2/26/62

Gentlemen:

For those of you who have had time to review the hearings of our Committee, and to those of you who will read them in the near future, I say to you that there are many statements made by members of the Committee, particularly myself, and answers by the witnesses, relative to the establishment of reserves by the Director of the Bureau of the Budget. Unfortunately, the law gives the Director that power, but let us examine some of the facts of the situation.

The Bureau of the Budget was established by law and was given the responsibility of preparing the budget for the President, and the law further gives the Bureau the power to revise, reduce, or increase the estimates of the several Departments and Establishments. The Bureau was also given the power to make detailed studies of the Departments and Establishments for the purpose of enabling the President to determine what changes should be made in: 1. The existing organization, activities, and methods of conducting the business of such Departments or establishments; 2. The appropriations therefore; 3. The assignments of particular activities to particular services; and 4. The regrouping of services. Reports of studies made of these activities are to be transmitted to Congress

by the President with his recommendations.

The Bureau was also empowered ~~so that it can~~ ~~discharge~~ with authority to require the Departments and Establishments to furnish such information as it may from time to time require. Its employees, when duly authorized, shall also have the power to examine any books, documents, papers, or records, of such Departments or Establishments.

In substance, the Bureau of the Budget was set up as an arm of the Presidentsfor centralized fiscal management. Through its control over budgeting, the Bureau is in a key position to detect weaknesses in the organization and functioning of the various departments and agencies, and to make recommendations to the President, the Congress, and the Departments, in the interest of economy and efficiency. A more detailed statement concerning the overall responsibilities and purpose of the Bureau of the Budget can be found in a report prepared by the Staff of the Committee on Government Operations United States Senate, and dated February 13, 1961. It is Document #11, 87th Congress.

This, gentlemen, gives us some idea as to the scope and responsibilities of the Bureau of the Budget.

Another pertinent statement is found in a Report to the President by the President's Advisory Committee

on Management, made in December, 1952:

> "Good management requires a continuing supply of capable people and provision for their training, development, and advancement to positions of larger responsibility. It requires andorganization that allocates responsibilities clearly and that identifies and fosters major purposes by appropriate linking of closely related activities necessary to their accomplishment. It requires management as well as program staff support for exectuvies and a readiness to invest money to that end in what is too often a target for economizers complaining of "unnecessary overhead." It requires the conscious attention of executives up and down the line, and sustained effort by their aides, to develop specific programs for management improvement and a system of inspection and review of results, and to reward progress when it is made. It requires a close integration of program and housekeeping activities. It requires a progressive spirit as well as form and system; lip service is not enough. Energy by itself is no substitute for an understanding comprehension of problems to be met, or for personal dedication to their solution. Given all three, plus some skill in organizing things and leading men, good management is the result."

Keep in mind the tremendous responsibility that is vested in this Bureau of the Budget; also keep in mind that even before Congress has completed its actions on appropriations bills, this Bureau is beginning to plan the placing of some of the moneys in reserve so that they cannot be expended for the purposes for which we in Congress think they should be. This past year, millions of dollars authorized by Congress for health,

educational, and other types of humanitarian programs, were placed in reserve by the Bureau of the Budget. Of course this Committee objects to such action. The Bureau of the Budget does not hear from the leading professional people in the several fields affected as we do in Congress. Our Committee hears testimony from the leading authorities on heart, cancer, arthritis, and other illnesses, for which there is no perfected treatment. There are many mysteries yet to be solved in the health field, and when you sit in hearings for several weeks listening to these experts testify about the need for additional funds, and then have a group of desk sergeants second-guess you, of course we feel hurt, not only our pride but we are hurt because it is depriving the Nation of needed resources.

Now, let me give you a little more of the seriousness of this appraisal - this second-guessing appraisal by the Bureau of the Budget. This Bureau has become so efficient that it handled the Government Expenditures Budget for the year 1952, totalling $65,300,000, with a staff of 515 people; now, some twelve years later, the estimated budget for 1963 is 92 and 1/2 million, and guess what the staff is for the Bureau of the Budget for that year - a total of 463, a reduction in manpower of some 52 jobs to handle a budget of 27 more million

dollars, and of course you gentlemen know that this budget total is not the final word because the back-door budgeting has crept into the picture in 1963 to a much greater extent than existed in 1952.

Certainly the Bureau of the Budget is not treating itself anywhere near as well as a number of Federal agencies. But how can it carry out the responsibilities I have enumerated with the small staff projected for it in 1963? How can it intelligently appraise anticipated appropriations for reserve purposes? How can it carry out its responsibilities for making recommendations to the President, to the Congress and the Departments, in the interest of economy and efficiency? How can it appraise the technological changes and the use of electronic data computing machines and all the mass of punch-card systems that are being fostered on to the agencies of Government by efficient salesmen of the companies concerned? With all we hear about scientific processes being used in connection with the formulation of the budget estimates, I cannot help feeling strongly that the rule of thumb technique plays a major part in the final outcome. I believe the Bureau of the Budget should discontinue its practice of forcing the Executive branches to agree

to the establishment of reserves until they are adequately equipped with staff and knowledge to superimpose their judgment on that of the Congress of the United States.

Thus, gentlemen, I hope you will understand the strong feeling that exists among our Committee members when the action of Congress is supreme-courted by a group of desk sergeants. It is my personal recommendation that the Bureau of the Budget submit to the Congress a budget for its own needs which would enable it to assume the duties which have been delegated to it by the Congress and by the President of the United States. Until this is accomplished, that it refrain from its arbitrary ~~establishing of reserves~~ depriving the Nation of much-needed resources which the Congress recognized a definite need for.

In closing, I recommend that the Bureau of the Budget take a look at the President's Advisory Committee Committee's Final Report on Management, dated Dec. 1952, and make a self-appraisal as to how effectively they have carried out the recommendations contained therein. They may come to the conclusion that so much time has passed there is need for another report; if so, let's have it and let's get the Bureau of the Budget doing an efficient job.

Total Government Expenditures

1952	65,303,000
53	74,120,000
54	67,537,000
55	64,389,000
56	66,224,000
57	68,966,000
58	71,369,000
59	80,342,000
60	76,539,000
61	81,515,000
62	89,075,000 est.
63	92,537,000 est.

B of B

Year	Total Appropriation		Personnel	
1952	3,362,000	actual	515	actual
1953	3,461,200	"	485	"
1954	3,412,000	"	446	"
1955	3,382,500	"	432	"
1956	3,349,000	"	422	"
1957	3,935,000	"	456	"
1958	4,205,000	"	451	"
1959	4,205,000	"	433	"
1960	4,665,000	"	432	"
1961	5,426,000	"	464	"
1962	5,517,000	estimated	463	estimated
1963	5,677,000	"	463	"