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MOUND LABORATORY-MONSANTO
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July 28, 1960

Mr. W. B. Cresmer, Area Manager
U. S. Atomic Energy Commission
P. O. Box 66
Miamisburg, Ohio

CLASSIFICATION REVIEW
AUTHORITY: DOE X ADD ☐ ADD
NAME: T.M. FRANAGAN 9/11/91
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Dear Mr. Cresmer:

Initial Financial Plan for FY 1961 for Operations

We have reviewed the subject financial plan together with Mr. Otoski's comments concerning fund limitations induced by Mr. Hertford's TWX dated April 27 and other assumptions. We concur with Mr. Otoski that production cutbacks outlined in Mr. Hertford's TWX will reduce somewhat the material requirements in the programs affected, however, as we explained in our letter to you dated May 11, the impact on Mound program costs was more than offset by the assumption of additional program responsibilities subsequent to the budget submission.

Our letter of April 25, subject "FY 1961 Financial Plan and FY 1962 Budget Data", pointed out the reasons for the substantial increase in estimated FY 1961 average salaries over those of FY 1960. Aside from the normal payroll improvement factor and automatic raises under bargaining unit contracts, the FY 1961 estimate recognizes the significant change in employment mix wherein salaried technical personnel increase 4%, salaried non-technical increase 11.8% and the hourly force decreases 12%.

Our recent evaluation of product inventories and requirements based on recent weapon programs resulted in the establishment of new operational levels for 1E26 detonator production during the next 30 months. The effect of this determination on annual costs would permit a reduction of approximately $135,000 in FY 1961 fund requirements. This amount was taken into consideration for fee purposes at the fee negotiation meeting in Albuquerque on June 22. A reallocation of the actual fixed fee for FY 1961 reduces net P S & S costs by $39,000. These items total $174,000 which we would recommend as opposed to the $288,000 reduction shown for net P S & S in the financial plan.

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This document contains restricted data as defined in the Atomic Energy Act of 1954. Its transmittal or the disclosure of its contents in any manner to an unauthorized person is prohibited.

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We are primarily concerned with the $399,000 reduction in funds for research and development programs which will result in serious impairment to our efforts to accomplish FY 1961 objectives set forth in ALO guidance documents for fundamental research and production support work for the design agencies.

Our request for R & D funds included provision for 40 scientists, an increase of nine over the present staff. The chart below shows a comparison of present staff assignments and required scientific personnel:

	Present	Required
General Weapons Development	7	10
Detonator Research	11	15
Clover Research	10	12
Heavy Element Research	3	3
	31	40

Nine positions at the graduate level have not been filled but were scheduled for action during the first quarter of FY 1961.

If funds are not provided to bring the staff up to the required level the following specific programmatic effects may be anticipated:

1. Planned program efforts related to the separation of certain uranium isotopes will not be accomplished.

2. Certain fundamental research related to new initiator concepts will be delayed.

3. The ability to satisfy the requirements for an increased number of different plastic formulations and adhesive systems for detonator systems will be seriously impaired.

4. The needed expansion of fundamental research related to explosive systems cannot be accomplished.

5. The increased emphasis on metallographic research required as support for weapons research and production programs will not be possible.

6. The total operation of the Clover Interim Facility necessary for this program as well as the level of support planned for the Special Metallurgical Facility cannot be obtained.

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7. Needed Research Division support for Mound's Nano production recommended by LRL cannot be provided.

Obviously, the problem of equipment money from the Division of Reactor Development must be resolved since we were given commitment authority in FY 1960 and provided for the necessary cost carryover into FY 1961.

A projection of June operating costs, adjusted for irregular and non-recurring items, to an annual rate of expenditure shows that present levels of activity plus essential work on new programs cannot be financed under the initial program ceilings.

The operational levels provided for in the FY 1961 budget were predicated on the efficient performance of the work required under specific program assignments. Our mission, particularly in the area of Research and Development, cannot be successfully accomplished within the limitations imposed by the present financial plan. Therefore, we must strongly emphasize the need for restoration of funds to correct the deficiencies outlined above.

As both immediate and long-range planning are involved, may we request your early consideration of this matter.

Very truly yours,

David L. Scott
Plant Manager

HLA/DLS:da

DISTRIBUTION:
Copies 1 thru 3 - Mr. W. B. Cresmer
4 - Mr. D. L. Scott
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