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8 December 1953

MEMORANDUM FOR THE RECORD

SUBJECT: Notes on the Budget Bureau Allowance, Fiscal Year 1955

The Bureau of the Budget reported on December 4 the 1955 budget allowances made by the Director of the Bureau of the Budget. In general, the Bureau allowed certain requests in the B Budget and disallowed certain items in the A Budget. The net effect was a balancing one which left the over-all budget allowance for 1955 at [redacted] in the regular budget [redacted]. The Bureau of the Budget carefully pointed out that although some items in the B Budget were either disallowed or deferred, they did not mean that the requested activities could not be undertaken. They still believed that the B Budget items should retain their high priority and any requests that the Agency has made should be applicable to the reserve funds in 1955. In other words, they did not want to put the Agency in a position of having the door closed on high priority items and yet keeping it open for lower priority items.

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The Budget Bureau also pointed out that the comments that will follow were given to inform this Agency as to the basis for its decisions. It was pointed out that the comments were not mandatory, but should be used merely as a guide or reference by the Agency in any re-programming undertaken in connection with fiscal year 1955 operations.

General The Bureau of the Budget feels that the rate of growth in the DD/I area is still unsettled. They commented that their review of operations and the testimony indicated that the operating offices in the DD/I area had not yet been able to accurately determine the personnel requirements for the workload involved.

A broad observation concerning the DD/A area was that in spite of the leveling off of the CIA growth and program operations, the offices in the DD/A area did not reflect any economies. In view of the fact that all other government agencies are being forced to show economies in administration, it is not believed desirable to permit the DD/A area to expand.

Comments on the B Budget

Items Allowed:

1. The B Budget included requests of [redacted] positions for the DD/I and DD/A areas. Of these requests the Bureau of the Budget allowed [redacted]

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Comments on the A Budget

Certain reductions were made in the A Budget which had the effect of offsetting the allowances made in the B Budget. The following comments were made covering the reductions:



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2. The Bureau of the Budget felt that our estimated lapse rate of 1% was not large enough. They believed that our overtime policy was too lenient and that we were paying entirely too much money for this service. Also, the past recruitment and turnover rates indicate that the delay in filling jobs would be longer than the Agency estimated. However, they did feel that there was some justification in the Agency approach that the turnover rate would go down due to general retrenchment in government employment. Because of the overtime and recruitment factor, the Bureau of the Budget felt that the over-all lapse rate should be increased to 2%, which would produce a savings of 

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3. The Bureau of the Budget felt that due to the leveling off of employment the policy of recruiting people and maintaining them in the pool should be tightened. They did not believe that the requirements for this service would continue at the same level as in 1954, therefore, the IAB request was reduced by [redacted]

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4. Three offices had indicated unusually large increases in average salary: [redacted] and NEA. Upon thorough analysis it was determined that the average salary used was in error. The Agency pointed out that the offices had been given fixed budget limitations to cover the total program needs, and that any error in personal services costs had to be made up from other object costs, and therefore when the error was discovered the other objects should have been restored. Although some validity was attached to this point, the Bureau of the Budget felt that any error in presentation should be taken as a savings under the present government-wide approach to government operating costs. Therefore, the error amounting to [redacted] was taken as a savings.

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5. The supplemental administrative cost statement submitted in connection with the A Budget indicated that Agency-wide administrative costs increased [redacted] was taken as a savings in 1955, in view of the fact that the general government approach to administrative costs in 1955 is towards greater economy.

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6. Based on one of the general observations made that the DD/A area should show more economy, the Bureau of the Budget felt that the DD/A budget should be reduced by [redacted] positions with a total cost of [redacted]. They specifically pointed to the following areas that should be looked into:

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- a. More economy should be achieved in the Personnel Office as a result of its reorganization and the reduction in the recruitment program.
- b. General Services should be able to show economies, especially in the costs involving space services, as a result of the leveling off of Agency requirements.
- c. The Planning Staff in the Logistics Office should be reviewed with the possibility of reducing its number, especially since testimony at the hearings indicated that this might be the case in the future.
- d. The Medical Office administrative unit was believed to be too large for the size of operations involved. The Bureau of the Budget felt that [redacted] positions could be removed from this staff.

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