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24 OCT 1963

DD/S&T 1809-63

ADM-2

MEMORANDUM FOR: Deputy Director (Science and Technology)

SUBJECT: OSI External Research Program Funding

1. At your request I reviewed the actual utilization for FY 64 and the proposed utilization for FY 65 of OSI funds for the External Research Program. The review and analysis was accomplished with the assistance of [REDACTED] of your staff, [REDACTED] of OSI, and included also a brief meeting with the OSI Division chiefs.

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2. In order to understand properly the proposed utilization of the requested increased funds for FY 65, I have found it necessary to make an analysis of contracts currently in-being which it is assumed will be continued in FY 65 at the current rate of expenditure, contracts in-being whose scope and therefore expense will be increased in FY 65, proposed new contracts for new purposes in FY 65, contracts commenced in FY 63 for which no funds were requested or used in FY 64 but which will be renewed in FY 65, and contracts the cost of which will rise in FY 65 but with no increase in scope.

3. I should first like to present a financial analysis of the FY 65 requested funds for external research contracts. OSI requested in FY 65 a total of [REDACTED] for external research contract purposes. This money may be categorized as follows:

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a. [REDACTED] is budgetted on the assumption that a total of [REDACTED] contracts now in-being will be funded at the same level in FY 65. See Tab A.

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b. [REDACTED] represents the increase in funds in FY 65 over FY 64 for external research projects. This total figure is broken out as follows:

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- (1) [REDACTED] new contracts for new purposes. See Tab B.

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- (2) [REDACTED] contracts in existence the scope of which will be expanded over the scope and price of the contract in FY 64. See Tab C.

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- (3) [REDACTED] contracts where a higher price is involved in FY 65 but does not involve any change in scope of the contract. See Tab D.

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- (4) [REDACTED] contracts which were originally funded in FY 63 and called for no funding in FY 64. Contracts in this category are viewed by OSI to fall under the increased funds requested in FY 65 over what was spent in FY 64. See Tab E.

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To summarize the above, the following general statement may be made using approximate and rounded figures. OSI is asking for an increase of [REDACTED] in FY 65 over FY 64 for external contracts. Fifty per cent of this increase is being asked to undertake new contracts for new purposes. Approximately [REDACTED] is being asked in FY 65 to keep in-being contracts commenced in FY 63 for which no funding was needed in FY 64. Approximately [REDACTED] of new money is being asked to expand the scope of [REDACTED] existing contracts.

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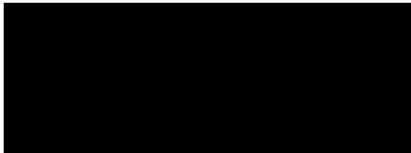
4. I have asked OSI to list in descending order of priority their desires to defend the request for the three main categories involved, i.e., new contracts for new purposes (TAB B), current contracts for which scope will be expanded (TAB C), and renewal in FY 65 of contracts commenced in FY 63 (TAB E).

5. As additional information, TAB F contains information on FY 64 funded projects that will be continued at a lesser dollar amount or dropped in FY 65.

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6. I do not feel competent to judge substantively the establishment of the priority need for the contracts as listed in the three categories mentioned above. I do feel satisfied, however, that if you either verify the priority or rearrange them, the issue of the increased money for FY 65 is herein put in the proper perspective to explain, discuss, and defend.


Executive Officer
Deputy Director
(Science and Technology)

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<p>1. Because of the sensitivities involved on representation expense matters, and because the Boss should get the best possible advice on all personal financial matters, I suggest you establish a procedure with Barbara so that all his claims for reimbursement are first given to you and you exercise responsibility to have them properly taken care of.</p> <p>2. In this connection, I would further suggest you handle the attached matter.</p>		
FOLD HERE TO RETURN TO SENDER		
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