

BUDGET-7-Cost and Accounting

Car. expenses from 2-6-57

~~to~~

See Budget 8 - Jt. Participation with
Car. expenses 11/5/57

TITLE

Budget-7-Cost Accounting

N	DATE	TO	FROM	CL.	PG.	NO.	DATE	TO	FROM	CL.	PG.
1	4-17-58	AEC 445/3	Committee on Gov. Activities Affecting Prices and Costs McCone, Edhn, A Floberg, John Foster, Admiral Price & Costs Trends	skw	u						

Budget-7-Cost Accounting

	Date	To	From	Class	Pgs. No.	To	From	Class
1	7-7-60	Olson, Commissioner		skw	u			
2	7-10-61	AEC 445/5 New Mexico		skw	u			
3	7-13-61	AEC 445/6		skw	u			
4	8-3-61	AEC 445/7		vee				
5	8-16-61	AEC 445/8 Saltonstall, Sen. Massachusetts Contracts in Mass.		vee				
6	8-29-61	AEC 445/9		skw				

Budget

UNITED STATES GOVERNMENT

Memorandum

TO : Heads of Divisions and Offices, HQ
Managers of Field Offices

DATE: June 7, 1966

FROM : Acting Controller *V. L. ...*

SUBJECT: BUDGETING AND ACCOUNTING FOR COSTS OF RECOVERING NON-PRODUCTION
UNIRRADIATED ENRICHED URANIUM AND PLUTONIUM SCRAP

We are considering a procedure whereby, beginning July 1, 1967, the cost of recovery of non-production unirradiated enriched uranium and plutonium scrap that is not covered under fixed price fabrication contracts will be funded under the programs and activities generating the scrap instead of under Program 02. Production scrap (Programs 02-03) recovery costs and fixed price fabrication contracts including recovery of non-production unirradiated scrap are presently being funded under the generating programs.

To minimize and simplify budgeting and accounting for recovery costs for the subject material, the procedure to be followed provides that:

1. The funds needed for recovery are to be requested for the year in which recovery is anticipated.
2. The SS inventory will be carried at the value at which it was recorded in the applicable non-production inventory account.
3. Oak Ridge, for unirradiated enriched uranium scrap, and Richland, for plutonium scrap, will continue to be responsible for centralizing the recovery of scrap and for obtaining the best possible prices by combining lots, etc.

Please let me have your comments and/or suggestions on the procedure by July 1, 1966.

Cy filed BAF

6-7-66



12AF-7
Cost accounting

OCT 18 1965

OCT 18 1965

65

Dear Mr. Neuman:

We commend the Federal Government Accountants Association for providing financial assistance to masters and doctoral candidates whose theses and dissertations might contribute to better financial management in Government.

In the Atomic Energy Commission, accrual accounting, industrial cost accounting, cost-based budgeting, government fund accounting and auditing are combined into a single system which provides information necessary for sound financial management. Thus, many subjects that would be of interest to other agencies probably would not be helpful to us. However, we are attaching a list of possible research subjects that we feel could produce worthwhile benefits to the Government.

Cordially,

(Signature)

Chairman

Mr. David Neuman, President
Federal Government Accountants Association
1523 L Street, N. W.
Washington, D. C.

CC: Chairman (2)
Secretariat (2)
General Manager
J. P. Abbadessa
W. E. Campbell

Enclosure:
Suggested Research Topics

Incoming - Ltr. from
Neuman, President, FGAA
to Seaborg, dtd. 10/1/65
GM 26910

			Budget						
			10/	/65					
Deputy Asst.	Asst. Contr.								
Contr. for Ac.	for Acctg.	Controller	AGM	DGM	GM				
EJKIRKHAM:cj	WECampbell								
10/15/65	10/	/65	10/	/65	10/	/65	10/	/65	10/ /65

10-18-65-29-81-65

SUGGESTED RESEARCH TOPICS

1. Methods, techniques or other means used for the control and measurement of research and development programs.

The management and control of research activities are unlike manufacturing operations where the identifiable products produced on a generally repetitive basis furnish a means for measuring performance. Actual techniques in use or potential techniques for measuring the research efforts should be explored and evaluated or developed in order to assist in determining the most effective utilization of resources to produce the greatest amount of research and development data.

2. Costing of joint and by-products from a nuclear reactor.

In costing joint and by-products, some of the parameters generally considered are (a) the primary objective of the operation, (b) the relative sales values of the products, (c) the production method utilized for generating the products, and (d) whether a product is produced with little, if any, special effort. To what extent are these or other parameters valid and what is the relative importance of each? To what extent does incremental costing produce reasonable costs? What criteria should govern the costing of reactor products?

3. The effectiveness of the adoption of PL 863 requiring the adoption by the agencies of accrual accounting and cost-based budgets.

Identify the extent to which Federal agencies have established accrual accounting systems and cost-based budgets. Identify the reason or reasons why certain agencies may have lagged or ignored the implementation. What problems are encountered in the implementation? How are cost data used for management purposes? To what extent are accrual accounting systems and cost-based budget systems producing the best financial management information for use internally by an agency, other agencies, and the legislative branch?

4. The adequacy of college and university accounting and management systems to reflect performance under an accrual system and a cost-based budget.

This study might be confined to a selected group of colleges and universities which are carrying out significant programs under Federal contracts with agencies

using accrual accounting and cost-based budgets. Do these systems meet the accounting and reporting requirements of these Federal agencies? What problems do the requirements pose for the colleges and universities? To what extent have colleges and universities been required to change their systems?

5. Management practices used to determine and evaluate the effective utilization of computers on non-commercial type applications.

Generally, alternative systems involving commercial-type applications are relatively easy to evaluate when compared to a computer-based system. However, there are diverse problems and practices in measuring the effectiveness of scientific and technical applications on computers used uniquely for a single application or a mutually dependent group of applications and computers operated as a large job shop.

6. Study the integration of the new Planning-Programming-Budgeting techniques with cost-performance budgets.

This study might point out the similarity of techniques already being used in cost-based performance budget systems with the new techniques being advocated under the Planning-Programming-Budgeting System. It should also identify differences and suggest areas where the greatest additional effort is required.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

Budget - 9 - Cost Accounting

B-114365

July 26, 1965

Dear Mr. Seaborg:

Enclosed for your information is a copy, in pamphlet form, of a complete revision of Title 2 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies. This revision is being distributed in the regular loose-leaf form to all holders of this manual. This title has also been printed in pamphlet form so as to encourage wider distribution and use of this material in the Federal agencies. Additional copies of these pamphlets may be obtained from the Report Department of our Office.

This revision contains a complete restatement of the principles and standards for accounting which, under section 112(a) of the Budget and Accounting Procedures Act of 1950, the Comptroller General of the United States is directed to prescribe for the guidance of the executive agencies of the Federal Government.

This information concerning our revised accounting principles and standards and instructions for obtaining approval of accounting systems is being brought to your attention because of the responsibility specifically vested by the Budget and Accounting Procedures Act of 1950 in the head of each executive agency for establishing and maintaining effective accounting systems.

Your cooperation in calling the attention of responsible management officials in your agency to this material will be appreciated.

Sincerely yours,

Frank H. Westgel

Acting Comptroller General
of the United States

Enclosure

The Honorable Glenn T. Seaborg, Chairman
United States Atomic Energy Commission

7-26-65

WILLIAM L. DAWSON, N.C., CHAIRMAN
HENRY S. REISS, N.H.
BENJAMIN S. ROSENTHAL, N.Y.
CNET HOLIFIELD, CALIF.

Budget 7
EIGHTY-NINTH CONGRESS

CLARENCE J. BROWN, OHIO
JOHN F. ENLERNBORN, N.H.

CAPITOL E-2738

Congress of the United States
House of Representatives

EXECUTIVE AND LEGISLATIVE REORGANIZATION SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
RAYBURN HOUSE OFFICE BUILDING, ROOM 537-A
WASHINGTON, D.C. 20515

March 22, 1965

Mr. Glenn T. Seaborg
Chairman
Atomic Energy Commission
Washington 25, D. C.

Dear Mr. Seaborg:

Please find enclosed herewith for your information and attention a copy of a report adopted by the House Committee on Government Operations entitled "Submissions of Agency Accounting Systems for GAO Approval". You will note certain recommendations therein relating to departments and agencies which do not have accounting systems approved by the Comptroller General as required by the Budget and Accounting Procedures Act of 1950.

Please furnish us with your comments at your earliest convenience.

Sincerely yours,

William L. Dawson
WILLIAM L. DAWSON
Chairman

Enclosure

3-22-65

Sub H-7
OFFICIAL USE ONLY

Res. & Status Br. - **GEN**

UNITED STATES GOVERNMENT

Memorandum

TO : John A. Eriewine, Director
Division of Congressional Relations

DATE: July 23, 1964
(Revised July 27, 1964)

FROM : W. B. McCool, Secretary

SUBJECT: HOUSE GOVERNMENT OPERATIONS COMMITTEE HEARINGS ON COST ACCOUNTING

SECT:ICB

*Original signed
W. B. McCool*

At Meeting 2027 on July 22, 1964, the Commission briefly discussed the possibility of AEC participation in forthcoming Hearings by the House Government Operations Committee on Government cost accounting procedures. It was noted the Commissioners should be kept informed on this matter.

cc:
Chairman
General Manager
Deputy General Manager
Acting Asst. General Manager
General Counsel
Controller

OFFICIAL USE ONLY

7-23-64

JUN 14 1963

Re: Further Information

The following schedule of work to be inserted in the State of New Mexico during fiscal year 1963 is prepared in response to your letter of May 24, 1963.

Operating Expenses	\$112,742,000
Plant and Capital Equipment	11,131,000
Total	\$123,873,000

This schedule is based on the budget currently being considered by the Congress and payments which are estimated to be incurred by other contractors of the Government located in New Mexico. In addition, certain of these work may be expected to also contractors located in other States for equipment, supplies, or services; similarly, there will be inclusion of any expenditures which may be made by subcontractors located in New Mexico by contractors located in other States.

Sincerely yours,

(Signed) Gus L. Selig

Chairman

Honorable William F. Anderson
United States Senate

- cc: Director (2)
- Gen. Mgr.
- Comp. Liaison (1)
- Gen. Counsel
- Comptroller
- Exec.
- Gen.
- PLS
- Personnel

Chairman _____ 6/1/63

C+Seay/9

Budget - 7

COMPTROLLER
ASSISTANTS
GENERAL MANAGER
CONTROLLER

1963 12 MAR

Dear Al,

I was extremely pleased to receive notification from the Comptroller General of the United States by letter dated March 8, 1963, that the accounting system of the Atomic Energy Commission has been approved by the General Accounting Office. I understand that this is the first approval to be given to the complete accounting system of a major operating agency or department.

I know that you and your staff have worked hard to merit this recognition. I would appreciate your passing on to the appropriate staff involved the Commission's commendation for a job well done.

Cordially,

(Signed) Glenn T. Seaborg

Glenn T. Seaborg

Mr. Alvin R. Luedeka
 General Manager
 U.S. Atomic Energy Commission

JPA/ECB/cswa

3-12-63



DP 223-9
gm/A

Budget - 87

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

B-115390

March 8, 1963

Honorable Glenn T. Seaborg, Chairman
United States Atomic Energy Commission

Dear Dr. Seaborg:

Reference is made to the letter of former Chairman, Mr. John A. McCone, dated January 22, 1960, requesting approval of the accounting system of the Atomic Energy Commission and submitting supporting material for our consideration.

We have reviewed the system and have tested its application at the Atomic Energy Commission Headquarters Office, the Oak Ridge Operations Office, and the Pittsburgh Naval Reactors Office. Several improvements designed to strengthen central accounting control and internal reporting were incorporated into the system during the course of our review.

The accounting system of the Atomic Energy Commission is now deemed to be adequate and in conformity with the principles, standards, and related requirements prescribed by the Comptroller General, and accordingly is approved. Any subsequent proposed changes which might impair conformity with these prescribed principles, standards, and related requirements should be discussed with representatives of our Civil Accounting and Auditing Division.

Sincerely yours,

Comptroller General
of the United States

3-8-63

Budget

To GT-

5
DC 1719

CLINTON P. ANDERSON, R. ILL., CHAIRMAN	HENRY H. JACKSON, WASH.	HENRY DRENGHAC, IOWA
ALAN BARKER, IND.	THOMAS H. RICHEN, CALIF.	GEORGE ALLERT, DEL.
JOHN A. CARROLL, IOWA	JACK BRADEN, MISS.	MARCELO J. DIBERTY, N.J.
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FRANK P. MURPHY, N.Y.		
LEE HAYWARD, MISS.		
J. A. MOORE, WYO.		

United States Senate
 COMMITTEE ON
 INTERIOR AND INSULAR AFFAIRS

ABBY T. VANDLER, CLERK

June 19, 1962

Honorable Glenn T. Seaborg, Chairman
 Atomic Energy Commission
 Washington 25, D.C.

Dear Dr. Seaborg:

For the past several years it has been my custom to report to my state on prospective Government expenditures within New Mexico for the coming fiscal year.

I would appreciate your providing me with this information if possible not later than August 5. If your department is not able to respond by that date, please so advise.

Sincerely yours,

Clinton P. Anderson
 Clinton P. Anderson

CPA:Bu

6-19-62

Beuget-7

UNCLASSIFIED

AEC 445/9

August 29, 1961

COPY NO. 26

ATOMIC ENERGY COMMISSION

SCANLON - ERWIN ASSOCIATES

Note by the Acting Secretary

The attached letter from Congressman Thomas G. Morris is circulated for the information of the Commission. The letter has been referred to the General Manager for appropriate handling.

AEC
445
9

Harold D. Anamosa
Acting Secretary

DISTRIBUTION

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Asst. to the GM	10
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Finance	19-21
Ind. Participation	22
D. C. Office	23-25
Secretariat	26-30

8-29-61

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THOMAS G. MORRIS
AT LARGE-NEW MEXICO

HOME ADDRESS:
Box 1277, TUCUMAN

MEMBER,
INTERIOR AND INSULAR AFFAIRS
COMMITTEE
SCIENCE AND AERONAUTICS
COMMITTEE
JOINT COMMITTEE ON
ATOMIC ENERGY

Congress of the United States
House of Representatives
Washington, D. C.

August 17, 1961

Honorable Glenn T. Seaborg, Chairman
Atomic Energy Commission
Washington 25, D. C.

Re: SCANLON-ERWIN & ASSOCIATES
1210 Luisa St.
Santa Fe, New Mexico

Dear Chairman Seaborg:

Attached is a brochure of the above-mentioned
company in Santa Fe, New Mexico.

I have known the President of Scanlon-Erwin
& Associates, C. O. Erwin, for many years, and am aware of his
integrity, as well as the excellent reputation the company enjoys
in the State of New Mexico.

It will be appreciated if every consideration may be
given Scanlon-Erwin & Associates, at such time as contracts are
awarded for the services of consulting engineers required in
carrying out the various programs of the Atomic Energy Commission.

Thank you for your assistance in this matter.

Sincerely yours,


THOMAS G. MORRIS, M. C.

TGM:kg
Enclosure

Budget Contract

UNCLASSIFIED

AEC 445/8

August 16, 1961

COPY NO. 24

ATOMIC ENERGY COMMISSION

MAJOR AEC CONTRACTS IN MASSACHUSETTS

Note by the Acting Secretary

The attached letter from Senator Leverett Saltonstall is circulated for the information of the Commission. The letter has been referred to the General Manager for appropriate handling.

Harold D. Anamosa
Acting Secretary

AEC
445
8

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Asst. Gen. Mgr. Adm.	12
Asst. to the GM	13
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S-16-61

X-Contract 5-9

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UNITED STATES SENATE
COMMITTEE ON ARMED SERVICES

August 7, 1961

Mr. Glenn T. Seaborg, Chairman
Atomic Energy Commission
Washington 25, D. C.

Dear Mr. Seaborg:

Massachusetts frequently has had the opportunity to work with the Atomic Energy Commission on research, development and fabrication contracts.

So that I may be better informed as to location of those companies and universities which you find most helpful, I would appreciate your informing me of major contracts in my state at the time they are let.

Thank you for your cooperation.

Sincerely,

/s/

Leverett Saltonstall
United States Senator

Budget

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AEC 445/7

AUGUST 3, 1961

COPY NO. 24

Handwritten
77

ATOMIC ENERGY COMMISSION

SUMMARY OF AEC SCIENTIFIC ACTIVITIES
IN NEW MEXICO

The attached letter from Senator Clinton P. Anderson of New Mexico is circulated for the information of the Commission. The letter has been referred to the General Manager for appropriate handling.

W. B. McCool
Secretary

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Asst. Gen. Mgr. Mfg.	10
Asst. Gen. Mgr. R&ID	11
Asst. Gen. Mgr. Adm.	12
Asst. to the GM	13
General Counsel	14-17
Congr. Relations	18
Public Information	19
Military Application	20
D. C. Office	21-23
Secretariat	24-28

Handwritten
8-3-61

UNCLASSIFIED

UNITED STATES SENATE
COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

31 July 1961

Dr. Glenn T. Seaborg, Chairman
Atomic Energy Commission
Washington 25, D. C.

Dear Dr. Seaborg:

Thank you for your letter of July 27, giving me an unclassified summary of scientific activities conducted by the United States Atomic Energy Commission in the State of New Mexico.

I appreciate your sending me this report.

Sincerely yours,

/s/
Clinton P. Anderson

Budget 7

UNCLASSIFIED

AEC 445/6

July 13, 1961

COPY NO. 33

AEC
445
6

ATOMIC ENERGY COMMISSION

REQUEST FOR SUMMARY OF AEC
SCIENTIFIC ACTIVITIES IN NEW MEXICO

Note by the Secretary

The attached letter from Senator Clinton P. Anderson of New Mexico to the Chairman is circulated for the information of the Commission. The letter has been referred to the General Manager for preparation of a reply for the Chairman's signature.

W. B. McCool

Secretary

DISTRIBUTION

COPY NO.

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Commissioners	2-6, 38-39
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Deputy Gen. Mgr.	8
Asst. Gen. Mgr.	9-10
Asst. Gen. Mgr. Mfg.	11
Asst. Gen. Mgr. R&ID	12
Asst. Gen. Mgr. Adm.	13-14
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Office of Plans	26
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4-13-61

UNCLASSIFIED

UNITED STATES SENATE
COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

11 July 1961

Dr. Glenn T. Seaborg, Chairman
Atomic Energy Commission
Washington 25, D. C.

Dear Dr. Seaborg:

I would like very much to tell the people of New Mexico about the scientific activities being carried out by the Federal Government in the state.

I would appreciate having a brief summary from your agency of the location of scientific facilities, number of personnel engaged, annual funding, and the nature of the scientific work in New Mexico. Of course, I understand some activities are of a classified nature. I am anxious to have this information as soon as possible.

Sincerely yours,

/s/Clinton P. Anderson

AEC
445/5
5

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AEC 445/5

July 10, 1961

COPY NO. 29

ATOMIC ENERGY COMMISSION

FY 1962 BUDGET EXPENDITURES WITHIN NEW MEXICO

Note by the Secretary

The attached letter from Senator Clinton P. Anderson of New Mexico is circulated for the information of the Commission. The letter has been referred to the General Manager for preparation of a reply for the Chairman's signature.

W. B. McCool

Secretary

DISTRIBUTION

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Secretary	1
Commissioners	2-6, 34-35
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Albuquerque Operations	25
D. C. Office	26-28
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UNITED STATES SENATE
COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

July 5, 1961

Honorable Glenn T. Seaborg
Chairman
Atomic Energy Commission
Washington 25, D. C.

Dear Dr. Seaborg:

For the past several years it has been my custom to report to my state on prospective Government expenditures within New Mexico for the coming fiscal year.

Therefore, I shall appreciate receiving from you, or from such persons as you may designate, as accurate an estimate as may be possible of the fiscal 1962 budget for each of the agencies within your responsibility which will cause expenditures to be made within New Mexico during fiscal 1962.

In the past, several of the agencies have made such estimates by ascertaining expenditures for the previous fiscal year and relating the current budget to those figures. This practice is satisfactory to me, since an early reply is essential.

I am hoping to make this report not later than August 5. If your department is unable to respond by that date, please so advise.

Sincerely yours,

/s/Clinton P. Anderson

Bundge

JUL 7 1960

Dear Dr. Szulczer,

As you know, Mr. Floberg represented the Atomic Energy Commission on the Committee on Government Activities Affecting Prices and Costs. His resignation from the Commission became effective June 23, 1960, thereby terminating his membership on the Board.

I am at this time designating Commissioner Loren E. Olson as the AEC representative on the Board. Mr. John A. Derry, Director, Division of Construction and Supply, is designated as Commissioner Olson's alternate.

Sincerely yours,
(Signed) John A. McComa

Chairman

Honorable Raymond J. Szulczer
Chairman, Committee on Government
Activities Affecting Prices and Costs
Washington 25, D. C.

Blind cc: Commissioner Olson
General Manager
J. A. Derry
W. B. McCool
C&P

DISPATCHED
GENERAL MANAGER
1717 A Street
Date 7/7 Time 4:00

7/7/60

See Memo dtd 6-30-60 Chairman from acct. [unclear] 2 copies

OFFICE	Secretariat	Gen. Mgr.	Chairman	HGM	AGM	AGMM
SURNAME	MAStromp			<i>Chick</i>	<i>BSH</i>	<i>EB 1/2</i>
DATE	6/29/60			<i>7/5/60</i>	<i>7/7</i>	

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AEC 445/4

The above document filed
Budget & Jt. Parti with Gov't Agencies

Budget 7

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ABC 445/3

April 17, 1959

COPY NO. 52

ATOMIC ENERGY COMMISSION

COMMITTEE ON GOVERNMENT ACTIVITIES
AFFECTING PRICES AND COSTS

Note by the Secretary

The General Manager has requested that the attached material, Enclosures "A" through "D", submitted by the Director of Operations Analysis and Forecasting, be circulated for the information of the Commission.

W. B. McCool
Secretary

<u>DISTRIBUTION</u>	<u>COPY NO.</u>	<u>DISTRIBUTION</u>	<u>COPY NO.</u>
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O.M.-7-
O.M.-12-*President*

44709

UNCLASSIFIED

ENCLOSURE "A"

January 23, 1959

James C. Hagerty, Press Secretary to the President

THE WHITE HOUSE

The President today signed an Executive order establishing a Committee on Government Activities Affecting Prices and Costs. The Committee will review the operation of many Federal programs which may influence price trends to assist the President in assuring that the administration of Federal programs will contribute as much as possible to reasonable price stability.

The Chairman of the Council of Economic Advisers will be the Chairman of the Committee. Its membership will include representatives of the Department of Defense, the Post Office Department, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Bureau of the Budget, the General Services Administration, the Atomic Energy Commission, the Federal Aviation Agency, and the Office of Civil and Defense Mobilization. Representatives of other agencies may be added to the group from time to time.

The order directs the heads of all Federal departments and agencies engaged in procurement, stockpiling, commodity price support, rate regulation, subsidy and similar programs which directly affect prices and costs to re-examine their programs in the light of the need for reasonable stability of the price level, and to take appropriate actions as indicated by the reviews.

In establishing the Committee, the President said:

"Although the Government has many programs that affect prices and costs - including, of course, procurement - there is now no central mechanism for following their current operations to see whether they are being conducted, insofar as possible, in line with the need for reasonable stability of prices and costs. This newly-established Committee will provide such a mechanism.

"Each of the programs covered by this order operates under its own law and regulations, and each was set up for a specific purpose. What is needed today is a fresh look at how they are operating in the light of modern-day economic problems. We need to make sure that we are not contributing to the Nation's inflationary problems by the way in which we run our own Government business."

The Committee will have an Executive Secretary and a staff, to be provided by the several agencies concerned.

UNCLASSIFIED

EXECUTIVE ORDER

ESTABLISHING THE COMMITTEE ON GOVERNMENT
ACTIVITIES AFFECTING PRICES AND COSTS

WHEREAS serious injury to the national economy may result from a lack of reasonable stability in the level of prices and costs; and

WHEREAS it is essential that the programs and activities of the Federal Government affecting prices and costs be administered in the light of the need for reasonable stability of the price level:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes of the United States, including the Employment Act of 1946, as amended (60 Stat. 23; 15 U.S.C. 1021, et. seq.) and as President of the United States, it is ordered as follows:

Section 1. There is hereby established the Committee on Government Activities Affecting Prices and Costs (hereinafter referred to as the "Committee"). The Committee shall be composed of the Chairman of the Council of Economic Advisers, who shall serve as Chairman; and a representative of each of the following agencies, to be designated by the head of such agency -- the Department of Defense, the Post Office Department, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Bureau of the Budget, the General Services Administration, the Atomic Energy Commission, the Federal Aviation Agency and the Office of Civil and Defense Mobilization; and a representative to be designated by the head of each other Federal agency the President may from time to time request to participate in the activities of the Committee.

Section 2. The Committee shall:

(a) Examine and study the operation of Federal procurement, stockpiling, commodity price support, rate regulation, subsidy and similar programs and activities as to their effect upon the level and trends of prices and costs;

(b) Recommend to the agencies involved administrative actions, procedures, and policies to assure that existing programs and activities are, insofar as practicable under existing law and with due regard to national security requirements, being carried out in the light of the need for reasonable stability of the price level, and in the light of other national economic objectives;

(c) Advise the President periodically as to --

(1) the effect of Federal programs and activities within the scope of this order upon the level and trends of prices and costs; and

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- (11) its recommendations for improving administrative actions, procedures, and policies under which programs and activities are being conducted, in order to carry out more effectively the policy recited in this order.

Section 3. The heads of all Federal departments and agencies engaged in procurement, stockpiling, commodity price support, rate regulation, subsidy and similar programs which directly affect prices and costs shall re-examine their programs in the light of the need for reasonable stability of the price level, and shall take such administrative actions or recommend such changes in legislation as are deemed desirable after such review.

Section 4. The heads of all departments and agencies referred to in section 3 shall cooperate to the fullest possible extent with the Committee.

Section 5. The agencies designated in section 1 of this order shall, as may be necessary for the purpose of effectuating the provisions of this order, furnish assistance to the Committee in accordance with section 214 of the act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691). Such assistance may include detailing employees to the Committee, one of whom may serve as its executive officer, to perform such functions consistent with the purpose of this order as the Committee may assign to them.

DWIGHT D. EISENHOWER

THE WHITE HOUSE

January 23, 1959

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ENCLOSURE "B"

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON 25, D. C.

February 6, 1959

NOTE TO COMMISSIONER FLOBERG:

The President, by Executive Order 10802, has established a Committee on Government Activities Affecting Prices and Costs. The Chairman of the Committee is Dr. Raymond Saulnier. By Presidential Directive, AEC is to be represented on the Committee. I propose that you act as the AEC representative and that an alternate be designated by the General Manager.

It seems to me that probably Admiral Foster would be a good selection as an alternate, but suggest you discuss this with General Luedecke.

You might communicate directly with Dr. Saulnier concerning time of meetings, etc.

I assume it will be agreeable to you to serve, however, if you have any questions let's discuss.

John A. McCone

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ENCLOSURE "C"

COMMITTEE ON GOVERNMENT ACTIVITIES AFFECTING PRICES AND COSTS

February 20, 1959

MEMORANDUM TO:

Admiral Paul Foster

The second meeting of the Committee on Government Activities Affecting Prices and Costs will be held at 10:00 a.m. February 25, 1959 in Room 213 Executive Office Building.

There will be a discussion of Federally owned stockpiles and the disposal of surplus personal property with respect to their effects on prices and costs. The discussion will be preceded by a statement on the subject by the Honorable Franklin Floete, Administrator of General Services Administration.

Chairman Saulnier has requested that member agencies furnish statements describing and analysing the effects of Agency activities on prices and costs to be furnished to the Executive Secretary as soon as possible, and in any case by March 4, 1959.

The Chairman has indicated that this analysis should cover all activities and policies of the agency believed to have a significant effect on prices and costs, including those tending to depress prices and costs as well as those tending to support them. Generally, the effect of the kind and manner of spending should be the object of attention rather than the magnitude of spending. Effects of proposed activities under projected legislation or administrative decision should be covered as well as existing activities. Effects of the timing of actions and of statements of public officials are proper subjects for consideration. To the extent possible, the magnitude or relative magnitude of influences exerted should be estimated.

The Chairman has suggested that minutes of meetings should not be regularly distributed.

/s/ John H. Hamlin
Executive Secretary

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ENCLOSURE "D"

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON 25, D. C.

February 27, 1959

Mr. John H. Hamlin
Executive Secretary
Committee on Government Activities
Affecting Prices and Costs
Executive Office Building
Washington 25, D. C.

Dear Mr. Hamlin:

As you requested in your memorandum of February 20, we are furnishing statements describing and analyzing the effects of AEC activities on prices and costs.

Expenditures for operating expenses by the AEC were \$2,055 million in FY 1958 and are budgeted at \$2,380 in FY 1959. Expenditures for plant acquisition and construction were \$213 million in FY 1958 and are budgeted at \$250 million in FY 1959. Revenues were \$33 million in FY 1958 and are budgeted at \$28 million in FY 1959. Inventories of stores, special reactor materials, other special materials, and isotopes at the end of FY 1958 were \$187 million and are budgeted at \$194 million for the end of FY 1959.

Most of the AEC expenditures are made through contracts with U.S. universities and private companies, except that the procurement of raw materials (primarily uranium) includes contracts with foreign governments. Contracts for research and development and for the operation of AEC production facilities are predominantly on the basis of cost plus fixed fee. The AEC has recently adopted ceiling fee schedules for use in negotiating these contracts.

A current problem in regard to AEC contracts involving the use of new privately-owned facilities results from the amendment to the Internal Revenue Code in 1954 that authorized use of liberalized depreciation methods for income tax purposes. Since then, most Government agencies engaged in procurement have authorized the new depreciation methods for purposes of determining reimbursable costs under such contracts. As a result, there are considerable pressures on AEC to yield from its present position of requiring use of the straight-line method for reimbursement purposes. Allowance of liberalized depreciation methods in such AEC contracts would increase reimbursable costs and related fees in early years. In later years, the result would be lower production costs and possibly lower prices for commercial services.

The AEC is a large consumer of electricity, presently using about 9% of the total kilowatt hours generated in the United States. Most of the AEC needs for electricity are supplied by the Tennessee Valley Authority and by privately-

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owned plants of Electric Energy, Inc., and the Ohio Valley Electric Corp. under long-term contracts, with rates subject to escalation. The cost of electricity to the AEC from these three suppliers is quite low, averaging about 4 mills per kilowatt hour at the present time.

Contracts for procurement of uranium at home and abroad specify the prices to be paid by the AEC. The average price paid has been going down and is presently about \$10 per pound of U₃O₈. The domestic price established for the period from April 1, 1962, to December 31, 1966, is \$8 per pound of U₃O₈. Attached is a public notice of November 24, 1958, stating the AEC policy of limiting procurement to guard against serious overproduction. Most of the existing contracts for the procurement of uranium from foreign countries do not run beyond 1962.

Revenues to the AEC from materials and services supplied are based on a policy of full cost recovery. AEC Manual Chapter 1701 on "General Pricing Policy" is attached. It should be noted that AEC revenues are currently very small compared with AEC expenditures, but may increase somewhat in future years as the development and utilization of atomic power increases.

Except for certain special materials and equipment, we believe that the impact of AEC activities on prices and costs is small. However, we shall be glad to supply any additional information desired by the Committee,

Sincerely yours,

Paul F. Foster
Deputy General Manager

Budget-7

APR 1 1959

Mr. John H. Clark, Jr.
Senate of Representatives
Congress of the United States

Dear Mr. Clark:

Reference is made to your letter of March 24 wherein you requested information concerning our investment and expenditures in various states and countries. We regret that we cannot supply this information by April 7 as you requested, because (1), we operate with a decentralized accounting system whereby all accounting detail is compiled and maintained at our field offices, from which we may have to derive the data, and (2), our accounting reports are not maintained by the books of the Investment or expenditures and a review and reassembly of the available data will be necessary. We assure you, however, that we will forward the desired information as quickly as practicable.

Sincerely yours,

H. R. D. O'Neill

for **Michael E. Deegan**
Special Assistant to the
General Manager (Congressional)

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For Depts

1514

John C. ...
See ...
D.M.

February 6, 1939

NOTE TO CONSIDERABLE FLOOD:

The President, by Executive Order 10802, has established a Committee on Government Activities Affecting Prices and Costs. The Chairman of the Committee is Mr. Raymond Quinlan. By Presidential directive, AEC is to be represented on the Committee. I propose that you act as the AEC representative and that an alternate be designated by the General Manager.

It seems to me that probably Admiral Foster would be a good selection as an alternate, but suggest you discuss this with General Isidore.

You might communicate directly with Mr. Quinlan concerning time of meetings, etc.

I assume it will be agreeable to you to serve, however, if you have any questions let's discuss.

John A. ...

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