

ADMINISTRATIVE OPERATIONS

Question 1. The general understanding in the committee is that funds provided under the category, Administrative Operations, completely cover all costs of personnel, operation and maintenance. Past inspections indicate that certain operation and maintenance activities are actually funded from Research and Development appropriations. It is understood that the Mississippi Test Facility and the Michoud Assembly Facility are examples of NASA facilities where this type of funding is taking place.

(a) What is the overall NASA policy with regard to this type of funding?

Answer. Consistent with the recommendation of the first Hoover Commission, and the Budget and Accounting Procedures Act of 1950, the NASA budget is presented on a performance basis, which emphasizes the work to be done rather than the objects or services to be purchased. The various requirements for funds are grouped together on the basis of the purposes for which the funds are required.

Within this concept, funds for institutional requirements are presented under the "Administrative Operations" appropriation. Basically, these requirements are due to the presence of the in-house Government establishment (personnel, facilities, equipment) which is required to provide a generic NASA capability to plan, direct, and supervise the activities of other organizations through which the substantive program is executed.

On the other hand, funds for the technical or substantive program requirements are grouped under the "Research and Development" appropriations. Practically all of these funds are for support of activities of other agencies (industrial contractors, universities, other Government agencies) who are engaged more or less directly in specific research and development work.

Since the content of the two appropriations is determined by purpose, one can find the same kinds of items financed in both appropriations. In such cases, it is NASA policy (based on the performance budget concept) to identify fund requirements with the various NASA missions to the maximum extent reasonable and practicable. Items needed to respond to the requirements of research and development programs and projects belong under "Research and Development"; and items required for institutional and general support purposes should be financed under the "Administrative Operations" account.

There is one major case which is an apparent exception to this rule. The salaries and related benefits and travel expenses of all NASA employees are budgeted and funded under "Administrative Operations," whether the employees can be identified at any given time as engaged in direct project work or not. The reason for this is, that these personnel are employed for the purpose of carrying out the generic functions of the agency—and not for the sole purpose of executing a specific research and development project.

The salaries and expenses of contractor employees, however, are part of the costs of the contracts. They are, therefore, financed under the "Administrative Operations" or "Research and Development" appropriation depending upon the purposes of the contracts.

Question 1(b). Is the authority to fund administrative types of activities with Research and Development funds retained at the Headquarters level or is it delegated to the field?

Answer. Policy, guidelines and criteria for determination of fund sources for Manned Space Flight activities are established by NASA Headquarters.

Question 1(c). What sort of management controls are exercised over this area by Headquarters personnel? How often are inspections held?

Answer. Formal management control of fund source use is accomplished through the Manned Space Flight periodic review of Center funding requirements. These reviews are conducted as required but no less than twice a year.

Question 1(d). Does the fiscal year 1968 budget request identify all research and development funds intended to be used to support administrative activities?