

Y4
.Ap 6/1
In 2/2/963/PT. 4

8914
Ap 4/1
In 2/2
963
pt 4

INDEPENDENT OFFICES APPROPRIATIONS FOR 1963

GOVERNMENT
Storage



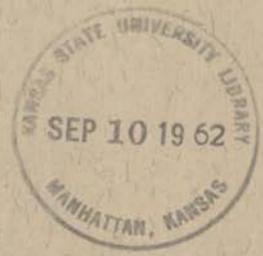
HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES EIGHTY-SEVENTH CONGRESS SECOND SESSION

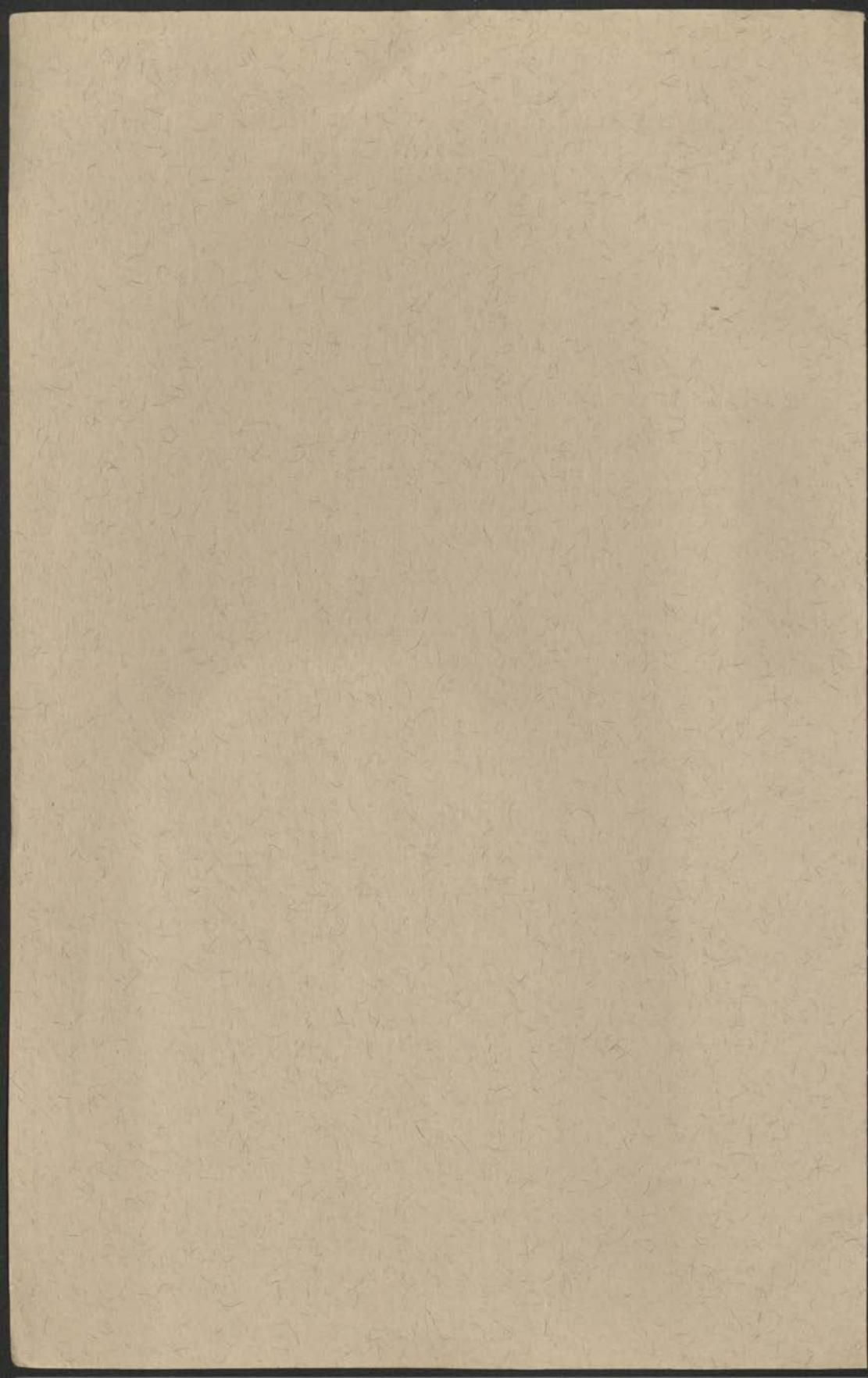
SUBCOMMITTEE ON INDEPENDENT OFFICES
ALBERT THOMAS, Texas, *Chairman*

SIDNEY R. YATES, Illinois
JOE L. EVINS, Tennessee
EDWARD P. BOLAND, Massachusetts
HAROLD C. OSTERTAG, New York
CHARLES RAPER JONAS, North Carolina
JOHN J. RHODES, Arizona
G. HOMER SKARIN, *Staff Assistant to Subcommittee*

PART 4 AMENDMENTS TO 1963 BUDGET PUBLIC BUILDINGS PROGRAMS, GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations





INDEPENDENT OFFICES APPROPRIATIONS FOR 1963



HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES EIGHTY-SEVENTH CONGRESS SECOND SESSION

SUBCOMMITTEE ON INDEPENDENT OFFICES

ALBERT THOMAS, Texas, *Chairman*

SIDNEY R. YATES, Illinois

JOE L. EVINS, Tennessee

EDWARD P. BOLAND, Massachusetts

HAROLD C. OSTERTAG, New York

CHARLES RAPER JONAS, North Carolina

JOHN J. RHODES, Arizona

G. HOMER SKARIN, *Staff Assistant to Subcommittee*

PART 4 AMENDMENTS TO 1963 BUDGET PUBLIC BUILDINGS PROGRAMS, GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1962

COMMITTEE ON APPROPRIATIONS

CLARENCE CANNON, Missouri, *Chairman*

GEORGE H. MAHON, Texas
HARRY R. SHEPPARD, California
ALBERT THOMAS, Texas
MICHAEL J. KIRWAN, Ohio
JAMIE L. WHITTEN, Mississippi
GEORGE W. ANDREWS, Alabama
JOHN J. ROONEY, New York
J. VAUGHAN GARY, Virginia
JOHN E. FOGARTY, Rhode Island
ROBERT L. F. SIKES, Florida
OTTO E. PASSMAN, Louisiana
SIDNEY R. YATES, Illinois
FRED MARSHALL, Minnesota
JOE L. EVINS, Tennessee
JOHN F. SHELLEY, California
EDWARD P. BOLAND, Massachusetts
DON MAGNUSON, Washington
WILLIAM H. NATCHER, Kentucky
DANIEL J. FLOOD, Pennsylvania
WINFIELD K. DENTON, Indiana
TOM STEED, Oklahoma
HUGH Q. ALEXANDER, North Carolina
ALFRED E. SANTANGELO, New York
JOSEPH M. MONTOYA, New Mexico
GEORGE E. SHIPLEY, Illinois
JOHN M. SLACK, Jr., West Virginia
DALE ALFORD, Arkansas
JOHN LESINSKI, Michigan
JOHN J. FLYNT, Georgia

JOHN TABER, New York
BEN F. JENSEN, Iowa
H. CARL ANDERSEN, Minnesota
WALT HORAN, Washington
IVOR D. FENTON, Pennsylvania
GERALD R. FORD, Jr., Michigan
HAROLD C. OSTERTAG, New York
FRANK T. BOW, Ohio
CHARLES RAPER JONAS, North Carolina
MELVIN R. LAIRD, Wisconsin
ELFORD A. CEDERBERG, Michigan
GLENARD P. LIPSCOMB, California
JOHN J. RHODES, Arizona
JOHN R. PILLION, New York
PHIL WEAVER, Nebraska
WILLIAM E. MINSHALL, Ohio
ROBERT H. MICHEL, Illinois
SILVIO O. CONTE, Massachusetts
WILLIAM H. MILLIKEN, Jr., Pennsylvania
EARL WILSON, Indiana

KENNETH SPRANKLE, *Clerk and Staff Director*

INDEPENDENT OFFICES APPROPRIATIONS FOR 1963

MONDAY, JULY 9, 1962.

GENERAL SERVICES ADMINISTRATION

PUBLIC BUILDINGS SERVICE PROGRAMS IN WASHINGTON, D. C.

WITNESSES

BERNARD L. BOUTIN, ADMINISTRATOR
LAWSON B. KNOTT, JR., DEPUTY ADMINISTRATOR
**WILLIAM P. TURPIN, ASSISTANT ADMINISTRATOR FOR FINANCE
AND ADMINISTRATION**
C. D. BEAN, COMMISSIONER, FEDERAL SUPPLY SERVICE
ROBERT T. DALY, REGIONAL ADMINISTRATOR, REGION 3
**WILLIAM A. SCHMIDT, DEPUTY COMMISSIONER, PUBLIC BUILDINGS
SERVICE**
ROBERT GRIFFIN, ASSISTANT ADMINISTRATOR

Mr. THOMAS. The committee will please come to order.

We have with us this morning our friends from the General Services Administration. We asked them to come over and discuss with us the problems confronting the GSA and the Nation dealing with construction of public buildings.

We have with us the very able Administrator, Mr. Boutin, and his able deputy, Mr. Knott; Mr. Turpin, head of Administration and Finance; and Mr. Schmidt, Deputy Commissioner, Public Buildings Service.

It is a pleasure to welcome all of you.

We note in the paper there is a little activity going on between two groups of real estate people, one from New York and one local, on the subject of construction. The committee has no information on it. We sometimes get our information from the papers, and sometimes we like to have it firsthand from the agencies.

The agency is going to construct something like 1 million square feet, quoting the newspaper, of office space in the District of Columbia. We would like to know something about it. Where are you going to build it? Under what authority? What are you going to use for money? Who is going to occupy it? Who is going to pay for it?

Why the friendly interest between New York real estate people and those in the District of Columbia?

We would like to know further what the necessity is for the increased square footage in view of the fact that you now have a number of new office buildings in the District of Columbia and you are building some more. You have just completed the Central Intel-

ligence Agency Building outside the District. You have several more new ones in the area.

RECENT NEWSPAPER ARTICLE ON LEASE-CONSTRUCTION PROGRAM

I am sure it is not a secret. Perhaps it is our fault we do not have the information. We now ask you to give it to us. We have a newspaper article here which says GSA has agreed to lease 626,000 square feet of office space in suburban Washington and is seeking another million square feet downtown. We will insert this article in the record.

(The article referred to follows:)

CONTRACTS OF \$2.7 MILLION—GSA TAKING SPACE IN 8 BUILDINGS PLANNED FOR SUBURBAN LOCATIONS

The General Services Administration has agreed to lease 626,164 square feet of Federal office space in eight buildings to be constructed in nearby Maryland and Virginia.

A GSA spokesman said the agency will offer contracts totaling \$2,669,151 at an annual rate of \$4.26 per square foot. Under the bidding terms, all of the buildings are to be ready for occupancy by May 15.

A spokesman said the eight buildings were chosen from 22 submissions by firms on March 27. The agency specified that all buildings should be within 8 miles of the Ellipse.

In an effort to catch up with the demand for more Federal offices, GSA also is seeking bids for 1 million square feet of space within 4 miles of the zero marker.

As a result of the March competition, the Arlington County real estate firm of M. T. Broyhill & Sons Corp. plans two buildings in that county. One will provide 57,373 square feet of space for the Commerce Department at Glebe Road and North Fairfax Drive. The other will supply 30,100 square feet at Vermont Street and North Fairfax Drive for the GSA. Both contracts will be for 5 years.

Locations of the other buildings, their developers, and the amount of space they will provide for Government agencies are:

Arlington—1111 North 19th Street, Lynn Equipment Co., 20,000 square feet for the Defense Department.

Bethesda—5333 Westbard Avenue, Dr. Leslie N. Tauber & Associates, 138-199, Health, Education, and Welfare Department; 4915 St. Elmo Avenue, Darius Phillips, 60,373, Atomic Energy Commission.

Hyattsville—East-West Highway and Belmont Road, Byrd & Spruell Development Corp., 171,659, Agriculture Department.

Silver Spring—7915 Eastern Avenue, Willste Building Corp., 92,420, Commerce Department; Colesville Road and East-West Highway, 56,220, Geological Survey.

STATEMENT OF THE ADMINISTRATOR

Mr. BOUTIN. If I might, I have a statement I would like to submit for the record that gives the highlights of the entire space situation in the metropolitan Washington area. It outlines our requirements, what we would like to do, and if I may put this in the record, I would like to speak directly.

Mr. THOMAS. Put it in the record.

(The statement referred to follows:)

STATEMENT OF BERNARD L. BOUTIN, ADMINISTRATOR OF GENERAL SERVICES

Mr. Chairman and members of the committee, knowing the constant interest which your committee has in the programs of the General Services Administration, I am delighted to appear before you to discuss GSA's first major effort at a long-range, clearly defined and determined program to solve one of its most perplexing space problems, a program which will save a substantial sum in

rentals as well as make it possible for Federal agencies to consolidate their operations and do a more efficient job in carrying out their mission.

The problem of office space in and around the District of Columbia is most acute. Each year the needs outdistance all efforts to catch up. The space situation is disorderly, inefficient and wasteful. The lack of adequate, modern permanent facilities for departments and agencies has forced GSA to continue to utilize temporary and obsolete buildings which are beyond the state of economical rehabilitation and to lease whatever privately owned space is available at a cost which exceeds by 10 to 70 percent the cost which GSA could lease space for if it utilized its long-term leasing authority and planned ahead for its leasing program in the same manner as the Congress authorized and directed it to do in its public buildings construction program.

As of March 31, 1962, Federal agencies were occupying space at 300 locations in the Washington Metropolitan area. This number increases daily with the demands on GSA for additional space. Of this number only 49 are permanent public buildings. Although this represents 23.3 million square feet of space which is 62 percent of the total, most of the remaining 38 percent is in small blocks scattered in 251 locations throughout the area. Fourteen percent in 41 locations is in 5.5 million square feet of temporary buildings; 10 percent in 63 locations is in 13.7 million square feet of obsolete buildings no longer suited for office occupancy; and 14 percent in 147 locations is in 5.2 million square feet of leased space. Much of this space is crowded, poorly lighted and ventilated and is not conducive to efficient work performance.

Space accommodations in the 49 permanent buildings are not in every case adequate, but GSA's repair and improvement program, together with additional new space to alleviate the present overcrowding and permit maximum consolidation of agency operations, will bring most of the space up to a reasonable standard in the next 5 years.

The 41 temporary buildings are a national disgrace. Three of these, containing almost 2 million square feet of space, were built in World War I. The remaining 38, totaling approximately 3 million square feet of space, were constructed at the beginning of World War II at a cost of \$4.75 per square foot and were designed for emergency wartime use with a projected useful life of from 5 to 10 years. While most were designed as temporary office type buildings, some were built as dormitories for civilian and enlisted personnel. All of these buildings have long since served the purpose for which they were originally constructed, and to continue to occupy them is neither safe nor economical. Their present condition is deplorable. Major repairs and improvements, urgently needed but deferred for years, would cost substantially more than their original construction cost and such an expenditure would still not result in space which would be structurally sound or lend itself to efficient space layout.

Virtually all of the space in the 63 buildings in the "obsolete" category is substandard. Many of these buildings are located on future building sites and are small structures, poorly lighted and ventilated, put to use only because of the critical space shortage which has persisted for the past 20 years. Much of the space in the 147 leased locations is barely adequate and some is clearly substandard.

As departments and agencies have grown they have had to spread out into many locations, some several miles from the office of the secretary or the agency head. Moreover, personnel components of bureaus with departments and divisions within agencies are in many cases widely scattered. Numbers of locations for various departments are: Defense, 57; Agriculture, 13; Commerce, 32; HEW, 31; Interior, 24; Justice, 17; Labor, 19; State, 19; and Treasury, 27. Although it is not always feasible to house an entire department in one building, and there are cases where separate quarters for certain activities are desirable, nevertheless, greater consolidation and reduction in number of locations is indicated if secretaries are to administer the affairs of their departments efficiently and economically. This is also true of the larger independent agencies such as HHFA and the Veterans' Administration.

Aggravating the critical space problem in the Washington area is the continued growth of Federal agency programs such as those administered by NASA, HEW, HHFA, State and Labor, just to mention a few. Within the past month we have been obliged to lease 626,000 square feet of space in suburban Maryland and Virginia, at an average cost of \$4.46 per square foot to meet urgently needed requirements of HEW, AEC, Commerce, Agriculture, Defense and Interior. Additional requirements of more than 600,000 square feet remain unfilled. Most urgent of these are 125,000 square feet for NASA's manned space

flight program; 115,000 square feet for the Department of Labor; 100,000 square feet for the Agency for International Development; and 220,000 square feet for HEW's Public Health and National Institutes of Health programs.

To further compound the problem, our space inventory is being continually reduced by demolition of existing structures in order to make way for other public works or to fulfill requirements of law. Fortunately, most of this so far has been temporary buildings. Since the end of World War II we have had to demolish 38 temporary and obsolete buildings containing 1.4 million square feet of space for site clearance and other public works. Planned public works will result in the further demolition or loss of an additional 3.3 million square feet of space within the next 6 years. Furthermore, we are not only authorized but directed by law to demolish and remove temporary building space in the District of Columbia equivalent to that relinquished by the Central Intelligence Agency (sec. 401, Public Law 161, 84th Cong., approved July 15, 1955). This alone will amount to approximately 1 million square feet of space.

Overcoming these problems requires a clearly defined and determined program to provide new space. The General Services Administration has underway a long-range construction program to meet Federal space requirements in the Washington area. Four buildings, FOB's 8, 9, and 10, and the Employment Security Building, providing 1.6 million square feet of modern, general purpose office space are now under construction and are scheduled for occupancy in 1963. FOB 7, the Court of Claims Building, and the GPO printing plant, authorized and funded, will provide an additional 400,000 square feet of space by the fall of 1965. FOB 5, authorized and now being designed, will provide an additional 980,000 square feet of space by spring 1966. However, even under the most optimistic programing it will be years before sufficient facilities can be constructed to meet the total needs which are estimated at about 13.3 million square feet of space. Furthermore, even under an aggressive construction program prudent planning would not dictate that the Federal Government construct buildings for its total requirements. About 10 percent of the space inventory should be leased in order to provide flexibility for dealing with new requirements and program changes. We believe that the increment of leased space in the National Capital area should total about 3 million square feet of office-type space. As of March 31, 1962, the ratio of leased to total space under GSA control in 20 urban centers with a population of one-half million or more was 29 percent. The ratio for the Washington area was 9 percent for office-type space.

Leased office space should afford Federal agencies the same advantages as do buildings under Government ownership. The space should be planned and designed to give the Government the optimum advantage in utilization with space suited to and readily adaptable to agency programs. It should be in large blocs so as to permit consolidation of agency operations and should be convenient to departmental and agency headquarters. It should not be in small bloc scattered over the entire metropolitan area as is the case at present.

For the past 20 years the privately owned spaced leased by the Government in Washington has averaged 4.1 million square feet. Most of this has been leased because it was the only space available. Most of it was scattered throughout the metropolitan area in small blocs just as it is today, offering little opportunity for consolidation of agency operations and adding to the cost of agency programs because of increased communication and other costs.

GSA has not done an effective job of planning ahead in its leasing program. As a result we have had to pay premium prices for small blocs of space to accommodate the ever-expanding programs of Government. Rates for space acquired since January 1, 1961, in Washington average \$4.87 per square foot, with downtown space costing as much as \$6.22 per square foot. Furthermore, the Government's demands for space are removing from the market space which would otherwise be available for commercial use and expansion.

With better space use at less cost as our objective and with the knowledge that we will have a continuing need for about 3 million square feet of general purpose leased space, we recently invited bids for 1 million square feet of space, preferably in a single location consisting of not more than four buildings, for a firm term of 10, 15 or 20 years. Delivery was requested no later than July 1, 1964. The invitation solicited offerings within a 4-mile radius of the zero milestone in Washington, D.C. One offering at \$3.98 per square foot, fully serviced, was for 918,000 square feet to be constructed on a site within walking distance of many of the public buildings on the mall. Another offering at \$4.18 per square foot was for a building to be constructed near the Pentagon.

The offer of space at \$3.98 per square foot is in marked contrast to the offering accepted last month for eight blocs of space averaging \$4.46 per square foot for terms of 5 to 10 years and ranging in size from 20,000 to 172,000 square feet, all of which were located in suburban Maryland and Virginia almost 8 miles from downtown Washington. Offerings within the last 90 days for space in downtown Washington ranged from \$4.77 to \$6.84 per square foot.

Our new approach to meeting the Government's space needs will not only provide the kind of space needed, at a location where it is needed, in sufficient quantity to permit the economies of consolidation but will save the Government \$1 to \$3 million a year in its rental bill. The only alternative is to continue to lease whatever the market has to offer, at premium prices, in widely scattered locations or to fill our total space requirements through construction which already is being programmed as fast as possible but which cannot keep pace with the continued expansion of Government and space losses resulting from other public works construction.

In conclusion, in the interest of economy and efficiency, and in conformity with the recommendations of the President's ad hoc committee on space, it is our position that GSA should:

1. Continue an aggressive program of public building construction and repair and improvement of existing permanent buildings.
2. Meet the balance of our requirements through the leasing of large blocs of space.

We believe, Mr. Chairman and members of the committee, that our plan for housing the Federal establishment in the Metropolitan Washington area is sound. It will go a long way toward correcting the situation which now exists and will save substantial sums in rentals for years to come.

CURRENT SPACE SITUATION IN WASHINGTON, D.C.

Mr. BOUTIN. Actually, here is the situation we find ourselves in, Mr. Chairman. We have space in about 300 locations in the Metropolitan Washington area. GSA, as I am sure this committee realizes because you have spoken to it in various hearings we have had, has in the past been acting pretty much as a fire department. We get a request from an agency on a given date that they need space and they need it immediately. As soon as Congress authorizes the program, or because of changes in their program, they need increased space or they need special use space or they need space for a completely new program. We have had to lease that space. The net result has been, we have dispersed agencies all through the metropolitan area.

Mr. THOMAS. Why this great need all of a sudden for space? The Federal employment figures throughout the Nation have not risen appreciably in the last few years. The Civil Service Commission tells us they have a general overall figure of about 2,450,000, and it has not varied much in the last 3 or 4 years. Why the sudden need for space?

In the last 3 or 4 years you have built a half dozen new buildings in the general area of the District of Columbia. The record will show the number of completed buildings, perhaps some 50 or 60, covering an expenditure in excess of half a billion dollars. Why the sudden need?

Mr. BOUTIN. A lot of this need, Mr. Chairman, has developed from two sources—one has been, we have torn down a substantial amount of space to make way for the highway construction program, to make way for the construction of the new stadium. Besides that, we have new programs—the man-in-space program is one where we have to provide space. We are working with NASA on a day-to-day basis trying to give them the space they need.

Mr. THOMAS. You have put your finger on the problem the committee has been concerned with for 5 or 6 years.

TEMPORARY BUILDINGS DEMOLISHED

How many square feet of space have you torn down to get rid of these temporary buildings? One of the vehicles you have used to tear them down is the highway construction program and another was the construction of the new stadium. Does tearing down temporary buildings cause the immediate need for new office space? How many square feet have you torn down?

Mr. BOUTIN. About 1.5 million.

Mr. THOMAS. As a result of that, how many square feet of new space will you have to have and what will it cost you on an annual basis?

Mr. BOUTIN. If I might go back to a point I was making, by acting as a fire department on this space—and I am talking over a long period of time—for these small leases we have paid premium prices and in many instances have gotten inferior space as a result. We have made a long-range study, and we feel if we got into larger blocks of space, and this bid offering we have had is a good indication of it, we can let a lot of these small leases expire as they come up for renewal and save a substantial amount of money by getting into big blocks. The low bid on this 1 million square feet is \$3.98, fully serviced.

The most recent offering we have had in the metropolitan area, exclusive of the District of Columbia, has been \$4.46. In the District of Columbia, it has been \$4.87 average. We have paid up to \$6.22.

NEWLY CONSTRUCTED SPACE IN WASHINGTON

Mr. THOMAS. How many additional new square feet of construction have come into existence in the last 2 or 3 years in the District of Columbia and confines, and name the buildings.

Mr. SCHMIDT. The CIA building which contains 1,010,000 square feet and FOB 6, which contains 340,000.

Mr. THOMAS. Who occupies that building?

Mr. SCHMIDT. NASA and HEW.

Those are the only two new buildings.

In addition there is the State Department extension to the existing building which provides slightly more than 1 million square feet.

Mr. THOMAS. That is brand new. It has not been occupied more than 15 months.

Mr. SCHMIDT. I would say about a year.

Mr. THOMAS. You have two or three buildings in addition to that.

SPACE PRESENTLY UNDER CONSTRUCTION

Mr. SCHMIDT. We have FOB 10 a and b under construction.

Mr. THOMAS. How many square feet in each of those?

Mr. SCHMIDT. In the two buildings, 750,000 square feet. We have under construction FOB 8, 280,000 square feet, a Food and Drug Administration building, and FOB 9, 450,000 square feet for the Civil Service Commission and the Federal Power Commission. We also

have the Employment Security building under construction containing 130,000 square feet for the Department of Labor.

Mr. THOMAS. How many square feet does that add up to?

Mr. SCHMIDT. About 1.5 million.

Mr. THOMAS. All of that is either newly constructed, or presently under construction?

Mr. SCHMIDT. The last four are under construction.

PLANS FOR LEASE CONSTRUCTION

Mr. THOMAS. What about that 1 million square feet of additional space that the newspapers have been speaking of? Is that in addition to the list you have just given us?

Mr. SCHMIDT. The 1 million square feet of leased space covered in the newspapers, is primarily for consolidation of a lot of existing leases.

Mr. THOMAS. Is that square footage in addition to the seven or eight buildings you have just enumerated?

Mr. SCHMIDT. That would be in addition.

Mr. THOMAS. What are we doing, trying to rebuild the District of Columbia and environment in the next 3 or 4 years? What is the purpose?

Mr. BOUTIN. It gives us the opportunity, by using our long-term leasing authority, to get into consolidated locations, and get out of small leases.

Mr. THOMAS. When you complete the program how much more is it going to cost you than you spent last year?

Mr. BOUTIN. When we complete the program, and we are talking over a 10-year period, with the forecasted new construction that is up to the authority of the committee, plus the consolidation of leases, we anticipate it is going to save us \$2 to \$3 million a year.

Mr. THOMAS. You are building more buildings, but your rent bill goes up. The more buildings you build, the more your rent bill goes up. That is hard for us to understand.

In addition to that, you are going to build another 1 million square feet for which you will pay rent. That compounds an already angry situation.

Mr. BOUTIN. But we will be getting rid of existing leases, Mr. Chairman. That space could not be delivered before 2 years, anyway. In that period of time we have a great many leases expiring.

Mr. THOMAS. Every year you have renewals coming up. There is nothing new about that. You are constantly renewing leases, or letting leases lapse and picking up other leases. That is an every-day operation with you. I do not see how you can figure in the next 6 or 8 years your rent bill is going down when you are taking on more space.

Mr. BOUTIN. We will be leasing cheaper per square foot, Mr. Chairman.

AUTHORITY FOR CONTEMPLATED LEASE-CONSTRUCTION

Mr. THOMAS. Which committee has approved this 1 million square feet of lease space you are contemplating building here in the District of Columbia?

Mr. BOUTIN. No committee, Mr. Chairman.

Mr. THOMAS. No legislative committee?

Mr. BOUTIN. No legislative committee.
 Mr. THOMAS. No appropriations committee?
 Mr. BOUTIN. No, sir.

FINANCING OF LEASE-CONSTRUCTION

Mr. THOMAS. How are you paying for it?
 Mr. BOUTIN. By getting out of existing leases as they expire. In other words, we are not talking of increasing the expenditures of the Government. We are talking of cutting back the expenditures.

Mr. THOMAS. But the record does not indicate that. The record indicates it is an increase. For the last 5 years it has gone up and up and up. Your justifications are quite complete. They show a plus for office space and a minus for leases given up, but the pluses always exceed the minuses.

FEDERAL EMPLOYEES HOUSED BY GSA IN WASHINGTON

Mr. RHODES. At this point in the record, would it be helpful to have a study of the average annual employment in the District of Columbia of the departments which are housed by the General Services Administration so we can get a clear picture of what their problem is?

Mr. THOMAS. I think that would help us.

Mr. OSTERTAG. Are you referring to the District of Columbia?

Mr. RHODES. Only the District of Columbia.

Mr. THOMAS. A very good suggestion. Insert that information in the record at this point.

(The information supplied follows:)

Employment in the District of Columbia area housed by General Services Administration by year and total personnel

1958.....	169,734
1959.....	170,331
1960.....	171,945
1961.....	179,182
1962 (through Mar. 31, 1962).....	181,012

NOTE.—The employment figures above are exclusive of the employment in classified agencies which has increased substantially.

RELEASE OF RENTED SPACE

Mr. EVINS. Mr. Boutin, how many leases expired as a result of the three new Federal office buildings that are now completed and occupied—NASA down here on Independence Avenue, the State Department, and the third new building you mentioned? How many leases were given up as a result of these three new buildings being constructed?

Mr. SCHMIDT. Actually, there has not been any reduction in the number of leases because of the continuing growth in the State Department, the Department of HEW, NASA, and other agencies.

Mr. EVINS. You said you built these new buildings so you could let the leases expire, but in these instances no leases have expired?

Mr. SCHMIDT. In these instances, no leases have expired.

Mr. EVINS. The committee has not seen a report of the amount of floor space released, or rent saved, by reason of these new buildings.

Mr. SCHMIDT. That is right.

Mr. EVINS. How about the four under construction; how many leases will expire as a result of these four buildings?

Mr. SCHMIDT. I believe there will be two on the Employment Security Building.

Mr. EVINS. How much floorspace for those?

Mr. SCHMIDT. I do not have the exact floorspace.

Mr. EVINS. Will you supply that and the savings in rental payments for the record?

Mr. SCHMIDT. Yes.

(The information supplied follows:)

Leased space to be given up when the following buildings are occupied:

Federal office building No. 8: None to be released.

Federal office building No. 9: 7,859 square feet at 2121 K Street NW., having an annual rental of \$34,000.

Federal office building No. 10-A: 35,987 square feet at 416-418 Fifth Street NW., having an annual rental of \$110,000.

Federal office building No. 10-B: None to be released.

Employment Security Building: 3,500 square feet in the Solar Building, 16th and K Streets NW., having an annual rental of \$19,999. Also, 37,265 square feet at 1724 F Street NW. This building, previously leased, was purchased by the Government from construction savings in February 1960.

Mr. EVINS. Only two leases will expire as a result of four new buildings presently under construction?

Mr. SCHMIDT. I am sure there will be some on the others. For Federal office buildings Nos. 8, 9, 10-A, and 10-B, which will house the Federal Aviation Agency and NASA, there will be some leases canceled.

Mr. EVINS. But you do not know the amount of savings and the amount of floorspace?

Mr. SCHMIDT. No, sir.

Mr. BOUTIN. A lot will be getting out of temporary buildings, NASA particularly.

Mr. EVINS. We already have NASA housed in this magnificent new building on Independence Avenue.

Mr. BOUTIN. In part. HEW and NASA share that building.

Mr. EVINS. Is GSA building NASA an additional building?

Mr. BOUTIN. Yes.

Mr. EVINS. Who will occupy the building on Virginia Avenue near the Interior Department?

Mr. SCHMIDT. The Civil Service Commission and the Federal Power Commission. The Civil Service Commission building will be transferred to the Smithsonian.

Mr. EVINS. What are you going to do with the old Civil Service Commission Building?

Mr. SCHMIDT. The building will be transferred to the Smithsonian Institution.

We also have one other building, the old Pension Office Building, which is occupied by Civil Service.

GSA CONSTRUCTION PLANS FOR WASHINGTON

Mr. BOUTIN. This is really the first attempt, that I have been able to determine, of GSA trying to put together a long-range, economical housing plan. To back that up, I have a plus here I know the committee will be interested in.

Mr. EVINS. I know you have supplied a statement I have not had an opportunity to read. Beyond the three buildings recently completed and the four under construction, tell the committee how many more are in your immediate plans for the next 4 years for construction. I know you are talking about a 10-year plan, but, please tell us about your plans, for 4 years, what you plan to do.

Mr. BOUTIN. We have FOB-7. We have the Court building. One will be on Madison and one on Jackson Place.

Mr. EVINS. What is to be housed in this building?

Mr. BOUTIN. The Court of Claims.

Both of those have been funded as to construction.

We have FOB-5 that is currently under design that we plan to turn over to the Department of Defense. That is not funded as to construction.

Mr. EVINS. Is this the Little Pentagon?

Mr. BOUTIN. Yes.

Mr. EVINS. Where is that to be built?

Mr. BOUTIN. Tenth Street Mall.

Mr. EVINS. How much floor space will be included in the "baby" Pentagon?

Mr. SCHMIDT. In FOB-5, 980,000 square feet.

Mr. BOUTIN. Then the Public Works Committees this year approved a building for the FBI that we have included in our sites and expenses appropriations that is being considered by this committee. This is in Washington. We also have the Geological Survey that is planned for Maryland approved by the Senate Public Works Committee, and a new Records Center that has been approved as a project by both Public Works Committees. The Geological Survey is not funded for sites or expenses. None are funded for construction.

Mr. THOMAS. Will you permit a question right at this point?

Clearly for the record, in your discussion with Mr. Evins and the other members, bring out in your 10-year plan your overall program which I understand is in the neighborhood of about \$3 billion, one-third of which will be for projects approved by the Congress that is outright construction, Government owned. Make a distinction between those projects and the \$2 billion extra in projects that will be lease constructed. Make a distinction between Government-owned and lease construction.

If my information is correct, it is at the rate of \$1 billion against \$2 billion. So keep that distinction clear in your discussion if you will.

Mr. EVINS. The Chairman was speaking of the 10-year program, and Mr. Boutin was speaking of a 10-year program. I was confining my remarks to your plans for the next 4 years.

How many buildings are you planning on constructing in the next 4 years? Enumerate please. Tell us the amount of floor space and which agencies will occupy them.

Mr. BOUTIN. Over the next 4 years, we will be pretty much confined to those that I have enumerated.

Mr. EVINS. Have all of those been authorized?

Mr. BOUTIN. Those have all been authorized.

Mr. EVINS. You testified earlier you are building some buildings without authorization?

Mr. BOUTIN. No. We are only going out for lease space without specific authorization, but we have leasing authority to lease up to 20 years.

Mr. THOMAS. That is what I was trying to bring out. One is called leased space, the other Government-owned constructed space.

Mr. BOUTIN. I can give you a forecast without them being in the precise order of priority over the next 8 years for new construction for funding purposes. Would that be helpful?

Mr. EVINS. I think you should supply for the record your 4-year plan and your 10-year plan, and tell which ones have been authorized by Congress and what you propose to build on your own initiative by your lease authority.

Mr. BOUTIN. I can speak to that very clearly.

PLANS FOR LEASE-CONSTRUCTION

As far as our leasing authority is concerned, what we intend to do by lease is simply to consolidate wherever it is possible if we get economic prices in single locations in big blocks what we now have scattered all over. We are not talking in terms of increasing the amount of leased space that we have.

We say, and this has been concurred in by the President's Ad Hoc Committee on Space Assignment, that we should maintain approximately 10 percent of our inventory in the Washington area in leased space to provide for the valleys and to provide for the peaks, and the rest should be, as fast as we can get it authorized and approved for funding by this committee, in Government-owned space. Right now, we have 62 percent of our total space in the metropolitan area in permanent buildings. These are buildings we certainly intend to keep. And with our repair and improvement program, we intend to improve as money is available.

We have 14 percent in temporaries, 10 percent in obsolete buildings, and 14 percent in leased space. This includes warehouse space, special purpose space and everything we control. Of the leased space, under 9 percent is office space. This compares with a national average that is substantially more than that. Again, we get to the point of public building construction, we are going as quickly as we can, and I know the committee is interested because they have approved funds for construction nationwide.

PROPORTION OF GOVERNMENT-OWNED AND LEASED SPACE

Mr. THOMAS. What is a good fair proportion of Government-owned space against rented space, first nationally and then in the District of Columbia?

Mr. BOUTIN. Ten percent in the District of Columbia?

Mr. THOMAS. Is what?

Mr. BOUTIN. Is a good fair proportion for leased space.

Mr. THOMAS. Only 10 percent of all occupied?

Mr. BOUTIN. Yes, sir.

Mr. OSTERTAG. Now?

Mr. BOUTIN. That is what our goal is.

Mr. THOMAS. What is it now?

Mr. BOUTIN. Right now, it is 14 percent—13.9 percent.

Mr. THOMAS. What was it 7 or 10 years ago?

Mr. BOUTIN. It has not varied appreciably.

Mr. THOMAS. Is that the national average?

Mr. BOUTIN. No. The national average would be more than that.

Mr. THOMAS. How much higher?

Mr. BOUTIN. 28.9 percent.

Mr. EVINS. We hear the observation around here that there is more construction going on in Washington, D.C., than in any other city in America, that we are oversaturated with work and overbuilding.

Mr. KNOTT. This is true on a current basis. In fact, our invitation to bid has generated, and this is publicly recognized, a great deal of interest in building here. Our great problem here has been that we are in competition with private enterprise of the amount of space that is available. It is not possible today for us to go out in the city of Washington and pick up 20,000 square feet of space in a single block. There is not that kind of space available.

We have been leasing on, as Mr. Boutin expressed it, on a firefighting basis.

LEASE-CONSTRUCTION IN WASHINGTON

Mr. THOMAS. If it is good for the taxpayers to own 90 or 85 percent of the total space occupied by Government in the District of Columbia, why is it not good to own 100 percent?

Mr. KNOTT. Precisely. If we could ever achieve that, but we are far from that now.

The fact is, in the District of Columbia between 1940, and until the CIA—

Mr. THOMAS. You are going out on your own without consulting the Congress and with the rankest type of back-door spending to build 1 million square feet in the District without any authority from the Congress.

Mr. KNOTT. In the—

Mr. THOMAS. I understand.

It looks to me, in order to protect yourself about it, you would want to consult Congress. Why not submit that program to the Congress?

Mr. KNOTT. The Post Office Department—

Mr. THOMAS. You are not responsible for what the Post Office Department does.

Mr. KNOTT. If this were made part of the—

Mr. THOMAS. The point is, you have not come before the Congress. Is there any reason why it should not be done?

Mr. KNOTT. If the legislation calls for—

Mr. THOMAS. When this authority was given you, I think Mr. Floete testified in here half a dozen times it was not going to be substituted for the authority of Congress and it certainly has been.

Mr. BOUTIN. I would like to make clear, as Administrator of GSA, I am happy to meet with this committee at any time on any part of our program.

Mr. THOMAS. There is no conflict of interest between GSA and this committee. We have worked hand in glove in the past and we are going to work that way in the future. We have the very highest re-

gard for you gentlemen, and we are going to keep you in that high esteem. That is why we are meeting here this morning, to discuss our common interest.

NEW CONSTRUCTION NOT RELEASING RENTED SPACE

Mr. EVINS. We build these buildings so we can give up leases that are costly, and yet GSA cannot enumerate specifically any number of leases canceled and the amounts saved. As I view the situation, that is the way it is.

Mr. KNOTT. That is true to some extent. We have had growth during the same period these new buildings have come in. The State Department plan for the extension of that building contemplated a reduction of 37 locations to 4. Now, as a practical matter, we got down to 19 for the State Department. Practically every one of those leases vacated by State were picked up and used by agencies such as the Peace Corps and others, so the expanding programs of State and others have picked up the lease space.

In the last year we have picked up the space in the five newest buildings that have been constructed in Washington. True, there is a great deal of construction underway in Washington, but 2 years ago only 1 million square feet was built in Washington to meet all the private and Government needs.

Mr. EVINS. You are building four new buildings and leases are expiring, and then some other agency comes in and says, we will pick up the lease, we need the space, so, actually, in reality, you do not cancel the lease at all?

Mr. KNOTT. That, unfortunately, is the practical effect. One that we have been forced to give up is a building that was in such bad condition it was not safe to continue to occupy it. I notice now the owners of the building are being forced to build a new building because there is not a demand for it. It cannot be leased.

We have been leasing buildings here for 40 years.

ALLOCATION OF ADDITIONAL SPACE FOR AGENCIES

Mr. EVINS. Who, in the final analysis, determines who shall be granted new and additional space? We know every agency is clamoring for more and more space. They want more and more offices. They claim more space requirements. Who makes the final decision as to whether or not X agency shall have a new building or a new additional lease?

Mr. BOUTIN. The Administrator of GSA.

Mr. EVINS. The Administrator has a committee that advises you and assists you on this; do you not?

Mr. BOUTIN. We do. We have the Administrator of GSA, if I understand your question correctly, and he has an Advisory Committee made up of the heads of various agencies and departments. Up until now we have not had the real authority, because the 1949 act on space assignment was subject to such directives as the President would issue. No President, until this morning, has ever provided such directives.

EXECUTIVE ORDER DELEGATING SPACE AUTHORITY TO ADMINISTRATOR, GSA

We have an Executive order that has been approved this morning—I only have one copy of it—I would like to supply a copy to the committee.

Mr. THOMAS. We are anxious to get it. Read it out loud so it will be in the record.

Mr. BOUTIN. "By virtue of the authority"—

Mr. THOMAS. How long have you been working on that?

Mr. BOUTIN. I have been working on that since I have been Administrator of GSA. Would you like for me to read it?

Mr. THOMAS. Yes.

Mr. BOUTIN (reading):

By virtue of the authority vested in me by the Federal Property and Administrative Services Act of 1949, as amended, and as President of the United States, it is hereby ordered as follows:

Section 1. The Administrator of General Services (hereinafter referred to as the Administrator) shall initiate and maintain plans and programs for the effective and efficient acquisition and utilization of federally owned and leased office space located in the States of the United States or in the District of Columbia or in Puerto Rico (hereinafter termed "in the United States"). The Administrator shall prepare and issue standards and criteria for the use of such office space and shall periodically undertake surveys of space requirements and space utilization in the executive agencies and initiate actions and formulate programs to meet the essential office space requirements of executive agencies. In carrying out these functions, the Administrator shall (a) coordinate proposed programs and plans for office buildings and space with the Bureau of the Budget, (b) obtain from the Civil Service Commission and the Office of Emergency Planning any information in the possession of those agencies which may bear upon such programs and plans, (c) take steps to relate programs for Federal office space to urban and metropolitan area planning and redevelopment objectives, (d) seek the cooperation of the heads of the executive agencies concerned with any of the foregoing, and (e) annually submit long-range plans and programs for the acquisition, modernization, and use of space for approval by the President.

Mr. THOMAS. So far I have not heard of any authority that you need.

Mr. BOUTIN. It is coming.

Mr. THOMAS. You have not gotten to it yet?

Mr. BOUTIN (reading):

Section 2. In carrying out the provisions of section 210(e) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(e)):

(a) The Administrator, and the heads of executive agencies, shall be guided by the following policies for the assignment, reassignment, and utilization of office buildings and space in the United States:

(1) Primary consideration shall be given to the efficient performance of the missions and programs of the executive agencies, with due regard for the convenience of the public served and the maintenance and improvement of the working conditions of employees;

(2) Maximum use shall be made of existing Government-owned permanent buildings which are adequate or economically adaptable to the space needs of executive agencies;

(3) Suitable privately owned space shall be acquired only when satisfactory Government-owned space is not available, and only at rental charges which are consistent with prevailing scales in the community for comparable facilities;

(4) Space planning and assignments shall take into account the objective of consolidating agencies and constituent parts thereof in common or adjacent space for the purpose of improving management and administration;

(5) The quality of office space for Government operations shall be appropriate for the efficient and economical performance of governmental activities,

while affording employees safe, healthful, and convenient conditions of employment.

(b) The Administrator shall assign and reassign office space in the United States upon his determination that such assignment or reassignment will serve to improve the management and administration of governmental activities and services, and will foster economy and efficiency. Prior to making such determinations, the Administrator shall consult with the heads of the executive agencies concerned and take fully into account their requirements, consistent with his responsibilities.

Mr. THOMAS. He gave you that authority?

Mr. BOUTIN. Yes.

Mr. THOMAS. Is he going to take it away further down the page?

Mr. BOUTIN. I do not believe so.

Mr. THOMAS. How much do you have left?

Mr. BOUTIN. Half a page left.

Mr. THOMAS. That is a dangerous half page.

Mr. BOUTIN (reading):

In the event that a head of an agency deems space assigned or reassigned to his agency to be unsuitable, and the agency head and the Administrator are unable to resolve the matter, the former, as promptly as may be practicable and in no event later than the effective date of the Administrator's assignment or reassignment, may make a written report thereof, including information and views pertinent thereto, to the President or to the Director of the Bureau of the Budget.

Mr. THOMAS. He is cutting it down now.

Mr. BOUTIN (reading):

Section 3. The heads of executive agencies shall (a) cooperate with and assist the Administrator in carrying out his responsibilities respecting office buildings and space, (b) take measures to give the Administrator early notice of new or changing space requirements, (c) seek to economize in their requirements for space, and (d) review continuously their needs for space in and near the District of Columbia, taking into account the feasibility of decentralizing services or activities which can be carried on elsewhere without excessive costs or significant loss of efficiency.

Section 4. The provisions of this order shall be subject to applicable provisions of law (including applicable provisions of any reorganization plan).

Section 5. To the extent that it pertains to office space and buildings, the letter of the President to the Administrator, General Services Administration, dated August 31, 1960, is hereby superseded.

This gives us two things. It gives us the authority to assign and reassign space. It also gives us a provision in here where the agencies, as their plans develop—even before they go before the Bureau of the Budget, even before they go to Congress for authorization, have to let us know what they have in mind so we can plan for it.

But now, the day after Congress authorizes a program, we are in trouble. We have right now 600,000 square feet of requests and there is no question in our minds, looking it over, it is needed, but we cannot fulfill it.

GSA PROCEDURE UNDER NEW EXECUTIVE ORDER

I am delighted to have this. Up until now we could go into an agency to study their space utilization, but we had no authority to try to make it stick. Strangely, with regard to space utilization, the difference between the national average and the picture in Washington, D.C., is 1 foot—153 square feet as compared with 154 square feet per person.

Mr. EVINS. Could it be said, Mr. Administrator, now with this new Executive order that you would not listen to the Congress as much as you have in the past on these matters; but that you will just go along and build all the buildings for which you think there is a need?

Mr. BOUTIN. The order does not say that, Congressman. We would not have any intention of doing that.

I think the chairman has well said this is a partnership arrangement. We have no wish at all to change that relationship.

My only point in coming before the committee this morning and talking about a long-range plan is because this is what I think the committee is looking to GSA to do, and I do not think we have ever done it. I take no credit for this. The people in the shop are the ones who have done the work on it, but I think it eminently sound.

Mr. THOMAS. That order is the most constructive thing I have seen come out of the White House in many years dealing with public buildings and office space. That, in my judgment, is overdue 20 or 25 years. There ought to be an agency in Government, and that agency is GSA, that should have the authority to say yes or no to an agency on allocation, assignment, or reassignment of space.

USE OF GSA LEASE-CONSTRUCTION AUTHORITY

There is only one thing that troubles me, and that is the use of our leased construction authority. You are using it as a substitute for congressional action whereby public buildings are wholly constructed with Federal funds and they belong to the Federal Government and the people.

LEASE PAYOUT PERIODS

How do you figure a lease construction deal?

Do you figure that as an 8-, 10-, 12- or 15-year payout?

You have authority for 20-year leases.

Mr. BOUTIN. Actually, right now our leases vary all the way from 1 year to I think a present maximum in Washington, D.C. of 10 years. I think that presently is our longest lease. And we are paying premium prices.

PROPOSED LEASE CONSTRUCTION

Mr. THOMAS. According to the newspapers, and that is all the information we have in here, we have no direct information, you are figuring on building 1 million square feet here in the District of Columbia and the construction cost will be in the neighborhood of \$18 to \$25 a square foot. You are taking the entire buildings, so that the builder is relying upon your contract. Is your contract 10 years, 15 years?

He is going to take that to his banker. We have some practical knowledge how these things work, as you gentlemen do. He is going to borrow every penny from the financial institution he can based upon your contract. He has a free ride and we know it. If there is any free riding going on, we think the taxpayers ought to have it, and certainly the taxpayers do not get it under your lease contract arrangement.

Mr. BOUTIN. The only choice, Mr. Chairman, is that we either get into big lots at a rate that is far less than what we are paying now, or we continue to lease small blocks at higher prices.

Mr. THOMAS. You mean to say that under your lease arrangement, you are paying far less than if you build the building with appropriated funds and the taxpayers owned it?

Mr. BOUTIN. No, sir.

Mr. THOMAS. Which is the cheaper?

Mr. BOUTIN. To build and to own.

Mr. THOMAS. Why not do it?

Mr. BOUTIN. Because unless this committee gives us other directions, going that fast in our construction program, we are still going to have some leased space.

Mr. THOMAS. This committee has gone along with you year after year except when you want to continue a lease-purchase program or some extravagant measure. Let it be said for the record that the good, common horsesense of GSA is such that they are the first ones to point out the extravagance of lease-purchases and other inefficiencies in other programs.

You folks carry the ball and we give you credit for it. We admire you for it and that is the reason we think you are a great agency.

Mr. EVINS. We think GSA is a great agency but my position is that somebody ought to keep the lid on building cost and lease costs. Somebody ought to exercise authority not to just authorize a new building every time some agency wants some more space. I think the lid has to be held on, especially in the District of Columbia.

Mr. BOUTIN. We agree.

Mr. EVINS. We recognize, when the Congress authorizes a new building such as for the Smithsonian Institution, and passed by the legislative committee, we provide the appropriation for that, but just for the Administrator to approve every building that there is a demand for, I think somebody ought to hold the lid on this thing for awhile.

ASSIGNMENT AND UTILIZATION OF SPACE

Mr. BOUTIN. We do not do that now with the Executive order. We will be in a better position to enforce elimination of, where necessary, any extravagance we see in space requirements.

The difficulty, again, is how fast can we go to meet our requirements in new appropriations? How much of our inventory are we going to keep in leased spaced to take care of the peaks and valleys and how can we do it most efficiently?

Mr. EVINS. You have to recognize the necessity and make a judgment as to which agencies require what and whether they really need this space and also the matter of economy. Those are judgments that you, as Administrator, have to make.

Mr. BOUTIN. Another complication we have is that the agencies finance, through their own budgets, their first-year requirements for space. They come to us on this. They are authorized a certain program, a certain level of employment, and they come to us as the service agency to them to provide the space. We try to make the best judgment we can as to how they can best utilize that space but we do not have the authority, as I see it, to say that we do not care if the Congress authorized it or not, they are just not going to have it.

Mr. KNOTT. We do see in this, Mr. Evins, a chance of getting a sufficient block of space so that we hope this will replace some of the scattered locations and we can deal with it as an agency in much this fashion: The agency is located now in four locations with 120,000 square feet and it would be our hope that we can deal with that agency in terms of putting them into 100,000 square feet in a single location in this new building. This results in economies in their operation where they are sending messengers between these four locations day in and day out, as well as duplicating administrative facilities and we would achieve economies in that fashion. We would achieve economies in saving 20,000 square feet and by a longer term lease, we would be getting economies that come from a large leased block of space.

Mr. EVINS. This is Parkinson's law and there seems to be no end to it. We built a Pentagon, the biggest building in Washington, and now they have to build a Junior Pentagon.

I know of a fine efficient agency of the Government housed in one building here in the District and now they have a brand new building out in Virginia and they have confusion with messengers running out to Virginia to their sprawling staffs outside the District.

I just do not think you have to approve and OK every demand for every bit of space that every bureau and agency says it needs.

Mr. KNOTT. Yes, sir.

Mr. EVINS. I do not think you are providing efficiency or economy by doing so.

Mr. KNOTT. The fact is, we have been leasing in excess of 3 million square feet in Washington over 20 years, on a year-to-year basis. Some of these buildings we have been in for 40 years. They are inefficient and the owner has gotten the money years ago and we are still paying the rent.

Mr. EVINS. The building next to the White House used to be called the State, War and Navy Building; three agencies in one. Such a thing as this is now almost unthinkable.

Mr. THOMAS. Any further questions?

Mr. YATES. Yes, Mr. Chairman. Off the record.

(Discussion off the record.)

Mr. BOLAND. With the issuance of this Executive order, an agency of the Government is now getting some clear-cut responsibility in this field. I think this is good and I commend the GSA and I am sure the committee does, too, with the position that the Administrator takes that this is an effort to coordinate some tremendous problems the Government has with respect to building for Government use and also leasing for Government use.

As the Administrator knows, and I am sure members of the committee know, this partially stems from the President's Committee on Federal Space Requirements on which the Administrator of GSA serves, as well as other high officials of the Government.

With respect to that, I note in that Committee report, over a 10-year period, you do provide for the building of particular office buildings in the District of Columbia and close to the District of Columbia. I also noted in that report there was a projection where you would reduce the number of leased spaces in this area by how many million square feet?

Mr. BOUTIN. About 1 million square feet.

PURPOSE OF LEASE CONSTRUCTION

Mr. BOLAND. With reference to the six or seven buildings the Chairman mentioned that you were going to build, where are they to be located? Is this the 1 million square feet we have been reading about in the newspapers?

Mr. BOUTIN. We have bids at various locations within a radius of 4 miles.

Mr. BOLAND. Are all of these buildings approved by the appropriate committees of the Congress?

Mr. BOUTIN. No, sir; they are not going to be Government-owned buildings. These buildings, with 1 million square feet, we said, could not consist of more than four buildings and preferably two; more preferably one building. This would be to consolidate the many leases we have now scattered all over the place and in about 147 locations.

Mr. OSTERTAG. New buildings?

Mr. BOUTIN. In these 147 locations?

Mr. OSTERTAG. Yes.

Mr. BOUTIN. Many of these are very old; for instance, the Walker-Johnson Building, Mr. Congressman. There was a space study made in 1915 when they said that within a few years we will get rid of this building and we will not need it any more, but we are still leasing it today. There are little bits and pieces of space all over the place.

PROPORTION OF LEASED SPACE

Mr. BOLAND. Of this 147 locations, this represents only 14 percent of what the Government uses in this area?

Mr. BOUTIN. That is correct.

Mr. BOLAND. Only 9 percent of this is used for office space?

Mr. BOUTIN. Under 9 percent.

CONSTRUCTION PLANS FOR WASHINGTON

Mr. BOLAND. With respect to leasing this space and consolidating the space that you hope to do under this program, in the number of new buildings now going up that are privately financed and privately built, have there been any negotiations by the GSA or by some of the agencies with the developers of these buildings?

Off the record.

(Discussion off the record.)

Mr. BOUTIN. The most recent space we have leased is No. 1 Farragut Square. I am talking about the downtown area and this space in No. 1 Farragut Square is for the National Capital Transportation Agency. We have leased space in the Lawyer's Club Building for NASA and space in the First National Building presently under construction.

I am not sure if the building referred to was the one involving one of the bidders on the 600,000 square feet we invited bids for this spring. I do not believe it was.

Mr. BOLAND. What do you envisage in your 10-year plan? Let us just take it for a couple of years. What do you plan to do with respect to building Government-owned buildings in the District of Columbia outside of FOB and 8, 9, and 10 in the Court of Claims

that I understand are fully funded. The next buildings you hope to build and for which you requested site and expenses funds are the FBI Building, the Geological Survey, and a GSA records center.

PROPOSED FBI BUILDING

Where do you plan to put the FBI Building? You requested money in the 1963 budget for sites and expenses.

Mr. BOUTIN. Sites and expenses.

Mr. BOLAND. Where do you intend to put that building?

Mr. BOUTIN. Our first thought was to put the building across Pennsylvania Avenue on the north side so it would be located close to Justice. With the President's ad hoc committee and a provision in that study which the President has accepted for a study of the development of the north side of Pennsylvania Avenue, which we think would be the place to locate it while this study is in process. Of course the Congress has now done away with the taking area that limited acquisition of sites for public buildings to a small area. Now we can go any place in the District. We have made no precise determination at this point where we would locate this building. We would have to make a site survey.

Mr. BOLAND. You could not see in the development of Pennsylvania Avenue construction any great new Government building on the north side of Pennsylvania Avenue?

Mr. BOUTIN. We have made no determination on this, pending the result of the study.

It would be our judgment it would be better to have a smaller building there than a million-square-foot type of building.

LEASE OF EVENING STAR BUILDING

Mr. BOLAND. Has the Government taken over the site where the Evening Star is located?

Mr. BOUTIN. We have leased the entire building that is being renovated. We expect space available sometime around September 1.

Mr. BOLAND. You have leased it for what purpose?

Mr. BOUTIN. Various agencies will occupy that.

Bill, do you have that information?

Mr. SCHMIDT. Justice, Federal Trade, and Federal Communications Commission.

Mr. BOUTIN. It is \$4.45 a square foot on a 5-year term.

Mr. BOLAND. Who is the owner of that property now?

Mr. BOUTIN. I am not sure.

Do you know?

Mr. SCHMIDT. I do not know.

Mr. BOUTIN. We can supply that for the record.

(The information follows:)

The Evening Star Building is owned by the DLW Corp.

COST OF LEASED SPACE

Mr. YATES. What is the comparison in cost between one of your 20-year leased projects and ownership of that same project?

Mr. BOUTIN. The most recent leases we have had in the downtown area of Washington has been \$4.87 average, but we are paying up in the \$6 range now because space is nonexistent and the low bidder on the million square feet is \$3.98.

The third lowest bidder, and this is in blocks of the size we are looking for, is \$4.18.

Mr. YATES. I do not know whether I phrased my question clearly: Where do you now have an agreement to build a 20-year project?

Mr. BOUTIN. We do not have.

Mr. YATES. None at all?

Mr. BOUTIN. We have gone out for bids up to 1 million square feet of space to test the market, to see where we would stand in an economic study. The results show clearly to me we would be in a better position if we can forecast our needs precisely, and I think we can, so that we can keep in balance the ratio of our leased to Government-owned facilities. That is far more economical—

BIDS ON LEASE-CONSTRUCTION

Mr. THOMAS. What were your requests for bids here in the District of Columbia for this million square feet? Was that 10-year lease?

Mr. BOUTIN. We had three options; 10, 15, and 20.

Mr. THOMAS. What were the prices per square foot on the 10, 15, and 20?

Mr. BOUTIN. Mr. Schmidt?

Mr. THOMAS. You have two fine contractors, a local one and a New York one.

Mr. BOUTIN. There were nine bids on these.

Mr. THOMAS. What were those for 10, 15, and 20 years?

Mr. BOUTIN. Bill, do you have it for the 10?

Mr. SCHMIDT. I have it for the alternate period which is 15 years.

Mr. THOMAS. The papers said around \$4.26 a square foot.

Mr. BOUTIN. That is \$3.98 on 20.

Mr. SCHMIDT. The low bid was \$3.98 on a 20-year basis.

The next bid was \$4.13 on a 20-year basis, as compared with \$4.50 on a 15-year basis.

Mr. THOMAS. How do you contemplate doing business on a 10-year lease?

Mr. BOUTIN. Depending on which is the most economical, Mr. Chairman. They were not required to bid on all three bases. They could bid on 10, 15, or 20, any combination.

Mr. THOMAS. Do you have the figures on the 10 and 15 years?

Mr. SCHMIDT. I have it here on the 20 and the 15.

TEN-YEAR LEASE BIDS

Mr. YATES. Why would they not bid on a 10-year basis?

Mr. BOUTIN. They have an advantage to be on a longer term because they can get better financing.

Mr. KNOTT. The contention of many was that they could not get that at less. Private enterprise is leasing for more than 10 years for space available.

Mr. YATES. Why would they make that contention?

Mr. THOMAS. No bidders on a 10-year basis?

Mr. SCHMIDT. I do not believe any were submitted on a 10-year basis.

LEASE OF PERIPHERAL SPACE

Mr. KNOTT. There has been this confusion in the discussion: We recently leased six buildings that are in the periphery, the outlying area, that average about \$4.50 a square foot. This was some 600,000 square feet and this is space to be delivered by May of next year.

In addition to that, we advertised for 1 million square feet to be delivered by June 30, 1964, and this gives opportunity for broader competition among people willing to bid if they could get the financing. Our problem 2 years ago, Mr. Chairman, when we leased the Universal Building was that we asked for delivery in the time when nobody, other than this building could provide the space.

Mr. THOMAS. \$4.50 a square foot is just about \$90 a square foot over the 20-year period.

None of the space is going to cost more than \$18 or \$21 a square foot to construct?

COMPARISON OF LEASED AND OWNED CONSTRUCTION

Mr. YATES. What would be a comparison between your 20-year bid and Government construction? How much would it have cost over a similar period? There must be a basis for comparison.

Mr. BOUTIN. Actually we make the basis of comparison on a 40-year term, Congressman. This gives us the best picture on making a comparison between Government-owned and non-Government-owned. We can provide that very easily.

As an example of the great range, six offers on this 600,000 square feet said they could offer any amount over 20,000; is that right, Bill?

Mr. SCHMIDT. That is right.

Mr. BOUTIN. We had 22 responsive bidders and the price per square foot ranged from \$4.29 to \$6.84. We picked up the space we needed in Maryland and Virginia because the space in the District of Columbia just was not competitive but we are increasing the cost to the Government every time we go outside.

Mr. YATES. I still do not have an answer on the comparison of costs. The answer that you gave me is that you would select the most economical method, lease or construction, and you have not yet told the committee what conclusion you came to with respect to bids you received, whether it would be more economical to use private construction or Government construction.

Mr. BOUTIN. Mr. Yates, actually there is no question in my mind at all, and I cannot bat this out with solid information on this particular case, but it is cheaper to have Government-owned space. Our problem is complicated by the temporary buildings where a judgment has to be made and made right away. Do we come into the committee with a great request for funds to put these things in shape or do we tear them down?

LEASING OF "LARGE BLOCKS"

Mr. OSTERTAG. Mr. Administrator, in line with the recommendations of the President's Committee and in your statement, you point up two major areas of concern and consideration; namely, the continuation of an aggressive program of building construction and coupled with that, repair and improvement of existing permanent buildings.

Mr. BOUTIN. Yes, sir.

Mr. OSTERTAG. In addition to that, you call for meeting the balance of requirements through the leasing of large blocks of space?

Mr. BOUTIN. Yes, sir.

Mr. OSTERTAG. I assume you mean on a long-range basis, 10- or 20-year lease?

Mr. BOUTIN. What I am actually getting at there, Congressman, is that it is our judgment we can do far better, costwise, in getting into large blocks with totals being equal.

Mr. OSTERTAG. What do you mean by large blocks?

Mr. BOUTIN. I am talking now, if we can limit our leasing to 500,000 square feet up to 1 million square feet, we can do substantially better costwise than we can be getting 10,000 from one owner and 20,000 from another.

Mr. OSTERTAG. Involved in this whole picture are additional requirements on the part of Government agencies as well as the situation with regard to temporary buildings and the condition of these buildings, plus the cost of leasing under the present arrangement which has been more or less overcostly? Is that the substance of it?

Mr. BOUTIN. It has been overcostly because GSA was having to act on a spur-of-the-moment basis. Today we have the need for 10,000 and we will fill it.

LONG-TERM SPACE REQUIREMENTS IN WASHINGTON, D.C.

Mr. OSTERTAG. I wanted to ask whether or not and in line with Presidential authority, the directive and the overall plan, as unfolded in this whole picture, you have been able to see what you are going to need by way of new buildings, and what you are going to need by way of improvements, and what you are going to need by way of leasing on a long-term basis that you speak of. Do you have that figured out spacewise, dollarwise, or in any fashion you want to express it?

Mr. BOUTIN. I think we do, Congressman. I think we have it in two ways. I think the statement we have provided to the committee speaks to that, and also the report of the President's ad hoc committee which actually was based on information we supplied to that committee.

Mr. OSTERTAG. Projected into the future?

Mr. BOUTIN. This is projected into the future over the next 10 years as to what we may need in the way of new construction, what are some of the most pressing and urgent needs, and a balance in the leased space as against Government-owned space. It deals with that and as we have discussed this morning, wherever possible, to decentralize. All of these things are dealt with in these two documents that constitute our long-range planning.

Mr. OSTERTAG. Does this report, or this recommendation, take into account the potential growth of the Government over the next 10 years as well as the number of agencies, the number of operations, programs, and more important than all, the total number of people that will be employed for which space will have to be provided?

BASIS FOR PROJECTION OF SPACE NEEDS

Mr. BOUTIN. We are estimating, Congressman, and some of the estimates have gone as high as 6,000. We do not agree with that but we have based our figures on an estimate that the Federal population in the metropolitan area will increase on an average of 2,000 employees a year, just on the basis of national growth and requirements of some of the programs. We cannot crystal-ball into the future any say what the new programs might be in space or atomic energy and so forth.

These are the best judgments that we can make but we do not look for any great increase in the Federal population as justifying our planning.

We figured 2,000 a year.

Mr. OSTERTAG. In recent years, there has been a terrific growth of new agencies and new programs and space requirements as you mentioned. We have the Peace Corps and many others that have come into being as well as others that have had a rapid growth. For example, take the case of FAA which has expanded tremendously. I am not quarreling with that but merely pointing out these facts and this reality. What is going to happen in the years ahead?

If we just keep going at the same rate, we will fall behind just as fast as you can catch up and growth is going to exceed your normal expectations of requirements.

Mr. YATES. You have to keep running just to stand still.

Mr. BOUTIN. I talked to the President several times about this and where we would make determinations as to space utilization. As some of these programs increase we are taking for granted some are going to decrease and by watching our space utilization, we are going to be able to keep within sensible bounds the requirements for space.

We have provided for peaks and valleys with an estimate of lease construction that will be apart from our permanent program. We would not want to come to this committee with a need forecasted for new buildings that did not materialize. I cannot think of anything more embarrassing that could happen.

ESTIMATED SAVINGS BY LEASING "LARGE BLOCKS"

Mr. OSTERTAG. Getting down to the dollars and cents aspect of this and in your statement you point out, as well as in the discussion here, that savings would accrue anywhere from \$1 million to \$3 million a year. It is hard to picture in my mind as to how these savings would be achieved.

For example, are they based on the fact that rental is more costly than Government-owned operations by way of dollars, or does it mean that leases would be of such a nature in length that you would realize a net saving?

Mr. BOUTIN. It means both, Congressman. Actually, in our forecasted plans of new buildings, we hope to be able to construct, we are estimating savings in that case, with Federal construction, Federal-owned construction, as against leased construction. The second point is that by leasing for longer terms in larger blocks, we can get a more favorable rate for the Government than we can by taking small leases that we have now, for which we are paying, in many instances, premium prices.

This very significant. This does not take into consideration the savings that would accrue in operations of the Federal Government itself by consolidation, and I think this is a very valid point.

Mr. OSTERTAG. When the Government builds a large building, it is like any other person, company, or corporation. It is a capital investment and there is considerable funding going into it; and then there is also the question of maintenance and operation, all of which is part of the cost in the operation of a new building.

It may be efficient and economical to have all Government-owned buildings and have them operated in that way as compared with leasing, but you cannot write off completely the cost by virtue of the fact that you have a new building rather than a lease, because new buildings cost money to capitalize, and cost money to operate, repair, and maintain.

In that connection, I would like to ask this question :

NATURE AND PROPORTION OF OWNED AND LEASED SPACE

Perhaps this has been answered before, but in the overall picture of the District of Columbia, I believe you said somewhere in the neighborhood of 10 percent of the space presently occupied is under lease?

Mr. BOUTIN. The total space, about 14 percent.

Mr. OSTERTAG. In other words, 86 percent of your requirements today are occupied and used by means of Government-owned buildings, temporary or permanent?

Mr. BOUTIN. That is correct.

Mr. OSTERTAG. What percentage are temporary as compared with permanent?

Mr. BOUTIN. The percent is as follows:

We have 62 percent permanent, 14 percent temporary, 10 percent obsolete, and 14 percent leased.

Mr. OSTERTAG. In your overall plans which your say are embodied in the report, what percentage would remain under a long-term lease proposition as compared with new buildings or permanent buildings?

Mr. BOUTIN. Not to exceed 10 percent.

Mr. OSTERTAG. In other words, your plan calls for continuation of approximately 10 percent on a leased basis?

Mr. BOUTIN. That is correct.

Mr. OSTERTAG. It would also call for complete transfer for temporary to permanent construction?

Mr. BOUTIN. That is correct; transfer from temporaries and obsolete buildings.

ANNUAL COST OF BUILDING PROGRAM

Mr. OSTERTAG. Your building program would be embraced within the 10-year period?

Mr. BOUTIN. That is correct.

Mr. OSTERTAG. What would be a general estimate of the costs?

Mr. BOUTIN. Over an 8-year funding period, if this were to be followed, it would call for an annual appropriation for the Metropolitan Washington area of somewhere in the vicinity of \$53 million. It has averaged in the past several years about \$27 million, I believe.

Is that correct, Bill?

Mr. SCHMIDT. Yes, sir.

Mr. OSTERTAG. Taking the same questions and applying them nationwide, throughout the country, outside the District of Columbia, what would the same program, carried forward for the same period of time and on the same basis, cost?

Mr. BOUTIN. We have localized the study to the Washington area and as I testified a while ago, 29 percent of our space nationwide is leased. However, we are making some pretty rapid strides on cor-

recting that to get into a lower category and more Government-owned by our construction program we are following.

Some communities now are in excess of 90 percent Government-owned. You also do not have the temporary buildings to contend with, nationwide.

We have some older buildings but we are taking care of these largely through the postal modernization program. We are getting into buildings vacated by post offices and are modernizing some of these under our R. & I. and extension and conversion programs. We are converting many of these into good Government-owned space.

PLANS FOR LEASED SPACE OUTSIDE WASHINGTON, D.C.

Mr. OSTERTAG. What percentage would remain on a leased basis as compared with permanent buildings outside the District of Columbia at the end of the 10-year period?

Mr. BOUTIN. I cannot speak as to the end of the 10-year period, but what we are looking for is precisely the same ratio with some communities being substantially higher; that is, those that do not have big fluctuating programs, programs like NASA or Atomic Energy, that may go up today and down tomorrow. Then you have FAA, Food and Drug, Internal Revenue programs for lease construction, special purpose space.

In the case of Internal Revenue, you have their ADP centers and even though this is their program, it does change the figures we are talking about. Food and Drug is almost exclusively leased space, long-term leased space, special purpose laboratories.

Then you have FAA with their facilities near the airports.

For instance, the space at Idlewild Airport—we are paying substantial money for it but nevertheless it does tend to increase the percentage of leased space nationwide.

Mr. OSTERTAG. Is there no thought or consideration given to lease purchase in any of this program?

Mr. BOUTIN. No, sir; none at all.

Mr. OSTERTAG. Getting down to the brass tacks of the situation, it is true that this committee is associated with the funding, or actually making moneys available as budgeted and programmed from year to year, but where do we come in, and what authority do you need other than what you have today, to move ahead with this program?

Mr. BOUTIN. We do not need any authority over and beyond what we have. All we need is a darn good close working relationship with this committee, Congressman. That is all we need.

Mr. OSTERTAG. Your purpose in discussing this matter with us now is to brief us as to your plans and to make sure we have some understanding of what you have in mind?

Mr. BOUTIN. Precisely. Actually, what we are here for, I take it, is to get some ground rules. I am a neophyte in this business of Government and I am looking to the committee for direction. Just as an indication, Congressman, of what has been done by this committee to date, when the 1959 act was passed—and many of you had a hand in that—it was estimated we had a backlog of \$3 billion in construction requirements.

Since the 1959 act this committee appropriated \$71 million for sites and expenses and \$354.4 million for construction nationwide.

We are gaining on this and it is a question of how we can achieve the greatest economies and which tools we are going to use.

Mr. OESTERTAG. What do you mean when you speak of "ground rules"? What do you want to establish with the committee in the way of ground rules? How fast you can go or what?

Mr. BOUTIN. I think what I am looking for is—and I have set forth the position as I see it this morning with this statement and the testimony we have given—if the committee disagrees with this and if the committee thinks we are wrong, then we would like to discuss it and be told so. This is all we are looking for.

Mr. RHODES. Mr. Chairman, may I go off the record?

Mr. THOMAS. Yes.

(Discussion off the record.)

CRITERIA FOR CONSTRUCTION OUTSIDE WASHINGTON

Mr. RHODES. Mr. Chairman, I would like to ask a couple of questions on the record now.

In constructing buildings outside of the District of Columbia, does GSA take into account the possibility that the Federal services might contract in the area, and you might need to resell these buildings for some other purpose?

In other words, are they constructed with the thought that they might someday have to be resold and the Federal investment salvaged?

Mr. BOUTIN. Yes, sir. In view of this, Congressman, what we do in selecting a site is that we try to get into a growing area, the best part of the community. We also try to get into a growth area where other new construction is going in, where our property will retain its value. In selecting our buildings on the basis of relative urgency, we try to confine our construction projects to those areas where we know, long-range, there is going to be continued utility for that facility.

We try to forecast this on the basis of a minimum of 40 years.

SPACE TO BE RENOVATED OR REPLACED

Mr. RHODES. Following along the questioning of the gentleman from New York, as I gather, 28 percent of the office space which you now have in the District of Columbia must be replaced or rebuilt if you get down to your 10 percent ratio for rental space.

Mr. BOUTIN. That is it precisely.

Mr. RHODES. How many square feet must be replaced or rebuilt?

Mr. BOUTIN. We have actually 5.5 million square feet of temporary buildings. We do not believe that long-range all of these should be replaced, at least within the next 10 years. I speak particularly of the Navy-Munitions Building. We think that can be rehabilitated. It is a reinforced concrete building. We will have to do something on cutting off the wings because of the roadway going through there, but the building itself can serve continued utility.

In general terms that is correct, 3.7 million square feet of obsolete buildings—Belasco Theatre, the old Auditorium right near the GSA building. There is a lot of that type construction.

Mr. RHODES. That would be replaced inside of 8 years?

Mr. BOUTIN. We hope, if this committee sees fit.

COST OF EIGHT-YEAR SPACE PROGRAM

Mr. RHODES. What average cost per square foot do you visualize?

Mr. BOUTIN. On pure office space I think we can actually come out with a figure of about \$26 or \$27. When you get into court buildings, you are into a different situation. In some we will do better than that.

Mr. RHODES. Does that include land acquisition?

Mr. BOUTIN. Land acquisition is a very big factor.

Mr. RHODES. Does the figure you gave me per square foot include land acquisition?

Mr. BOUTIN. Oh, yes, and design.

Mr. RHODES. Will the total in 8 years be somewhere around \$424 million?

Mr. BOUTIN. I can tell you precisely. About \$425 million is our best estimate. The only problem here is that we have in our plans figured that there was a possibility of HHFA being authorized to use their own funds on a loan basis to build their building. If this does not happen, then we have to figure another \$30 million approximately to bring together that agency.

EFFECT OF EXECUTIVE ORDER ON GSA RESPONSIBILITIES

Mr. RHODES. The new directive which you read into the record a while ago seems to me to delegate quite a bit of indirect responsibility to General Services Administration for either approving or disapproving reorganization of some of the Government departments merely because of the fact that the decision to reorganize must take into account the space needed and the space available. So would you not say this causes you to be deeply involved in the business of reorganization?

Mr. BOUTIN. Actually it gets us pretty deep into the everyday operation more than the organization or reorganization because this directive really does two things as far as GSA is concerned. It gives us the responsibility to assign and reassign space. It also gives us the responsibility to do some long-range planning and to get into the long-range planning of the agencies.

Mr. RHODES. In coming up with the answers as to the long-range need for space, is it not necessary for you to consider whether a particular agency is doing what it should be doing by law or whether it is doing more or less than it should be doing?

Mr. BOUTIN. Not really into its functions, I would not think, Congressman. I think it does give us a responsibility, getting back to the other question, that if an agency comes to us and says we are going to move that big outfit we have in Kansas City or Chicago to Washington, we can say that this is impossible. We do not have space, it is not economical, and we are going to disapprove it. We would make that decision before it even gets to the point of Bureau of the Budget and to the various committees of the Congress.

Of course, they can then go to the President or come to the Congress and have our opinion set aside.

Mr. RHODES. So your main function is still a logistical function as far as this situation is concerned?

Mr. BOUTIN. Yes, sir.

Mr. RHODES. I noticed in, I think, FOB 6, the one occupied by HEW and NASA, up on the top floor of that building there is a lot of glass. It looks like a great big beautiful entertainment space. What is the top floor of that building? Is it a cafeteria or a banquet hall?

Mr. BOUTIN. It is all NASA space. I have been through that space up there. They have a couple of sizable conference rooms. That is the only thing I can place that it might be. We have had some complaints on the lights in FOB 6 being on at night. We have had our maintenance people watching that very closely. The fact of the matter is a lot of these people are working nights. We have not found waste in that regard where they are just leaving them on because somebody is too lazy to turn them off.

Mr. RHODES. I should like to compliment the agency on the quality of building they do and the time they take to do it. I think they have put up about four buildings while we have been putting up this one Third House Office Building here.

Mr. THOMAS. They do a good job.

Mr. RHODES. We would have been better off had we asked them to do it.

Mr. THOMAS. I join Mr. Rhodes in his commendation of the agency.

EXECUTION OF LEASE-CONSTRUCTION CONTRACTS

As far as your lease-construction program in the District of Columbia is concerned, if I may summarize it, the matter is quite indefinite yet. You have not stated when you expect to sign a contract. The best information you have is that you have very few, if any, bids on a 10- or 15-year lease, mainly 20-year leases.

You are very indefinite on your cost figures. Your rent runs, I believe you said, up to \$4.50 on a 20-year basis. About the most definite figure you have given us is that your construction bill will increase about \$25 million a year, making it a total of around \$52 million or \$53 million a year. What concerns the committee is this lease construction that is clearly the most expensive method of providing government space.

We respectfully suggest to GSA that you withhold the signing of any instrument that would bind the taxpayers of this Government for 20 years, that you go back to the Bureau of the Budget and see if you can come back with some definite plans for direct appropriation and Government ownership of your necessary space in the District of Columbia.

CHICAGO, ILL., COURTHOUSE AND FOB

Mr. YATES. Mr. Chairman, may I ask the Administrator a question relating to a letter which I have just received from the Chicago Federal Center architects, dated June 28, 1962, addressed to me? It reads:

DEAR CONGRESSMAN YATES: We are seriously concerned over the disposition to be made of the proposals for the erection of the superstructure on General Services Administration project No. 11908, U.S. Courthouse and Federal office building. We earnestly solicit your intervention to assure the success of this project which has such great significance for the city of Chicago and the entire State of Illinois.

The facts are as follows:

The original prospectus for the project based upon the estimate of Public Buildings Service indicated a total cost of \$44,230,000.

The total cost based upon quotations actually received and a substantial contingency allowance now appears to be \$42,557,500.

Unfortunately, the appropriation which Congress has made available is only \$36,793,000.

At the present time the General Services Administration is pursuing two courses of action:

1. They have instigated a request from Congress for \$5,500,000 in order to go ahead with the present building.

2. In the event that the above fails, they are asking us as the architects and engineers to try to reduce the cost by approximately \$5,500,000.

It is our concern that such a reduction in cost is almost impossible and that, if achieved, will result in a very mediocre building unsuited to its function and reflecting no credit on its sponsors. We sincerely believe that the building as it is now planned is a simple, functional, and economical structure which gives proper representation to its purpose as a Federal courts and office building.

The figure of \$36,793,000 was what the committee voted upon the representation of GSA that this was all the building would cost; is that right?

Mr. BOUTIN. No. We came in for a greater appropriation, and the committee cut the appropriation.

Mr. YATES. When was that? The appropriation was cut only because we were told this was the amount you could get along with. What is the amount you need?

Mr. BOUTIN. I personally agree with the architect a thousand percent that we cannot cut very much out of this building without cutting quality.

Mr. YATES. What is the amount you need for this building?

Mr. BOUTIN. We need another \$5.5 million.

Mr. YATES. Will \$5.5 million be sufficient? Is \$5.5 million the amount needed to complete this building in the manner contemplated by the architects and GSA?

Mr. BOUTIN. Yes. I can say this. We are going out on a new set of bids. The only thing we can see that we could do to save a little money is to cut out the cafeteria. There are a few other little items that are insignificant where we may be able to reduce this by as much as \$800,000. We are going back on bids and see what happens. If we get real lucky, we may need only \$4 million or we may need \$5 million. I do not know. We did get a good cross section of bidding on this project. Whatever we can cut it, that will be our need.

Mr. YATES. You do need \$5.5 million for that building this year?

Mr. BOUTIN. From the best knowledge we have.

Mr. YATES. The amount of \$36,793,000 is inadequate; is that right?

Mr. BOUTIN. From the best information we have, that is correct.

Mr. YATES. Thank you.

Mr. THOMAS. When will you come up with a definite figure of absolute need?

Mr. BOUTIN. We will be going out for bids within 2 weeks, I believe.

Mr. THOMAS. Whatever they have to have they should have. But you will not know for 2 weeks.

Mr. BOUTIN. In about 45 days we will know.

Mr. YATES. You do know you need \$5.5 million and that the amount below that you are able to save will be just a token amount; is that right?

Mr. BOUTIN. I do not think it will be substantial. I could be wrong, and I hope I am.

Mr. YATES. Your best estimate at the moment is you need \$5.5 million and that a bid will not be substantially below this amount of \$42,557,000?

Mr. BOUTIN. Yes.

Mr. YATES. So that you actually need the \$5.5 million now to complete your work?

Mr. BOUTIN. That is the best information we have on hand right now.

Mr. YATES. Are there any other questions by the committee on this? It seems they cannot complete this building with the amount available.

COST AND SIZE OF CHICAGO PROJECT

Mr. THOMAS. What is your best guess on the Chicago building as to the floor space and the cost?

Mr. BOUTIN. We had estimated construction at \$42,130,000. The gross square feet is 1,319,000. We are talking in the area of \$32.

Mr. THOMAS. That is not a contractor's estimate, is it?

Mr. BOUTIN. That is the low bid.

Mr. THOMAS. So that is a contractor's estimate.

Mr. BOUTIN. Well, our estimate and the low bid are almost exactly the same. What figure did you have, Congressman?

Mr. THOMAS. Off the record.

(Discussion off the record.)

COST AND SIZE OF CHICAGO PROJECT

Mr. THOMAS. Have you gone out for bids yet?

Mr. BOUTIN. No.

Mr. YATES. You have a bid now?

Mr. BOUTIN. We are going out for new bids.

Mr. THOMAS. When?

Mr. BOUTIN. We will be out for new bids within 30 days, I believe.

Mr. SCHMIDT. About 60 days.

Mr. OSTERTAG. I thought you said you would have all the bids in by 45 days.

Mr. BOUTIN. I hoped that.

Mr. RHODES. Did you reject all bids?

Mr. BOUTIN. Yes, we did. Can we expedite this to get that thing out for bid within the next 3 weeks? Is there any reason why that cannot be done?

Mr. SCHMIDT. We will have to keep to a minimum the changes we make.

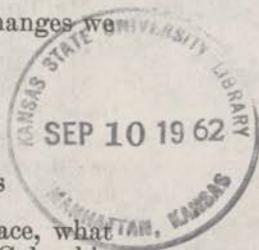
Mr. BOUTIN. That is the thing to do.

Mr. THOMAS. Off the record.

(Discussion off the record.)

NET COST EFFECT OF LEASE-CONSTRUCTION PROJECTS

Mr. BOLAND. Getting back to the question of leased space, what would be the effect on the total rent bill in the District of Columbia



by virtue of these lease construction projects for the 1 million square feet of space?

Mr. BOUTIN. My point is that we are not going to increase our rental costs, but we are going to decrease our rental costs by getting out of the small spaces and consolidating into larger blocks. We are taking it from one hand and putting it in another, the net result being we will save money in rent and save money by having more efficient government.

CURRENT RENTAL COST IN WASHINGTON, D.C.

Mr. THOMAS. What were the figures you gave for rent in the District of Columbia now, and what is the figure you intend to pay over and above what you are paying now? I was repeating your own figures, I thought.

Mr. BOUTIN. Our rental bill in the metropolitan area is \$16,820,000 as of the present time.

COST OF PROPOSED LEASE-CONSTRUCTION

Mr. THOMAS. What will these new contracts cost?

Mr. BOUTIN. These new contracts on the basis of the low bid, \$3.98 a square foot against an average now of \$4.15, and it is going up. We will be able to stabilize our figure of rental at a lower figure than now and be sure we will keep it. Every single lease that expires now that we renew we are having to renew at a higher rate.

Mr. THOMAS. What does it cost annually?

Mr. BOUTIN. A million square feet would cost us \$3,980,000. If we get rid of a million feet at \$4.15, we are getting rid of \$4,150,000. Some of this will not be net savings because it is a question of tempo demolition that is there also.

GOVERNMENT CONSTRUCTION IN LIEU OF LEASE-CONSTRUCTION

Mr. THOMAS. Why not build these buildings outright and own it all? You are giving somebody, certainly, a 10-year payout on a building, or at most a 15-year payout on a building, and the Government will pay for it, and at the end of 10 or 15 years you have nothing. Why not let the Government build this building? This is my point.

Mr. BOUTIN. We could not agree more with you. If we can move fast enough to provide new construction—we tried to arrive at a balanced figure in asking for construction money.

Mr. THOMAS. Did you ask the Bureau of the Budget for it?

Mr. BOUTIN. We talked to the Bureau.

Mr. THOMAS. They denied it?

Mr. BOUTIN. We have a \$250-million-a-year nationwide figure from them for construction.

Mr. THOMAS. They want you to go out and waste at least 20 or 25 or 30 percent of the taxpayers' money here on lease-construction as against direct ownership. I cannot see that.

Mr. BOUTIN. This is interim until we meet it with new construction.

Mr. THOMAS. Have you asked the Bureau of the Budget for it? Why not go back and ask them as we suggested a while ago?

Mr. BOUTIN. Mr. Bell was a member of this ad hoc committee.

Mr. THOMAS. As far as I am concerned, I disagree with the committee. I have been watching lease-construction for a long time, and what you are doing here is the most expensive method known to man—the most expensive method known to man—I repeat it. It is even more expensive than lease purchase, which was killed by this committee 2 or 3 years ago. You know it and everybody in this room knows it.

Even under lease purchase, after 15 or 20 or 25 or 30 years, the Government actually acquired title; but this way you rent and rent and rent and rent and you never acquire title.

NEED FOR CERTAIN LEASED SPACE

Mr. RHODES. Mr. Chairman, with the situation as volatile as it is in the Government, I wonder if we should not consider the likelihood that it would be good business to have at least some percentage of the Federal floorspace be rented space just for the purpose of flexibility. I do not know whether 10 percent is right or 14 percent or 5 percent, or what. But I can see that it would be impossible, under these conditions, for the Government to own all of the floorspace it utilizes.

Mr. THOMAS. That is true. I think that is well taken, particularly where you are going out and picking up a small piece of space in this town and that town, but here in the District of Columbia, where you are going to rent the entire building, you are building the entire building but you will never acquire title to it.

Mr. BOLAND. But this is in concert with the plans which GSA has with reference to leasing space, that 14 percent now of the space that is utilized is leased space. I agree with Mr. Rhodes, I think there ought to be some flexibility here. My understanding is this program about which we have been talking this morning is directed to this end. Is this so?

Mr. BOUTIN. Yes.

Mr. BOLAND. What you are trying to do is coordinate from 147 locations into how many?

Mr. BOUTIN. Probably two.

Mr. THOMAS. Why not go back to the Bureau of the Budget and ask them for authority to build that building and you own it? Certainly I, for one, will go with you on it lock, stock, and barrel.

Mr. BOUTIN. You understand, Mr. Chairman, this would be in addition to what we are already forecasting of doubling our construction rate.

Mr. THOMAS. You are going to pay the bill, anyway. When you get through paying the bill, you may as well own it.

Mr. BOLAND. Under what the chairman suggests, we would own all the buildings and all of the space utilized by the Government would be in Government-owned buildings.

Mr. THOMAS. This 1 million square footage of additional rented space, completely housed in four or five buildings, will not be all of the space you rent here in the District of Columbia by any means.

ANTICIPATED LONG-RANGE NEED FOR LEASED SPACE

Mr. BOUTIN. Our anticipation is that over this 10-year cycle, if we are successful in getting a sufficient level of appropriation to build the new buildings we see desperately needed, if we are going to get out of tempo space without spending tremendous dollars in rehabilitation, that we are still going to need between 2 and 3 million square feet of leased space, and our choice is: Do we do it in big blocks or do it in small blocks of space? This is the dilemma we find ourselves in.

Mr. THOMAS. Getting back to these six or seven buildings you are going to rent in toto, that does not comprise more than one-third or one-fourth of the rented space in the District of Columbia, does it?

Mr. BOUTIN. Of the total Government rented space?

Mr. THOMAS. Yes.

Mr. BOUTIN. This is what we anticipate will be our total by getting rid of these other leases.

Mr. THOMAS. The whole thing will be over what period of years?

Mr. BOUTIN. Over a period of 10 years. By then, I hope we will be able to correct this. A major exception will be that, as the committee knows, GSA rents its warehouse at Franconia from the Methodist Society.

Mr. THOMAS. You want to include this old concrete building on Constitution Avenue. When you get through, you have not included more than half of your rented space.

Mr. BOUTIN. Which building is the chairman referring to?

Mr. THOMAS. The Munitions Building.

Mr. BOUTIN. We own that.

Mr. THOMAS. That is temporary space, though.

Mr. BOUTIN. It is temporary, but as I testified, Mr. Chairman, we do not consider that in the same light we do the tempos on the mall or the tempos across from HEW that are falling around our ears. That space can be rehabilitated for reasonable continued use.

TEMPORARY BUILDINGS

Mr. THOMAS. Of course, talking about these tempos, you are not rehabilitating them, you are just giving them the ax, tearing them down.

Mr. BOUTIN. Those things cost \$4.75 to build, and if we were to come to this committee to rehabilitate for a 5-year period, we would have to come in on a minimum of \$8 a square foot to rehabilitate, and we would still have nothing.

Mr. THOMAS. I remember when they were built. They were built in a very short time, I think. When they started one of them, they worked around the clock, and in 3 days' time from the minute they started work, they would be occupied. They were prefabricated and all ready to be put together.

Mr. BOUTIN. This is in the Mall area between the Capitol and the Washington Monument that they have wanted to keep clear. This could be a great contribution to the Capital City.

ADVISABILITY OF GOVERNMENT CONSTRUCTION

Mr. THOMAS. When you build these six or seven buildings, have them built and lease them, comprising some 1 million square feet of space, how much more rented space will you have and how much more temporary space will you have that is not rented?

Mr. BOUTIN. As these new buildings are completed, Mr. Chairman, it is our hope that we will be able to backfill that space that will be vacated from the tempos or, rather, we will take that space that is being vacated from tempos and obsolete buildings and put it into the new buildings. The same think with the question of leases. To get out of the little leases and get them into the big leases with the economies we see. Our net result is going to be precisely the same, but we are going to have a vastly upgraded quality of space. We think it will be at substantial savings.

Mr. THOMAS. You think your rent will be on the average of \$4 a square foot per year.

Mr. BOUTIN. Yes, sir.

Mr. THOMAS. For a million square feet. That is \$80 million.

Mr. BOUTIN. I would say to you and this committee that I can go out over the next 7 days and negotiate 2 million square feet of space for delivery in the next 3 years for under \$4 and get out of the small blocks of leased space we have.

Mr. THOMAS. Why not go to the Bureau of the Budget and get your authority to build the buildings outright and own them? You know lease construction is the most expensive way you can possibly house your agencies.

Mr. BOUTIN. With the exception that if we are going to keep any portion of our leased space as flexibility, which we think we need, I agree very much with Congressman Rhodes and Congressman Boland. I think we have to have some flexibility. I would rather have it at somebody else's risk than ours.

Mr. THOMAS. Who is taking the risk? It is nobody's risk except the taxpayer. You do not think the constructor is going to take the risk? He is not going to get 5 cents until he gets your signed contract, and then he will take it to the bank. It is the taxpayer's signature that is going to get him the money. You know it and I know it. Who is taking the risk?

Mr. BOUTIN. Again, Mr. Chairman, our choice is to continue leasing the way we are leasing—

Mr. THOMAS. No, it is not. You can go to the Bureau of the Budget. Off the record.

(Discussion off the record.)

Mr. THOMAS. We thank you for coming over, gentlemen.

MONDAY, JULY 16, 1962.

AMENDMENTS TO 1963 BUDGET
OFFICE OF SCIENCE AND TECHNOLOGY

WITNESSES

DR. JEROME B. WIESNER, ACTING DIRECTOR, OFFICE OF SCIENCE
AND TECHNOLOGY

DAVID Z. BECKLER, ASSISTANT TO THE DIRECTOR

DR. JAMES B. HARTGERING, TECHNICAL ASSISTANT

SALARIES AND EXPENSES

Mr. THOMAS. Gentleman, will the committee please come to order. We have with us today our very able and distinguished friend, Dr. Jerome B. Wiesner, Acting Director of OST; Mr. David Beckler, Assistant to the Director; and Dr. James Hartgering, Technical Assistant. We welcome you gentlemen aboard.

The purpose of this meeting, I might add, is to implement Reorganization Plan No. 2 and consider the estimate transmitted in House Document 462. Just what Reorganization Plan No. 2 does I do not know, and would be very interested in finding out. We have read your justification quite carefully. I got the very definite impression, Doctor, that you are doing everything except setting up a laboratory and that perhaps you will do that next year. You are an operating agency from A to Izzard. First explain your authority under the reorganization plan, and then what you are going to do.

GENERAL STATEMENT

Dr. WIESNER. Mr. Chairman, I have a short prepared statement. Perhaps I had better read it and then try to amplify by answering questions.

Mr. Chairman, members of the committee, I am pleased to respond to your invitation to appear before the Independent Offices Appropriations Subcommittee to explain the fiscal year 1963 budget request for the new Office of Science and Technology.

The background leading to the creation of the Office of Science and Technology and a statement of its general functions are set forth in Reorganization Plan No. 2 of 1962, and the President's message of transmittal. I will be pleased to answer any questions your committee may have concerning the plan. You also have before you the budget request covering salaries and expenses of this office during this fiscal year.

If I may, I would like to make a few observations that may assist your consideration of the budget estimate.

The Office of Science and Technology was established as a means to provide the President with permanent staff resources capable of advising and assisting him on matters of national policy affected by or pertaining to science and technology. It will be concerned with the development of policies and the evaluation of programs that will assure that science and technology are used most effectively in the interests of national security and the general welfare. A major

responsibility is to assist the President in the proper coordination of science and technology functions.

The reorganization plan was based on a transfer to the OST of certain functions conferred on the National Science Foundation by the National Science Foundation Act; that is, the achievement of coordinated Federal policies for the promotion of basic research and education in the sciences and the evaluation of scientific research programs undertaken by agencies of the Federal Government.

Staff assistance to the President in the broad areas which I have mentioned has been provided prior to the creation of the new office largely by the Office of the Special Assistant to the President for Science and Technology. The office of the special assistant had a small staff that backed up the staff responsibilities of the special assistant, the activities of the President's Science Advisory Committee and its consultant panels and working groups, and the work of the Federal Council for Science and Technology and its interdepartmental committees.

With the creation of the Office of Science and Technology, the staff of the office of the special assistant to the President has been entirely transferred to the new office, as were the consultant activities under the PSAC. The PSAC itself has been retained in the White House. It is the President's intention that, if confirmed by the Senate as Director of the Office of Science and Technology, I will continue to serve as special assistant to the President, chairman of the President's Science Advisory Committee, and chairman of the Federal Council for Science and Technology.

The character of the Office of Science and Technology and the scope and level of its activities projected in the budget for fiscal year 1963 reflect the work and experience of the past few years in the Office of the Special Assistant for Science and Technology. The level of effort of the OST projected for fiscal year 1963 will permit the strengthening of staff and consultant activities available to the President with respect to scientific and technical matters, looking toward increased efficiency in the conduct of Federal research and development programs and improved capabilities for realizing new opportunities in science and technology. A strong Office of Science and Technology will also facilitate fruitful communication with the Congress.

In the past, the primary emphasis of the special assistant was on those scientific problems that were directly related to national policy; that is, defense, space, disarmament, and so forth.

While these problems will continue to occupy much of the attention of the office, we now are committed to a much more systematic review and coordination of ongoing research, development, and scientific and technical education programs.

Incidentally, Mr. Chairman, this is my first appearance before a committee of Congress.

Mr. THOMAS. We are delighted to have you.

Mr. WIESNER. So you can haze me as we would a new fraternity member.

Mr. THOMAS. Of course, Doctor, there is no hazing. Anybody can say anything he wants. Of course, the rule works both ways.

AUTHORITY OF THE PRESIDENT UNDER REORGANIZATION PLAN NO. 2

Mr. THOMAS. What authority does the President have under this reorganization plan he did not have before? That is question No. 1.

Question No. 2: What is going to happen to the National Science Foundation, Atomic Energy Commission, and the space agency?

Dr. WIESNER. Under the reorganization plan the President has no different authority than he had before. Let me say what existed prior to the establishment of the office. As you know, in response to sputnik in 1957, it was felt that the President had not been paying enough attention to the development of scientific programs and did not have available to him the resources to judge ongoing scientific programs, and that the scientific programs of the country required more general over-all supervision on the part of the President than they then had.

Mr. THOMAS. You can get a lot of argument on that statement, Doctor. You had the National Science Foundation set up for that. You do not expect the President to be a scientist any more than you expect him to be a general. Yet he is commander in chief.

Dr. WIESNER. That is right, but in connection with his role as commander in chief and director of our foreign policy, the Congress had some years prior created the National Security Council with a staff to provide him with information and guidance he needed. It is true that the Science Foundation Act gave the Science Foundation responsibility for evaluation and policy in science, basic research and science education.

RELATION OF NATIONAL SECURITY COUNCIL

Mr. THOMAS. You anticipate us. The Security Council has jurisdiction to take up this matter now. Why set up a new agency? The jurisdiction of the National Security Council is predicated on security of the United States, science and technological invention, change and operation. The Security Council has been dealing with this subject ever since it was set up 12 years ago.

Dr. WIESNER. I presume one could very well have hired some scientists for the Security Council and gone a different route. I was not party to the discussions that created the position of Special Assistant for Science and Technology, so I am just reporting what did happen.

Mr. THOMAS. These matters were discussed, though, in the National Security Council.

Dr. WIESNER. Nonetheless and it was decided it was probably better to have a qualified scientist available to the President with a staff to help him. The fact of the matter is that not all scientific matters are matters that in a direct sense are security matters. Although in a general sense anything that affects the prosperity—

Mr. THOMAS. They are hard to separate, though.

Dr. WIESNER. They are very hard to separate. In any event, Dr. Killian was appointed and the Science Advisory Committee was created and a staff was built up. This has grown some through the years with your good friend, Dr. Kistiakowsky succeeding Dr. Killian.

TRANSFER OF FUNCTIONS FROM NATIONAL SCIENCE FOUNDATION

Mr. OSTERTAG. In the Reorganization Act it says very specifically that there are hereby transferred from the National Science Foundation to the Director so much of the functions conferred upon the Foundation by the provisions of section 3(a)(1) of the National Science Foundation Act, as will enable the Director to advise and assist the President in achieving coordinated Federal policies for the promotion of basic research and education in sciences.

That is sort of vague in a way as to what it really does, what it really means, but at least it implies a transfer of responsibility.

Dr. WIESNER. It does, and there is a reason. The Science Foundation found that it could not effectively take on the job of assessing other agency programs. So in practice this was not done. It is conceivable that under a different situation the Science Foundation might have done it, but President Eisenhower found that there was a vacuum in this area, that, for example, he could not get from the Science Foundation assessments of the scientific programs of the Interior Department, AEC, or DOD. I think this is reasonable. The Science Foundation is a collateral agency, it has to compete for funds and for people. To ask the NSF in addition to being an operating agency to assess the programs of other operating agencies would put the Foundation in an extremely difficult position.

So it did not do it. It was as a result of that situation that the job I have been holding was created and a staff built up. I think this is reasonably sensible. If you want overall assessments for the President of scientific programs in the Government, an agency that is essentially associated with the Executive Office does make sense.

ESTABLISHMENT OF OFFICE OF SCIENCE AND TECHNOLOGY

Mr. OSTERTAG. I have two thoughts in mind in this connection. Although the reorganization plan calls for a transfer of authority or functions, in reality there was no transfer.

Dr. WIESNER. The legal transfer will be made. It is the transfer of a function that the Science Foundation found it was inappropriate to carry out. This was a function which had increasingly passed to my office in the White House. When the Government Operations Subcommittee under Senator Jackson, looking at Government organization, examined the questions of scientific management, it said while this is a reasonably suitable mechanism, it is not established properly because it has no responsibility to the Congress and it has no tenure. For example, when I came into office, I found that scientific records and correspondence that might have been useful to me had been sent to Abilene, because they were all personal property of the President. With the creation of the new office in the Executive Office, the records will remain. If there is a change of party and we are succeeded, there will be a functioning apparatus. It was to give a statutory base, which was Senator Jackson's recommendation, that this office was

created in this way. He felt the need for a statutory organization rather than an ad hoc organization built up under the President.

Mr. OSTERTAG. A statutory need for what?

Dr. WIESNER. The office that provides the President with the scientific advice, evaluation of the technical programs of the Government, policy assistance in formulating both basic research and scientific and educational efforts.

Mr. OSTERTAG. In that connection, our whole Federal Government is wrapped in science and scientific activities. There is practically no agency of Government today that is not dealing with science and scientific aspects in one way or another, whether it be Agriculture, Space, Defense, Atomic Energy, Health, and others. Each and every one of these agencies is an arm of the executive branch of Government and subordinate to the President, and reports and administrative documents of one kind or another are channeling to the President constantly, as I understand it.

What are you giving or what do you do that has not been done before except that of evaluation?

Dr. WIESNER. I provide assistance to the President in judging these programs and evaluating them and trying to make sure that there is some order in the activity. For example, you can find 13 or 14 agencies involved in the field of oceanography, and they all belong in because their own individual mission somehow requires that they work in the field. But it is important for us to know that the sum of these 13 efforts is a coordinated program, that it does not have too much overlap, that there are not serious gaps as there were in the space and missile program earlier.

PROVISIONS OF REORGANIZATION ACT

Mr. THOMAS. That authority has always existed. Heretofore it has been over in the National Science Foundation, and the President could have exercised it more or less indirectly. This act itself specifically says what authority. Part 1 of the Reorganization Act establishes the Office of Science and Technology as a new unit within the Executive Office of the President and transfers to the Director certain functions of the National Science Foundation under section 3(a)(1) and 3(a)(6) of the National Science Foundation Act of 1950. Let us read what those two are. 3(a)(1) of the Foundation Act of 1950 says:

The Foundation is authorized and directed—
that is the authority to transfer from them over to the new agency—to develop and encourage the pursuit of a national policy for the promotion of basic research and education in the sciences.

Can you imagine anything broader than that? Then 3(a)(6). You are transferring that out of the National Science Foundation over to the President:

To evaluate scientific research programs undertaken by agencies of the Federal Government and to correlate the Foundation's scientific research program with those undertaken by individuals and by public and private groups.

That authority has always existed.

Mr. OSTERTAG. This is a transfer.

Mr. THOMAS. The question is: Will you be able to do it better, more efficiently, more expeditiously? What are you going to do? You are going to develop under 3(a)(1)—“To develop and encourage the pursuit of a national policy.” That is one thing you are going to do. Then under 3(a)(6), “to evaluate scientific programs undertaken by the Federal agencies.”

There is it. It has been there all the time.

OST AND NSF RESPONSIBILITIES

Dr. WIESNER. Mr. Chairman, I would like to direct your attention to the precise wording of that Act because it essentially shares—it does not take away from the Foundation—it shares with the Foundation. This arrangement was carefully worked out with the National Science Foundation because they should retain certain policy responsibilities pertaining to broad basic research and scientific education programs.

Mr. OSTERTAG. If I understood you correctly, Doctor, you led us to believe that the Science Foundation did not in reality carry out this function.

Dr. WIESNER. It carried out certain specialized ones pertaining to education in the field of sciences, et cetera. It, for example, did not have overall responsibility to make sure that its programs in atomic energy research, those of the Atomic Energy Commission and Defense Department and HEW, were not duplicatory and did not represent overlapping programs that were not reasonable, or to see whether together these agencies could not have a strengthened program.

Mr. OSTERTAG. How about research in the field of defense weapons systems? Are you involved in that?

Dr. WIESNER. Yes, indeed. For the past 5 years the Office of the Special Assistant in the White House has been growing and doing many of these things on an ad hoc basis. An important reason for the creation of this new office is to regularize what has been going on and put it in the position where it is available to the Congress as well as the White House.

Mr. THOMAS. President Eisenhower established that with Dr. Killian and Dr. Kistiakowsky.

CURRENT NUMBER OF EMPLOYEES

How many employees do you have now?

Dr. WIESNER. Twenty-four.

FINANCING

Mr. THOMAS. How is it financed? Is it out of the President's special fund?

Dr. WIESNER. Yes, sir.

Mr. THOMAS. He is seeking a special appropriation of \$850,000?

Dr. WEISNER. Yes, sir.

Mr. THOMAS. That is in addition to the jobs heretofore financed?

Dr. WEISNER. No, sir. We will transfer all of the people from the White House to this new office. This will pay for them.

Mr. THOMAS. This seeks funds for 35 positions?

Dr. WEISNER. Thirty-five.

JUSTIFICATION OF THE ESTIMATE

Mr. THOMAS. At this point we will insert the justifications in their entirety and also the green sheets.

(The material referred to follows:)

OFFICE OF SCIENCE AND TECHNOLOGY

SALARIES AND EXPENSES

For expenses necessary for the Office of Science and Technology, including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a) but at rates for individuals not to exceed \$75 per diem, \$850,000.

Object classification

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
11 Personnel compensation:			
Permanent positions.....			338
Positions other than permanent.....			108
Other personnel compensation.....			16
Total personnel compensation.....			462
12 Personnel benefits.....			28
21 Travel and transportation of persons.....			287
23 Rent, communications, and utilities.....			38
24 Printing and reproduction.....			7
25 Other services.....			2
Services of other agencies.....			5
26 Supplies and materials.....			10
31 Equipment.....			11
Total obligations.....			850

Personnel summary

	1961 actual	1962 estimate	1963 estimate
Total number of permanent positions.....			35
Full-time equivalent of other positions.....			7
Average number of all employees.....			42
Number of employees at end of year.....			100
Average GS grade.....			11.3
Average GS salary.....			\$9,700

Program and financing

[In thousands of dollars]

	1961 actual	1962 estimate	1963 estimate
Program by activities: Scientific policy development and program evaluation.....			850
Financing: New obligational authority.....			850

Detail of personnel compensation

	1961 actual	1962 estimate	1963 estimate	
			Number	Total salary
Grades and ranges:				
Special positions at rates equal to or in excess of \$18,500:				
Director			1	\$22,500
Deputy Director			1	20,500
GS-18, \$18,500: Technical staff members			6	111,072
GS-17, \$16,530 to \$17,570: Technical staff members			2	33,342
GS-16, \$15,255 to \$16,295: Technical staff member			1	16,307
GS-15, \$13,730 to \$15,030:				
Technical staff members			4	54,996
Administrative officer			1	13,749
GS-14, \$12,210 to \$13,510: Technical staff member			1	13,270
GS-12, \$8,955 to \$10,255			1	9,235
GS-9, \$6,435 to \$7,425			1	7,426
GS-8, \$5,885 to \$6,875			7	43,867
GS-7, \$5,355 to \$6,345			6	34,694
GS-6, \$4,830 to \$5,820			2	11,315
GS-4, \$4,040 to \$4,670			1	4,160
Total permanent			35	396,433
Deduct lapses			4.5	58,433
Net permanent (average number, net salary)			30.5	338,000
Positions other than permanent: Intermittent employment				108,000
Other personnel compensation: Overtime and holiday pay				16,000
Total personnel compensation				462,000

JUSTIFICATION OF THE ESTIMATES

Reorganization Plan No. 2 of 1962, transmitted from the President to Congress on March 29, 1962, provides for establishment of the Office of Science and Technology as a permanent unit within the Executive Office of the President.

The Director of the Office of Science and Technology will be appointed by the President, by and with the advice and consent of the Senate, and provision for a Deputy Director, similarly appointed, is made. The staff of OST will consist of technical specialists, to whom broad areas of scientific and technological interest of the Federal Government are assigned.

It is the responsibility of this Office to provide: advisory assistance and staff support to the President in developing policies and evaluating programs to assure that science and technology are used most effectively in the interests of national security and general welfare; proper coordination of Federal science and technology functions; review of major policies, plans and programs of science and technology of the various agencies of the Federal Government for appropriate emphasis on the relationship of science and technology to national security and foreign policy, and measures for furthering science and technology in the Nation; assessment of selected scientific and technical developments and programs relative to their impact on national policies; review, integration, and coordination of Federal science and technology activities with consideration to their impact on non-Federal resources and institutions; understanding and cooperative relations with the Nation's scientific and engineering communities; and such other related matters as may be assigned by the President to this Office.

To accomplish these responsibilities the Director makes extensive use of eminent scientists both within and without the Government structure. These experts are called together to serve in panels dealing with subjects in which they are knowledgeable. The immediate staff of technical specialists, under the supervision of the Director, acts to coordinate these panels in the capacity of

executive secretaries. Panel subjects include areas as significant and broad in scope as space science and technology, national security affairs, military technology, and civilian technology. At the completion of each panel study, a report is prepared for the use of the Director. In cases where the report is considered to be of national significance, it may be released as a White House document. In such instances it is carefully reviewed and approved by the President's Science Advisory Committee prior to its transmittal to the President and, as such represents a Science Advisory Committee publication.

The extensive use of consultants for panel activities requires that the Office have wide discretion in its methods of operation, since panels dealing with diverse subjects are frequently handled in different ways. For example, a highly classified report concerning our national defense will be produced in a manner which is entirely unlike the methods used to produce an unclassified report assessing the present state of the behavioral sciences. This varied spectrum of activities plus the Director's immediate responsibilities to the President requires that he have maximum flexibility in the operation of the Office. He must have a staff which also is able to apply extensive training in the basic sciences to a variety of disparate problems. Staff studies may be undertaken in response to specific requests, either by the President or the Congress or by other agencies within the Government. The following paragraphs will outline subjects which are frequently studied by this Office.

The area of national security affairs includes military and nuclear technology broadly, military strategy, technical intelligence, and disarmament. Typical problems are the following: analysis of impact of developments in military technology on military strategy; assessment of relative value of different strategic weapon systems; determination of priority of various military programs in the DOD and AEC budgets; evaluation of the effectiveness and policy implications of advanced weapon systems, review of critical technical intelligence estimates and assessment of their impact on the military and national policy; development of specific proposals for the control and limitation of armaments; and evaluation of the military and policy implications of disarmament proposals.

Military technology will include such areas as civil defense, limited war, and continental defense. Exemplary problems are: technical review and assessment of current and potential Government-wide civil defense programs and policies; review and assessment of proposed program and policy for air defense of the United States; review and assessment of selected programs for U.S. general purpose forces and the balance in research and development effort devoted to the achievement of military postures supporting specific (nongeneral war) national security policies.

The area of outer space science and technology includes technical fields such as launch vehicle propulsion technology and space craft design and development; space vehicle command, control and communications; overall vehicle and mission systems engineering; means for scientific investigations of space; the applications of advanced concepts of electronics and nucleonics as well as other rapidly developing technical fields to space exploration for civilian and defense purposes. Problems encompass the means and methods for utilizing the national space exploration program to enhance U.S. posture abroad; establishing the level of effectiveness of NASA operations in overall systems integration and reliability engineering for the manned lunar landing program, and devising ways and means for realizing improvements in these operations; examining the programs for scientific investigations in space of NASA and the DOD to assure that they take full advantage of the resources available in universities and major industrial technical establishments, and that effective relationships are maintained with the scientific community.

Civilian technology covers industrial and economic development in the United States as well as abroad, insofar as science and technology plays an important role; evaluating means for science and technology to contribute more effectively to national and international economic growth, industrial development and trade; and insuring that civilian technological development undertaken by the Federal Government facilitates efforts by the private sector and is responsible to domestic and international needs for economic growth, industrial development, and trade; identifying and encouraging civil "byproducts" of defense and space-oriented Government-sponsored research and development; examining fiscal and regulatory Federal Government practices and related Government organization so as to provide industry with maximum incentives for technological innovation; and formulating organizational, programmatic, and budgetary measures to improve governmental policy in those areas. They include, as examples, housing and construction, transportation, textiles, and coal utilization.

While these illustrations by no means delineate the entire range of activities with which this Office is concerned, they at least give an indication of both the scope and the depth of the investigations undertaken.

Justification of other objects of expenses

12 Personnel benefits, \$28,000: This amount is based on the total estimate of staff salary costs plus the cost of services of consultants and panel members. Staff benefits include reimbursement to the employees retirement fund, health and life insurance. Social security payments will also be made in connection with panel and consultant employment.

21 Travel, \$287,000: Approximately \$34,000 will be required for staff travel, both to provide attendance of the Director or his staff at important scientific conferences, and to enable members of the staff to convene panel meetings in locations other than Washington, when this is necessary. The remainder of the total requested will be used to cover the travel costs of the panel members and consultants. This will include the travel costs for panelists who serve without compensation, but who usually request reimbursement for travel expenses incurred.

23 Rents and communications and utilities, \$38,000: To provide the necessary telephone, telegraph, and teletype services as well as postage expenses anticipated in the budget year.

24 Printing and reproduction, \$7,000: To reimburse the GPO, other Government agencies and private contractors for the printing and reproduction of numerous reports, publications, and allied materials prepared by this Office.

25 Other services: administrative contracts, \$7,000: To reimburse the PHS for employee participation in the service of a Health Unit, and to provide for the necessary contractual services required such as repair of typewriters, adding machines, and other office equipment; cleaning and repair of furniture and rugs; photographic and art services.

26 and 31 Supplies, materials, and equipment, \$21,000: This amount will enable the office to establish an inventory of supplies and materials and to provide the items required for normal operations throughout the year. It will also provide about \$2,000 for the purchase of necessary periodicals and books.

EMPLOYMENT

Mr. THOMAS. The green sheets show a total of 35 permanent positions. You only have 24 now. The yearend employment is 100. You might explain this 100 figure against the figure of 35. I presume the figure of 100 includes consultants and accounts for the difference.

Dr. WIESNER. Yes.

Mr. THOMAS. You will not have a hundred employees at the beginning of the year?

Dr. WIESNER. Those are consultants.

CONSULTANTS

Mr. THOMAS. You had better explain the hiatus in your justification and the transmittal from the Bureau of the Budget. The Bureau of the Budget document does not say anything about consultants, and your justification asks for consultants at a per diem of \$75. You might explain that little hiatus. Which is correct?

Dr. WIESNER. I think the fact that the Bureau of the Budget did not mention consultants was an omission because our office has always depended very heavily upon consultants for two reasons.

First of all, since, as you pointed out earlier, we must be in position, when the President requests, to judge any field of science and technology, so we would either have to build up an enormous staff to have that continuing competence or have available—

Mr. THOMAS. You better let the Bureau of the Budget send us a note or give us a telephone call so we do not get mixed up.

You have travel for \$287,000. You say only \$34,000 will be used by your staff.

Dr. WIESNER. That is right.

Mr. THOMAS. How many of these consultants are you going to have? Committee members? The difference between 35 and 100 is 65. Is that correct?

Dr. WIESNER. No; that number represents the number of consultants actively employed on panels at a given time. We have available to us a group of about 250 people in Government laboratories and universities and industry who will work as consultants when we need them. Some people work quite actively.

TRAVEL

Mr. THOMAS. How do you arrive at your travel figure of \$287,000?

Dr. WIESNER. It was based on our average cost per consultant last year, multiplied by the number of times we thought we were going to call on the consultants, individual times we would call on them for the next period. Actually, it is a somewhat lower figure than we would have gotten by extrapolation.

BUDGET FOR 1962

Mr. THOMAS. What was your budget last year under the White House?

Dr. WIESNER. \$573,000.

Mr. THOMAS. I presume you have had a presentation for 1963 before another subcommittee.

Dr. WIESNER. The Bureau of the Budget made the general White House presentation. We were not asked to defend our share of it.

Mr. THOMAS. You said it was your first time here. We welcome you and hope you will come back.

For rents and utilities you are asking \$38,000, printing and reproduction is \$7,000, supplies and materials \$21,000. You are not going to set up a little laboratory here, are you, Doctor?

Dr. WIESNER. Not this year.

Mr. OSTERTAG. Where is your office located?

Dr. WIESNER. Executive Office Building.

FUTURE SIZE OF OST

Mr. BOLAND. Will this \$850,000 be the yearly cost of this new agency or will it increase sizably in the next fiscal year?

Dr. WIESNER. I think it will grow some as we try to fulfill the responsibilities we have taken on. The pressure is on us to do many things, and I feel that the pressure is going to continue to be very great, and we are going to have to be very discriminatory about what areas of science we do look at. I find, for example, that already there are a number of congressional requests to be concerned about, an area of responsibility that did not previously exist.

COORDINATING FUNCTIONS OF OST

Mr. THOMAS. The doctor never told us what will happen to the National Science Foundation, the Space Agency, Atomic Energy Commission. In your examination will you bring that out, Mr. Boland? Forgive me for interrupting.

Mr. BOLAND. As I see it, this office was established for the purpose of coordinating the activities in the science and technology field, an ability which the Government apparently does not have or an ability which the National Science Foundation does not have because, as pointed out in this report here, it works on the same level as the other agencies and consequently cannot tell them what to do. But I understand this office becomes a coordinating facet for running the whole gamut of science and technology in our Government; is that right?

Dr. WIESNER. This is correct.

Mr. BOLAND. This would apply to the efforts which NASA, the Department of Defense, the National Science Foundation, and other agencies have in the field of science and technology?

Dr. WIESNER. Yes, sir.

RELATIONSHIP OF OST AND SPACE COUNCIL

With regard to NASA, of course, we do have a special problem because there is also the Space Council whose main responsibility is to coordinate Defense and NASA space activities and we must avoid duplicatory efforts.

In the past my office has actually provided the technical assistance to the Space Council so they have not run an independent technical activity. We also have now the situation of NASA getting quite involved in university research and scientific education, and we will want to ascertain that their activities are coordinated with the work of the Science Foundation and other agencies.

In response to the chairman's question, we are not to be an operating agency at all. This budget, of course, is very small compared to NASA's budget or that of any operating agency. We could not run a very big laboratory.

NATURE OF ADVICE GIVEN TO THE PRESIDENT

Mr. BOLAND. The Office of Special Assistant to the President in the field of science and technology was established in 1957 which was the year Russia orbited the first sputnik. Ever since then our Government has been making a real effort in this area that was generated by the launching of the sputnik by Russia. I can understand that the President at that time needed this office in order to familiarize the Executive or the White House with the problems which the Government faced in this area. Specifically, what has it done since 1957 and what kind of advice have you given to the President?

Dr. WIESNER. It has worked in a very large variety of fields. Mr. Beckler pulled together a list of some of the things we have assisted the President with during the last year. In the national security field

we have studied air defense problems, civil defense, technical problems of limited war, and some of the technical problems associated with arms limitation and control; in addition, we have looked at the broad problems of space science.

RELATIONSHIP TO NATIONAL SECURITY COUNCIL

Mr. BOLAND. Are not some of those fields you just enumerated also looked at by the National Security Council?

Dr. WIESNER. We in a sense have functioned as a technical arm of the National Security Council in these areas. The office has always done what the President wanted it to do. If he had a problem relating to a scientific question, we would study it for him. We will go on performing that function. The President also depends upon the operating agencies for scientific advice and recommendations. As I am sure you have noted, the office of special assistant has not been abolished. There will be no staff at the White House. So the staff support for that office will be provided by this new office.

Mr. OSTERTAG. Off the record.

(Discussion off the record.)

POSSIBILITY OF OVERLAPPING COORDINATION

Mr. BOLAND. The problem I think this committee has—you can see it very readily, Doctor—is whether or not we are now going to start to overlap in this field. As I understand from your statement, this is one of the precise reasons this office was established, for the purpose of trying to coordinate the various agencies in the field of science, technology, and prevent overlapping where possible. But it would seem that the National Science Foundation, outside of having the general power to tell the agencies what to do, considers a lot of the problems your office is considering or will consider.

Dr. WIESNER. Yes, of course; you know, I am sure, the Science Foundation's organization has a much larger staff to study many of the problems we are interested in. The staff we are planning will be quite small. In the past we have depended and will continue to depend upon the Science Foundation for information, and for policy generation in many fields. We are really the President's staff to help him assimilate what is going on within the Government.

FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY

As you know, there was created by Executive order the Federal Council for Science and Technology, with representation from the eight agencies that have most of the scientific activities of the Government. Its function is to coordinate and to give overall policy advice to the President in areas of common interest.

These are the several mechanisms by which the President does get technical advice.

Mr. THOMAS. Are the Office of Special Assistant to the President and the Council going to be eliminated?

Dr. WIESNER. No; the Council will continue because it forms the interagency coordinating mechanism. I have been and will remain

Chairman. I will also continue to serve as Special Assistant to the President.

TRANSFER OF STAFF OF SPECIAL ASSISTANT FOR SCIENCE AND TECHNOLOGY

Mr. THOMAS. What about your old office?

Dr. WIESNER. It was in the White House.

Mr. THOMAS. Is it going to be eliminated and absorbed by this new agency?

Dr. WIESNER. There will be no office in the White House, but I will retain the title of Special Assistant to the President for Science and Technology.

Mr. THOMAS. Will there be a staff?

Dr. WIESNER. No, it will be transferred.

Mr. THOMAS. For all practical purposes, it is absorbed.

Mr. BOLAND. Completely absorbed?

Dr. WIESNER. Yes; I will have a position very similar—

RELATIONSHIP TO OFFICE OF EMERGENCY PLANNING

Mr. BOLAND. What became of the Office of Emergency Planning?

Dr. WIESNER. OEP is still there.

Mr. THOMAS. What will happen to that?

Dr. WIESNER. It will continue operating. I believe it still has the overall national civil defense responsibility. Much of it was transferred to DOD when the reorganization took place.

Mr. THOMAS. Is there not a scientific unit there?

Dr. WIESNER. They do have a technical staff.

Mr. THOMAS. Will there be any overlapping of jurisdiction or a conflict of jurisdiction?

Dr. WIESNER. I believe not.

Mr. BOLAND. Their activity is only in the civil defense field?

Dr. WIESNER. Yes. I would only get involved in their activities if the President wanted an assessment of their technical activities.

Mr. BOLAND. Off the record.

(Discussion off the record.)

Dr. WIESNER. The difference, as I see it, between the responsibilities of the Office of Emergency Planning and mine are the following: They have the responsibility for advising the President on national policy for civil defense, and assisting him in coordinating planning for civil defense emergencies. These plans involve many technical areas; for example, the provision of electric power, water, and the planning of rescue efforts after a nuclear attack.

My responsibility would be for an assessment of these programs, their technical quality, their thoroughness, and the relationship between them and the work being done by other agencies in the same fields, to make sure there was no serious overlap and that there were not serious gaps. In other words, to provide the President with a technical judgment regarding the programs. But I would not carry out operations in this field any more than I would attempt to develop a ballistic missile or space system.

FUNCTIONS OF OST

Mr. BOLAND. Actually, what this agency is and has been since 1957 is the eyes, ears, and brain of the White House in the field of science and technology.

Dr. WIESNER. That is right. The reorganization plan is to give it permanent stature, to make it somewhat responsive to the Congress, and actually to give it somewhat more responsibility in the sense that in the previous incarnation it did not assume continuing responsibility for the broad field of science, but would look at special problem areas. Now, with the responsibility transferred from the Science Foundation, for assessment—it will mean more or less continuous assessment—so that we can know in a general way what is going on in all of the important fields of science within Government.

Mr. BOLAND. As this committee knows and as every Member knows, there have been proposals to establish a Secretary of Science and Technology and establish a large Federal bureaucracy in this area.

Mr. OSTERTAG. An Academy, too.

Mr. BOLAND. Yes, an Academy of Science. Maybe this is a more reasonable way of doing it and perhaps a more plausible and logical way of determining what ought to be done in this field. Congress did pass the reorganization plan unanimously, I believe. Was there any opposition?

Dr. WIESNER. There was no opposition. There is a feeling on the part of a few Members of Congress, both House and Senate, that something much stronger than the coordinating mechanism represented by the new office is required. There have been proposals for a Department of Science and proposals for a Cabinet officer for science.

In my own opinion, neither of those would solve the problems which we are trying to solve. If one took all of the science activities out of the existing agencies and put them in one big agency it would be necessary to create new scientific activities in the agencies to support their missions. If you did not remove all science activities, I think you can make an argument for a Department of Science that might bring together like the Weather Bureau, the Bureau of Standards, and a number of other activities and give them greater strength. However, if there was a Cabinet officer for such a Department, he would be a competitor with the Cabinet officers who had other scientific responsibility; therefore he could not be given the overall assessment responsibility. Consequently there would still be need for a White House mechanism to provide overall assessment, policy guidance and general technical assistance to the President.

So, in my opinion, even if one were to create a Department of Science, there would still be need for an office at the White House or Executive Office level to do coordination.

RELATIONSHIP OF NATIONAL ACADEMY OF SCIENCE

Mr. THOMAS. One thing that has worried me about this organization is where will the National Academy of Science fit into this picture now? Before the reorganization plan, the authority that is more or less pointed up and emphasized in the reorganization plan, an office inside the President's main office, has been in the National Science

Foundation. The Foundation has relied pretty continuously and very strongly on the National Academy of Science for ideas and guidance. They have worked hand in glove. That is a private organization. Of course, in the final analysis it has been partly subsidized by the Government.

Dr. WIESNER. It is quasi-governmental.

Mr. THOMAS. But it still has no Government standing. It is a creature of Government, but it is independent. How will that organization fit into this picture?

Dr. WIESNER. Since the post of Special Assistant for Science and Technology has existed, there has been a triumvirate—the Science Foundation and the National Academy of Science have both worked with the special assistant. Dr. Bronk is a member of the President's Science Advisory Committee and Dr. Seitz, who has just replaced Dr. Bronk, will become a member of the Committee. There is a close working relationship between the groups. The Science Advisory Committee has often asked the National Academy of Science to make studies for the Government as has other agencies. The President also has occasionally asked the Academy to make studies for the Government. I do not believe there will be any change in this relationship as a result of the existence of the new office. There has been a very close working relationship involving the Academy and the Science Foundation and my office, and I believe that it will continue.

FUNCTIONS OF OST AND NATIONAL SCIENCE FOUNDATION

Mr. OSTERTAG. Doctor, the chairman just touched on the question that disturbs me. If I understand correctly, the reorganization plan does call for a transfer of functions from the Science Foundation and National Academy of Science to your agency.

In that connection, the question arises whether or not they actually function as a coordinating and assimilating group with a view to giving the President that type of information and guidance and general information.

While that was a matter of law and has now been transferred, but in practice this practice or function was not actually carried out before now. Am I correct?

Dr. WIESNER. One cannot answer that simply with a "Yes" or "No." That would be wrong. Let me talk briefly about the question. The Science Foundation has done and will continue to do certain jobs that are of an interagency coordination or policy formulation character.

Mr. OSTERTAG. You mean we are going to have two?

Dr. WIESNER. No. Let me talk just a few minutes on this. I will make myself clear.

The NSF collects and publishes much information about scientific activities in the country, not only governmental but private as well. For example, they try to know how many scientists and engineers of various kinds exist in the country, how many people are employed by Defense Department activities, Atomic Energy Commission, and so on. They try to know something about the level of scientific activities in various fields, how much support is available for each field, et cetera. This is a very hard job, and it has been done very well. The NSF will continue to do these things as well as help us on special problems.

The NSF has not been willing to go to the next step, quite explicitly, it has not been willing to look at programs of other agencies, for example, the Atomic Energy Commission, and judge the work. This could not be done, because the NSF supports programs in the same fields and they consequently feel that it is inappropriate for them to be judging.

They have also believed it improper to say to the President, "We think certain scientific efforts carried out by the Departments indicate an overemphasis, it is not that important." They have not, for example, been willing to look at agricultural research and say, "The nature of agricultural research ought to change." They have felt this to be inappropriate for the Science Foundation.

On the other hand, they have continuously surveyed the needs for technical and scientific manpower and made broad general recommendations in these fields.

The National Science Foundation has filled a very important role in the area of assessment and policy formulation and will continue to do so. However, they have found certain aspects of this job incompatible with their main mission.

Mr. OSTERTAG. Now you have put your finger on just what I was trying to determine.

Dr. WIESNER. We are to be complementary. We are to complement the Science Foundation, primarily to provide the President with the kind of information, guidance, and judgment he needs in dealing with the Nation's technical problems. Is the last decade the Nation has gone from a billion dollars a year to \$10 or \$12 billion a year in scientific and technical programs.

Mr. OSTERTAG. Will there be any duplication? You say they will continue to do certain of these things up to a given point, but only to a given point.

Dr. WIESNER. We will draw on them for statistical and study support, in the kind of work they have been doing. They have several hundred people involved in some of these activities. I am talking about staff for the next year of less than a hundred, much less than a hundred. I obviously cannot undertake to do all the detailed jobs they have been doing. The thing I hope is that my office does not get to be a very large operation.

Mr. THOMAS. Do you want to correct that figure of 100 or let it stand?

Dr. WIESNER. About 35. I was thinking of the consultants as well. I mean a staff of 35 with outside help. As I said earlier, we draw a great deal of help both from Government facilities and private.

Mr. OSTERTAG. Right there, you have cleared up in my mind a certain point which is the one you made with regard to the degree that they have been going and work calls for something beyond that which is now your responsibility.

POSSIBLE REDUCTIONS IN OTHER ORGANIZATIONS DUE TO ESTABLISHMENT OF OST

However, at the same time I am wondering whether or not, in view of the large organization and activity you are setting up, how about the Science Foundation and the Academy of Sciences and others that are involved in the assimilation and coordination of all this information, supposedly to be made available to the Executive? Will they

require all of their personnel and services that they have had in the past in this particular field? In other words, are we building something on top of something else, or is there a transfer? If it is a transfer, why would it not be practical and advisable to reduce their requirements which are substituted by yours? I do not know if I make myself clear.

Dr. WIESNER. I understand your question. I am not sure I know enough about all of the Science Foundation's activities to guarantee there will not be a single man that could be released as a result of what we do. Most of what our office has been doing for the past several years and most of what we will continue to do relates to problems the Science Foundation has not been involved in at all. "Not at all" is probably an overstatement. As an example, there is a very large activity in water research today, millions of dollars are spent by the Department of the Interior, the Department of Health, Education, and Welfare, Defense Department, Atomic Energy Commission, and other agencies. We will be interested in the coordination of this program. The Science Foundation has no real involvement in this.

NATURE OF OST AUTHORITY

Mr. JONAS. Where do you get that authority? I am glad you are doing that, if you are, but where do you get your authority for it?

Dr. WIESNER. From the Reorganization Act.

Mr. JONAS. The only authority you have comes from the transfer of authority from the National Science Foundation.

Dr. WIESNER. I have not said what we are doing yet.

Mr. JONAS. You said you were going to do some things the National Science Foundation was not authorized to do.

Dr. WIESNER. No, I did not say not authorized, I said has not done. One has to differentiate between what the Science Foundation could have done under its act and what it has chosen to do. We have to recall the National Science Foundation, which is 12 years old, started from scratch, had to build an organization, build a research program for the Nation, as well as do some of these other things. They put their first priority on research programs.

Mr. OSTERTAG. Off the record.

(Discussion off the record.)

Dr. WIESNER. They chose not to make this particular problem of Government science management a major problem, and I think rightly.

To come back to the field of water research, this is a field which is, I think, vital to the Nation's future. This field is recognized by the executive agencies and by the Congress and these programs are going forward rapidly. I plan to undertake a study of the various research activities in order to understand the interrelationships between them, what the individual agencies are doing, what the national program ought to look like, whether duplications exist, and what the educational needs in the field are. The Science Foundation has not been involved in such studies. There are other fields in which we may find it desirable to do similar things.

We are talking about proper management of a \$10 to \$12 billion national activity. The Science Foundation's management tools and efforts, plus our activities that we are discussing here, are, I think, relatively modest programs for the total overall national management of these efforts.

Mr. OSTERTAG. Doctor, Mr. Jonas raised the question about the transfer of authority or responsibilities of the Science Foundation and the National Academy, and they are not involved in research in water, so called. He wanted to know where you get your authority or where the transfer was with regard to functions outside of the Science Foundation.

Mr. JONAS. I do not find any.

Dr. WIESNER. The specific fields that the Science Foundation was involved in were not spelled out in the act. They chose to work in certain fields of science, but the act itself is very broad, and if a new field of science emerges, the Science Foundation can—

Mr. JONAS. But you have no authority that was not transferred to you from the National Science Foundation; is that not true?

Dr. WIESNER. Except for one broad general authority, which is the President's authority.

Mr. JONAS. Adviser to the President.

Dr. WIESNER. We cannot do anything but give advice to the President.

Mr. JONAS. You can evaluate research programs.

Dr. WIESNER. Yes, but then we give that evaluation to the President. The only function we have is to assist the President. We cannot change budgets, we do not control budgets, we have no operating responsibility. Our responsibility is to advise the President.

NATURE OF ADVICE GIVEN THE PRESIDENT

Mr. JONAS. Read into the record some advice you have given the President during the last year that has resulted in saving some money or has eliminated some duplication. You may prepare it later, if you like.

Dr. WIESNER. My difficulty is that so much of what we have done has been in the military field, and I would want to check and make sure, but I will.

(The information will be submitted to the committee.)

Mr. JONAS. If you will yield further, have you made any advice of any significant nature?

Dr. WIESNER. Yes, I think so.

Mr. JONAS. Can you not tell us what you have accomplished during the last year in specific without just saying you advised the President? What is the nature of the advice you have given him and what has been the practical result?

Dr. WIESNER. First let me say that a very major share of the responsibility of the office in the past has been in the field of national security, and the purpose of this reorganization is to broaden it to looking at science programs in general. Let me see if I can find something here.

Mr. JONAS. I will withdraw it.

Mr. OSTERTAG. Off the record.

(Discussion off the record.)

Mr. JONAS. Does not the Office of the Secretary of Defense have a board that does just what you do, that tries to coordinate the work of all three of the services, and in the Office of the DOD itself they are doing just exactly what you are doing; is that not right?

Dr. WIESNER. They do it somewhat differently.

Mr. JONAS. How can you justify doing the same thing they do?

Mr. OSTERTAG. You mean Dr. Brown's office?

Mr. JONAS. Yes. Is that not right? We are getting so many layers in Government we are going to have difficulty in keeping up with them. I do not object to the President having a science adviser.

Mr. OSTERTAG. Supplementing your point, in the Defense Establishment we have research, development, test, and evaluation. These are various stages. Are you associated with the possible decisions that would relate to development or is it evaluation or it is just research?

Dr. WIESNER. As adviser to the President, if he requests my technical judgment in regard to a proposed development program as it emerges from the research stage, I would certainly attempt to provide it, try to get the best judgment I could and pass it on to him.

In fact, this has been an important function of the office and was the purpose for which it was originally set up by President Eisenhower, because he felt he did have to have an independent source of judgment on technical matters. We do not study everything that goes on in the Defense Department. Dr. Brown, mentioned earlier, has a continuing responsibility to know about defense matters. We have a responsibility to provide the President with the special information he wants if he for some reason wants additional advice.

ASSESSMENT AND EVALUATION FUNCTIONS

Mr. RHODES. You have a new duty. You have to evaluate now. Is that not what you have in mind?

Mr. OSTERTAG. I know that the whole picture or problem associated with research in the Defense Establishment has been packaged under a research, development, test, and evaluation program. Dr. Brown heads that agency in the Defense Department. Mr. Jonas pointed out that to a certain extent that Dr. Brown and his associates serve as the coordinators in these developments in the whole defense picture. The question arises as to where research begins, development starts, and evaluation takes place. Are you associated with all of them or are you associated with the basic research in the first instance?

Dr. WIESNER. In this new office a primary emphasis is on basic research. I will continue to advise on all technical matters of interest to the President in my capacity as the special assistant to the President.

Mr. JONAS. You cannot possibly, with 35 men, do any one of these things, much less all of them.

You propose assessment of relative value of different strategic weapons systems and that is a monumental task in itself. I guarantee you that there are 10 times as many as 35 working on that in the Department of Defense.

What contribution can you make to the assessment of the relative value of different strategic weapons systems with 35 men?

The development of a process of control and limitation of armament. What is the Disarmament Agency doing?

Dr. WIESNER. I do not know where to start.

Mr. JONAS. Just take up that page and paragraph and tell me how you are going to do a single one of those things and effectively, if you are just going to have a small staff?

Dr. WIESNER. First of all, I do not propose to do all of this all of the time.

If the President asked me for advice on a specific weapons system as a specific item, I would provide it. We have done this, and we have done it effectively. We do it, not only using our own staff, but here is where the consultant staffs are important. We start with the basic data developed by these large groups that you are talking about. We try to understand how people arrive at decisions about weapons systems, or any other scientific or developmental program. Understanding their underlying assumptions and the processes by which they came to conclusions is important as is all of the detailed mathematical work. If you start with wrong assumptions or use the wrong model of how something works, you can make serious mistakes. Likewise, by selecting data and model you can come to darn near any conclusion that you want to, and people often do so.

It is our job to provide, if the President wants it, an independent judgment of assessments of A, B, or C, to contact the people who have made studies, to study their work, and to try to ascertain that their assumptions are sound and that their mathematical methods are right.

(Discussion off the record.)

Dr. WIESNER. I would say on any specific item where I am asked for my analysis or judgment, it is because I happen to be there, you probably would not hire a special—

Mr. JONAS. I want him to have an adviser and I think he needs one. I do not think you need 35 or 42 or 100 people down there to help you advise the President. I think he needs you and an assistant and two or three secretaries but not another research organization. I think we have plenty of those.

Dr. WIESNER. I misunderstood.

Mr. JONAS. You take the written reports of these people and evaluate those from the studies they made. You do not have to start a new study, do you?

Dr. WIESNER. I am not bright enough to know about everything. This is a pretty big operation and a pretty broad operation and I need both staff people who have general knowledge and knowledge of the specialized areas.

Dr. Hartgering is a man in our agency who has a major responsibility for the life sciences. He has one assistant, so we have two men, in other words, in our Office who are trying to know all about research in the field of life sciences; biology, medicine, and health.

Mr. OSTERTAG. You are an evaluator, more or less?

Dr. WIESNER. You cannot really evaluate unless you continuously follow a field, can you?

Mr. OSTERTAG. Do you feel that you can advise the President and evaluate to a greater or better degree than, let us say, the Secretary of Defense, who has his own scientists and his own evaluators highly trained and specialized in a given field?

It is a matter of determination of evaluation and ability to evaluate in a highly unknown field, so-called unknown, because we are dealing with the unknown.

Dr. WIESNER. In the general field of research and development. The Secretary of Defense is only concerned with research within the Department of Defense. The major part of the purpose of this new

Office is to be sure that what is being done in Defense relates to what is being done in the Atomic Energy Commission, NASA, and so on. Here I think we have a unique responsibility.

In regard to the general question about military weapons systems, if you read my biography, you will find that for the past 20 years I have been a specialist in military weapons systems so I do happen to have a particular background that is useful. As a matter of fact, I worked very closely with Mr. McNamara.

Mr. OSTERTAG. We are not questioning your competence or your ability. As a matter of fact, we respect you and applaud your valued contribution.

Dr. WIESNER. No; but the point is that every agency, as you well know, may ask for more things than the country can afford. One of the President's tasks is to get an understanding of the relative value of programs and an independent voice—one he does not have to follow—but that provides another viewpoint which is particularly useful in dealing with these complicated problems.

ELIMINATION OF DUPLICATION IN RESEARCH

Mr. OSTERTAG. If you can eliminate duplication in research, because research is coming out of our ears in all kinds of fields, eliminate duplication with everybody trying to do the same thing, the same way, and the same time, I think perhaps you can bring about some economy.

Dr. WIESNER. This is certainly what we are going to try and this is what we are hoping to do.

Mr. OSTERTAG. I wanted to get back to this question of transfer of functions from certain agencies, or, at least, the National Science Foundation, the National Science Academy. They have their budget and they have their organization and they have their programs. Does this, in any way, reduce their requirements?

Dr. WIESNER. No, sir.

Mr. OSTERTAG. In other words, as Mr. Jonas put it, another layer on another?

Dr. WIESNER. No; as I have tried to explain, this is to provide an interagency evaluation and coordination function which has only been done, to the extent it has been done at all, by my office in the White House, in the Executive Office.

As we reported, the budget for the office this past year was \$573,000. We have already been doing some coordination and evaluation of Government science programs. The reorganization provides an extension of that activity as well as a formalization of it. It is organization of it in a form in which its staff can come down and answer to the Congress. So that it is not an entirely new activity. In a sense, it is not really a layer either because the agencies do not go through our office in their presentation of their budgets or programs to the President.

ROLE OF NATIONAL SCIENCE FOUNDATION

Mr. OSTERTAG. But there has been a transfer of functions under the National Science Foundation Act of 1950 to two different sections? The question arises as to whether or not the National Science Foundation will continue to do that work and you do it, too?

Dr. WIESNER. Yes, sir. The Science Foundation will continue to do the things that it has been doing, which is to collect information about scientific manpower, basic research, levels of activities in different areas of research. They will not only do this on their own initiative but in response to requests from us for specialized kinds of information, the Science Foundation has not attempted to do evaluation of programs in other agencies. Nor has it attempted to force coordination of scientific programs. These are things we will attempt to do.

Further, the Science Foundation does not have to stop doing this because it has not done it in the past.

Mr. OSTERTAG. There is no duplication because they have not been doing it in the first place?

Dr. WIESNER. They will not do the things we propose to do, and we will lean on them for the things they now do.

Mr. THOMAS. Pretty well put.

Mr. OSTERTAG. What is your 1963 budget request in dollars?

Dr. WIESNER. \$850,000.

Mr. OSTERTAG. How many personnel do you have today?

Dr. WIESNER. Twenty-four.

Mr. THOMAS. And he is asking for 35.

Mr. OSTERTAG. What is the average number of employees? Is that 24?

Dr. WIESNER. That is right.

Mr. OSTERTAG. Is that outside of consultants?

Dr. WIESNER. That is outside of consultants.

NUMBER OF CONSULTANTS

Mr. OSTERTAG. How many consultants?

Dr. WIESNER. We have available to us something greater than 200 people some of whom we will rarely use. Some we use a great deal, so it is very hard to give you a good feeling for that, and that is why we took this number of 100.

We examined the activities in December of last year and found that 100 consultants were actively working for us.

POTENTIAL GROWTH OF OST

Mr. OSTERTAG. We have had new agencies come into being here in great numbers during recent years and you are in your infancy, so to speak. Does this mean that you are going to grow and grow, or is this a reasonable amount of leveling off with regard to your requirements in providing coordination and the evaluation necessary for the President?

Dr. WIESNER. I do not expect a very large growth. On the other hand, I am not going to tell you that there will not be some growth. I do not really know. We are experimenting with the control of a very large effort and if we can make it effective with the size staff we are talking about, possibly adding half a dozen, I will be very pleased. I do not believe one can do this job with a very big staff. I think this is the kind of thing that has to have a great deal of personal attention from me.

Mr. OSTERTAG. I agree with you.

Dr. WIESNER. If I had 200 people, I do not think we would be in a better position than the groups we are trying to coordinate and evaluate.

Mr. JONAS. I am glad to hear you say that. I certainly agree with you on that.

NEED FOR REDUCTION OF OVERLAPPING AND DUPLICATION

I would like to have the record show there is a great need for your Office, and I am glad to see the President get himself an adviser and assign to him some responsibilities in the field of policing some of this research we are doing. I have the feeling that there is a great amount of duplication and overlapping and if you really undertake to put a curb on some of that, you can perform a great service to the country and the taxpayers.

You have already been working on this for a year and I would like to see some tangible results. What have you saved so far? What have you eliminated? Do you have any examples you can cite to show what you have accomplished?

Dr. WIESNER. May I go off the record?

Mr. THOMAS. Yes, sir.

(Discussion off the record.)

CONGRESSIONAL INQUIRIES

Mr. JONAS. I understood you to say that part of your buildup is needed to take care of congressional requests for information; is that right?

Are you setting up a public information department?

Dr. WIESNER. What we plan to do is to talk to the Congress about science policy when they want us to. I will be in a position to testify, which I was not able to do before. There have been many occasions when the Congress asked for someone from our office to testify when both the President and myself and my predecessor felt it was a desirable thing to do, but because of the tradition that White House staff members do not testify, it was not done.

We will now be available for testimony on interagency scientific problems of the kind we have been given responsibility for. It makes our office accessible to you when you want us. We are not going to carry out a public information program.

Do you think we should?

Mr. JONAS. No; but I do think we have enough of that in the agencies.

Dr. WIESNER. I think we should be willing, for example, to do the following. We have been trying to coordinate oceanographic research for a couple of years. There are several committees of Congress interested in oceanography. But in addition to hearing individual agency presentation they might be interested in the executive objectives in this field. If a committee wanted to ask me about our objectives and plans I would now be available.

FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Mr. JONAS. I did not understand your description of the difference between your function and that of the Science Council.

Dr. WIESNER. There are two Councils; you mean the Federal Council?

Mr. JONAS. Yes.

Dr. WIESNER. The Federal Council for Science and Technology is a group that has on it high ranking scientific officers from each of the operating agencies. For example, Dr. Seaborg from the Atomic Energy Commission and Dr. Brown from the Department of Defense are on it. We do consider and try to make recommendations to the President on scientific issues which are of mutual interest; for example, science information. How should the Government coordinate science and so forth?

Mr. JONAS. Is that a permanent board or council with a staff?

Dr. WIESNER. That is right, but the only staff it has is the staff my office provides. We also have some panels which are set up with chairmen and secretaries from the individual agencies. For example, we can have a panel for the field of oceanography.

Mr. JONAS. But it has no official staff of its own?

Dr. WIESNER. It has no staff of its own. We either furnish the staff for the Chairman, or a technical secretary is furnished by some of the agencies. It does not appear as a separately budgeted item.

RESEARCH AND DEVELOPMENT REPORTING ACTIVITIES IN NSF

Mr. RHODES. Doctor, I, too, am glad that this Office is being set up because I have always felt there was a tremendous need for coordinating our scientific activities. The National Science Foundation has asked in this fiscal year for an appropriation of \$65,000 for Federal research and development reporting activities. It strikes me that this activity is a necessary part of evaluating the various programs of the Federal Government. If the evaluation function is to be transferred to you, it makes sense to me to also transfer this reporting and development activity. In other words, I do not see how you can properly evaluate the programs unless you have the reporting activity also.

Would you like to be heard on this subject?

Dr. WIESNER. Yes, we talked about this a great deal.

First of all, the reporting activity that the National Science Foundation carries on is for the use of the whole Nation, not just my office. It is much broader than my own needs, and yet it does, on the whole, cover my needs. If we had transferred it from the Science Foundation to my office, I would be taking on a national need and would have to do data gathering in fields I am not personally interested in at a given time.

Mr. RHODES. You would become an operating agency?

Dr. WIESNER. That is right. We decided the better thing to do was to continue the Science Foundation activities and ask that they be responsive to our special needs. This they have agreed to do.

Dr. Bolt is now carrying on for our Office a study in connection with the various operating agencies, of their projections, where they think science is going, for the next half a dozen years, and what they believe their needs are likely to be.

Mr. RHODES. I should think you would find duplication during the process of evaluating the reports received in the Federal research and development reporting activities.

Do you have any method devised whereby the National Science Foundation would report to you when they receive information which indicates duplication?

Dr. WIESNER. Dr. Bolt has now undertaken to try to do this for us.

Mr. RHODES. He will do this specific thing?

Dr. WIESNER. That is right.

DUPLICATION OF RESEARCH

Just to make sure we understand each other, we keep talking about duplication. There is a lot of duplication and a lot of it is expensive, but a certain amount of duplication, I think, should always be tolerated for one of two reasons. First of all, one cannot predict which scientist is going to make a great discovery. If you have only one, your chances are smaller than if you have more than one.

Secondly, each agency has a given responsibility; for example, in the Public Health Service, they have a water pollution responsibility. The Interior Department has a different responsibility for water; namely, development of water resources. Neither of these agencies can do its job properly if it does not have a core of basic research to support its effort and one should not be too disturbed if there is some duplication or overlap, in research provided we are aware of it, and provided it is not too large.

Mr. RHODES. Further provided they exchange information with each other?

Dr. WIESNER. That is right. In other words, one of the things we always do when we set up a new laboratory—I have always done this and I have been involved in the creation of several new laboratories, particularly in the defense field—is to insist on a fairly substantial component of basic research, because without it a laboratory will always be second rate. I think this is true in most fields. Basic research is the basis on which applied work is done, so that a certain amount of basic research duplication has to be tolerated within the agencies, for this reason.

If you have a multi-billion a year program for the development of water resources for the country, I think that having a \$20 million or even larger basic research program to support it is appropriate even if you find similar basic research in the Public Health Service directed toward pollution control.

Mr. JONAS. What worries me about duplication is not that we have two, three, or four scientists doing research in the same field, but different agencies programming research in the same field. It is the overhead that worries me.

Dr. WIESNER. That is what I am trying to defend.

Let me show you why by these two examples—

Mr. THOMAS. Let me interrupt you to go off the record a minute.

(Discussion off the record.)

Dr. WIESNER. What I am saying is that among the individual scientists duplication is desirable.

You have a very good question and that is, should we afford the overhead it takes to have two separate research programs?

I would like to push that a step further, because I think that you will find the overhead exists once you decide to have two agencies with responsibilities in the same field. I have thought a good deal about this, and I do not think we can afford to reshuffle the whole Government mission structure. HEW has a health responsibility, and I think it is quite appropriate that pollution control be there with all of the other health responsibilities. Interior has the responsibility for natural resources, and one of the most important and vital natural resources is water; they have to be continually making sure we develop new water sources. Once you have agreed to carry on these activities, the question becomes, is it a lot more expensive to have two agencies do basic research in water, admitting that they are going to carry on independent development work? I think the answer is "No."

SELECTION OF FIELDS TO BE STUDIED

Mr. RHODES. Doctor, one of the main problems in doing away with duplication and getting proper correlation of scientific effort is the problem of machine language incompatibility which seems to have developed in various echelons of the Government.

Will this be a problem you will address yourself to?

Dr. WIESNER. I have not explicitly decided to. It is certainly a troublesome enough problem so that we should. One of the problems I will have is that of selecting the important issues so as not to spread too thin. I think it is important that we not get mixed up in all of the little details in Government but really concentrate on some important problems; but the problem you have raised is an important enough one that we should consider it seriously. We have not really considered it thus far.

Mr. RHODES. You can have one agency developing data in such a way that it cannot possibly be used by an agency with another machine system?

Dr. WIESNER. You are absolutely right.

GAPS IN SCIENTIFIC EFFORT

Mr. RHODES. Now, for a last question.

You intend to probe to see what vacuums exist in our scientific effort as well as to evaluate results?

Dr. WIESNER. Yes, although it is much harder—

Mr. RHODES. This gets to the formulation of creative ideas and trying to anticipate future needs?

Dr. WIESNER. That is very much a part of this.

Mr. RHODES. This will be part of your function?

Dr. WIESNER. It is supposed to be a part of my responsibility.

FUTURE SIZE OF OST

Mr. RHODES. How big do you think this agency will get in the next 5 years?

Dr. WIESNER. I honestly cannot say. I would be misleading if I say that I had a good feeling for the final size, and all I can say is that we intend not to get too large.

Mr. RHODES. I hope that next year when you come in, you have effected savings of a dollar magnitude greatly in excess of the amount of money you ask for.

Dr. WIESNER. I hope that if I come in and ask for five more people you will not say that I said it was not going to grow.

Mr. THOMAS. Doctor, you are wonderful and we appreciate your frankness. We are delighted and honored to have you with us.

Mr. OSTERTAG. Mr. Chairman, I would like to add my endorsement of the principle and purpose and objective of this agency and of Dr. Wiesner as Director of the Office of Science and Technology in the Office of the President. I think it is something that has been needed and believe it can serve a very worthwhile and laudable purpose.

We have confidence that you are going to do the job.

Dr. WIESNER. I wish I had all that confidence. It is a mighty big job.

Mr. JONAS. Mr. Chairman, this is not a question for him, but in part 3, have you checked this transfer of unexpended balances? Has there been any?

Mr. THOMAS. No.

Mr. JONAS. Do you have the records on that figure?

Mr. THOMAS. That is what I asked him about awhile ago. He said it is a transfer of funds.

Mr. OSTERTAG. Will this budget request be made a part of our regular bill?

Mr. THOMAS. A transfer of funds.

No, I think we will have to decide later.

Doctor, we thank you very much and good luck.

Dr. WIESNER. Thank you, Mr. Chairman.

MONDAY, JULY 16, 1962.

FEDERAL COMMUNICATIONS COMMISSION

WITNESSES

ROSEL H. HYDE, COMMISSIONER
 ROBERT T. BARTLEY, COMMISSIONER
 T. A. M. CRAVEN, COMMISSIONER
 EDWARD W. ALLEN, JR., CHIEF ENGINEER
 HENRY GELLER, ASSOCIATE GENERAL COUNSEL
 JOHN J. NORDBERG, CHIEF, COMMON CARRIER BUREAU
 BERNARD STRASSBURG, ASSISTANT CHIEF, COMMON CARRIER
 BUREAU
 GEORGE S. TURNER, CHIEF, FIELD ENGINEERING AND MONITOR-
 ING BUREAU
 ROBERT W. COX, EXECUTIVE OFFICER
 RICHARD F. SOLAN, ASSISTANT EXECUTIVE OFFICER
 GERALD CAHILL, ASSISTANT GENERAL COUNSEL
 J. N. HAND, CHIEF, DATA PROCESSING DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1963 original	1963 revised	Increase
11 Personnel compensation:			
Permanent positions.....	10,702	10,979	277
Other personnel compensation.....	81	81	-----
Total personnel compensation.....	10,783	11,060	277
12 Personnel benefits.....	798	819	21
21 Travel and transportation of persons:			
Transportation and per diem.....	227	227	-----
Payment to interagency motor pools.....	49	49	-----
22 Transportation of things.....	40	40	-----
23 Rents, communications, and utility services.....	496	496	-----
24 Printing and reproduction.....	100	100	-----
25 Other services.....	367	383	16
Services of other agencies.....	77	177	100
26 Supplies and materials.....	176	188	12
31 Equipment.....	370	1,461	1,091
32 Land and structures.....	25	25	-----
Total costs.....	13,508	15,025	1,517

Personnel summary

	1963 original	1963 revised	Increase
Total number of permanent positions.....	1,512	1,551	39
Average number of all employees.....	1,388	1,422	34
Number of employees at end of year.....	¹ 1,396	¹ 1,435	39
Average GS grade.....	8.6	8.6	-----
Average GS salary.....	\$7,742	\$7,752	\$10

¹ Includes 42 employees paid from reimbursable funds.

Program and financing

[In thousands of dollars]

	1963 original	1963 revised	Increase
Program by activities:			
1. Applied technical research and frequency allocation.....	\$829	\$829	
2. Broadcast.....	2,987	2,987	
3. Safety and special radio services.....	1,451	1,451	
4. Field engineering and monitoring.....	3,946	4,081	\$135
5. Common carrier.....	1,544	1,728	184
6. Executive, staff, and service.....	2,343	3,541	1,198
7. UHF-TV project.....	408	408	
Total program costs ¹	13,508	15,025	1,517
Change in selected resources ²			
Total obligations.....	13,508	15,025	1,517
Financing:			
Unobligated balance brought forward.....	-408	-408	
Unobligated balance carried forward.....			
New obligational authority.....	13,100	14,617	1,517
New obligational authority: Appropriation.....	13,100	14,617	1,517

¹ See the following:

	1963 original	1963 revised	Increase
Includes capital outlay.....	472	1,552	1,080

² Selected resources as of June 30 are as follows:

	1963 original	1963 revised	Increase
Stores.....	7	7	
Unpaid undelivered orders.....	567	567	
Advances.....	5	5	
Total selected resources.....	579	579	

Mr. THOMAS. Will the committee please come to order?

We are delighted to have with us today the Federal Communications Commission. It is certainly nice to see so many of our old and distinguished friends.

We shall consider a supplemental estimate contained in House Document No. 401 in the amount of \$1,517,000.

Gentlemen, do you have a prepared statement?

GENERAL STATEMENT

Mr. BARTLEY. Mr. Chairman, I have a brief statement here that I think will be background material for the request.

Gentlemen, we appreciate the opportunity to meet with you today to discuss the Commission's request for an amendment to its 1963 budget estimates. The additional amount requested, \$1,517,000,

covers three activities for which we were unable to prepare estimates at the time of our original submission. These items are as follows:

1. An electronic computer program.....	\$1, 198, 000
2. A satellite communications program.....	184, 000
3. A program for use by FCC of direction-finding facilities of another agency.....	135, 000

PURCHASE OF ELECTRONIC COMPUTER

In our earlier budget document, and in our hearings before you in February, we made reference to a data-processing study we had underway in the Commission. We stated on both occasions that we expected to have final recommendations from our staff early this calendar year, and that if the Commission's decision was in favor of procuring a computer it would be necessary to amend our budget request. When the staff's report was received in late February the Commission unanimously agreed to request the necessary funds (\$1,198,000) to procure a computer as soon as possible.

The decision to go forward with the computer program was not based on the single fact that we will be able to save some money, but probably of equal importance was the fact that we will be able to eliminate many of the backlogs of pending applications that remain in the Commission, and prevent such backlogs from developing in the future. We also consider of major importance the fact that the computer will give us current and accurate information on all outstanding licenses and pending applications, provide for the absorption of increased workloads for many years to come at practically no additional cost, and give us the capability to do jobs that we cannot even attempt to do on a manual basis.

Our analysis of the cost of the computer system, as compared with the cost of the present manual system, has been projected over a 10-year period. It is our estimate that over this period there will be a saving of approximately \$200,000 annually with the computer system. This does not, however, reduce the Commission's overall staff requirements as described in its original budget request for 1963, since the proposed system will not be implemented until the very end of the fiscal year. Nor does it mean that the Commission will not be asking for increases in the future. There are many areas of work that the computer cannot touch.

We must, however, provide in 1963 for a number of costs which will not be recurring but which are essential to getting the computer program rolling. These one-time costs represent the greater part of the funds we are requesting today. They include the computer itself, site preparation, and conversion of existing files to a form that can be used by the computer.

You will note that we are proposing the purchase of the computer rather than lease or lease with option to buy. Cost comparisons showed that this method of procurement offered the greatest advantage to the Government. This confirms the view that I believe the committee expressed when we discussed this subject with you previously.

Recently the Commission received a management study report prepared by Booz, Allen & Hamilton, the consulting firm engaged by the Bureau of the Budget to study the Commission's operations. One of

their principal findings was, and I quote, "The program for the installation of electronic data processing systems offers a great potential for better services at less cost and should be broadened and pressed forward." I believe this is one recommendation with which the Commission is in unanimous agreement.

I will not, at this time, go into a great deal of detail on this program since the justification, which we submitted with our budget request describes the project quite fully. However, I am sure there are some points on which the committee would like additional information, so I have brought along Mr. Cox, our executive officer, and Mr. Hand to assist me in providing any further information that may be desired.

SATELLITE COMMUNICATIONS

The second activity for which we are requesting additional funds, \$184,000, is satellite communications. The tremendous success of the Telstar gives some indication of what we can look forward to in the future. This is a subject which has received considerable attention by a number of committees on the Hill in recent months, and I am sure that these hearings will, in the very near future, result in specific legislation to establish a communication satellite corporation. Such legislation will unquestionably thrust new regulatory workloads and complex problems on the Commission for which we must be prepared.

The funds we are requesting today are for 21 additional positions. This staff, made up principally of engineers, attorneys, public utility accountants, rate experts, and supporting clerical staff, will devote their efforts to space communications and related matters. At the present time, the only staff we are able to devote to these matters is borrowed from divisions of the Common Carrier Bureau, the Office of the Chief Engineer, and the Office of the General Counsel. In many cases, this is on a part-time basis, and regular work is suffering accordingly.

The Commission feels very strongly that we must prepare now to handle these new responsibilities and to assist in the development of this revolutionary medium of communications.

Commissioner Craven and I, along with staff representatives will be pleased to answer all questions or provide any additional information the committee may wish on this subject.

EQUIPMENT PURCHASES

The last item, for \$135,000, is to cover the purchase of technical equipment which will permit us to join another agency in the use of its up-to-date Wullenweber long-range direction finding equipment. This equipment is far superior to the type we are currently using.

In our original 1963 budget we requested \$65,000 for the purchase of terminal equipment that will permit us to take advantage of an opportunity to consolidate with this agency in Puerto Rico. By merging operations at four additional locations we will be able to eliminate completely or reduce the size of four of our existing stations, sell the property, and for the relatively small cost of the terminal equipment that is being requested here, save the Government over \$1 million in the next 3 years. In so doing we will end up with vastly improved monitoring facilities.

In its building program, the other agency is planning space for the Federal Communications Commission, but we must transfer funds to them to cover the cost of the terminal equipment that is necessary for us to tie into the direction finder; hence this request for funds.

Mr. Turner, Chief of our Field Engineering and Monitoring Bureau, is here today to explain the agreement that has been worked out between our two agencies and to fill in any other details of the plan that may be desired.

Mr. THOMAS. That is a very excellent statement and very much to the point.

What is the other agency?

Mr. BARTLEY. The Navy.

INCREASES REQUESTED

Mr. THOMAS. You have three requests in here.

Mr. BARTLEY. Yes, sir.

Mr. THOMAS. Two of them are involved with an increase in personnel and the three requests add up to \$1,517,000.

The first one deals with computers and you have a total of almost \$1.2 million for that, while the third activity involves 18 personnel, so you say, for your computers.

Your second one is the satellite communication programs, \$184,000. How many personnel are involved in that?

Mr. BARTLEY. Twenty-one.

Mr. THOMAS. What does your third one deal with?

Mr. BARTLEY. That is monitoring.

Mr. THOMAS. That involves how much money?

Mr. BARTLEY. \$135,000.

Mr. THOMAS. You indicate that this program is going to save over \$1 million in the next 3 years.

JUSTIFICATION OF THE ESTIMATES

We shall put the entire justifications in the record at this point. (The material referred to follows:)

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., May 10, 1962.

INDEPENDENT OFFICES SUBCOMMITTEE,
Appropriations Committee,
House of Representatives, Washington, D.C.

GENTLEMEN: We are submitting herewith a request for an amendment to our 1963 budget estimates. The additional \$1,517,000 is for items that could not be estimated at the time our annual budget was prepared.

When we submitted our original budget request for 1963 we pointed out that an amendment would be submitted if the results of our automatic data processing study were favorable. The Commission has now reached the conclusion that installation of a computer will not only improve the efficiency of its operations but will, when the program is in full operation, result in a net saving of approximately \$200,000 annually over a 10-year period. If this matter were to be deferred for consideration in our 1964 budget at least 1 full year would be lost. In view of the benefits that will accrue to the Government and the public through this program it is of utmost importance that this delay be avoided.

Funds are also requested in this amendment to increase the Commission's effort in the area of satellite communications. The Commission has been devoting some staff to this program but the increased emphasis that has been

put on this program by the President and the Congress make it imperative that this Commission be adequately staffed to carry out its obligations in advancing the development of this new media of communications. In this area, as in other space programs, the United States must take the leadership not only for our own good but also for the benefit of the rest of the free world. The Commission has critical responsibilities in this program and we believe that a delay for another year in adding this staff would gravely impair our ability to meet those responsibilities.

Since our 1963 estimates were prepared a program has been worked out with another Government agency for the joint use of monitoring facilities at four locations. This program will call for the initial outlay of \$135,000 by this Commission with a resulting saving of \$1,092,060 to the Government over a 3-year period. The use of this modern installation will offer considerable technical advantage to the Commission. In order that our needs can be included in the construction planning it is necessary that we submit our request for these funds now, since fiscal 1964 will be too late.

Your favorable consideration of the total amount requested is recommended

Sincerely yours,

NEWTON N. MINOW, *Chairman.*

JUSTIFICATION FOR AMENDMENT TO 1963 BUDGET ESTIMATE

I. Electronic computer program, \$1,198,000

The Commission's budget estimate for fiscal year 1963 stated that we would submit an amended budget request if it was decided to proceed with an electronic computer program. On February 28, 1962, after a thorough study the Commission concluded that a computer system would be more economical and efficient than its present manual system and unanimously approved, subject to the appropriation of funds, the purchase of a Univac III electronic computer and associated XY-Plotter and the installation of the system in its Washington offices in May 1963. Hence, this request for \$1,198,000 covers the purchase and maintenance of the above equipment and other items of expense associated with the installation and operation of the system. The additional amount requested herein does not reduce the Commission's overall staff requirements called for in our previous budget request for 1963 since installation of the system will not be completed until 1964.

The financial advantages of purchasing and installing the computer system for the Commission have been calculated over a 10-year period.¹ The gross cost of the computer system over that period averages \$490,000 per year; the cost of the present manual system for the operations to be performed by the computer is \$707,000 per year, resulting in a net annual savings of approximately \$200,000 when the program is in full operation. The cost of the computer system includes the purchasing of the equipment and the costs to program, operate, and maintain the system. Savings include: The direct personnel displacements in the bureaus and offices, the absorption of certain personnel increases which would be required to process the increase in application receipts anticipated over the next 10-year period, and the reduction of EAM equipment rentals in the present tabulating machine operations.

In addition to the direct dollar savings that will be possible, the backlogs of pending applications in most areas of the Commission will be eliminated or substantially reduced. The computer selected will not only process the present volume of applications on a current basis and provide an accurate up-to-date record of all licensees, but it will have the necessary reserve capabilities to absorb a 25- to 30-percent growth.

The decision to install a computer system is the result of a 2-year detailed study of all areas of FCC's operations. System specifications were developed to insure full and free competition among qualified equipment manufacturers. These specifications were sent to 18 companies with invitations to submit equipment proposals. In addition, a public notice was issued inviting other companies to contact the Commission if they were interested in recommending an electronic data processing system based on our specifications. Proposals were received from seven computer manufacturers.

¹ The life expectancy of the new transistorized computers is estimated to be up to 15 shift-years.

The proposals were evaluated in minute detail, using criteria prescribed by the Bureau of the Budget in Circular No. A-54 which deals with policies on selection and method of acquisition of automatic data processing equipment. The conclusion was that the Univac III computer would best fulfill the data processing requirements of the FCC and purchase (as opposed to lease, or lease with option to purchase) offered the greatest cost advantage to the Government.

The organization and management survey report by Booz, Allen & Hamilton, the management firm engaged by the Bureau of the Budget to study FCC's operations, referred to the program for the installation of a computer system in the Commission as one that offers a great potential for better services at less cost and should be pressed forward. Also, in January of this year, the Bureau of the Budget was requested to have its data processing staff review FCC's plans for the use of a computer and render an evaluation report. Their report indicated complete accord with the approach taken by this Commission in its study and development of a computer system. It was their view that the contemplated system would solve many of the application processing problems that have plagued the Commission for many years and that it offers tremendous potential for further improving the Commission's effectiveness in regulating the communications industry.

The system will be implemented in two phases. During phase I, which will become operational in May 1963, the computer system will perform AM, FM, and TV engineering computational work, provide accurate up-to-date information on ownership of broadcast stations, and facilitate application status reporting in all areas of the Commission. Phase I will also include computational work in connection with the checking of antenna data to insure air navigation safety, and the analyses of telephone plant mortality data to establish depreciation rate values for the Common Carrier Bureau; also frequency reports and licensee data print-outs for the Office of Chief Engineer and Field Engineering and Monitoring Bureau for improved control and management of the radio spectrum.

Phase II, which will become operational during the period October 1963 to June 1964, will encompass the processing of applications for safety and special uses of radio, which include the marine, aviation, amateur, citizen and similar radio services. The computer system will provide for automatic printing of licenses, renewal notices, license modification forms, and will make available a complete, easily accessible record of all outstanding licenses and pending applications.

Looking to the future, this mechanized system will make possible investigations in connection with antenna stability studies, geographical allocation plans, frequency coordination and assignments, and more refined channel-splitting engineering standards. Other potential uses of the computer are in the areas of rate studies and the administrative functions of the Commission; i.e., budgeting, personnel, and payroll and finance.

To prepare for the phase I operations in advance of the delivery of equipment in April 1963, the following steps are necessary:

1. Purchase of computer ¹ -----	\$898,500
2. Contract for maintenance of computer for May and June, 1963--	5,200
3. Purchase XY-Plotter-----	46,300
4. Contract for maintenance of XY-Plotter for May and June 1963--	800
5. Contract with GSA for preparation of computer site in new post post office building-----	75,000
6. Convert Broadcast Bureau licensee data ² to punched cards and magnetic tape-----	25,000
7. Convert data on M-3 contour map to punched cards and mag- netic tape-----	10,000
8. Purchase magnetic tape and other miscellaneous supplies-----	10,000
9. Personnel compensation—18 positions—programers, computer operators, clerical control personnel-----	112,584
10. Personnel benefits-----	8,444
11. Furniture, fixtures, and office supplies-----	6,172
	1,198,000

¹The computer configuration will be completed in fiscal year 1964 by the purchase of two additional magnetic tape drives. The total purchase cost and maintenance cost for 9 months to be budgeted in fiscal year 1964 will be \$50,000.

²The conversion of the largest volume of licensee records for the Safety and Special Radio Services Bureau (approximately 1 million) will be a fiscal year 1964 expense estimated to be approximately \$200,000.

II. Satellite communications program, \$184,000

At the time the regular budget request for fiscal 1963 was prepared there were no clear indications as to what course would be followed in this country's program on a commercially operable satellite communications system. Space communications specialists are confident that such a system is technically feasible. The experimental satellite TELSTAR will be in polar orbit by summer; this will be followed by the RELAY polar satellite which is an experimentation of NASA. This in turn will be followed by the ADVENT satellite, which will be in equatorial orbit synchronous with the earth's movement.

These sensational developments open up new vistas in communication. Within 2 or 3 years after these experimental steps the FCC must be prepared to meet the problems posed by commercial operation of the resultant communication system. The problems which must be anticipated and solved are and will be novel, complex, and of great consequence. Their solution will require our best efforts. This means concentrated attention by a highly skilled specialized staff.

Under the general guidance of a Commissioner, an ad hoc group borrowed from the regular staffs of the Common Carrier Bureau, Office of Chief Engineer, the Office of General Counsel has been actively engaged in formulating plans for the Commission's role in future space communications. This, unfortunately, has diverted key staff from other very important regulator functions which will suffer until these people are returned to their regular work or replaced. This arrangement was intended as a temporary measure for initial planning only. Steps must be taken to provide the staff that will be required in coming months and years as this program develops.

Within the past several months Congress has been considering specific legislation to establish a communication satellite corporation which would be subject to regulation by the Commission. It is reasonably certain, therefore, that legislation will be enacted in the near future and that such legislation will thrust upon the Commission a number of new and unique regulatory responsibilities and problems without precedent in the common carrier regulatory field.

The Commission is therefore proposing to establish a separate working group to concentrate on these important tasks. It is anticipated that space communication satellites will serve principally to complement existing transoceanic cables and radio in rendering international communication service. Because of these common carrier implications, the regulation of this new facility falls logically and ultimately within the purview of the Common Carrier Bureau. However, it is necessary in the initial stages to effect commissionwide coordination. Our proposal is to utilize the funds requested in this budget amendment to establish the following units reporting to an administrator of the Space Communications Working Group:

Technical Standards Unit, staffed by engineers, responsible for public service standards, acceptability of facilities and equipment in the satellite and the ground stations, frequency allocation and assignment, interference problems, and related responsibilities.

Rates and Revenue Requirements Unit, staffed principally by public utilities accountants and rate experts, concerned with the establishing of lawful and reasonable rate levels and structures, the revenue requirements of the satellite consortium, the impact of space satellites on existing rates and services, allowable costs of operation, the relationships of satellite services to existing transoceanic and domestic services, and such other matters as will arise because of this new method of furnishing public communication services.

Legal and Treaty Unit, staffed principally by attorneys, to handle all legal questions stemming from the new consortium, rulemaking, determination of U.S. position in treaty matters, and the conduct of general policy studies in conjunction with the two other working units.

Accordingly, it is requested that an additional appropriation be approved for this new Space Communications Working Group for fiscal 1963 as follows:

Personnel compensation (21 positions).....	\$164, 800
Personnel benefits.....	12, 360
Furniture and supplies.....	6, 840
Total.....	184, 000

III. Joint use by FCC of Wullenweber direction finders owned by another agency, \$135,000

The Commission's long-range direction finding network operates 24 hours a day furnishing bearings in connection with the location of illegal and clandestine radio stations and sources of interference to vital communications circuits; also to provide search and rescue aid to distressed ships and planes. In order to fill a geographical gap in our direction-finder coverage, funds were requested in our 1963 budget (p. 105) for the reestablishment of the Puerto Rico monitoring station which had been closed some years earlier because of lack of funds. Costs will be kept to a minimum by making joint use with another Federal agency of a Wullenweber long-range direction finder being constructed by that agency in Puerto Rico. The same agency is constructing similar Wullenweber direction finders at various other strategic points in the United States.

The wide-aperture Wullenweber is a major advancement in direction finders, having greater inherent accuracy and efficiency than the adcock types currently used by the Commission; therefore, utilization by the Commission of such facilities would substantially improve our long-range radio-location capabilities. Of equal importance insofar as benefit to the Government is concerned is the fact that the Commission's participation in a program of joint use of such facilities would result in a major saving in costs. Such a move would be in conformance with the desire of the President of the United States who, in a memorandum to all agencies dated November 10, 1961, called for the optimum joint use of field facilities by the several agencies wherever it is practicable to do so. It should be noted that the simultaneous multiple-use feature of the Wullenweber permits the Commission to fully utilize this advanced direction finder, without interference to the host agency, at a cost that amounts to but a small percentage of the Wullenweber installation.

As a result of conferences with the agency which is constructing the Wullenweber system, it has been determined that it would be to the advantage of the Commission to transfer its long-range direction-finding and spectrum surveillance operations currently carried on at 4 of our 18 monitoring stations to Wullenweber installations in the same general areas. The identity of each FCC monitoring station involved, and of the Wullenweber installation to which it would transfer its long-range direction-finding and surveillance operation, is given below:

FCC monitoring station:

Searsport, Maine.
Waipahu, Hawaii.
Portland, Oreg.
Santa Ana, Calif.

Wullenweber station:

Eastern Maine.
Island of Oahu, Hawaii.
Northwestern Washington.
Southern California.

The agency constructing the direction finders will provide space for an operating room together with necessary terminal equipment connecting to the Wullenweber direction finder at each of the four locations for a total reimbursement cost of \$200,000 including the \$65,000 which has already been requested by the Commission for Puerto Rico on page 194 of the 1963 budget. Therefore, an additional \$135,000 will be required in 1963 for such reimbursement for the four installations listed above. There will also be certain other costs to the Commission in implementing the proposed program including obtaining required special clearances for the personnel involved, personnel transfer costs, and other expenditures as itemized in the attachment.

The implementation of the above program will result in a very substantial saving to the Government not only in terms of lowered overhead costs (building and grounds maintenance, janitorial services, plant maintenance, etc.), but specially through making excess to the Commission's requirements certain very valuable land. Two of the monitoring stations—Santa Ana and Portland—are

situated on FCC-owned property. Both of these properties are located in areas which have experienced extensive residential and commercial development in recent years. Commercial interests would undoubtedly be interested in acquiring the property at very substantial figures, representing many times the original acquisition cost to the Government. The 110-acre tract of land at Santa Ana, Calif. is estimated to have a fair market value of more than \$1,100,000. Likewise, the 109 acres at Portland is certainly worth at least \$400,000 (and probably a great deal more). If the above plan is approved, the Commission will release all of the Portland property and all but approximately 20 acres of the Santa Ana land to GSA for disposal action. The withheld 20 acres together with the monitoring building at Santa Ana will be retained as a special purpose VHF-UHF-microwave monitoring station for the Los Angeles metropolitan area including facilities for space monitoring operations currently being carried on there and which could not be accommodated at the Wullenweber site. A small VHF-UHF-microwave monitoring installation is also proposed for Hawaii to take over the higher frequency monitoring and measurement activities which cannot be transferred to the Hawaii Wullenweber site.

Although participation in the Wullenweber program in Maine, Hawaii, Washington, and California will increase the number of installations from 4 to 6 (4 Wullenweber stations plus the California and Hawaii VHF-UHF-microwave monitoring stations), there will be only a slight increase in personnel costs. This will be accomplished by eliminating custodial and maintenance positions and by consolidation of other nonoperational duties wherever possible. The only increase will be approximately \$10,000 per year for a GS-12 engineer-in-charge for the California VHF-UHF-microwave monitoring station. This figure is included in the attached cost comparison table.

Sale of the Santa Ana and Portland property by the Government should bring a return of at least \$1,300,000 (90 acres at Santa Ana, \$900,000; 109 acres at Portland, \$400,000). There would also be a saving in rental costs at the Searsport Monitoring Station property which is on rented ground, the rental of which is \$1,200 a year.

The attached tables and charts show the additional costs for which the Commission must budget in 1963, 1964, and 1965. These costs are offset by far greater savings, resulting in a net saving to the Government of an estimated \$1,092,060 over a 3-year period.

Cost increases and decreases resulting from FCC participation in the Maine, Hawaii Washington, and California Wullenweber operations

Item	1963 non- recurring	1964		1965 and succeeding years	
		Non- recurring	Con- tinuing	Non- recurring	Con- tinuing
Reimbursement for terminal equip- ment (+).....	+\$135,000				
Personnel cost increases (+).....			+\$10,000		+\$10,000
Other object increases (+).....	(1)	+\$57,640		+\$9,200	
Other objects savings (-).....			-5,200		-8,700
Fair value of property to be released (-).....		-400,000		-900,000	
Net saving to Government over 3-year period.....	+135,000	-342,360	+4,800	-890,800	+1,300
Net saving to Government over 10-year period.....					1,092,060
					1,082,960

+ Indicates cost increase.

- Indicates cost decrease or saving.

¹ Modest incidental costs in connection with establishing Maine Wullenweber station (transportation of personnel, household goods and equipment, security clearances, etc.) will be absorbed from regular funds.

Fiscal year 1964—Other objects

21	Transportation of personnel: 9 employees, Portland, Oreg. to northwest Washington.....	\$400
22	Transportation of things:	
	Transportation of equipment to new Hawaii Wullenweber and microwave sites.....	3,000
	Transportation of equipment from Portland, Oreg., to the Washington Wullenweber site.....	4,000
	Transportation of household goods, Portland to northwest Washington, 9 employees.....	3,600
	Total.....	10,600
25	Other services:	
	Special security clearances required for access to the Wullenweber installations, 24 ¹ at \$360.....	8,640
	Services in connection with erection of antenna for radiotele-type communications circuit including site preparation:	
	Hawaii station.....	4,000
	Washington station.....	3,000
	Erection of microwave monitoring antennas at Hawaii site.....	1,000
	Total.....	16,640
26	Supplies and materials:	
	Technical supplies for erection of communications antennas, Hawaii and Washington.....	2,000
	Technical supplies required in establishing Hawaii microwave station.....	1,000
	Total.....	3,000
31	Equipment: Antenna poles for communication antennas, Washington and Hawaii.....	2,000
32	Land and structures: Purchase of land and erection of building and associated real facilities, Hawaii microwave monitoring station.....	25,000
	Total, other objects, fiscal year 1964.....	57,640

¹ Remaining personnel will have been cleared in 1963.

Fiscal year 1965—Other objects

21	Transportation of personnel: Travel costs, 9 employees, Santa Ana to California Wullenweber site.....	\$200
22	Transportation of things:	
	Transportation of equipment to California Wullenweber site.....	2,500
	Transportation of household goods for Santa Ana personnel.....	2,700
	Total.....	5,200
25	Other services: Services in connection with erection of antenna for emergency communication circuit, California Wullenweber station, including preparation of site.....	2,000
26	Supplies and materials: Technical supplies for erection of communication antennas, California.....	1,000
31	Equipment: Antenna poles for communication antennas, California.....	800
	Total, other objects, fiscal year 1965.....	9,200

Reduction in operating costs (other objects)

Item	1964	1965 and later
Searsport, Maine, property rental (eliminated).....	\$1,200	\$1,200
Maintenance and repairs of buildings, roads and grounds (services and materials).....	2,000	3,500
Maintenance and repairs of direction finders, antennas, emergency power-plants and other outside plant facilities (parts, materials, and contractual labor).....	2,000	4,000
Total saving.....	5,200	8,700

COMPUTER PROGRAM

Mr. THOMAS. Let us look at your item which involves, in round figures, \$1.2 million.

How are you going to save money with an increase of 18 in personnel?

You have a very good paragraph on page 1 which I think we ought to put in the record at this point.

The financial advantages of purchasing and installing the computer system for the Commission have been calculated over a 10-year period.¹ The life expectancy of the new transistorized computers is estimated to be up to 15 shift-years. The gross cost of the computer system over that period averages \$490,000 per year; the cost of the present manual system for the operations to be performed by the computer is \$707,000 per year, resulting in a net annual savings of approximately \$200,000 when the program is in full operation. The cost of the computer system includes the purchasing of the equipment and the costs to program, operate, and maintain the system. Savings include the direct personnel displacements in the bureaus and offices, the absorption of certain personnel increases which would be required to process the increase in application receipts anticipated over the next 10-year period, and the reduction of EAM equipment rentals in the present tabulating machine operations.

You are going to buy this outright and maintain it yourself?

Mr. BARTLEY. Yes, sir.

ECONOMY OF COMPUTER SYSTEM

Mr. THOMAS. You say that it has been calculated over a period of 10 years the cost of the computer system will average \$490,000 per year, and the cost of the present manual system for the operations to be performed by the computer is \$707,000 per year, resulting in a net annual savings of approximately \$200,000 when the program is in full operation.

Spell out those figures. I do not quite follow you. Your figures make sense, but how do you arrive at them?

Mr. BARTLEY. I think Mr. Hand can answer that.

Mr. THOMAS. You wrap it all by saying it is \$200,000 a year.

Mr. BARTLEY. Can I ask Mr. Hand to answer that?

Mr. THOMAS. Go ahead.

¹ The life expectancy of the new transistorized computers is estimated to be up to 15 shift-years.

Mr. HAND. I can give you a rundown.

Mr. THOMAS. Tell us Brother Hand.

We are for it if you can make your figures stand up.

Mr. HAND. On the cost of the computer system which includes, not only the computer itself, but the personnel to run it, the site that is used and has to be built, and all costs spelled out by the Bureau of the Budget circular. We have included all of them. We come up with a total of 48 positions which will run the complete computer installation and this includes the punchcard phases of it and the computer itself.

EMPLOYMENT FOR COMPUTER PROGRAMS

Mr. THOMAS. You set forth in the justifications 18 positions but now you say 48?

Mr. HAND. This is 18 over and above the personnel we have now. We are asking for 18 additional people.

Mr. THOMAS. Over and above?

Mr. HAND. The programmers and systems analysts.

SAVINGS DUE TO PERSONNEL DISPLACEMENT

Mr. THOMAS. Where are you going to save money? The machine is going to wear out in 12 or 15 years and that is your capital investment right there, already gone.

Mr. HAND. Getting to the savings side of the picture, sir, we have estimated a personnel displacement of, roughly, 74 people; some professional, but many clerical type.

Mr. THOMAS. Where is that in your justifications?

Mr. HAND. It is not broken down in this particular way, sir.

Mr. COX. That is what produces the net of \$200,000, Congressman.

Mr. THOMAS. That would save us a lot of worry if you could put that out clearly now, quickly so we could understand it.

Mr. HAND. We arrived at the total saving which includes personnel displacement and also the computer being able to handle a projected increase in workload—

Mr. THOMAS. Spell it out. It is not spelled out in your justifications.

You are seeking an increase of 18 people and how many do you have doing that work? How many are doing it now? Forty-eight plus eighteen; is that correct?

Mr. HAND. There are 30 plus 18.

Mr. THOMAS. That is 48?

Mr. HAND. Yes, sir.

Mr. THOMAS. Over a period of 10 years, you are going to reduce that by 70 so you have a net reduction of what?

Mr. HAND. In personnel, that would be 26 net.

Mr. THOMAS. That is a loss of how many?

Mr. HAND. It is 74 less 48; 26.

ANNUAL SAVINGS

Mr. THOMAS. Twenty-six people with an annual saving of what, for the 26? Is that where you get your \$200,000?

Mr. COX. Counting other objects' cost, yes, sir.

Mr. THOMAS. This is where you get your \$200,000?

Mr. COX. Yes, sir.

COMPUTER PROGRAM SCHEDULE

Mr. THOMAS. When are you going to show up with a reduction of 74?

Mr. HAND. The computer will be delivered next May. Obviously, we will be going into fiscal 1964 before we get underway and it will take approximately 1 year to get all of the work, which we plan to put on the computer, on the computer. It is roughly 2 years away from today, we will say.

Mr. Cox. 1965.

EFFECT ON FUTURE BUDGETS

Mr. THOMAS. Two years from now you will come in here showing a reduction of 74 jobs; is that correct?

Mr. BARTLEY. Over and above what will be required at that time.

Mr. HAND. That is right.

Mr. THOMAS. Twenty-six net then?

Mr. Cox. There may be other offsettings, partial increases.

Mr. THOMAS. The machine is going to wear out in 15 years, so we had better play it safe and say 12 years.

BENEFITS FROM COMPUTER PROGRAM

Which one of the divisions is going to get the benefit of this very fine machine?

Mr. BARTLEY. Frankly, Mr. Chairman, we think the public will benefit from this one because of the increased efficiency and better service.

Mr. THOMAS. Are you attempting to justify it on speeding up certain activities in the agency, particularly in the processing of your applications now?

Mr. BARTLEY. I think the immediate impact can be seen in safety and—

Mr. THOMAS. That is what I asked about. You put it on an entirely different basis. (Reading:)

* * * The cost of the computer system includes the purchasing of equipment and the costs to program, operate, and maintain the system. Savings include: The direct personnel displacements in the Bureaus and offices; the absorption of certain personnel increases, which would be required to process the increase in application receipts anticipated over the next 10-year period, and the reduction of EAM equipment rentals in the present tabulating machine operations.

Spell out where you will have a decrease in personnel.

PHASE I OF COMPUTER OPERATION

You say that the system will be implemented in two phases:

During phase I, which will become operational in May 1963, the computer system will perform AM, FM, and TV engineering computational work, provide accurate up-to-date information on ownership of broadcast stations, and facilitate application status reporting in all areas of the Commission. Phase I will also include computational work in connection with the checking of antenna data to insure air navigation safety, and the analyses of telephone plant mortality data to establish depreciation rate values for the Common Carrier Bureau; also frequency reports and licensee data print-outs for the Office of Chief Engineer and Field Engineering and Monitoring Bureau for improved control and management of the radio spectrum.

PHASE II OF COMPUTER OPERATION

Then the next paragraph is very good and we ought to insert that in the record at this point, too:

Phase II, which will become operational during the period October 1963 to June 1964, will encompass the processing of applications for safety and special uses of radio, which include the marine, aviation, amateur, citizen and similar radio services. The computer system will provide for automatic printing of licenses, renewal notices, license modification forms, and will make available a complete, easily accessible record of all outstanding licenses and pending applications.

It looks to me like you are going to have here your most important one.

Your language in these two paragraphs is broad enough, plus what you say about the 25 percent increase. You allow that for the increased capacity that is going to work throughout the agency; is that what you are saying generally?

Mr. BARTLEY. Pretty generally. Some things are matters of judgment that cannot be answered "Yes" or "No."

EXISTING BACKLOGS

Mr. THOMAS. The backlog is a matter of judgment. Nobody can decide that except the Commission, which is where the slowdown is. How is this machine going to do that for the Commission itself?

Mr. HAND. In the processing of applications, sir?

Mr. THOMAS. Is that where the backlog is or in the Commission, where the Commission will finally have to make the determination between X applicant and Y applicant? That is the point we are raising.

Mr. Cox. A large percentage of the total application backlog is due to the simple volume of the work. In the safety and special field, where there are hundreds of thousands of these things, the computer will be able to process a high percentage of them, the simple ones can be handled rather expeditiously.

ADDITIONAL TAPE DRIVES

Mr. THOMAS. I notice a rent bill here. You have a contract for maintenance of computer. That is \$5,000. You purchase an XY plotter for \$46,200. You have two footnotes that for 1963 it is going to take \$50,000 to maintain the computer.

Mr. HAND. No, sir. Footnote No. 2 is for additional tape drives, which will be on the computer system in fiscal 1964.

Mr. THOMAS. I do not read it. I read it as maintenance, and No. 3 is tape.

Mr. Cox. The footnote says the total purchase and maintenance cost for 9 months.

Mr. THOMAS. No. 2 is \$50,000 against \$5,000 this year for maintenance, as I read it.

Mr. Cox. Purchase and maintenance.

Mr. HAND. Could I refer you to item No. 1?

Mr. THOMAS. You are going to buy it on the installment plan and start paying for it next year? I thought you had about \$900,000 to pay for it.

Mr. HAND. We do, sir. Fiscal 1963 is \$895,500. In fiscal 1964, the footnote, it will be necessary to add two computer tape drives to the system to take on the remainder of the safety and special radio services work. So it will be a phasing in and be completed in fiscal 1964.

MAINTENANCE COSTS

Mr. OSTERTAG. Your maintenance will be higher; will it not?

Mr. HAND. The No. 2 item, maintenance, that is May and June only because the computer will be delivered in April and will be in business in May. So our maintenance for 1964 will be a full year, whereas, it is only for 2 months in fiscal 1963.

Mr. THOMAS. What will it be on a full year basis?

Mr. HAND. \$33,000.

Mr. THOMAS. This will come in your 1964 budget?

Mr. HAND. Yes, sir.

Mr. OSTERTAG. In other words, you will not need that money now?

Mr. HAND. No, sir.

SITE PREPARATION

Mr. THOMAS. Where are you going to put this computer? I see you contract with GSA for \$75,000.

Mr. HAND. We expect to put it on the seventh floor of the post office building, and GSA has told us the area can be used and can be air conditioned, and so on, for the site.

Mr. THOMAS. \$75,000 to install a machine?

Mr. COX. They are now estimating it may cost a little more than that. The problem involves getting sufficient power into the building. It has to be complete stable power. It requires its own air-conditioning system because the space we have to use was designed in that building for storage space and there has to be constant temperature and humidity control. This is all very expensive. It is not out of line with other computer installation costs.

Mr. THOMAS. You mean you are going to have to spend a lot of money to get power in?

Mr. COX. We have been told that.

Mr. THOMAS. The building is not wired for heavy loads?

Mr. HAND. Apparently not. I believe the Post Office ran into the same problem with their computer installation.

SATELLITE COMMUNICATION PROGRAM

Mr. THOMAS. Let us look at the satellite communication program for \$184,000. You are setting up how many jobs?

Mr. CRAVEN. Twenty-one.

Mr. THOMAS. This is a committee set up with your own personnel; is that correct?

Mr. CRAVEN. That is correct at the present time.

Mr. THOMAS. Are you going to add any new personnel?

Mr. CRAVEN. Yes, sir; 21. At the present time we have an over-worked staff. I think at the February hearings I brought this to your attention. We are having a difficult time.

GRADE AND QUALIFICATIONS OF NEW STAFF

Mr. THOMAS. What is going to be the qualifications of these people?

Mr. CRAVEN. The engineers will be qualified in the techniques of—

Mr. THOMAS. How many professional people will there be out of the 18? They will average no more than \$8,000 a year on the average; is that right? How many professional people will you get? You are not going to get professional people at \$8,000 a year.

Let us look at your detail of personal services.

Mr. SOLAN. The right-hand column shows the changes. Unless there is a change, it remains as it was in the original submission. On the first page there are no additional positions shown. The first additional position is shown on the second page in the right-hand column. That shows any changes from our previous submission.

Mr. THOMAS. In other words, you have one Division Chief at \$13,730, one attorney at \$13,730, one engineer at \$13,730, and one utility expert at \$13,730; is that right?

Mr. SOLAN. Yes, sir.

Mr. THOMAS. You have another attorney at \$12,210?

Mr. SOLAN. Yes, sir.

Mr. THOMAS. You have another engineer at \$12,210?

Mr. SOLAN. Yes, sir.

Mr. THOMAS. You have one utility expert at \$12,210?

Mr. SOLAN. That is correct.

Mr. THOMAS. You have six people here at GS-13, \$10,635 to \$11,935. What do they do?

Mr. NORDBERG. We could give you that exactly. Two engineers, two attorneys and accountants, grade 13. One engineer, one public utility expert, one attorney—

Mr. THOMAS. How many people in total? Is it 39?

Mr. SOLAN. Thirty-nine positions for both programs, for the computer program and for the space satellites.

Mr. COX. Eighteen and twenty-one.

Mr. THOMAS. Where are the 18?

Mr. COX. That was the computer number.

Mr. SOLAN. The 21 were the higher grade positions you were reading.

Mr. OSTERTAG. Twenty-one with Telstar.

Mr. COX. For space communications increase.

Mr. NORDBERG. I can try to summarize this.

Mr. THOMAS. It would be quite helpful. We talked about 18. What are the qualifications and what will be the salary range?

Mr. HAND. Eighteen?

Mr. THOMAS. Twenty-one. I suggested you were not going to have very many scientific people because the average will be \$8,000. Tell us about the 21 you are going to have working on your satellite program, the ad hoc committee.

Mr. NORDBERG. I can give you a breakdown. One will be in overall charge. We do not know, but it could be an engineer or lawyer or rateman. Four engineers, four attorneys.

Mr. THOMAS. What qualifications or ratings are your attorneys and engineers? How many people are you taking regularly from the agency in addition to these 21? How many are on your present staff over there?

NUMBER OF EMPLOYEES NOW WORKING ON SPACE MATTERS

Mr. NORDBERG. That are working on space communications now?

Mr. THOMAS. Yes.

Mr. NORDBERG. I would say between 12 and 15.

Mr. THOMAS. Is that right, Commissioner?

Mr. CRAVEN. Yes. We include also engineering assistants from the Commissioners' offices in there on the staff, putting them to work for a change.

Mr. BARTLEY. What do you mean, for a change?

Mr. THOMAS. Off the record.

(Discussion off the record.)

TEMPORARY ASSIGNMENT OF PERSONNEL

Mr. THOMAS. Why is this a temporary arrangement?

Mr. CRAVEN. We are borrowing men from their regular duties.

Mr. THOMAS. Are these 21 positions going to be permanent?

Mr. CRAVEN. Yes, sir; we foresee in the future very many problems which will require the exclusive services of the people in our organization and on a continuing basis. The problems in the legislation itself, the regulatory problems, are much greater, I think, than heretofore required. We have to look out for competitive bidding.

COMMON CARRIER BUREAU

Mr. THOMAS. What is the present employment in the Common Carrier Bureau?

Mr. NORDBERG. 150 right now, sir.

Mr. THOMAS. For the record, can you break them down? What is the jurisdiction of the Common Carrier Bureau?

Mr. NORDBERG. Telephone and telegraph regulation, interstate and foreign.

NEW REGULATORY RESPONSIBILITIES

Mr. THOMAS. It strikes me this is going to be a very, very important activity. It is already important. You are regulating rates and long lines. Now you are going to be presented with no telling what kind of problems which TELSTAR will produce for you.

Mr. CRAVEN. We think with the new mode of communications there will be a significant impact. In my own personal opinion, and I have been in communications since 1912, this is one of the most significant technical developments I have ever witnessed. It really revolutionizes the communications field.

Mr. THOMAS. We agree.

Mr. CRAVEN. We were happy to see the House passed a bill at an earlier date, and we hope the Senate will pass one soon and that we can get started.

Mr. OSTERTAG. Is this all contingent on the passage of the legislation?

Mr. CRAVEN. We think we will have to go ahead, regardless of the legislation, if we are going to keep ahead of the other countries.

Mr. THOMAS. TELSTAR is already in existence.

Mr. OSTERTAG. It is here even if we do not pass this legislation.

Mr. CRAVEN. There are so many things to be developed, we hope to learn very much from TELSTAR itself and from subsequent research ventures, Project RELAY and Project CINCOM. They have different systems. We have to first agree among ourselves which is the best system and ultimately we will have to secure international agreement. All of these things bear on this particular budget request here.

WULLENWEBER DIRECTION FINDERS

Mr. THOMAS. You will have joint use by Federal Communications with Wullenweber direction finders owned by another agency at a cost of \$135,000. This is worth going into. Look at this table here. Does this also include the money you requested to rehabilitate a station in Hawaii?

Mr. TURNER. This includes Hawaii but not Puerto Rico.

Mr. THOMAS. What is it in Puerto Rico?

Mr. TURNER. \$65,000.

Mr. THOMAS. So it is really about \$200,000?

Mr. TURNER. Yes.

SALE OF EXISTING PROPERTIES

Mr. THOMAS. You are selling some of your present properties. Go into this in some detail. You will have monitoring stations in eastern Maine, Hawaii, northwestern Oregon, southern California. You are going to sell the locations you have now and operate here with the Navy. By doing it you are going to pick up some money; is that right?

Mr. TURNER. That is right. I can cover it in detail, if you like, Mr. Chairman. I think it would be quite interesting.

Mr. THOMAS. Tell us about the saving.

Mr. TURNER. We have the two stations that we are intending to dispose of. In the case of the Portland, Oreg., station entirely that—

IMPROVED MONITORING OPERATIONS

Mr. THOMAS. Why that changeover, in the first place, at this late date? Is it brought about by technological improvement, advancement, or what?

Mr. TURNER. Very much so. The Wullenweber is a recent development in long-range direction finding that will permit a 2-to-1 increase in the accuracy of our operations. It will also provide additional sensitivity in terms of the signals that we can receive and take bearings on over the existing Adcock-type direction finders in use.

Mr. THOMAS. What is the purpose of your activity at these five big locations?

Mr. TURNER. These particular stations will be incorporated in the existing FCC net of monitoring stations. The overall purpose—

NUMBER AND PURPOSE OF MONITORING STATIONS

Mr. THOMAS. How many monitoring stations do you have now?

Mr. TURNER. The total is 18.

Mr. THOMAS. Go ahead

Mr. TURNER. The primary function of our monitoring stations, of course, is enforcement of the Commission's regulations, the Communications Act, and related treaties.

PERFORMANCE CAPABILITY OF NEW SYSTEM

Mr. THOMAS. Are these stations any stronger than your other 14 or 15 stations?

Mr. TURNER. They will accomplish activities and assignments that the existing stations will not accomplish. Accuracy will be improved 2-to-1 over the existing stations. The sensitivity will permit us to receive signals that we cannot receive with existing stations.

Mr. THOMAS. It seems to me you gentlemen are to be commended here for your forward step. You are really cooking on the front burner here.

Let us get down to cases. How about this \$1,517,000? Can you operate on \$1.2 million?

Mr. COX. No, sir. The computer is fixed. We are stuck with a figure because we have an intent to purchase.

COMPUTER CONTRACT AND COSTS

Mr. OSTERTAG. Have you entered into a contract for the computer?

Mr. COX. We have a letter of intent, which clearly says depending on what the Congress does.

Mr. OSTERTAG. Then you know definitely that the obligation and the price will be so much in that regard, so that there would be no variation in your ultimate requirements?

Mr. COX. No, sir; these are virtually firm figures for the purchase of the computer, the tape drives, the XY plotter, all the equipment, which makes up far and away the biggest dollar figure.

Mr. OSTERTAG. This \$1,517,000 has been approved by the Budget?

Mr. COX. Yes, sir.

Mr. OSTERTAG. This is to be added or there will be an amendment to your 1963 budget request; is that correct?

Mr. COX. Yes, sir.

CURRENT COMPUTER PROGRAMS

Mr. OSTERTAG. In connection with the computer, you are making a request of \$1,198,000. This is on an outright installation and purchase basis. Do you have computers now that you are using?

Mr. COX. We rent sometimes from computer owners. We have been doing pilot projects and doing some work on leased time, a small amount.

Mr. OSTERTAG. But not to the degree of this outright purchase of a computer, not to the degree it would achieve?

Mr. COX. No, indeed. These have been pilot studies to see if it would work and the extent to which it would be worthwhile and things of that sort.

PROPOSED COMPUTER APPLICATION

Mr. OSTERTAG. I would like a clearer picture of what these computers will really do. You are speaking of applications. Do you put an application in a computer and it comes out with the answer?

Mr. HAND. Perhaps I can explain. An application comes in from someone who wants to operate a radio on his boat. He has to answer certain questions in order to be granted a license. We record the data, his answers to our questions, on punchcards and feed this information into the machine, the computer. The computer has been programmed to recognize a "Yes" or "No" answer to a particular question. If it comes out the way it should come out to grant one, we grant it and go ahead and print the license. If he does not comply in all respects to the questions, obviously he is not granted the license. It is referred to a person who then would use further judgment to see whether or not he is absolutely out and cannot be granted the license.

Mr. OSTERTAG. The computer does not serve as a lie detector, does it?

Mr. HAND. Only to the extent that if you can preprogram or pre-analyze everything you want to know, then it can; yes.

Mr. OSTERTAG. In other words, by virtue of deduction, it stands to establish proof or nonproof?

Mr. HAND. Exactly.

Mr. OSTERTAG. In other words, my question was not so peculiar after all?

Mr. HAND. Not at all, sir. There will be human judgment in certain cases.

ADDITIONAL EMPLOYEES FOR COMPUTER PROGRAM

Mr. OSTERTAG. In that connection, you are asking for 21 additional personnel; is that right?

Mr. HAND. On the computer program, 18.

Mr. OSTERTAG. That, of course, is in addition to the capitalization—I take it you are budgeting for the full funding of this computer apparatus.

Mr. HAND. Yes, sir.

Mr. OSTERTAG. But the additional cost over and above that will be the cost of 18 additional personnel?

Mr. HAND. The 18.

COMPUTER PROGRAM SAVINGS

Mr. OSTERTAG. You estimate an annual saving of about \$200,000?

Mr. HAND. Yes, sir.

Mr. COX. Calculated over a 10-year period.

Mr. OSTERTAG. How will that saving be achieved? You are adding personnel. Will personnel be reduced in other areas?

Mr. HAND. Yes, sir.

Mr. OSTERTAG. To what degree?

Mr. HAND. Seventy-four people in the various bureaus.

Mr. OSTERTAG. That is where the difference lies?

Mr. HAND. Yes, sir.

RELATIONSHIP OF LEGISLATION TO SATELLITE PROGRAM

Mr. OSTERTAG. Now, in connection with the satellite communications program, this \$184,000, of course, is not a very sizable sum. But I would like to ask one of the Commissioners the relationship of this program to pending legislation. In other words, that legislation is apt to take most any form today, but actually does not the pending

legislation carry with it your authorization, your administrative or regulatory authority, which you do not possess today?

Mr. CRAVEN. It adds to our regulatory authority, as I understand it. I am no lawyer. It gives us more duties. For example, we have to pass upon competitive bidding which we do not have to do now. We have to go far more closely into the relationship between the public ownership and the—

Mr. OSTERTAG. How about regulatory authority? Do you have that now?

Mr. CRAVEN. We have a certain amount but they are adding to the regulatory authority. I would ask the representative of the General Counsel's Office to expand on that.

Mr. OSTERTAG. You are adding 21 people to your staff for this purpose, this space communications working group. That is understandable, but the question is whether or not this is going to meet all of your requirements or will the end effect of this legislation broaden this to the degree that this is only a token application of it?

Mr. CRAVEN. There are two versions of the legislation. One is the House bill and the other is the Senate bill. We are going to assume that the objectives are the same and regulatory authority conferred upon the Commission is almost the same.

We are assuming it will pass in general, in accordance with the general objective expressed in the House bill. I have the feeling that we have to go through a certain amount of experience before I can give a definite answer, but we hope the 21 are going to be sufficient for a long time to come.

INTERNATIONAL NATURE OF SPACE COMMUNICATIONS

Mr. OSTERTAG. You are already involved in international functions, legal and otherwise. Will these 21 people be closely associated with this on an international basis?

Mr. CRAVEN. Several will. At the present time we are utilizing gentlemen from the Chief Engineer's Office who are now behind in their other work. These men here will become trained and relieve the Chief Engineer's Office of the overburden they now have.

We are also involved in the study of international law. As you know, this particular field has not been resolved as yet. For example, I think the Senate Judiciary Committee, or one of the committees, has a volume about 1,000 pages thick showing the lack of international law. We have had a man in the Chief Counsel's Office making a study of all the problems for possible actions to be taken, and he keeps us constantly advised. We took him away from other work, and that other work is now being neglected.

COOPERATION ON TELSTAR SATELLITE

Mr. OSTERTAG. What I am trying to clear up is this. For example, the TELSTAR satellite, which has recently been launched and made experimental, but actually it is a successful endeavor, achieved primarily by private enterprise.

Mr. CRAVEN. Yes, in collaboration, private enterprise on the electronic features and the Government with respect to the launching facilities.

Mr. OSTERTAG. In other words, it was a cooperative endeavor?

Mr. CRAVEN. Yes, sir. The Communications Commission had lots to do with it. We had to make studies as to the frequencies to be used, studies as to the interference that could be created, and we set up a great deal of experimental problems that they have to solve.

Mr. CRAVEN. I might add, in order to disabuse what some people think is a permanent operation, part of the experiment is to see how long it can live in the space environment. It is expected that it is going to live a relatively short time.

NEW DEVELOPMENTS LEADING TO AMENDED BUDGET

Mr. OSTERTAG. What I was wondering about and leading up to is the question of this recent development.

Is that the reason you are now coming in with this supplemental request? In other words, do you know something now you did not know at the time you made your regular budget presentation? Is that what prompts this budget item of \$168,000?

Mr. CRAVEN. At the time we made our regular budget presentation, we did not anticipate all of the problems we now see. TELSTAR itself is not contributing to this. We have gone through a great many hearings before various committees and the problems created as we envisioned them add to our fund of information as well as the international problems involved in establishing an operative communications system in the future, some years off.

For example—can I go off the record a minute?

Mr. OSTERTAG. Certainly.

(Discussion off the record.)

COORDINATION OF SATELLITE COMMUNICATION PROGRAM

Mr. OSTERTAG. Is it necessary, then, to create some sort of a coordinated representation on the part of the United States in this connection?

Mr. CRAVEN. We have this coordination now between NASA, the FCC, Department of State, and the Department of Defense, and other Government departments, as well as the Space Council.

PURCHASE VERSUS RENTAL OF COMPUTER

Mr. JONAS. What will it cost to rent this computer rather than to buy it?

Mr. HAND. \$234,000 a year.

Mr. JONAS. Does that include service?

Mr. HAND. Yes, sir.

Mr. JONAS. What would be maintenance costs to purchase?

Mr. HAND. Total cost; \$234,000 a year.

Mr. JONAS. How long would it take you to amortize this?

Mr. HAND. About 4 years.

Mr. JONAS. That would be \$800,000?

Mr. HAND. A little over; 4 years plus.

Mr. JONAS. Five plus?

Mr. COX. The computer is \$898,000.

Mr. JONAS. The installation and the maintenance?

Mr. COX. We still have the installation costs.

Mr. JONAS. You would have to defray the installation cost? And don't forget interest because we will have to borrow the money.

Mr. HAND. You are right when you include maintenance.

Mr. JONAS. What would be the maintenance cost?

Mr. HAND. \$33,000 a year.

Mr. JONAS. A rental proposition would be \$160,000 a year; is that right?

Mr. HAND. No sir; the rental cost would be \$234,000.

Mr. OSTERTAG. Would the gentleman yield?

Mr. JONAS. Yes.

LIFE EXPECTANCY OF COMPUTER

Mr. OSTERTAG. What is the life of this equipment?

Mr. HAND. About 15 years, we are told.

Mr. COX. We estimated 10 for the purpose of calculation so we would be fair and conservative in our figures. We have been so informed by the Bureau of the Budget that the life expectancy of 15 years is not unreasonable.

Mr. BOLAND. What do you mean by "shift" years?

Mr. HAND. One 8-hour shift.

Mr. COX. If you use up its life faster—

GUARANTEE ON COMPUTER

Mr. JONAS. What is the guarantee on this?

Mr. HAND. The computer?

Mr. JONAS. Yes.

Mr. HAND. You buy maintenance and this—

Mr. JONAS. They do not have a lifetime guarantee?

Mr. HAND. There is no such thing.

Mr. JONAS. You start off with the understanding that you have to maintain it?

Mr. HAND. Yes. For example, in the Remington—

COMPUTER OBSOLESCENCE

Mr. JONAS. Just between us, do you not anticipate that 10 years hence this computer will be obsolete?

Mr. HAND. No, sir; I do not think it will be obsolete.

Mr. JONAS. It will be obsolete in 5 years with the advances that are being made?

Mr. HAND. The state of the art has improved considerably.

Mr. JONAS. I do not know if you are making a good deal to buy the computer instead of renting it for several years. Have you made any studies of that?

Mr. HAND. Yes, sir, we did.

Mr. JONAS. How do you justify paying this amount of money for a computer you know is going to be obsolete before it amortizes itself?

Mr. HAND. I do not think it will be obsolete. I just visited a tremendous installation in this field and they were using computers that had been on the floor for 6 years. They just bought them.

This is going on all over the country, particularly computers that lend themselves to scientific application as ours will. There are many industrial firms who now are buying computers they have been renting for a number of years.

Mr. JONAS. That is all.

Mr. BOLAND. Thank you, gentlemen, for your appearance.

Mr. BARTLEY. Thank you, Mr. Chairman.

LIST OF WITNESSES

	Page
Allen, E. W.....	64
Bartley, R. T.....	64
Beckler, D. Z.....	36
Boutin, B. L.....	1
Cahill, Gerald.....	64
Cox, R. W.....	64
Craven, T. A. M.....	64
Geller, Henry.....	64
Griffin, Robert.....	1
Hand, J. N.....	64
Hartgering, Dr. J. B.....	36
Hyde, R. H.....	64
Knott, L. B.....	1
Nordberg, J. J.....	64
Schmidt, W. A.....	1
Solan, R. F.....	64
Strassburg, Bernard.....	64
Turner, G. S.....	64
Turpin, W. P.....	1
Wiesner, Dr. J. B.....	36

INDEX

A

	Page
Amendments to 1963 budget:	
Federal Communications Commission.....	64
Direction-finding equipment, purchase of.....	67, 82
Electronic computer program.....	66, 75, 83, 86
Satellite communications.....	67, 84
Employment.....	79
Science and Technology, Office of.....	36
Consultants.....	45, 58
Duplication of effort.....	48, 52, 57, 59, 61
Employees.....	41, 45
Federal Council for Science and Technology.....	48, 60
Financing of.....	41
Functions and purpose of.....	39, 47, 50, 53, 59
National Academy of Science, relationship to.....	50
National Science Foundation, transfer of functions from.....	39,
Research and development reporting activities.....	41, 51, 57, 53, 57
National Security Council, relationship to.....	60
Size of.....	38, 47
Travel.....	46, 58, 63
	46

G

General Services Administration.....	1
Chicago, Ill., courthouse and Federal office building.....	29
Public buildings programs in Washington, D.C., area.....	1
Allocation of new space.....	13, 17
Authority for lease-construction.....	7
Buildings constructed recently.....	6
Buildings under construction.....	6
Construction planned.....	9, 16, 19
Cost of building program.....	25, 28, 32
Cost per square foot.....	28
Cost of leased space.....	7, 20, 32
Effect of lease-construction program costwise.....	31
Employees housed by GSA in Washington, total Federal.....	8
Execution of lease-construction contracts, withholding of.....	29
Executive order delegating authority to GSA.....	14, 28
Government-owned versus leased space.....	22, 32, 35
Leased space outside Washington, D.C.....	26
Leasing in larger blocks, savings by.....	24
Percentage of space leased and Government-owned.....	11, 25, 33
Plans for leasing space.....	11
Release of rented space as result of new construction.....	8, 13
Space requirements, long-term.....	23, 34
Space to be renovated or replaced.....	27

(III)



