

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 dollars. 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 from regular budget accounts and \$4.8 from the Highway and Unemployment Trust Funds.

In ten 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, expenditures by State and local funds also 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 1967-69 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.

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 towards 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 ACIR 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 five-year termination date for such programs.

Also, I 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 affecting 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