

Of the various methods of supplying independent research funds, I would favor the one which assigns a certain percentage of the total budget of the laboratory for this purpose. The rewards for careful use of the funds to guide developments toward things which are needed by the sponsoring agencies will, in this case, be automatic. Cross agency use of the laboratories will be improved and will provide that each user pay part of the support needed to develop laboratory competence.

Mr. DADDARIO. What is the percentage amount in your own instance?

Dr. McLEAN. In our own experience we have had about 5 percent in this category, and I believe that this is a workable number.

Of course, you always have more things to do than 5 percent will allow you to accomplish, but—

Mr. DADDARIO. If you were to have 5 percent and the widest discretionary authority in the use of it, you feel this would be a good beginning?

Dr. McLEAN. Yes. I have had 5 percent over the last 20 years and this has been very useful in directing the laboratory's program. It is the money which keeps the laboratory creative, I believe.

Mr. DADDARIO. We do not have time to get into that now, but it is something we would like to develop for the record, Doctor.

Dr. McLEAN. All right.

Civilian personnel ceilings are set for the laboratory by the Director of Navy Laboratories who receives a total allocation of billets for Navy laboratory operations from the Office of Civilian Manpower Management.

The Navy ceiling, of course, is derived from overall DOD and Executive establishment limitations. Hirings are based upon funds available to support a certain employment level, within the established ceiling. Increases to the ceiling depend upon a number of factors including need, total employment level within the Department of the Navy, and ceiling points available within the system for reallocation. Typically, the laboratory ceiling is not adjusted for performing particular projects, whether these are Navy sponsored or for another agency. Rather, the laboratory is expected to adjust its total resources, which should in the long run, represent the optimum size and skills mix to perform a broad spectrum of work to meet priority needs.

I might repeat that there is value in a workload consistently higher than the laboratory can handle, since the pressure of taking on additional interesting work tends to force out low interest and low payoff programs and promotes the early transfer of work to industry. However, with an accounting system where an efficient operation can be judged and rewarded, the need for manpower ceilings as a control could be removed and greater flexibility obtained by allocating funds.

Mr. DADDARIO. If you really took off the personnel ceilings, would it have that effect or would it just give you the opportunity to continue low payoff programs? Would it make matters worse rather than better? I don't know that I would particularly agree with you. I recognize this is a problem, but you already raise the problem by saying you can only force out low priority work by having something new and more interesting.