

contract covering Oak Ridge operations with Union Carbide Nuclear Corporation.

Question 7. How does the office of the NIH's Director of Laboratories and Clinics compare in purpose with the Assistant Director for Laboratory Management in DOD's Office of Defense Development, Research and Engineering?

Answer. The purposes of the office of NIH's Director of Laboratories and Clinics and the Assistant Director of Defense Research and Engineering for Laboratory Management in DOD are virtually identical. Each is concerned with policy issues relating to personnel, organization and finance. Each is trying to make the environment attractive so that it may recruit and retain the best people to subserve the research and development interests of the agency.

The DOD operation, as understood by us, is not concerned with day to day problems but rather with the overall Departmental laboratory program and where the emphasis should be in the next 5 years or so. It concerns itself with the problems and interests of the laboratory directors at some 90 different installations spread throughout the United States which employ a work force including some 25,000 professionals. The Army, Navy, and Air Force are concerned with day to day activities; DOD deals with problems of general or common concern.

Within NIH, similar interests and responsibilities are located in the Office of the Director of Laboratories and Clinics, but there is one important difference. The laboratory directors of the several Institutes, Scientific Directors in NIH parlance, and the Director of Laboratories and Clinics are all located on the same 300 acres in Bethesda, Maryland. Contacts between the Director of Laboratories and Clinics and the Scientific Directors are almost continuous—face to face meetings for informal advice; formal meetings twice a month at which problems of general importance to the several Institutes are discussed; and annual formal program reviews and budget formulations. In addition, the Director of Laboratories and Clinics serves as principal adviser on scientific issues to the Director, NIH. The NIH arrangement is thus fortunate in being able to provide for intimate, continuous scrutiny of this research and development establishment.

Question 8. Do all of the directors of HEW's in-house laboratories have discretionary funds or its equivalent?

(a) *What is the average amount as a percentage of the laboratory's budget?*

(b) *If all of the directors do not have such funds, what criteria are there to determine who gets it and who does not?*

(c) *What criteria are used to evaluate the work performed with such funds?*

Answer. Separate "discretionary funds" are not available as such to DHEW laboratory directors. There are, however, procedures of varying formality to permit managers of research programs some flexibility to meet unanticipated needs and take advantage of opportunities of special value. Within the separate appropriations and budget items, of course, a reasonable amount of flexibility rests with the program manager in selecting and shaping projects. If a new project represents a sufficiently significant departure, formal reprogramming of funds may be called for and may require authorization at several administrative levels above the program manager, and eventually from Congressional Committees.

In this context it would not be very useful for us to try to quantify this element of flexibility as a percentage of budget, though some description and examples from the experience of the NIH will provide insight into its magnitude and usefulness.

It is important to recognize that the various Institutes have their own annual appropriations which they defend before the subcommittees of the appropriations committees in both houses of Congress. The Director of each Institute and Division is responsible for the entire program, and the laboratory director, who in NIH terminology is referred to as the Scientific Director, or some other Associate Director acts on delegated authority from the Institute Director. He is, however, responsible to the Institute Director and to the Director of Laboratories and Clinics, NIH, for the conduct of research carried out by Federal scientists in Federal installations.

The Director, NIH, reserves a fraction of the Institute's budget as a Director's Reserve. This has been as high as 2 percent and as little as one-quarter of one percent of the total direct operations money. In fiscal year 1968 this was an aggregate of \$384,000—in essence a contingency fund. It is the intent of the Director, NIH, that the money be spent for the budget category from which it was reserved, and indeed this is usually the case. It gives an opportunity for an Institute Director to request release of reserves for a number of purposes, among