

The Bureau believes that there is continuing merit in Congressman Holifield's recommendation and we plan to continue watching AEC progress and encouraging other agencies to make appropriate use of AEC laboratories.

*Question 15. In your statement you said that Circular A-64 encourages inter-agency sharing of personnel resources. However, you did not discuss the magnitude of the administrative effort required to effect a transfer of personnel ceiling between agencies. In speaking of requests for adjustments, the Circular states:*

*"In the agency's request for adjustment, it is not sufficient merely to justify the need for additional employment in a particular bureau or unit. The justification should indicate clearly why the increase cannot be absorbed through an internal adjustment in the agency's ceiling distribution, or why the need cannot be postponed to the next fiscal year."*

*To what extent do you think this requirement may bias Federal program administrators away from directly operated Federal laboratories and toward either contractor operated laboratories which have no personnel ceiling, or toward independent performers?*

Answer. As of July 1, 1968, all Bureau of the Budget manpower ceilings have been superseded. This action was taken because of the mandatory manpower controls and reductions imposed by Title II of Public Law 90-364. Our comments are therefore addressed to the situation existing prior to July 1, 1968.

The section of Circular A-64 which you quoted clearly deals with the type of agency justification required for an increase in employment ceiling as opposed to a transfer of ceiling between agencies for the purpose of sharing personnel resources. At any rate, personnel ceilings are one of several management techniques designed to control resources in situations that might not otherwise be subject to effective constraints. P.L. 90-364 pointedly reminds the Executive Branch of this fact.

Prior to the enactment of P.L. 90-364, control of personnel ceilings probably has not been as significant a restraint as some have contended. In general, we believe that there has been sufficient latitude in the system to allow the agencies the flexibility they have needed.

We doubt that the administrative effort required to accomplish a transfer of ceiling between agencies has *in itself* interjected any bias in determining whether or not to use directly operated Federal laboratories. Transfers of personnel ceilings between agencies have occurred for a variety of purposes. The administrative effort does not appear to have interposed any significant difficulty or dictated a decision to contract the work. However, to the extent that agencies have been unwilling to consider shifting personnel spaces from lower priority activities, or to develop an acceptable personnel justification based on workload, there may have been some decisions to contract the work rather than perform it in-house.

*Question 16. How does or can the Planning, Programming and Budgeting (PPB) system assist in assuring the goal of full and effective use of Federal laboratories? Does the system address itself specifically to this question? If not, should the system be modified to do so, and in what way?*

Answer. The PPB system is designed to identify alternative courses of action and the benefits associated with each, to determine criteria for key programmatic and budgetary decisions, and to make the information available to persons with the final responsibility for selecting alternatives. Use of the system is expected to make incremental improvements in the management of Federal programs.

The PPB system does not, by itself, assure the full and effective use of Federal laboratories. Since laboratories are considered a category of resources related to specific purposes or programs, PPB does not specifically address the question of most effective utilization of laboratories. Normally, PPB is not addressed to this level of detail. When significant questions on the choice and use of resources involve laboratories, those questions can be and are dealt with within the PPB system. In short, the means of accomplishing objectives—selection among alternative combinations of inputs—are considered in some of the supporting analyses in the program memoranda. The program memorandum is not only concerned with what is to be undertaken, but also the most cost-effective means for achieving it.

The Bureau believes that PPB will contribute to better utilization of Federal facilities, including laboratories, because as program goals are clarified, attention must be given to the means for achieving these goals. Utilization of laboratories should be examined in this context. Thus, we see no need to provide for special treatment of laboratories in the PPB system. We know of no key problem which is concerned solely with the utilization of one or more Federal laboratories. Rather, their utilization must continue to be considered in the broader context of achieving agency programs.