

Answer. The fiscal year 1968 budget includes specific amounts of research and development funds in support of administrative activities, but they are not identified in the budget document. The fiscal years 1967 and 1968 estimates for this requirement are approximately \$47 million each year. The Marshall Space Flight Center provides for contractor operation of the Mississippi Test Facility and the Michoud Assembly Facility. The operations of these two facilities are funded from research and development funds because the activities are in complete support of contractor operated production and test facilities.

Question 2. NASA plans to expend \$7.5 million more for Administration Operations in fiscal year 1967 than was appropriated.

(a) From what sources will this additional amount be obtained?

(b) On what basis was this source chosen rather than others?

Answer. For fiscal year 1967, NASA was authorized to expend \$655.9 million for Administrative Operations. The funds appropriated for this purpose were \$640 million.

In the preparation of the initial fiscal year 1967 Operating Plan, NASA reduced its Administrative Operations requirement to the authorized level but was unable to reduce further in the light of then anticipated and approved increases in personnel complement for the year. The Administrative Operations requirements were determined as part of a concurrent review of Research and Development and Construction of Facilities requirements where appropriations were also less than the levels authorized. It was concluded that the shifting of \$15.9 million from the available R&D appropriation to the AO appropriation would be necessary to the interests of the best overall NASA programing. Accordingly, the following R&D programs were reduced, as shown, from the authorized levels to provide the source of funds to be transferred.

	Millions
Gemini	-\$4.70
Launch Vehicle Procurement.....	-3.65
Space Vehicle Systems.....	-1.10
Electric Systems.....	-1.90
Basic Research.....	-.50
Space Power and Electric Propulsion.....	-2.75
Chemical Propulsion.....	-1.30
Total	-15.90

The reduction in Gemini funding was made possible by the early successful completion of the Gemini Program with no impact on the attainment of the program objectives. The reductions in the other program areas required a stretch-out in the accomplishment of supporting research and technology objectives but did not involve cancellations of any specific projects.

Subsequent to the reductions outlined above, NASA was directed to freeze its end-of-year employment strength at the actual levels that existed on July 31, 1966, to reduce its planned use of overtime by 25% below the FY 1966 level, and to achieve a total reduction in planned expenditures for FY 1967 of \$30 million. Consideration of the impact of the personnel ceiling and overtime limitations and the economy objectives lead to a reduction in the Administrative Operations Operating Plan from the authorized level of \$655.9 million to a revised program of \$647.9 million (including \$400 thousand transferred to GSA for rental of general purpose space). The \$8 million reduced from the Administrative Operations program was reverted to the R&D appropriation, from which it had been transferred, and was placed in reserve by the Bureau of the Budget along with \$52 million of additional R&D funds that were removed from the R&D program as part of the total anti-inflationary cut-back required in obligation authority to achieve the overall \$30 million expenditure reduction in FY 1967.

Question 3. During prior fiscal years, the manned space flight area was marked by transfers of substantial numbers of personnel between the field centers to accommodate the requirements of new or expanding programs. It is noted that the fiscal year 1968 request provides for each of the three manned space flight centers to be staffed at exactly the same level as in Fiscal Year 1967. How is such action possible at a time when launch operations and mission control activities are continuing to expand and manufacturing and testing activities should be levelling off and declining?