

1) Overhead automatically charged at 35% of TDC when no salaries are charged.

This is even true in cases where a grant (i.e. Juster's NSF) is broken into various account numbers with 50% of salaries and fringe benefits charged on one and 35% of TDC charged on another.

2) Restricted and unrestricted. There is a flaw in the system of dividing expenditures into restricted and unrestricted categories.

A. Example: 52 journal entry corrections were required in the July sub-accounts under N.Y. research of which more than 1/2 were errors in both directions of miscoded restricted/unrestricted charges.

B. Many memos were written by Lipsey informing the accounting department that all charges on the LIAA project were restricted and until this day some items show up under unrestricted.

A possible remedy would be to have related account numbers which would separate restricted i.e. sponsored funds from Bureau funds. For example now it is impossible for the accounting department to handle a salary which is partially restricted and partially unrestricted.

The sub-accounts are too restrictive for a good management information system especially in having readily available costs by category for government agency reporting requirements. (i.e. an expanded category of payroll costs is needed -- see attached possibility.)

Other cost items could also be expanded to provide more detailed information easily.

The sub-ledger as a management tool leaves much to be desired.

Optimally a document which has "budget", "expense" and "balance available" information on a single sheet or two for each project would be a much more helpful document for monitoring project expenditures. (We suggest something like the attached format.)

Add:

\$15,000 + payment to Harvard for Lindsay
was never charged to the L.I.N.A. project
until last month.

On Nov. 20, 1972 Stephen called
about a "retroactive" salary change for
Doris Preston. ~~He~~ He claimed that
it would cause great problems to transfer
Preston salary for 2 projects to 2 other projects
in the middle of a pay period.

P.S. This form had an effective ~~date~~ date of
Oct. 10, 1972 and was sent up on Oct. 6, 1972

In order to more readily produce reports and have a greater insight into the costs of our research programs I propose a slight expansion of our sub-accounts, particularly in the salary category -

<u>Proposed Sub-acct. Number</u>	<u>Descriptive Title</u>	<u>Categories Included (From Annual Report)</u>
01	Administrative	Administration
02	Senior Research	Senior Research Staff Senior Research Associates Research Associates Senior Research Analysts
03	Junior Research	Research Analysts Research Assistants
04	Technical	Programmers Data Processing Publications
05	Clerical	Administrative and Secre- tarial Staff
06	Post-doctoral Fellows	Visiting Research Fellows
10	Total Salaries	

I would remove the pre-doctoral fellows from the salary categories entirely, and be quite careful how this term is used. It should be reserved exclusively for those persons working towards a degree and devoting their time primarily towards that end. Their stipends should be equivalent to the going rate at universities and no taxes should be withheld. In fact the fellowship should not be reported as income. Perhaps a sub-account such as 400 should be used. These fellows are not to be considered employees in any sense of the term

and should be entitled to no fringe benefits.

Jay Blaire
10/19/72

ACCT. NO.

PROJECT TITLE

TERMINATION DATE

REPORT DATE

SUB ACCOUNT NUMBER	PROJECT BUDGET	PRIOR YEARS EXPENDITURES	FISCAL YEAR BUDGET	PRIOR MONTHS EXPENDITURES	CURRENT MONTH EXPENDITURES	TOTAL FY. EXPENDITURES (5+6)	TOTAL EXPENDITURES (5+7)	BALANCE AVAILABLE (8)
①	②	③	④	⑤	⑥	⑦	⑧	⑨

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

RECEIVED

NOV 17 1972

PRESIDENT'S OFFICE

From
To: John Meyer
From Robert Lipsey *RLH*
Date: November 17, 1972
Subject: U-NB Committee

There were a few developments at the U-NB Conference that I thought you should know about, although none requires any action at the moment.

The one that will soon require a response is a proposed change in the conditions for membership. The issue arose with the rejection of Florida State last year, at which time the executive committee was asked to review the guidelines for admission. The changes include dropping the criterion of the size of the Ph.D. program, retaining only the research criterion. Another is inserting a provision for dropping members who do not participate in Conference activity. Carl Christ will be sending us a revised statement for our approval (or rejection).

Two new planning committees were authorized, one on health insurance, chaired by Richard Rosett and one on the economic analysis of political decisions, chaired by Mel Reder. There will probably be Bureau representation on both committees as selected by the chairman, but you have the right to name a Bureau representative to each committee. My guess is that Michael Grossman will be on the health committee and both Reder and Becker on the political decisions committee.

fine!

A third issue, raised only informally so far, is the question of publication. Ed Mills asked Christ about the possibility of having Resources for the Future publish the book, giving as his reason that he had been told the Bureau's policy was not to begin editing a volume until all the papers were in. He hoped a few months could be saved if RFF was willing to begin editorial work on the first papers as they came in.

I told Carl I did not want to give any definite answer at the moment, but that I doubted that editorial delay was an important element in the total delay. Furthermore, I thought that we would wish to be the publisher or co-publisher and distribute the book to our subscribers even if we agreed to have some of the technical work done elsewhere. For the present we have no proposal, but I suggest we think it over so as to be ready if it comes up. Do you have any feelings about this or would you want me to handle it?

I yes!

I have no strong feelings - use your own judgment, John

11/22/72 to: Shay Mortenson

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: Bob Lipsey
From: E. K. Smith
Date: November 10, 1972
Subject: Computer arrangement

This is in response to your memo of 11/8/72.

We are trying to get everybody who can use the Yale facilities to do so provided it is efficient for them. In the case of use of unrestricted funds it is obviously to the Bureau's advantage to force those users, however few, to use our Yale time because it entails no increase in cash expenditure. We have every right to require such use.

In the case of restricted fund users, we cannot and should not require the use of the Yale facilities. We can only offer them at a price which is competitive. We are establishing a competitive price. The prices on the 360 cannot be the same as the prices on the 370, as you suggest. And we cannot offer free time, as you suggest. But we might offer allocations of unrestricted funds as stimulants to use. Government audits require the same charges to all users.

You suggest that we appoint a liaison for New York in the Yale office. We have always had such a liaison. Orin Hansen is the one who handles all requests. Indeed, the whole crew here has been doing this for three years. Lottie should brief you on our "committee" consisting of Lackstrom, Hansen, Boschan and myself which oversees the pricing and integration of the computer operation. We set this committee up to handle the new setup, and Lackstrom is in charge of the accounting for the Yale usage.

I will send copies of your memo, and my response to the committee so that we can see what might be possible in the way of inducements to users on restricted funds. Unrestricted funds users must use the Yale facilities. Of course, if there are no such users, or if it is a practical impossibility to do so, then there is no problem of forcing use.

There is nowhere in my memo to Lottie the implication that users on restricted funds are free to waste funds. I trust that you, Lottie,

and Jay will see to it that no waste whatever will take place.
It is especially important for Lottie to watch this, and I believe
she is doing this very well.

cc. J.R. Meyer
W. Lackstrom
L. Boschan
Ox Hansen
files
chron.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Gerry Ronkin
From: Robert Lipsey
Date: September 28, 1972
Subject: Budgets

After some discussion, John has suggested that I should send you these revised budgets for the Data Bank and Data Processing accounts.

In accordance with my memorandum of 9/6/72 to John Meyer about the Data Bank, I have tried to simplify the structure of these accounts by directly assigning most people to the projects they work for and minimizing the amount of charge-outs for assigned personnel. The other simplification I would like to make would be to transfer 50 percent of Lotte Boschan's time and corresponding secretarial time to 41000, instead of covering it from general funds as a subsidy, as John originally suggested. That would be a fair approximation to the actual use of her time for administration.

If that transfer were made, Bob Michael and I would be willing to meet any remaining deficit of the 42050 account (which we estimate at about \$20,000, including occupancy charges) out of our funds either by charging it out to our projects at the end of the year or by raising the charge-out rate. As a result, I would not request any general funds for this account.

The Data Bank, we estimate, would still be in deficit by about \$16,000 and I would still ask for a subsidy for that, although I think it can eventually support itself. The total of the Data Bank subsidy and the proposed addition to Account 41000 would be less than \$35,000, as compared to the \$50,000 limit John set in his original memorandum to Lotte of 5/22/72.

Copies: Robt. Michael
Lotte Boschan
J. Blaire - 10/4/72

9/28/72

Data Processing excluding computing equipment, FY 72-73

		<u>Charged out</u>
Salaries	48,900 ^a	35,050
Fringes	7,300 ^b	5,200
Occupancy	5,400 ^b	c
Xerox	600	.
Miscellaneous	1,000	
	<u>63,200</u>	<u>40,250</u>

^a See attached

^b Rooms 1033, 1030, 1030B, 15% of 1041, 28% of 1041

^c If charges are set correctly, occupancy cost will be mostly charged out.

Data Processing 42050

	Total	Charge-out	Other
Salaries			
Boschan	3,000 ^a		3,000
Crayne	9,700	8,700	1,000
Delak	5,500	5,500 ^c	--
Goldberg	3,300 ^b	3,000	300
Lichtenstein	10,700	5,350	5,350
Rodriguez	9,500	7,500	2,000
Operator ^d	5,000	5,000	-
Smith	<u>2,200</u>	<u>--</u>	<u>2,200</u>
	48,900	35,050	13,850
Fringes	7,300	5,200	2,100

^a +50% Administration, 10% Data Bank, 25% Indicators

^b +2/3 Health

^c Of which 2,500 Data Bank, 2,500 Indicators, 500 Anna Schwartz

^d 8 months of keypunch operator to prepare paper tape or other input to time-sharing and other remote computer use.

NBER Data Bank
Expected Revenues and Expenditures

	<u>FY 1971-72</u>	<u>Present rate</u>	<u>FY 1972-73</u>
Revenues:			
Rapidata	\$31,187	\$32,000	\$32,000
GE	8,134	7,500	7,500
SBC	--	5,000	5,000
Other	2,000	950	1,500
Data bank tapes	<u>725</u>	<u>3,000</u>	<u>1,500</u>
	\$42,046	\$48,450	\$47,500
 Expenditures:			
Salaries	≈ \$31,000		\$35,500 ¹⁹
Fringes	≈ 5,000		5,000
Data Proc.	≈ 10,000		5,500 ^b
Occupancy	700		3,000
Telephone, etc.	800		1,000
Computer	15,000		12,000
Miscellaneous	<u>1,600</u>		<u>1,600</u>
	\$64,100		\$63,600
Deficit	22,000		16,100

¹⁹ Hsu \$9,000; Lim \$9,000; Supervisor \$12,000; Boschan \$2,000; Smith \$2,000; Rotenberg \$500; O'Brien \$1,000

^b Delak \$2,500; Rodriguez \$500; other \$1,800; fringes \$700

John Meyer
Robert Lipsey
August 11, 1972

Data processing arrangements for New York

After our conversation on August 8 and my talk with Ed Smith last week I am still not clear as to how the new computer arrangements square with our understanding that I was to supervise the New York-based data processing operation. The issue is not the placing of the present and planned equipment under 42050, which has been removed from our jurisdiction, but rather our desire to preserve some service operation for the New York research program. Victor and I had assumed that as long as we were willing to support such a service, it should remain under our control. It was to preserve this aspect of our reorganization arrangements that I suggested to Ed the transfer of at least some programming staff to Account 42060. We could also put in such an account any equipment that you did not wish to support but we felt was important to our operations. Perhaps the account should be renumbered as, say, 52060 to distinguish it as a purely New York account, chargeable to New York-based research.

We realize, of course, that some of the changes in the data processing area are results of the establishment of the Cambridge Center and the arrangements with Yale. We wish to cooperate in every way we can to help make that program a success and we look forward to the benefits from close association with the Center. The idea of having our own data processing account is not to dissociate ourselves from the new computer arrangements but simply to retain a service operation attached to our research programs. We consider that our ability to have some such service is an important feature of the decentralization plan.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: John Meyer
From: R. Lipsey
Date: 9/6/72
Subject: Data Bank

I have been thinking about the problems that came up in our earlier discussion about the data bank and service accounts and I have an idea about how to simplify the control of these operations.

One point you made was that the data bank and the service accounts were so intertwined that it was difficult to know what costs were being met by what funds. In the case of the data bank one reason for the confusing arrangement was the desire to have the personnel in a charge-out (42XXX) account, to make it more convenient to charge other studies for their services. As a result, the data bank was buying its personnel services from other accounts. In fact, very little charging out was done, and there would be little loss in treating the whole account, including its personnel, as a self-contained research account.

The other point you made was that there is, in the current complex arrangements, the risk that some of these accounts are essentially serving as subsidies to the business-cycle research program. To some extent I suppose that was originally intended to be the case, and was one reason for taking on the data bank. Now, when we wish to have the business cycle research program stand on its own, I think the best guarantee against unintended subsidy would be to incorporate the data bank into the business cycle program, give it openly whatever subsidy you consider worthwhile from the Bureau's point of view, and then let me see if I can keep it going. Any hidden subsidy to business cycle research would then be a charge on that same research, and the subsidy problem would disappear.

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: All National Bureau Vice Presidents
From: John R. Meyer
Date: August 21, 1972
Subject: Bureau Reorganization and the Structure of the New York Research Group

The following notes summarize the major points in the new administrative arrangements for the Bureau's decentralization. Also appended are a diagram illustrating the organizational structure and three new checklists for management of the Project Development, Research Management, and Manuscript Review phases of Bureau work.

I. Background:

Since I came to the Bureau, I feel the organization has gone through two main stages: an early exploratory period when the main objective was to examine new areas for diversifying and expanding the character and content of the Bureau's research, and a second period of consolidation when the directions for the Bureau's development became clearer but when our budget deficits required my close personal monitoring. I feel now, though, that we are in a third stage where the Bureau's rapid growth, approximate budgetary balance, and regional diversification make it feasible and beneficial for various offices and officers to operate with greater autonomy. Also, given my personal desire to spend more time on research combined with clear indications that the Vice Presidents are willing and able to assume broader responsibilities, makes this an appropriate time to implement a decentralization.

research areas

As indicated in my memo of May 1 to the NBER staff and our previous discussions, it appears most feasible to divide the research presently associated with the New York office into four categories (as listed in the attached chart).

activities
or research
and research
support

The two research areas under Victor Fuch's and Bob Lipsey's direction will form the New York Research Group. The activities directed by Hal Lary (~~which are either Bureau-wide or involve a great deal of co-ordination with geographically dispersed researchers~~) will be controlled from New York but be independent of the New York Research Group. The final group (public finance, industrial organization, computer conferences, technological diffusion, urban modelling and water requirements) ~~which also involve substantial geographical dispersion among the researchers~~ will be administered by Ed Smith and me through the New Haven office.

as will be

consisting of

..2/...

The operation of the New York office, as a physical location, will be the responsibility of Victor Fuchs and Bob Lipsey, on matters relating to research and research support, of Ed Smith on matters relating to the central administration of the Bureau, and of all three on matters of common interest.
Insert A

To: All National Bureau Vice Presidents
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where the location coincides with a separate research program,
The Cambridge branch is already substantially autonomous, and New York
I expect the Palo Alto office will operate in a similar fashion, *to be managed with research support and related matters managed locally, and research area decisions voted through the appropriate vice president, whether he is in Palo Alto, New York, or New Haven.*
I thus anticipate that each of the Bureau's branches will be operating in a ~~similarly~~ decentralized manner. The remainder of this memo is ~~thus~~ *set* down in more detail how the individual parts of the operation should proceed.

II. Research:

Finding financing for it, subject to some general direction from me to avoid competition among Bureau programs.
Each of you will be responsible for initiating new research and directing present projects in your respective areas. I am attaching for your review and comments three sample PERT charts which I feel may be useful in synchronizing our proposal *development* department, project management, and editorial and review phases. After receiving your comments and refining these charts, I would like to begin using them -- as I feel they will be worthwhile for you in direct management and for me in following the progress of our research.

any
As we have previously discussed and as is clear from the charts, I expect that you will ~~both~~ keep me fully informed of all new potential projects and the major directions of present ones. ~~But~~, if for purposes of fund-raising and/or greater co-ordination among projects in your area ~~either~~ of you chose to establish a more cohesive and interrelated group of projects, I would find that a very acceptable outgrowth of this decentralization. Of course, traditional Bureau policies regarding research quality, objectivity, review procedures, and policy implications will continue to be observed and remain ultimately my responsibility.

III. Budgeting:

project area
During our recent preparation of the budget for FY 1973, I think we have worked out the basic principles for future operation:
(A) Corporate control over the separate research groups will be to ensure consistency in Bureau-wide policies but will be exercised primarily through budgets. (B) Allocational decisions taken at budget preparation time will not be changed during the remainder of the fiscal year except under exceptional circumstances, such as an unexpected decline in Bureau unrestricted revenues or a project area's overspending. (C) Vice-Presidents will be expected to monitor closely all expenditures and verify the accuracy of (or ~~error in~~ *correct*) monthly sub-ledgers. (D) Each Bureau office will have someone designated to do the "business managing" who will assist in the project development phase, do the detailed checking on receipts and expenditures on all grants and contracts, and work with the

...3/...

Each project area will be expected to generate enough restricted funds to support ~~through overhead charges, and unrestricted fund~~ expenditures it undertakes, outside of any subsidy I allocate from the Bureau's general funds.

To: All National Bureau Vice Presidents
From: John R. Meyer
Date: August 21, 1972
Subject: Bureau Reorganization and the Structure of the New York Research Group

corporate division on accounting space, and other common problems. (E) The Bureau will explore the possibility of a move to a disaggregated method of computing overhead. Until all aspects of this new technique can be evaluated, though, overhead will remain a composite figure based on agreed allowed types of expenditures. It is anticipated that each Vice President will be given a contingency fund from which he can draw to support any desired research expenditure in his area (subject only to qualifications in Section B above). (G) Publication expenses will be estimated by each Vice President for likely manuscripts in his area and reviewed in the annual Spring budget review. *In general the costs of publication will be borne by the general funds of the NBER.*

5

are these overheads? How financed?

IV. Corporate-Wide Functions:

Budget co-ordination, accounting, publicity, publications, Board relations, fund raising, contributions, and certain aspects of purchasing will remain corporate-wide activities. Though Doug and Ed will manage these, I naturally anticipate close co-ordination and co-operation between the research groups and those working in these areas. Decision on acquisitions of computer equipment and related access and output devices will remain a corporate-wide function and under my control.

Smith memo?

V. Allocations of Authority in the New York Research Group

A. Function:

Decision-Maker:

Project Proposal Potential Director with area V.P.
Project Approval Meyer
Proposal Budget Review Smith
Grant/Contract Negotiation Smith/Eldridge with area V.P.

B. Budgeting:

Decision-Maker:

- Unrestricted Meyer/Smith with V.P.'s
- Restricted V.P.'s with Project Directors

of what?

C. Expenditure Control:

Decision-Maker:

Info. Copies: *

General unrestricted** Meyer Smith/Stephens
Budgeted unrestricted V.P.'s Meyer/Smith/Stephens

* Involving all personnel actions, any decision affecting a basic Bureau policy, or any expense for the Bureau greater than \$500.

** Those general funds available for use but not budgeted in advance of the FY for specific projects.

Divide between NY Research Group and NY office

To: All National Bureau Vice Presidents
From: John R. Meyer
Date: August 21, 1972
Subject: Bureau Reorganization and the Structure of the New York Research Group

<u>C. Expenditure Control (cont.):</u>	<u>Decision-Maker:</u>	<u>Info. Copies:</u>
Restricted Projects within budgeted limits	V.P.'s	Smith/Stephens
Restricted Projects areas exceeding budgeted limits	Meyer/V.P.'s	Smith/Stephens
Admin. - corporate	Meyer/Smith	Stephens
Admin. - N.Y. Research Group	Bus. Mgr.	Smith/Stephens

<u>D. Personnel Selection:</u>		
Research Associate and Above	Ex. Comm./Meyer/consultation V.P.	V.P.'s
Senior Admin.	Meyer/Exec. Comm.	V.P.'s
Research Assistant and Analysts	V.P.'s	Meyer
Project Secretarial and Clerical	V.P.'s to meet Bureau STDS	Meyer/Smith
Other Admin.	V.P.'s/Smith	Meyer

<u>E. Salaries:</u>	<u>Decision-Maker</u>	<u>Info. Copies:</u>
Senior Staff (Res. and Admin.)	Meyer/Board	Stephens
Res. Assoc.	Meyer/V.P.'s	Stephens/V.P.'s
Junior outside bargaining unit	Meyer/V.P.'s	Relevant V.P.'s/Stephens

<u>F. Relations with Contributors, Foundations and Governmental Agencies</u>		
	Meyer with V.P.'s	Eldridge

VI Allocations of Authority in the New York Office ...5/...

A. Personnel Selection

B. Salaries

Bargaining unit ?

(Checklist to be maintained by Gilmore for each proposed project)

I. Proposal Development Stage*

1. Proposal draft
2. Review relevant V.P. - cc. Gilmore
3. Review J.R. Meyer
4. Review Sr. Staff or Research Policy Committee
5. Review E.K. Smith for budget consistency
6. If strong likelihood of funding or strong Bureau effort to get funding, submit to Board or Executive Committee for approval
7. Send potential funding organization
8. Revisions if necessary
9. Retrace steps 2 + 5 if changes are substantial, otherwise info. copies to 2 + 5
10. Have Bureau lawyer review grant or project terms *Contract only?*
11. Begin final negotiations stage
12. Have each new Bureau staff member sign agreement on publication rights and term of appointment; then approval of Board or Executive Committee
13. Have Executive Committee sign final document:
 - cc: - Project Director
 - V.P. in the area
 - Smith
 - Meyer
 - Boschan

Appointments

* Follow steps 5 through 13 for project renewals.

(Checklist to be maintained by V.P. in relevant area)

II. Project Management

1. Project Director develops schedule for
 - a. interim reports and/or oral presentations
 - b. paper delivery dates
2. V.P. for area with Project Director develops
 - a. payment requests for dealing with funding organization
 - b. anticipated drawdown of funds
(cc. to John R. Meyer)
3. Schedules approved by relevant V.P.
4. V.P. with Project Director integrates project budget into NBER budget via discussions with E.K. Smith
5. Project Director creates checklist for steps in #1 and maintains (cc. to Eldridge, Smith, Stephens, (and Blaire of NYRG work)).
6. As project nears 2/3 pt. Project Director discusses possible NBER publications with the V.P. and J.R. Meyer - if tentatively approved - alert Eldridge, Gilmore, and Tron to prepare publication schedule
7. Project Director monitors wrap-up, submits all checklists to John R. Meyer (Info. to accounting)

..7/...

C. Checklist for Internal Manuscript Review (to be maintained)

AUTHOR:

TITLE:

Series _____ No. _____ Acct. No. for Charge _____

I. Staff or Professional Review

RECEIVED FROM AUTHOR:

V.P. request to proceed:

Gilmore notified to begin preliminary distribution, editorial, and publication cost estimation: (final procedures handled in Section I of Checklist D.)

Reading Committee set up by D. Eldridge:

- Members: 1.
2.
3.

Review done by:

RC review received:

MANUSCRIPT RETURNED TO AUTHOR FOR REVISION:

II. Editorial Review

AUTHOR'S REVISIONS RECEIVED: (Manuscript sent directly to Board if exceptionally clean and approved by Meyer)

Sent to Editorial Department:

EDITING COMPLETED AND SENT TO AUTHOR:

Author approves editing:

Manuscript retyped and proofed:

Editor certifies ms. prepared for Board:

V.P. certifies ms. prepared for Board:

President certifies ms. prepared for Board:

Copies xeroxed for Board:

III. Board Review

MANUSCRIPT AND BRIEF DESCRIPTION SENT TO D. ELDRIDGE FOR BOARD REVIEW:

C. Checklist for Internal Manuscript Review (cont.)

Board Committee set up:

Members:

- 1.
- 2.
- 3.

Review done by:

Board review completed:

AUTHOR RECEIVES MS. FOR FINAL REVIEW:

Author returns completed ms. for publication:

D. Checklist for Publication, Publicity and Distribution Program
(Maintained by D. Gilmore)

I. Publication and Distribution Planning (Concurrently with Stage V)

A. Estimate Market

1. NBER lists to receive
2. Author's and V.P.'s estimates of additional special markets
3. Distributor's estimates of additional special markets
4. Gilmore's estimates of additional special markets
5. Gilmore's estimates of additional special markets to reach through book reviews in specialized journals, exhibits, etc.
6. Gilmore's estimates of possible contributors and subscribers to receive releases, promotional material or books

B. Estimate number of copies to publish

1. Estimate number of hardcover and softcover copies

C. Obtain cost estimates from printers and revenue estimates from distributors

II. Publication Production

MANUSCRIPT TO EDITOR FOR PUBLICATION

Copy editing completed

MANUSCRIPT SENT TO PRINTER

Galleys received

Galleys returned

Page proofs received

Index prepared

Page proofs returned

Jackets prepared and ordered

Blues received

Blues returned

BOOK TO BINDING

FINAL BOOK RECEIVED

D. Checklist for Publication, Publicity and Distribution Program (cont.)

III. Publicity

Book or final manuscript sent to Mack for P.R. release drafting

Draft P.R. release reviewed - Author
V.P. in relevant area
Gilmore
Meyer

IV. Distribution Program

- A. Mail copies to NBER lists (CUP)
- B. Mail review copies to reviewers (NBER & CUP lists)
- C. Mail press releases to regular list
- D. Mail press releases to specialized lists
- E. Prepare possible promotional flyer to specialized lists with order form (with CUP)
- F. Prepare possible promotional materials for journals, exhibits, etc.
- G. Mail possible promotional materials to specialized lists, possible contributors and subscribers
- H. Possible small ads in scholarly journals
- I. Copies of books, with press release, to interested chairmen of economics departments

Executive Committee

President - Meyer

Corporate Budget Review,
Acct., Publicity, Editing &
Publishing, Publications
Distribution

Bd. Sec., Fund Raising
Contributions, Ms. Review
Finance Committee, Treasurer

Eldridge

New York

Fuchs

Business
Manager

Lipsey

Education

Information

Law

Health

Ag. Prod.

Income Distribution
Poverty

Population

Soc. Measurement

UNB

N.Y.C. Library

N.Y.C. Programming Group

New Haven

Meyer-Smith

Public Finance

Ind. Org.

Tech. Diffusion

Urban

Water Require-
ments

Computer CEME
Confs. CCESR

Bus. Cycles (part)

Stanford

Adm.

Res.

Lary

NBER

Rockefeller

Bhagwati/Krueger

Mikesell/Furth

Garvy

Annual Report

I & W


Corp. Wide & Int'l

Fellows

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: Robert Lipsey
From: E.K. Smith
Date: 16 August, 1972
Subject:



I have your memo of 8/11/72 to John Meyer and I have discussed it with him. I understand you have talked with Dave Denoon also.

I assume you have not had the opportunity to talk with Lottie about our all day meeting in New Haven with Warren Lackstrom, Orin Hansen, Evan Stevens, Lottie and me. At that meeting last week we went over, in great detail, the problems of implementing the system. We are trying to work as a committee, at my insistence, in order to see ahead, and to construct a system such that we can accurately reflect the costs of data processing. Please have Lottie fill you in on the details. I think you will be pleased with the start we have made. Of course, it will take some time to get a fair and accurate charge system.

The question of account numbers you will have to leave to us, and we shall revise them to reflect the new system. In any event, we shall use 42050 for New York computer/programming personnel, 42051 for New Haven, and 42052 (a new number which is a charge from my memo of Aug. 11, a copy of which is attached) for all computer costs, terminals, and communications equipment (other than existing FX lines) and certain specific personnel costs in Cambridge, to be the main charge-out account for data processing.

As John Meyer has told you previously, the New York accounts do not have budgets for 42050 and 42060, as well as the Data Bank (79022) approved as yet. The budgets under Lottie have yet to be finally revised, consolidated, and approved. Gerry Ronkin and Lottie worked on them last week, and John Meyer reviewed them yesterday. These budgets were not included in the lumped budgets approved for you previously.

As you and I agreed in our meeting on August 7, New York programming personnel will go into 42050 (or 60) as we may determine. One of these account numbers will disappear, probably 42060. Number 79022, data bank, might be shifted to a 42000 number, and income for the data bank will probably go to 3902 for general ledger purposes, depending on the auditors wishes. These and other steps are necessary to properly account for our data processing costs.

(or 3)

Memo to R. Lipsey
Page 2
16 August, 1972

There is no attempt here to prevent New York, or you, from having a data processing setup you desire, nor to force the use of the low cost Yale facilities. You may have the data processing setup you want provided it meets with two tests: 1) that it will be charged out completely to research accounts which are funded by restricted funds and 2) that it is approved by John Meyer. John will have to make the decision as to the new equipment's helping or undermining the existing and planned equipment configuration. As you know the 1130 will be removed from 261 Madison by November 1, and additional terminals provided. The present use of the 1130 by the accounting department will cease, as they will have their new equipment on line by then.

All of these changes should improve our data processing capability and increase our efficiency. If they do not, they will be changed. Nothing is cast in bronze. We have a group responsibility and a group decision making process to help us get the best possible results. But the final budget decisions in the data processing area will be made at this level. As John has not yet made the final budget determination for these accounts, I suggest that if you have some specific changes you might wish, or have specific requests for equipment for New York based research, that you let us know as soon as possible.

Warren Lackstrom is beginning to set up the control journal, and when I get back from California next week I will call another meeting of our group. Please let Lottie know your wishes, and I will inform you of the meeting time so that you can attend, see how we are working out the details, and give us your help.

Attachment

cc: J. Meyer
V. Fuchs
R. Michael
W. Lackstrom
E. Stevens
L. Boschan
O. Hansen
G. Ronkin

files
chron

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: E.K. Smith, W. Lackstrom, E. Stephens, C. Boschan, O. Hansen
From: G. Ronkin
Date: August 11, 1972
Subject: Computer Accounting Procedures

As a result of our meeting in New Haven on August 9, we are planning to implement some new procedures to facilitate the accounting for computer personnel, machine time and communication costs.

1. We must set up the necessary cost (and income) accounts. As of now we plan to use the following accounts. (Boschan, Lackstrom, Stephens, Hansen)

42050 Cambridge computer personnel; all computer costs (360/67, 370/155, 1130, terminals, and other); general Bureau computer work

42051 New Haven Bureau computer personnel

42060 New York City Bureau computer personnel

42049 Income from outside users.

2. We must identify which people will be placed in the above charge out accounts. (Boschan, Hansen, Lackstrom)

3. All relevant costs including people, equipment, communication, etc. must be identified. (Boschan, Hansen, Lackstrom, Ronkin)

4. Standard rate for each person in #2 above must be developed to include the wage, fringe, space, etc. (Stephens, Lackstrom)

5. We must have a system for approving charges against 42050 (W. Lackstrom), 42051, (O. Hansen) and 42060 (C. Boschan)

6. We must have a system for getting approval for charges to all other Bureau projects. (Ronkin, Stephens, Lackstrom)

7. We must have a procedure for reporting time and computer charges to projects (including outside users). This will involve a system of invoicing and keeping track of cash receipts. (Would it be possible to "bill" internal projects also?) (Stephens, Lackstrom)

Page 2

Computer Accounting Procedures

8. A system to assign user ID's for the 360/67, 370/155, 1130, and other (Rapidata, Columbia etc.) equipment must be established. (Lackstrom, Boschan, Hansen)

9. It would also be helpful to have a monitoring system for the 360/67 and 370/155 so that we could, should we be running below the minimum, give computer time to those unrestricted projects in need.

Time is of the essence in resolving the problems indicated above as we are already well into the first month of our contract with Yale University. A meeting will be held shortly to discuss progress made and problems still to be solved.

The names in parenthesis are those of us responsible for seeing to the tasks outlined above.

Dr. Smith wants us to get at these tasks ASAP.

cc: J. Meyer
chron.

NATIONAL BUREAU OF ECONOMIC RESEARCH

F.Y.D. 9
file

Memorandum

To: Members of the Bargaining Unit
From: V. Fuchs, R. Lipsey, E.K. Smith
Date: July 14, 1972
Subject: Pay Increases

The July 15 paychecks should include a 4.6% increase for all employees who were employed continuously from July 1, 1971 through June 30, 1972, and prorated for others. Within the limits set by the Pay Board the National Bureau of Economic Research also expects to make a few selected merit increases effective July 1, 1972. The final processing of these increases has not been completed; they will appear retroactively in the pay checks for July 31, 1972.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: R. Lipsey and W. Fuchs
From: John Meyer
Date: July 11, 1972
Subject: Your July 6, 1972 Memo concerning Increases and Promotions for
Research Assistants, Analysts and Programmers within the Bargaining Unit

I have approved all the increases and promotions as suggested by you in the subject memo. The increases are being processed now and will be effective as of July 1, 1972.

cc: E. K. Smith
G. Ronkin
R. Michael
L. Boschan

P.S. The promotion for Irene Abramson is still pending awaiting further instructions from you.

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: John Meyer
From: Victor R. Fuchs and Robert Lipsey
Date: July 6, 1972
Subject: Increase and promotions for NYC based research assistants,
analysts and programmers.

After consultation with Lottie Boschan and review of supervisors evaluations, we have jointly approved merit increases of \$2,522 and promotion and "longevity" increases of \$1,571. Merit increases plus cost of living increases (\$9,320) amount to 5.45% of the base figure (\$218,164). Some of the merit increases (Breckner, Goldberg, MacLennan and Rodriquez) might have been considered promotions, but our present salary schedule is not sufficiently calibrated to make this easily defensible. The total amount is within the ceiling set by the Pay Board and also discharges our obligation under the contract with the union.

A detailed schedule is attached for your information.

cc: E.K. Smith
G. Ronkin
R. Michael
L. Boschan
E. Stephens

6/14/72

Suggested Salary Increases

	1	2	3	4	5	6	7	8
	<u>Base</u>	<u>C of L Increase</u>	<u>(1)+(2)</u>	<u>Merit Increase</u>	<u>(5)+(6)</u>	<u>Promotion</u>	<u>Longevity</u>	<u>Total</u>
Res. Asst. % of base	75930	2941	78871 3.9	1134 1.5	80005 5.4			80005 5.4
Res. Asst/ Prog's. % of base	231410	1446	32856 4.6	1018 3.2	33874 7.8	776 2.4		34650 10.3
Res. Analysts % of Base	67455	3103	70558 4.6	370 .5	70928 5.1			70928 5.1
Programmers % of base	43369	1830	45199 +4.2		45199 +4.2	136	659 +1.5	45994 +6.0
All % of base	218164	9320	227484 + 4.3	2522	230006 + 5.4	912	659 + .3	23157 + 6.1

INCREASE

	<u>Annual Rate</u>	<u>Fraction of Fulltime</u>	<u>Base</u>	<u>Cost of Living</u>	<u>Merit</u>	<u>Promotion and Longevity</u>	<u>Total</u>	<u>Suggested Salary</u>
<u>Research Analysts</u>								
Beharie		100	9,001	414			414	9,415
Dubrin	11,119	1/5	8,895	409			409	9,304 (11,630)
Geller			10,060	463			463	10,523
O'Brien			9,848	453			452	10,301
Preston	11,013	3/4	8,260	380	82		462	8,722 (11,630)
Wehle			11,437	526			526	11,963
Bhatic-Gupta			<u>9,954</u>	<u>458</u>	<u>288</u>		<u>746</u>	<u>10,700</u>
			67,455	3,103 4.6	370 .5		3,473 5.1	70,928
<u>Programmers</u>								
Abramson			7,518	346		136 ^{a/}	482	8,000
Crayne	11,649	4/5	9,319	429	--	--	429	9,748 (12,185)
Delak	9,266	5/7	5,282	243			243	5,525 (9,692)
McDermott			11,000	341		659	1,000	12,000
Jones			<u>10,250</u>	<u>471</u>			<u>471</u>	<u>10,721</u>
			43,369	11,830	--	795	2,625	45,994

^{a/} This promotion will not be given until supervisor is satisfied that it is deserved. It is included here to show complete picture.


INCREASE

	<u>Annual Rate</u>	<u>Fraction of Fulltime</u>	<u>Base</u>	<u>Cost of Living</u>	<u>Merit</u>	<u>Promotion</u>	<u>Total</u>	<u>Suggeste Salary</u>
<u>Research Assistants</u>								
Breckner			9,200	423	377		800	10,000
Borjas	8,000		5,000	--			--	5,000 (8,000)
Eisenstein	9,266		4,600	213			213	4,813 (9,692)
Goldberg			9,100	419	481		900	10,000
Linn			8,472	390	138		528	9,000
Hsu			8,472	390	138		528	9,000
Patin	8,200		5,120	--			--	5,120 (8,200)
Selhorst			8,700	400			400	9,100
Stevens			8,000	280			280	8,280
Tebbets			<u>9,266</u>	<u>426</u>			<u>426</u>	<u>9,692</u>
			75,930	2,941	1,134		4,075	80,005
<u>Research Assistants/Progr.</u>								
Dagli	8,500	.7	5,950	274		776		7,000 (10,000)
Lloris			10,200	469	331			11,000
MacLennan			9,100	419	481			10,000
Rodriguez	8,800	.7	6,160	284	206			6,650 (9,500)
			<u>31,410</u>	<u>1,446</u>	<u>1,018</u>	<u>776</u>	<u>3,240</u>	<u>34,650</u>

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

"CONFIDENTIAL"

To: R. Lipsey
From: J. R. Meyer 
Date: June 20, 1972
Subject: Wage Increase for Lottie Boschan and Chris Mortensen

I have read your memo of June 13, 1972 to Gerry Ronkin and I still feel the original group recommendation makes sense. There was a great deal of discussion in the case of Lottie and it was felt that an increase of 6.4% was quite fair and generous. We all recognize Lottie to be a very valuable employee. However, she has put together only a moderately strong programming staff; also, the staff's salary structure does need some revision. In addition, her department continues to be a fiscal drain on the Bureau's general funds.

As far as Chris Mortensen is concerned, it was felt that while she was a competent employee and her performance generally good, she was not doing a particularly good job in lining up new research assistants, a major part of her job. Now that her duties have changed and she has become your assistant with increased responsibilities, I think we should first wait and see how well she will do for you. If you feel that she has produced after a few months trial period, then a further salary adjustment at that time might be in order. Furthermore, she did receive a 5.5% increase - which seems not too unreasonable in this year of anti-inflation efforts.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: John Meyer
From: Victor Fuchs
Date: June 12, 1972
Subject: Promotion of research assistants

In accordance with our discussion of last week and after review of records and evaluations I am making the following recommendations for promotion from research assistant to research analyst.

Carol Breckner. She has been a mainstay of the health program for three years. She made significant inputs into the Fuchs-Kramer study, the surgical workloads project, and has also handled all the work on my study of male-female differentials. She has organized and maintained an extensive reference library in health economics. Along with Phyllis Goldberg (see below) she provides research support for Fuchs, Grossman, Hughes, Reder, Chiswick, Lewit, and Kramer.

Ates Dagli. He has developed into an outstanding programmer. He now has major independent responsibilities for programming and computer runs for the population program. He is a Ph.D. candidate at Columbia and has considerable graduate work already completed.

Phyllis Goldberg. She now has her Masters from Columbia. She is completing two years on the health program and has demonstrated considerable initiative in seeking out new data sources and in providing research support for numerous studies (see Breckner above). She is now assuming new and heavy programming responsibilities in connection with Marcia Kramer's study on abortion and is one of our links with DUALabs and the 1970 Census tapes.

Iva MacLennan. She started as a straight research assistant for Finis Welch but her job developed into one with very substantial programming responsibilities. She has shown considerable capacity for working independently and tremendous dedication to getting work done.

I recommend the same salary for all four, namely \$10,000 per annum.

cc: E.K. Smith
G. Ronkin
R. Michael
L. Boschan ✓
B. Lipsey

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

"CONFIDENTIAL"

To: See Distribution Below
From: E. K. Smith *MSB (for)*
Date: June 5, 1972
Subject: Wage Review - Bargaining Unit Personnel

Attached please find a salary list of all personnel within the bargaining unit. There are two lines for each person. The first line shows their salary as of 6/30/71 and any increase (cost-of-living and/or merit increases) received during FY-72. The second line shows the FY-73 cost-of-living increase that will be given to those employees who qualify according to the contract. Most will receive 4.6% while others will receive less depending on their length of service.

Please make your recommendations for merit increases for those employees under your supervision and bring these recommendations to a meeting scheduled for Wednesday, June 7, at 10:30 A.M. in John Meyer's office.

Enc.

C. Boschan
D. Eldridge
H. Lary
R. Lipsey
V. Fuchs
D. Gilmore
R. Michael
R. La Pan
J. Tron
E. Stephens

BARGAINING UNIT

ACCOUNTING

SUBSCRIPTIONS

561	COZENS M	7150 0771	7572	422	5.9
561	COZENS M	7920 0772	348	4.6	
871	FRONAPFEL V	7020			
871	FRONAPFEL	7315 0772	295	4.2	
671	GORENFLO N	7280 1271	7530	250	3.4
671	GORENFLO N	7876 0772	346	4.6	
171	MADRIDEJOS M	8500 0771	8800	300	3.5
171	MADRIDEJOS M	9205 0772	405	4.6	
870	MORRISON P	9600 077110072		472	4.9
870	MORRISON	10535 0772	463	4.6	
071	NG Y	7020			
071	NG Y	7266 0772	246	3.5	
368	PAVONE C	5800 0771	6142	342	5.9
368	PAVONE C	6425 0772	283	4.6	

EDITORIAL

029	FORMAN H	12000 077112708		708	5.9
029	FORMAN H	13293 0772	585	4.6	
071	FOSTER G	6500			
071	FOSTER G	6728 0772	228	3.5	
771	JELLINEK H	9500 0172	9750	250	2.6
771	JELLINEK H	10199 0772	449	4.6	
154	MOSKOWITZ E	11000 077111649		649	5.9

1154	MOSKOWITZ E	12185	0772	536	4.6		
1270	RIDLER R	7000	0771	7413	413	5.9	
1270	RIDLER R	7754	0772	341	4.6		

PROGRAMMING

1068	ABRAMSON I	7100	0771	7518	418	5.9	
1068	ABRAMSON I	7864	0772	346	4.6		
1267	CRAYNE S	11000	0771	11649	649	5.9	
1267	CRAYNE S	12185	0772	536	4.6		
1063	DELAK A	8750	0771	9266	516	5.9	
1063	DELAK A	9692	0772	426	4.6		
1170	GOLDBERG R	12400	0771	113132	732	5.9	
1170	GOLDBERG R	13736	0772	604	4.6		
1243	JONES M	9500	0771	110060	560	5.9	117110250 190 1.9
1243	JONES M	10721	0772	471	4.6		
1171	MCDERMOTT C	11000					
1171	MCDERMOTT C	11341	0772	341	3.1		
1472	SCHNELVAR	13740					

RESEARCH ASSISTANTS

1869	BRECKNER C	8500	0771	9001	501	5.9	1171 9200 199 2.2
1869	BRECKNER C	9623	0772	423	4.6		
0372	BORSAS G	8000					
1970	DAGLI A	8000	0771	8393	393	4.9	1171 8500 107 1.3
1970	DAGLI A	8891	0772	391	4.6		
1065	EISENSTEIN A	8750	0771	9266	516	5.9	
1065	EISENSTEIN A	9692	0772	426	4.6		
1870	GOLDBERG P	8500	0771	8918	418	4.9	1171 9100 182 2.0
1870	GOLDBERG P	9519	0772	419	4.6		

270	HSU W	8000	0771	8472	472	5.9		
270	HSU W	3862	0772	390	4.6			
167	LIM C	8000	0771	8472	472	5.9		
167	LIM C	8862	0772	390	4.6			
465	LLORIS M	9500	0771	10060	560	5.9	117110200	140 1.4
465	LLORIS M	10669	0772	469	4.6			
669	MACLENNAN I	8500	0771	9001	501	5.9	1171 9100	99 1.1
669	MACLENNAN I	9519	0772	419	4.6			
0472	PATIN P	8200						
969	RODRIGUEZ T	8250	0771	8736	486	5.9	1171 8800	64 0.7
969	RODRIGUEZ T	9205	0772	405	4.6			
770	SELHORST F	8000	0771	8472	472	5.9	1171 8700	228 2.7
770	SELHORST F	9100	0772	400	4.6			
071	STEVENS A	8000						
071	STEVENS A	8280	0772	280	3.5			
967	TEBBETTS S	8750	0771	9266	516	5.9		
967	TEBBETTS S	9692	0772	426	4.6			

RESEARCH ANALYSTS

469	BHATIA V	9400	0771	9954	554	5.9		
469	BHATIA V	10412	0772	458	4.6			
069	BEHARIE N	8500	0771	9001	501	5.9		
069	BEHARIE N	9415	0772	414	4.6			
659	DUBRIN C	10500	0771	11119	619	5.9		
659	DUBRIN C	11630	0772	511	4.6			
468	GELLER B	9500	0771	10060	560	5.9		
468	GELLER B	10523	0772	463	4.6			
555	OBRIEN D	9300	0771	9848	548	5.9		
555	OBRIEN D	10301	0772	453	4.6			

1161	PRESTON	10400	077111013	613	5.9		
1161	PRESTON	11520	0772 507	4.6			
1240	WEHLE	10800	077111437	637	5.9		
1240	WEHLE	11963	0772 526	4.6			

SECRETARIES

1271	BATTS V	9100	1271 9200	100	1.1		
1271	BATTS V	9448	0772 248	2.7			
0970	BLAU B	8320	0771 8688	368	4.4	10/71 9100	412 4.7
0970	BLAU B	9519	0772 419	4.6			
1247	BRODY R	9000	0771 9531	531	5.9	11/71 9640	109 1.1
1247	BRODY R	10083	0772 443	4.6			
0472	CHAMBERLAIN	5980					
1069	CHEPERAK H	7100	0771 7519	419	5.9	11/71 7700	181 2.4
1069	CHEPERAK H	8054	0772 354	4.6			
0340	COURTNEY M	9300	0771 9849	549	5.9	11/71 110050	201 2.0
0340	COURTNEY M	10512	0772 462	4.6			
0569	DAMBROSIA M	8500	0771 9001	501	5.9	11/71 9200	199 2.2
0569	DAMBROSIA M	9623	0772 423	4.6			
0351	FERRO R	7500	0771 7942	442	5.9	11/71 8150	208 2.6
0351	FERRO R	8525	0772 375	4.6			
1170	FORMAN J	7800	0771 8107	306	3.9	11/71 8307	200 2.4
1170	FORMAN J	8689	0772 382	4.6			
0342	GRANT K	7100	0771 7519	419	5.9	11/71 7750	231 3.1
0342	GRANT K	8107	0772 357	4.6			
1171	GUTSTEIN	6370					
1171	GUTSTEIN	6567	0772 197	3.1			
0853	HAYES J	7600	0771 8048	448	5.9	11/71 8150	102 1.3
0853	HAYES J	8525	0772 375	4.6			

740	MOELLER M	9300	0771	9848	548	5.9	1171	10050	202	2.1
740	MOELLER M	10512	0772	462	4.6					
769	PARSHLEY E	7100	0771	7518	418	5.9	1171	7620	102	1.4
769	PARSHLEY E	7971	0772	351	4.6					
0372	PRYOR E	7000								
870	RANDOLPH D	7800	0771	9183	383	4.9	1171	8250	67	0.8
870	RANDOLPH D	8360	0772	380	4.6					
970	SMITH H	7000	0771	7309	309	4.4	1171	7450	141	1.9
970	SMITH H	7793	0772	343	4.6					
971	WILSON C	6100								
971	WILSON C	6332	0772	232	3.8					
0472	Young A	6500								

ADMINISTRATION

1439	CROWLEY V	7800	0771	8260	460	5.9				
1439	CROWLEY V	8640	0772	380	4.6					
1869	GIBBONS M	6700	0771	7095	395	5.9				
1869	GIBBONS M	7421	0772	326	4.6					
1145	KENNEDY W	8600	0771	9107	507	5.9	1171	9300	193	2.1
1145	KENNEDY W	9728	0772	428	4.6					
1255	MITCHELL C	7100	0771	7518	418	5.9	1171	7600	82	1.1
1255	MITCHELL C	7950	0772	350	4.6					

NATIONAL BUREAU OF ECONOMIC RESEARCH

Memorandum

To: C. Boschan
From: J. R. Meyer
Date: May 22, 1972
Subject: FY 1973 Budgets

In reviewing your budgets for 1973 I have found it helpful to consolidate your three accounts--data processing (42050), statistical computing (42060), and the data bank (79022). Your original estimates yield a net total direct cost of \$197,195. On the receipt side I believe you estimate data bank receipts to be \$54,000 and the data processing service chargeouts to total \$56,000.

To summarize, you should expect "receipts" of about \$110,000 and direct costs of about \$197,000. This operating deficit is too large for the Bureau to bear and I therefore must limit your direct costs to \$160,000. This will reduce your deficit to some \$50,000. However, should your receipts fall below \$100,000, there must be a dollar for dollar cut in your direct costs to keep your total net deficit at no more than \$56,000.

To some extent, this \$50,000 deficit can be "justified" as an appropriate charge on overhead, recognizing that much of what you do is really general supervision of NYC research assistants; the same holds true to a lesser degree for some of your subordinates. But \$50,000 does seem to be about the limit of any deficit we should incur in this area.

I recognize that there are a peculiarly large number of uncertainties attached to your budget situation. For example, new equipment with tape handling capabilities could increase both your costs and charge-outs. If something like this were to be contemplated, we would, of course, simply have to redo these budgets.

In reviewing these budgets we have noticed that some of you have included allowances for pay increases in some cases and some of you have not. It should be understood that any increases not so budgeted but later put into effect must be included when calculating allowable deficits.

Enc.

cc: R. Lipsey