

SECRET

DUPLICATE

11 May 1954

Mr. Gordon A. Nease
Professional Staff Member
Senate Appropriation Committee
Washington, D. C.

Dear Mr. Nease:

Reference is made to our recent conversations relative to the Agency's budget requirements for fiscal year 1955.

*House Appropriation
full text*

The Agency's budget for fiscal year 1955 amounts to a total of 335 million which includes 225 million for normal operations and a contingency reserve of 110 million for unforeseen emergencies and/or projects which were not planned but because of circumstances which develop during the fiscal year it is considered desirable to initiate. As you know, no funds are withdrawn from this reserve without the specific approval of the Bureau of the Budget.

There is attached for your information a letter addressed to the Director, Bureau of the Budget, from Mr. Taber, Chairman, House Appropriations Committee, with an attachment showing the various adjustments made in the several appropriations which include funds for the Agency. It will be noted that the Committee approved new funds in the amount of 185 million and granted authority to carry over into fiscal year 1955, 150 million of prior year funds which, according to agreement, would have expired. This in effect allowed the Committee to show a cut in appropriations of 150 million.

As indicated above the Agency divided its appropriation request into two categories, namely a regular appropriation of 225 million and a contingency reserve fund of 110 million, the latter to be used if unforeseen and unusual demands are made upon the Agency. It is the desire of the Agency to secure approval of both the Senate and House Appropriation Committees to have the contingency reserve fund designated as a "No-Year" fund. The Bureau of the Budget and the General Accounting Office have agreed to recognize the fund as "No-Year" providing both Committees approve. During fiscal years 1953 and 1954 there were appropriated to the Agency in appropriation "Aircraft and Related Procurement" the sums of 92 million and 58 million respectively, making a total of 150 million available until expended. These funds are still available in unobligated balances of these two fiscal years.

SECRET

SECRET

- 2 -

If the contingency reserve fund were approved as a "No-Year" fund, the Agency would then have to make a request for only that portion of the reserve actually used each year. No funds have been withdrawn from the reserve during fiscal years 1953 and 1954.

The Chairman of the House Appropriations Committee indicated, in a letter of 27 April 1954 to the Director of the Bureau of the Budget, that Committee's approval to carry-over 150 million into the fiscal 1955. In discussing the matter with Mr. Sprankle, Assistant Clerk of the Committee, we were advised that the House Appropriations Committee had approved the Agency's request for a "No-Year" contingency reserve fund but that it would be necessary to issue a new letter each year containing the carry-over provisions.

If the Senate Appropriations Committee agrees with the Agency's proposal for a "No-Year" reserve fund, it is suggested that a letter similar to the attached draft be approved.

Very truly yours,

E. R. Saunders

E. R. SAUNDERS

CIA Comptrols

Attachments (2)

SECRET

SECRET

DUPLICATE

C
O
P
Y

April 27, 1954

Honorable Rowland R. Hughes, Director
Bureau of the Budget
Washington, D. C.

Dear Mr. Director:

Enclosed herewith is a table indicating Committee action on the 1955 budget estimates relating to the Central Intelligence Agency.

It is the intent of the Committee that not more than \$150,000,000 of prior year funds will be carried into the fiscal year 1955.

Very sincerely yours,

/s/ John Taber

Chairman.

Enc. 1

cc: Central Intelligence Agency
Department of Defense

SECRET

<u>Annual Operating Expenses, 1955</u>	<u>Budget Estimate</u>	<u>Committee Recommendation</u>
<u>Appropriation</u>		
<u>Army</u>		
Maintenance and Operations, Army		
Project 2712 Classified Project.....	\$33,000,000	\$25,000,000
Project 3121 Commercial Transportation...	28,000,000	- -
Total, Army.....	<u>61,000,000</u>	<u>25,000,000</u>
<u>Navy</u>		
Service-side Operations, Navy		
Activity 10 Contingencies of the Navy....	33,000,000	30,000,000
Ships and Facilities, Navy		
Activity 1 Maintenance and Operation of the Active Fleet.....	45,000,000	- -
Ordnance and Facilities, Navy		
Activity 1 Procurement of Ordnance and Ammunition.....	30,000,000	- -
Total, Navy.....	<u>108,000,000</u>	<u>30,000,000</u>
<u>Air Force</u>		
Contingencies, Air Force		
Project 731, Classified project.....	23,000,000	20,000,000
Military Personnel Requirements, Air Force		
Project 550 Subsistence.....	33,000,000	- -
Aircraft and Related Procurement, Air Force		
Project 120 Aircraft Component Spares and Spare Parts.....	- -	110,000,000
Total, Air Force.....	<u>56,000,000</u>	<u>130,000,000</u>
Sub-total.....	225,000,000	135,000,000
<u>Add</u>		
Prior year funds available from Aircraft Procurement, Air Force.....	- -	40,000,000
Total Annual Operating Expenses	225,000,000	225,000,000
<u>Reserve Funds</u>		
Aircraft and Related Procurement, Air Force.....		
Project 120, Aircraft Component Spares and Spare Parts.....	110,000,000	- -
Prior year funds available:		
Aircraft Procurement.....	- -	110,000,000
Grand Total, funds available	335,000,000	335,000,000

G
O
P
Y

STYLES BRIDGES, N. H., CHAIRMAN

FERGUSON, MICH.	CARL HAYDEN, ARIZ.
JORDON, OREG.	RICHARD B. RUSSELL, GA.
EVERETT SALTONSTALL, MASS.	PAT MCCARRAN, NEV.
MILTON R. YOUNG, N. DAK.	DENNIS CHAVEZ, N. MEX.
WILLIAM F. KNOWLAND, CALIF.	BURNET R. MAYBANK, S. C.
EDWARD J. THYE, MINN.	ALLEN J. ELLENDER, LA.
JOSEPH R. MCCARTHY, WIS.	LISTER HILL, ALA.
KARL E. MUNDT, S. DAK.	HARLEY M. KILGORE, W. VA.
MARGARET CHASE SMITH, MAINE	JOHN L. MCCLELLAN, ARK.
HENRY C. DWORSHAK, IDAHO	A. WILLIS ROBERTSON, VA.
EVERETT MCKINLEY DIRKSEN, ILL.	WARREN G. MAGNUSON, WASH.

EVERARD H. SMITH, CLERK
THOMAS J. SCOTT, ASST. CLERK

United States Senate

COMMITTEE ON APPROPRIATIONS

May 12, 1954

DUPLICATE

5.12.54

SECRET

Mr. Allen Dulles, Director
Central Intelligence Agency
Washington, D. C.

Dear Mr. Dulles:

Enclosed herewith is a table indicating Committee action on the 1955 Budget estimates relating to the Central Intelligence Agency.

It is the intent of the Committee that not more than \$150,000,000 of prior year funds will be carried into the fiscal year 1955.

Very sincerely yours,

Styles Bridges
Chairman

SB:GNB
Encl. 1

cc: Bureau of the Budget
Department of Defense

SCHEDULE OF APPROPRIATIONS

Fiscal Year 1955

(In Millions of Dollars)

<u>Appropriation and Project</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Total</u>
Maintenance and Operations, Army Project 2712 Classified Project	25			25
Service-Wide Operations, Navy Activity 10 Contingencies of the Navy		30		30
Contingencies of the Air Force Project 891			20	20
Aircraft and Related Procurement Project 120 Aircraft Component Spares and Spare Parts	—	—	<u>110</u>	<u>110</u>
Subtotal	<u>25</u>	<u>30</u>	<u>130</u>	<u>185</u>
Prior year funds available from Aircraft and Related Procurement (Regular Operations)				<u>40</u>
Total Operating budget				225
Prior year funds available from Aircraft and Related Procurement (No-Year Contingency Reserve)				<u>110</u>
Grand Total, funds available				<u>335</u>

5 CIA