position of legislative auditor in place of an elective state auditor (1965). Centralized administration of data processing was advanced with the legislature's creation of a new Department of Automated Data Processing (1966).

New York.—A constitutional amendment was approved which drew the line of succession to the Governorship from the Governor to the Lieutenant Governor to the Speaker of the House of Representatives (1963). A central computer system for state agencies was created in the Office of General Services (1963).

A comprehensive planning agency came into being with the legislature's establishment of the Office of Planning Coordination (1966).

North Carolina.—A Department of Mental Health was created and given the functions of the State Hospitals Board of Control and certain powers of the State Board of Health and State Board of Public Welfare by statute (1963). The Department is headed by a commissioner chosen by the State Board of Mental Health, itself appointed by the Governor.

To provide for coordination of federal-state programs affecting more than one state agency the Governor appointed a State Planning Task Force within the Department of Administration (1965). Representatives of selected agencies are members of the Task Force.

North Dakota.—The legislature designated the Department of Accounts and Purchases as the coordinating agency for federal grant programs (1965). State agencies must report grant applications to the Department. The Department was

also named as the state budget agency in a statute creating an executive budget system for North Dakota (1965).

Executive action brought about implementation of a 1959 law which provided for a centralized data processing operation in the Department of Accounts and Purchases (1966).

The position of State Planning Coordinator was created by executive order of the Governor in an effort to integrate the planning efforts of a number of state agencies (1967). The Coordinator is selected by the Governor.

Ohio.—A new Youth Commission was set up by the legislature to assume functions formerly performed by the Division of Juvenile Research, Classification, and Training of the Department of Mental Hygiene and Correction (1963). The chairman of the Youth Commission has cabinet rank. Another statute provided that all appointive department heads and certain other agency officers would have terms coinciding with the appointing Governor's, subject to earlier removal at his pleasure (1963). The Department of Industrial and Economic Development was renamed the Department of Development and its functions were redefined by statute (1963). Further statutory action created the Ohio Development Financing Commission which was authorized to issue revenue bonds for industrial development (1963). By executive order the Governor appointed a Council for Reorganization of Ohio State Government with a mandate to search for ways of improving efficiency and economy (1963).

The Department of Natural Resources was assigned forestry and reclamation functions by statute (1964). Legislative action also resulted in designation of the Department of Development as the state planning agency (1964).

The functions of the Pardon and Parole Commission which was abolished by the legislature were given to a new Adult Parole Authority in the Division of Correction, Department of Mental Hygiene and Correction (1965).

Oklahoma.—The legislature transferred aviation functions from the Industrial Development and Park Department to a new Aeronautics Commission (1963). The Governor appoints the Commission, which selects a director for the agency.

A position for a Washington, D.C. federal-state relations representative was authorized in the Industrial Development and Park Department by the legislature (1965). The position was subsequently eliminated (1967).

A constitutional amendment was approved which allows the Governor to serve two consecutive terms and permits the State Auditor, Secretary of State, and Treasurer to succeed themselves indefinitely (1966).

Oregon.—Statutory action resulted in grouping 16 agencies and boards into a new Department of Commerce, headed by a director appointed by the Governor (1964).

Pennsylvania.—The legislature abolished the State Council of Education and assigned its functions along with certain policy responsibilities of the Department of Public Instruction to a new State Board of Education (1963). The 17 members of the Board are appointed by the Governor, the Superintendent of Public Instruction or his designee is chief executive officer of the Board.

Also accomplished by statute was an authorization of funds to provide staff and office space to the Governor-elect in the period between his election and inauguration (1963).

A cabinet-level Department of Community Affairs was created by law (1965). And a new Bureau of Consumer Protection was established (1966).

A constitutional amendment provided for the joint election of the Governor and Lieutenant Governor and authorized both to succeed themselves in office for one additional term (1967).

Rhode Island.—The legislature established a Public Transit Authority empowered to acquire and operate local bus companies in financial difficulties (1964).

A Department of Natural Resources was established by law to supersede the former Departments of Agriculture and Conservation and to assume certain functions of the Department of Public Works (1965). The Governor took steps to coordinate federally-assisted programs by appointing an interdepartmental committee composed of selected department heads (1965).

Statutory action resulted in creation of a Consumer Council, a Cultural Arts Commission, and a Division of Air Pollution in the Department of Health (1966).

South Carolina.—A Special Services Division was created to provide centralized printing, data processing and other services to state agencies (1964). The State Superintendent of Education was made appointive by the State Board of Education by constitutional amendment (1964).

The Governor's staff was augmented by appointment of a State-Federal Coordinator (1965).

South Dakota.—The legislature established a new Office of the Budget in the Governor's office (1963). The agency is headed by the State Budget Officer who is appointed by the Governor for a term of four years subject to earlier removal for cause.

A Commission on Higher Education Facilities was created by law as the vehicle for state participation in the federal Higher Education Facilities Act of 1963 (1964).

Centralized data processing for state agencies was provided for when the legislature assigned that function to a new division in the Office of the Budget (1966). The legislature also established a new State Planning Agency in the Governor's office to provide planning services for the state and local governments (1966). A State Commission on Mental Health and Retardation was set up by law (1966).

Tennessee.—The Division of Industrial Development was attached to the Office of the Governor and the director made a member of the Governor's staff by law (1963). Legislation also transferred to the office of the Governor the industrial research and promotion and nuclear energy development functions of the Department of Conservation (1963). The legislature established a new Office of Local Government under the Comptroller of the Treasury who appoints the director with approval of the Governor (1963).

The Governor appointed a special assistant to coordinate federal programs (1965).

Texas.—The legislature formed a new Parks and Wildlife Department involving a merger of the State Parks Board and the Game and Fish Commission (1963).

A Division of Federal-State Relations was added to the Office of the Governor by law (1965). The Division is located in Washington, D.C. and is headed by a director appointed by the Governor.

Utah.—The Utah legislature created a Department of Finance which is headed by a director appointed by the Governor (1963). This arrangement replaced the former Commission of Finance, a three-member group which reported to a board composed of the state's three highest elected officials. Under the law the director is the principal officer of state government for budgeting, personnel, purchasing and accounting.

Statutory action also created the new post of State Planning Coordinator in the Office of the Governor (1963). The Coordinator was made responsible for state planning and local planning assistance.

A plan for centralized data processing services was approved by the Governor (1965).

Taking advantage of momentum supplied by the state's "Little Hoover Commission," the Utah legislature consolidated a number of agencies, boards, and commissions into three departments: Health and Welfare, Development Services, and Natural Resources. The Governor appoints a coordinating council of seven members for each department, the coordinating councils in turn appoint the respective department directors (1967).

An executive order recognized the federal liaison role of the State Planning Coordinator who had been acting in this capacity since 1964 (1967). The Coordinator by another executive order was directed to establish standards for the collection and reporting of information concerning state activities.

Vermont.—The Governor sought to achieve coordination in the natural resources field through an executive order creating an inter-agency committee including representation from five different agencies (1963). This mechanism was subsequently given statutory status (1964). The Governor serves as chairman of the committee.

A legislative authorization of \$2,500 was made for use by a Governor-elect in Vermont (1963).

The legislature created the Vermont Educational Building Finance Agency to assist colleges and secondary schools in financing building construction (1966).

Virginia.—The position of Commissioner of Administration was created in the office of the Governor by statute (1966). The Commissioner was assigned supervision over the existing Divisions of Budget and Personnel and over new Divisions of Planning, and Engineering and Buildings. The Commissioner is appointed by the Governor. The Division of Planning was given responsibilities at the state, regional and local levels.

Washington.—The legislature established a new Local Affairs Division in the Department of Commerce and Economic Development (1963). Local planning assistance was designated as the Division's chief function.

An office of Nuclear Energy Development was added to the Department of Commerce and Economic Development by statute (1965). Statutory action also resulted in redesignation of the Department of Licenses as the Department of Motor Vehicles (1965). New funding agencies created by the legislature were the Inter-Agency Commission for Outdoor Recreation and the Higher Education Facilities Commission (1965). The former was designed to administer certain state funds available for recreation as well as federal allocations, the latter is the state's instrument for participation in the federal Higher Education Facilities Act.

Administrative action resulted in the designation of a Coordinator of State-Federal Programs in the Central Budget Agency (1966).

The Tax Commission was abolished and its functions reassigned by the legislature to a new Department of Revenue and Board of Tax Appeals (1967). State and local planning activities were relocated in a new Planning and Community Affairs Agency in the Office of the Governor (1967). The legislation providing for the new agency also eliminated the Local Affairs Division in the Department of Commerce and Economic Development where the planning function had been assigned since 1963.

Statutory action resulted in abolition of the Department of Conservation, certain of its functions were transferred to the Department of Natural Resources and others were assigned to a new Department of Water Resources (1967). The legislature realigned agency responsibilities in the field of prison terms and parole in an attempt to concentrate administrative aspects in the Department of Institutions and quasi-judicial functions in the Board of Prison Terms and Paroles (1967).

Legislation also established a State Building Authority to assist in financing the construction projects of public universities and colleges and a new Office of Foreign Trade in the Department of Commerce and Economic Development (1967).

West Virginia.—A Department of Personnel was established by the legislature (1965). The legislature also enacted a statute providing that the terms of department heads be concurrent with that of the Governor subject to earlier removal at the Governor's pleasure (1965).

An office of Public Information was created in the Office of the Governor by law (1966). The function of the new agency is to coordinate and disseminate news from virtually all departments of state government.

Continuing studies of executive agencies are being undertaken by legislative interim committees.

Wisconsin.—Wisconsin's centralized data processing system was established as a separate major unit within the Department of Administration (1963).

The legislature established the Commission on the Reorganization of the Administrative Branch to study the need for possible reforms and to make recommendations to the 1967 legislature (1965).

A Water Resources Division was added to the Department of Resource Development (1966). By administrative action the Commissioner of Administration provided for a statewide policy planning unit in the Department of Administration (1966). The same Department was further augmented when the legislature established within it a new federal aids management service to perform coordination of federally-assisted programs (1966).

Constitutional amendments were adopted providing for joint election of the Governor and Lieutenant Governor and lengthening the terms of these two officials plus the Secretary of State, Attorney General, and State Treasurer from two to four years (1967).

After receiving the report of the Commission on the Reorganization of the Administrative Branch the legislature enacted into law a major reorganization of executive agencies (1967). Under its terms 85 separate agencies were grouped into 32 departments, offices and agencies. Among the specific changes were merger of the Department of Conservation with the Department of Resource Development, merger of the Board of Health with the Public Welfare Department, consolidation of transportation functions into a single agency, creation of a Department of Local Affairs and Development, and establishment of a Department of Justice headed by the Attorney General.

Wyoming.—The legislature designated the State Department of Education as the agency for state-federal liaison in programs of federal aid to education

(1965). By action of the Governor a coordinator for economic opportunity programs in Wyoming was appointed (1965).

The Governor, as the state's chief budget officer, initiated centralization of the data processing activities of state agencies (1966).

The press secretary to the Governor was given the responsibilities of conducting research and coordinating public information emanating from agencies under the Governor's supervision (1967). The Wyoming Recreation Commission was created by statute and assigned the functions of the State Land and Water Conservation Commission, the State Parks Commission, and the Historical Sites Commission, all of which were abolished (1967). The position of Highway Safety Coordinator was established by the legislature to coordinate state highway safety activities and to provide state-federal liaison in this field (1967).

[Assembly bill No. 1072, California Legislature—1968 regular session]

Introduced by Assemblymen Ralph, Priolo, Brown, and Bill Greene, March 19, 1968. Referred to Committee on Governmental Efficiency and Economy.

AN ACT to add Sections 135.3, 135.4, 135.5, and 135.6 to the Streets and Highways Code, and to add Section 37110.5 to the Health and Safety Code, relating to replacement housing

The people of the State of California do enact as follows:

SECTION 1. Section 135.3 is added to the Streets and Highways Code, to read: "135.3. As used in Sections 135.4, 135.5, and 135.6:

"(a) 'Low-income individuals and families' means those persons who lack the financial ability and income necessary to obtain replacement housing.

"(b) 'Economically depressed area' means an area which the commission by resolution determines to meet all of the following criteria:

"(1) The state highway project is located in an area consisting principally of housing occupied by low-income individuals and families.

"(2) An adequate number of replacement housing units for low-income individuals and families is not available in the immediate area of the state highway project.

"(3) Relocation advisory assistance will be insufficient to place a majority of such individuals and families in replacement housing in the immediate area of the state highway project.

"(c) 'Replacement housing' means comparable single or multiple dwelling units which are decent, safe, and sanitary for low-income individuals and families."

SEC. 2. Section 135.4 is added to the Streets and Highways Code, to read:

"135.4. (a) As used in this section, 'relocation assistance' means, and shall be limited to, that assistance reasonably necessary to place low-income individuals and families who lack the financial ability and income to obtain replacement housing without relocation assistance, and who own and reside in housing in an economically depressed area and who are displaced because of the acquisition or clearance of right-of-way for a project on the state highway system, in replacement housing in the same relative economic ownership position as before displacement by transferring or exchanging their right, title, and interest in property required for state highway purposes for the right, title, and interest in replacement housing.

"(b) The department is authorized to provide relocation assistance to low-income individuals and families who own and reside in housing in an economically depressed area and who are displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system, which project is located in an economically depressed area.

"(c) The department is authorized to adopt rules and regulations to implement this section. Such rules and regulations shall include provisions relating to:

"(1) The methods and priorities for placing such low-income individuals and families in replacement housing.

"(2) The standards for determining the relative economic ownership position of such low-income individuals and families before displacement.

"(3) The standards for determining which of such low-income individuals and families lack the financial ability and income necessary to obtain replacement housing without relocation assistance.

"(4) The procedure for transferring or exchanging right, title, and interest in property required for state highway purposes for the right, title, and interest in replacement housing."

SEC. 3. Section 135.5 is added to the Streets and Highways Code, to read:

"135.5. The department may acquire, either in fee or in any lesser estate or interest, any unimproved or unoccupied real property, or real property not devoted primarily to residential use, to provide replacement housing for low-income individuals and families who reside in economically depressed areas and are displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system, in order to enable them to live in decent, safe, and sanitary dwellings. All other property acquired for such purpose shall be acquired by means other than condemnation. The acquisition of such property is declared to be a public purpose and use."

SEC. 4. Section 135.6 is added to the Streets and Highways Code, to read:

"135.6. The department may contract with other public agencies, private individuals, and corporations for the financing, planning, development, construction, management, sale, exchange, or lease of replacement housing. Low-income individuals and families displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system shall be given priority in buying, leasing, transferring, or exchanging property for replacement housing."

SEC. 4. Section 37110.5 is added to the Health and Safety Code, to read:

"37110.5. The department may provide assistance to the Department of Public Works in the undertaking, construction, maintenance, operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of rights-of-way for a project on the state highway system. The department may advise the California Highway Commission of its recommendation whether or not an area traversed by an adopted highway location is an area that is economically depressed before the California Highway Commission makes its determination thereon."

SEC. 6. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

LEGISLATIVE COUNSEL'S DIGEST

AB 1072, as introduced, Ralph (G.E.&E.). Replacement housing.

Adds various secs., S.&H.C., and H.&S.C.

Authorizes Department of Public Works to provide relocation assistance to low income individuals and families who own and reside in housing located in an economically depressed area who are displaced as a result of the acquisition or clearance of rights-of-way for a project on the state highway system, by the acquisition of replacement housing for such individuals and families. Defines terms. Authorizes the department to adopt rules and regulations providing standards and procedures for such relocation assistance.

Authorizes the department to condemn unimproved or unoccupied real property, or real property not devoted primarily to residential use, to provide replacement housing for low income individuals and families who reside in economically depressed areas and are so displaced; provides that acquisition of all other property for such purpose must be by means other than condemnation.

Authorizes the department to contract with public and private entities for the financing, planning, development, construction, management, sale, exchange, or lease of replacement housing; and gives low income individuals and families so displaced priority in buying, leasing, transferring, or exchanging property for replacement housing.

Authorizes the Department of Housing and Community Development to render assistance to the department in the undertaking, construction, maintenance, operation, or financing of replacement housing, and to advise the California Highway Commission regarding whether or not an area traversed by an adopted highway location is an economically depressed area.

RELOCATION PROGRAM FOR LOW INCOME FAMILIES

California has been working toward solution of the serious economic hardship caused when public projects such as highways require the acquisition of large number of homes owned by *low income families*.

At present time, our Division of Highways can legally assist these families three ways: (1) pay fair market value, (2) help find them another house, (3) reimburse their moving costs. However, in depressed areas a \$10,000 home may

provide housing for a large family, but the \$10,000 fair market value payment may not be sufficient to purchase a replacement home.

The problem is particularly acute when a project places a large number of families in limited housing market at the same time. For example, two future freeways (Century, Industrial) in Watts will require 1100 low income home owners to seek replacement housing which is practically non-existent.

RECOMMENDATION: In California, legislation has been drafted at our request which has a potential for solving this problem. The enabling statute would:

1. Authorize expenditure of highway funds to provide exchange housing for *low income families in depressed areas* whose homes are acquired during highway construction.

2. Give *low income families* option during negotiations of accepting *exchange housing or fair market value*. Court basis for compensation will remain fair market value.

The important feature is that family would be assured of being in "same relative economic ownership position" (i.e. wouldn't be burdened with higher payments or lower equity).

This replacement program is *triggered* by a *finding* of our Highway Commission that the proposed route lies in a depressed area containing a large number of low income families and adequate replacement housing is unavailable (Administrative Regulations will define standards).

The exchange housing would be provided variety of ways: (1) Houses acquired in other right of way transactions will be moved into individual lots or larger parcels purchased by State. Houses would be renovated and landscaping added prior to transfer; (2) New homes will be built or; (3) Existing houses & lots will be purchased (not condemned by State). In all cases, we would transfer ownership to family making up monetary difference so that equity and payments are equivalent to their original home.

Implementation will be accomplished by a special right of way team which will develop an inventory of housing alternatives. After these replacement alternatives are available *then* owners will be contacted.

For example, the owner occupant may have a three bedroom house worth \$10,000, owe \$5,000 and pay \$50.00 per month. The ideal would be complete duplication, but under current market conditions this will be difficult. In this instance, the owner might be offered a three bedroom house of equal utility, owe \$5,000 payable at \$50.00 per month. But, the replacement house may be valued at \$12,000 instead of \$10,000.

This proposal is unique because it maintains incentive of private ownership, upgrades housing in depressed area, offers workable standards to limit fiscal implication and allows opportunity for cooperation with private sector and community groups.

Approach has potential for use on all public projects. HUD is now looking at idea as solution nationally and may ask to join with us in making Watts a model project.

NATIONAL GOVERNORS' CONFERENCE,
Washington, D.C., June 6, 1968.

HON. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations, U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SENATOR MUSKIE: On May 10, 1968, testimony was presented on behalf of the National Governors' Conference and the Council of State Governments on the Intergovernmental Cooperation Act (S. 698). At that time, it was indicated that additional comments would be forthcoming on the recently proposed amendment to the Act which provided for a new title covering accounting, auditing, and reporting of federal assistance funds. In that regard, it is respectfully requested that this letter expressing our views on the new title be made part of the hearing record on the Intergovernmental Cooperation Act.

While recognizing that federal agencies are charged by Congress with the responsibility of insuring the proper use of grant funds distributed to the states and local governments, we urge that every effort be made to avoid placing undue and time-consuming burdens on state and local administrators.

In the National Association of Budget Officers' report entitled "Federal Grant-In-Aid Requirements Impeding State Administration" it was noted by one state official that some 54 individual fiscal reports were required under the Vocational

Education Act of 1963. While funds were appropriated for only 6 major purposes under this Act, federal reports were required for all sub-programs conducted under the Vocational Education Act. This can take weeks of staff time in preparing the various reports.

In addition to the reporting procedure, slow auditing procedures require that state and local governments keep records for excessive lengths of time. This requirement creates storage and personnel problems for state agencies.

These are two examples which underscore the need to seek consolidation of programs and uniformity of procedures. In this regard, we feel that the new title proposed under Amendment No. 748 to the Intergovernmental Cooperation Act will go a long way in providing for uniformity of procedures while not thwarting the basic tenets of the Intergovernmental Cooperation Act. The reporting and auditing title should be considered, however, as a stop-gap proposal. Every effort must be made to implement the provisions of the Intergovernmental Cooperation Act and the Joint Funding Act. These two proposals are aimed at correcting basic problems now impeding the efficiency and potential of federal grants-in-aid to state and local governments.

In summary, we do not object to the proposals outlined in Amendment No. 748. But we do hope that this proposal, which is aimed at correcting symptoms, will not be substituted for action on the fundamental concepts outlined in the Intergovernmental Cooperation Act and the Joint Funding Act.

We trust that you will find these comments responsive. However, should you have any additional questions concerning this matter, please feel free to contact us.

Sincerely,

CHARLES A. BYRLEY.

Senator MUSKIE. The last witness for the morning is Mr. Nathaniel S. Keith, President of the National Housing Conference, Inc.

Mr. Keith, it is a pleasure to welcome you.

STATEMENT OF NATHANIEL S. KEITH, PRESIDENT, NATIONAL HOUSING CONFERENCE, INC.

Mr. KEITH. Thank you, Mr. Chairman. I have a prepared statement. If it is agreeable to you, I shall read it.

Senator MUSKIE. Proceed.

Mr. KEITH. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the views of the National Housing Conference on S. 698, the proposed Intergovernmental Cooperation Act.

The National Housing Conference, founded in 1931, is a nonprofit organization representing the coalition of representatives of public interest organizations, professionals, leaders in labor and religious groups, businessmen, and other citizens who share an active interest in supporting effective legislation in the field of housing and community development. While traditionally our focus has been on housing programs to meet the needs of families and individuals of low and moderate income, our interests at the same time encompass the entire field of urban development problems for communities of all sizes. Over the years, the National Housing Conference, therefore, has been deeply concerned with the problems of effective coordination of Federal aid programs in this particular field with the State and local agencies directly involved in the execution of such programs.

We are, therefore, in general agreement with the objectives of title II, title III, and title IV of S. 698. The establishment of such new Federal programs as the Model Cities program and the Metropolitan Development provisions of the Demonstration Cities and Metropolitan Development Act of 1966, which will require close coordination among

Federal departments and agencies and their State and local counterparts, makes this objective all the more essential.

The National Housing Conference strongly supported for many years the establishment of the Department of Housing and Urban Development. The legislation which led to the establishment of this Department in 1965 was recommended to the Senate by the Committee on Governmental Operations in that year. As the members of the subcommittee well know, section 3(b) of the act establishing this Department set forth the following charter for the Secretary of Housing and Urban Development from the standpoint of coordination of Federal programs and activities relating to housing and urban development:

The Secretary shall, among his responsibilities, advise the President with respect to Federal programs and activities relating to housing and urban development; develop and recommend to the President policies for fostering the orderly growth and development of the Nation's urban areas; exercise leadership at the direction of the President in coordinating Federal activities affecting housing and urban development; provide technical assistance and information, including a clearinghouse service to aid State, county, town, village, or other local governments in developing solutions to community and metropolitan development problems; consult and cooperate with State Governors and State agencies, including, when appropriate, holding informal public hearings, with respect to Federal and State programs for assisting communities in developing solutions to community and metropolitan development problems and for encouraging effective regional cooperation in the planning and conduct of community and metropolitan development programs and projects; encourage comprehensive planning by the State and local governments with a view to coordinating Federal, State, and local urban and community development activities . . .

I cite this existing statutory authority, not from the standpoint of disagreeing with the general objectives of the above titles of S. 698, but rather to raise the question as to whether additional statutory authority is necessary in order to accomplish these objectives.

From the standpoint of the experience of our membership with local programs, the main deficiency in carrying out the above charter for the Secretary of Housing and Urban Development has been the inability to secure funding for the clearinghouse service for State and local governments in utilizing efficiently and effectively the multiplicity of Federal aid programs which are available. As the subcommittee knows, appropriations for this function have not been approved by the Congress.

The National Housing Conference strongly supports the provisions of title VIII of S. 698 with respect to uniform relocation assistance for families, individuals, and businesses displaced by direct or federally assisted public action. Our organization has long supported the establishment of programs for financial assistance and standards for such relocation assistance comparable to that existing for the urban renewal program and more recently for the federally assisted low-rent housing program. The provisions of title VIII would liberalize somewhat the existing provisions under the urban renewal program and the low-rent housing program and we support this liberalization. In our opinion, the most urgent aspect of this problem is to apply these mandatory requirements to the federally aided highway program which is currently the largest source of the family and business displacement.

We also support the provisions of title IX of S. 698 to establish a uniform land acquisition policy both for direct Federal programs and

for federally assisted programs. The provisions of this title would bring other Federal programs generally in line with the provisions established by title IV of the Housing and Urban Development Act of 1965 covering the principal activities of the Department of Housing and Urban Development in its assistance programs to the land acquisition activities of local agencies.

I appreciate this opportunity to present our views to the subcommittee.

Senator MUSKIE. Thank you very much, Mr. Keith. We appreciate your testimony.

Mr. KEITH. Thank you, Senator.

Senator MUSKIE. The committee will be in recess until next Tuesday at 10 o'clock.

(Thereupon, at 11:55 a.m., the subcommittee recessed until the following Tuesday, May 14, 1968, at 10 a.m.)