in the NASA centers—work which makes only minor demands on "Research and Development" funds, for technical equipment and the like. This is typical of much of the workload at the Langley, Lewis, and Ames Centers, for example. In the time of the NACA, these laboratories operated entirely on a "Salaries and Expenses" appropriation, with no "Research and Development" appropriation at all. While they now also have responsibility for substantial amounts of "Research and Development" funds for work performed by contractors, the NACA pattern of laboratory work done by civil service people is still their basic mode of operation, and much of our most important work in advanced research and technology, both on aeronautics and space, is done in this way. The requirements for this work have not been reduced by the reductions in "Research and Development" funds.

I have stressed this point, with examples drawn from our major centers, because it is the fundamental reason why we have found in our detailed reviews that we cannot acceptably make reductions in "Administrative Operations" of the magnitude indicated by the Congress and still carry out the intent of the Congress as contained in the Authorization and Appropriation Acts.

The level of "Administrative Operations" required depends on the work that needs to be done, and cannot be determined by percentage relationships to "Research and Development" in the total NASA budget.

Let me summarize briefly the actions we have taken in administrative operations and the results of the reviews we have made.

As it became apparent that the final NASA fiscal year 1969 appropriations, including Administrative Operations, would be significantly reduced from the budget request and that additional Government-wide reductions would undoubtedly be imposed in response to the then pending Revenue and Expenditure Control Act, actions were started within NASA to begin the necessary adjustments to its planning and operations. A series of intensive reviews involving all principal headquarters and center officials was initiated. In early May, while these reviews were proceeding, authority throughout the agency to employ new personnel was sharply curtailed so as to develop the maximum flexibility to respond to the expected lower funding levels in fiscal year 1969. This action restricted the replacement of positions vacated through separation to only one out of every four separations, with the exception of the Manned Spacecraft Center, Kennedy Space Center, and Goddard Space Flight Center, which had to be exempted because of the heavy Apollo requirements.

We examined carefully the actions that would be necessary to reduce the "Administrative Operations" account to the $603.2 million authorized by the Congress. It was found that, after all costs other than personnel compensation were reduced as much as possible, the $603.2 million level would still require us to eliminate 2,570 man-years of civil service effort. Had we taken this course of action immediately and if a reduction in force could have been implemented in time to remove employees from the rolls by September 1, we would have had to eliminate about 4,900 positions. This number of positions would have had to be reduced in order to generate dollar savings corresponding to the 2,570 man-years, because employees, of course,