

9 March 1964

Colonel White:

In accordance with paragraph 3 of Action Memorandum No. 319, Mr. Kirkpatrick would like to review with you and whoever you would like to bring at 3 p.m. on Wednesday, 11 March, "programs to effect continuing improvement in the management of the Agency toward the end of economies or savings."

is preparing a briefing outline STAT for you.

sbo

Meeting with Mr. Kirkpatrick (HGL, JHP)

Subject: Status of DD/S economy program

Wednesday, 11 March 64, 3 p.m.

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Next 2 Page(s) In Document Exempt

Approved For Release 2003/05/27 : CIA-RDP84-00780R000400100001-8

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1. On 9 December 1963 before Action Memo No. A-319 was received, the DD/S instructed Support Office Heads to come in with plans as to what they would do if told they had to live at: (1) the FY 64 budget level, and (2) the FY 63 budget level.

2. On 11 December the DD/S met with each DD/S Office Head to discuss provisions of Action Memo No. A-319 and obtained briefings on economy measures underway and contemplated.

3. DD/S memo of 15 December 1963 responded to Action Memo No. A-319 as follows:

Personnel -- Continue program at budgeted FY 65 level and absorb workload increases

Medical -- Continue program at budgeted FY 65 level and absorb workload increases

Security -- Continue at budgeted FY 65 level and absorb increased covert, contractual and NRO investigative increases

Training -- Continue at budgeted FY 65 level and absorb workload increases.

Finance -- Continue at budgeted FY 65 level

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Next 1 Page(s) In Document Exempt

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Logistics

Closed the supply depot supporting JMWAVE saving 10 positions and \$235,000 annually in the Support area.

Fourth Quarter Procurement -- Published Notice setting up controls and deadlines on contract schedules and requisitions designed to avoid fourth quarter procurement crashes and effect more economically negotiated contracts and procurement.

Shuttle Bus Service -- Examined feasibility of a 50 per cent reduction in service which would have saved 4 positions and \$45,000 annually. The impact upon lost time of employees would have completely offset any savings and it was decided to retain existing schedules and provide better service without any increase in cost through rescheduling to accommodate peak periods.

Economic Order Quantities -- Increased emphasis on economic order quantities as a means of reducing inventory and more efficient procurement through use of electronic data processing to improve management and highlight problem areas.

Vehicle Management -- In response to BOB Circular No. A-22 the following actions have been taken: 1 limousine, 1 heavy sedan, and 4 medium sedans eliminated from FY 65 budget. Mr. Karamessines has been asked to look at the 2 Chryslers [redacted] with a view towards elimination. SSA-DD/S is working with the Office of Logistics and the DD/P on a Regulation designed to reduce the overseas fleet by encouraging mileage reimbursement for personally owned vehicles. The Director of Logistics has been given responsibility for ensuring compliance with BOB Circular No. A-22 and will be in shortly with recommendations on vehicular economies.

Logistics Services Reductions -- Notices and Regulations have been published curtailing sharply building alterations and executive furnishing expenditures. Both types of actions now require approval of the originating Deputy Director and the DD/S. We were spending about \$100,000 for executive furnishings and about \$300,000 per year in alterations. Our goal is a 50 per cent reduction which would amount to a saving of \$200,000 annually. Offsetting this are known requirements which may entirely offset these savings, namely, completion of construction for the Intelligence area behind the barrier, DD/S&T expansion, and move of the Office of Finance to the Central and South buildings.

Reduced Courier Service -- Courier service has been reduced about 20 per cent and this has resulted in a saving of 15 positions and \$75,000 annually. I expect to use this saving to employ more contracting officers in Logistics and to provide

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during FY 65, for overloads expected in the Office of Personnel due to the Dental Insurance Program, the Early Retirement Program, etc. I have already transferred two positions to OTR for the ~~medical care~~ *medical care* program.

Printing Services -- We initially requested an increase of 30 people and about \$750,000 for PSD overload. The need for this increase has been averted through the work of the [] Committee, the customers and PSD. Following are pertinent statistics:

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Overtime:

	<u>Hours Overtime Funded by Logistics</u>	<u>Hours Overtime Funded by SR</u>
November 1963	277	642
December 1963	146	440
January 1964	44	432

OCI Work (Plant No. 4):

	<u>Nov 63</u>	<u>Dec 63</u>	<u>Jan 64</u>
Printed Impressions	3,071,652	3,193,757	2,846,132
Plates Run	12,872	9,248	11,236
Offset Negatives Made	2,797	2,323	2,535

The above reflects a decrease in January of about 10 per cent at a time when we were contemplating adding 8 people.

Printed Impressions:

	<u>Nov 63</u>	<u>Dec 63</u>	<u>Jan 64</u>
Plant No. 1 []	8,320,865	9,072,540	9,967,223
Plant No. 2 (South Bldg.)	1,029,139	868,324	1,268,419
Plant No. 3 (Hqs. Bldg)	2,227,877	1,366,538	1,472,453

The increase in January over December is normal because December is traditionally a low production month. The backlog situation in all plants is favorable. Most of the above reductions were due to cutbacks in DD/I publications.

Telephone Economies -- We were spending about \$1.5 million including \$300,000 for long distance calls and \$100,000 for outside local calls. The goal of a 25 per cent reduction would have amounted to \$375 annually. We have recorded savings to date of about \$75,000 and these will probably not exceed \$100,000 annually. There was Agency-wide participation as reflected by the following table and any future reductions would probably impair operations.

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Telephone Economies ~~Table~~:

<u>Items</u>	<u>Prior to Survey</u>	<u>Reported for Removal</u>	<u>Percentage of Reductions</u>
Working Lines	5,845	325	5.6
Telephone Instruments	10,524	1272	12.1
Working Buzzers	22,048	1235	5.6
Red Line Terminations (Buttons)	6,660	207	3.1

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Communications

project ~~matter~~ Frequency Propagation -- Manual preparation techniques have been superseded by computer processing, resulting in a rather extensive saving in man hours required to produce the necessary data. As an example, one long term frequency propagation project formerly required 450 man days. The same project recently was accomplished with less than 9 man days using computer techniques. The unit concerned has been reduced from 3 officers and 1 secretary to 2 officers and 1 secretary, and future reductions to one officer and one secretary will be accomplished.

Records Management -- Miscellaneous changes in procedures and work techniques throughout the organization have resulted in a saving of one man year.

Modernization -- new communications, cryptographic, and traffic routing and processing equipment has resulted in an increased capability to handle increased traffic loads without commensurate increases in personnel. This is a continuing program.

Training -- Commo technicians are being trained in more than one speciality in order to permit fewer field personnel for stations having small workloads. Also in this field, wage board employees have been hired to perform routine production line tasks formerly done by higher salaried technical personnel.

Production -- The Commo laboratory is now producing small runs of specialized equipment which manufacturers cannot handle economically.

Test and Inspection -- This function is now performed at the factory source instead of at Headquarters, saving shipment and handling costs particularly on large items such as generators and transmitters.

Decentralization -- Responsibility for the technical administration of the sub-Saharan African ^{Communications} network has been transferred from Headquarters This 25X1 will reduce travel costs. Actions such as this have permitted the Office of Commo over the years to reduce its ratio of Headquarters overhead to field personnel.

Request from Division denied

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Next 2 Page(s) In Document Exempt

Approved For Release 2003/05/27 : CIA-RDP84-00780R000400100001-8

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Security

Security has been faced with an ever-increasing workload with a static personnel ceiling. For this reason their management improvement program is aimed at the absorption of increased workloads.

Following are pertinent statistics:

	FY 60	FY 63	Projected FY 64
overt and covert investigations	30,300	44,400	5,000 51,000
counter-audio inspections	1,000	2,600	3,300
polygraph interviews	2,900	6,100	7,400

From the above it can be seen that any reduction in the Agency's personnel recruitment program will be more than offset through increased covert contractual and NRO investigations.

Guard Cost Reductions -- A comprehensive examination of each guard post in the Headquarters area has resulted in the closing of some Hqs. buildings entrances and the elimination of other guard posts. This entire effort is now saving \$ ~~65,000~~ 30,000 annually. Agency response to this effort has been favorable with no serious complaints due to the inconvenience.

Security Committee of the USIB -- Through the Chairmanship provided by the Office of Security investigations of unauthorized disclosures are being conducted as a community effort thereby avoiding duplication. Procedures are being set up for the exchange of counterintelligence and security information thereby increasing the capability. Uniform procedures are being implemented where possible to effect maximum control in the fields of personnel and physical security.

Unauthorized Disclosures -- A focal point now exists within the Office of Security which permits a quick determination on a item of concern and avoids duplication of effort.

Index -- Conversion of 1.7 million index cards to machine language is proceeding and will increase production.

Security Clearance Control -- clearance records in 5 different security systems have been consolidated into one centralized index to be providing better and more accurate service with fewer personnel.

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Status Reporting -- The entire Office of Security is now geared to machine status reporting in order to conserve manpower and expedite clearance actions. In this connection better scheduling has permitted a reduction in clearance time from 89 days in January 1963 to 75 days at the present time. This lead time reduction is due in part to the use of TWX investigative reports on applicant cases.

Resident Agency⁺⁵ -- Nine new resident agencies⁺⁵ have been established thus placing security in strategic investigative areas and reducing travel costs.
investigators

Biographic Data Mats -- Several private companies doing classified business with CIA have agreed to ~~take~~^{type} biographic data mats on all personnel which they submit to us for clearance. This saves CIA the clerical time of 3,000 mats per year.

Broyhill Building -- Receptionist and guard service provided without any increase in ceiling or funds.

Common Personality Numbering System -- This system covers individuals of common interest to the Office of Security, DD/P and the Office of Personnel. Through compatible numbering it speeds up and reduces the cost of document handling.

Investigative Reporting Procedures for Confidential Correspondence⁺⁵ -- were revised ~~and implemented~~ recently. Annual savings of \$20,000 are anticipated.

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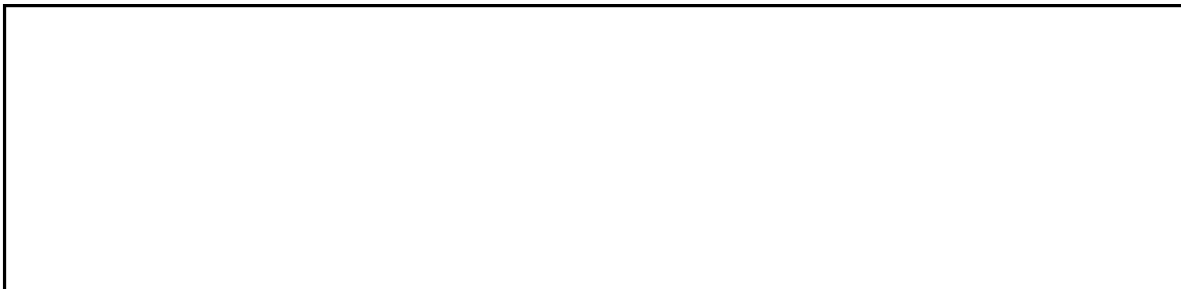
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Personnel

Ceiling Reduction -- The ceiling of the Office of Personnel has been reduced by 17 positions because of recruitment reductions with no recognition of increased workloads brought on by the Dental Insurance Program, JOT increases, the Agency's drive for ceiling reduction, the impending Early Retirement Legislation, etc. As a result of this, effective 1 July 1964 eight positions will be transferred from Logistics to Personnel.



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Approved For Release 2003/05/27 : CIA-RDP84-00780R000400100001-8

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Training

Workload Absorption -- OTR has, for all practical purposes, absorbed a workload for which an increase of positions was requested. For this they received two positions transferred from within the Support area. The bulk of the increase for which had been the subject of medical concern has been denied. They can be expected to do little additionally.

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Approved For Release 2003/05/27 : CIA-RDP84-00780R000400100001-8

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Medical Staff

Workload Absorption -- The Executive Development Program, the Executive Examination Program, the anticipated JOT increase, and similar additional loads have been absorbed by the Medical Staff without any personnel or dollar increase. Consequently, few if any additional economies can be realized here.

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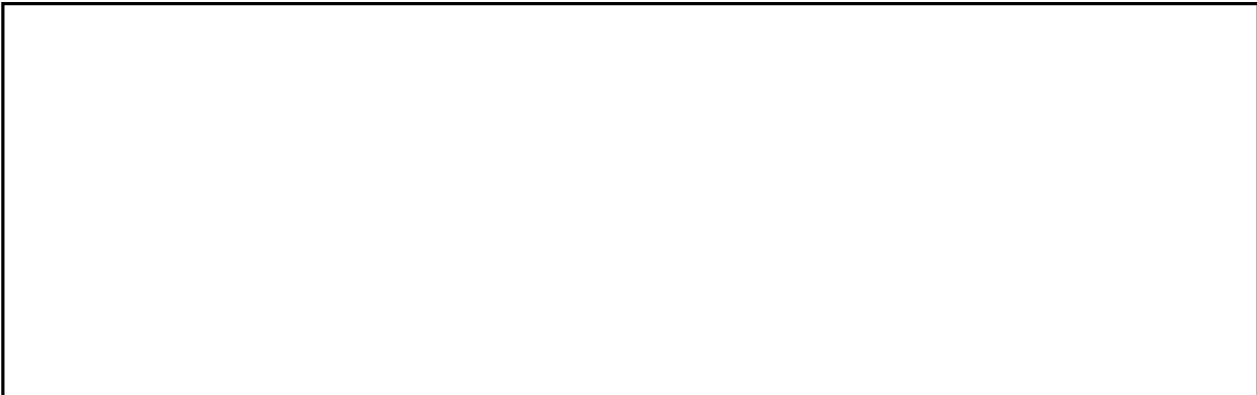
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Finance

Machine Listings -- Develop fixed time schedules operating generally on a 48-hour basis instead of a monthly basis reducing time lags and eliminating memoranda records and accounts.

Property Accounts Payable -- Revise procedures affecting 13,000 accounts payable to permit machine reconciliation and avoid perpetuating differences between billings and accounts payable.

Armored Car Service -- Executed contract with Brinks, Inc. for weekly cash deliveries from U. S. Treasury to Headquarters, and installed money counting machines. This saves manpower through contract guard arrangements and through the counting machine.



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Delinquencies -- An energetic campaign to clear delinquent accounts has reduced our former delinquency rate of 30 per cent to nearly zero.

Vouchered Funds Accounting System -- Converted to RCA 501 with manpower savings.

^{proprietary} Priority Activities -- Through utilization of machine methods one very large ^{proprietary} priority activity now has significantly improved procedures.

Procedural Improvement -- Procedures too numerous to mention individually have been effected and these fall into two categories:

- a. Those saving manpower through a re-arrangement of the procedural steps and forms, and
- b. Those which compressed the time lag thereby eliminating a need for follow-up action.

Reorganization

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Continuing Efforts

1. Overtime -- All Support offices have a target of a 25 per cent reduction against the FY 63 overtime rate and have either developed or they are developing plans for compliance. The largest and toughest one is going to be Communications where their overtime stems from operational requirements. The Office of Finance is working on the quarterly reporting system on overtime for the whole Agency and a Regulation prepared by the Office of Personnel on overtime is now being coordinated.



3. Building Maintenance Standards -- Currently under study in order to determine if economies are possible.

4. Publications -- Study underway in Support area to determine savings through reduced subscriptions.

5. Central Travel Voucher Processing -- In process of study in conjunction with move of Finance out of building.

Decentralized Voucher Certification -- Study being coordinated in an attempt to have certification accomplished at Division level.

7. Qualifications Analysis -- Project to get better and quicker information on Agency employees through machine utilization, requires use of 10 retirees at a cost of \$65,000. This one has been in the Executive Director-Comptroller's office for about one month.

8. Construction Projects -- Eight projects have been reviewed, one is to be completed, six are under study, and one has been abandoned, the power plant at a savings of \$124,000.

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Procurement Practices -- The elimination of procurement actions without participation by the Office of Logistics as well as incentive type contracts are both under study.

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