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Memorandum
L-48

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Digital Computer Laboratory
Massachusetts Institute of Technology
Cambridge 39, MassachusettsSUBJECT: Fiscal 1953 Budget ReviewTo: Jay W. ForresterFrom: Harris FahnestockDate: 24 June 1952Reference: (A) Fiscal 1953 Budget Letter, 29 November 1951
(B) Fiscal 1952 Budget Memo, 15 February 1952
(C) Fiscal 1954 Budget, L-33, 21 March 1952

Abstract: I have compared the referenced budget proposals with our present staff and expenditures, and the expansion we can now expect during the next year. Within the wide limits of approximation applying to such a period of expansion, I believe our budgets are in balance and do not need revision at this time.

I. Present Staff vs FY53 Average Budgeted Staff.

<u>Group</u>	<u>July 1, 1952</u>	<u>FY53 Ave.</u>
Cape Cod	47	60
WW II	55	100
	<u>102</u>	<u>160</u>
WW I	35	\$600,000
Engineering	137	
Group 60	24	
	<u>161</u>	

If we assume an increase in engineering staff of two per week (and we are unlikely to exceed this), the average figures for fiscal 1953 become average engineering staff: 189.

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The 1953 Lincoln Budget based on our reference (A) allows \$23,000 per staff member for 160 staff or \$3,680,000 plus \$600,000 for WWI. Adding these two and dividing by total estimated engineering staff we get:

Budget per engineering staff:	$\frac{\$4,280,000}{189}$	= \$22,800
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By groups:

Cape Cod and WWII:	$\frac{\$3,680,000}{154}$	= \$23,800
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WWI :	$\frac{\$600,000}{35}$	= \$17,100
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Note 1. The WWI Group is somewhat larger than anticipated and the Cape Cod - WWII is reduced by 4.

Note 2. The Group 60 staff bears the same numerical ratio to total staff as we have had in the past.

II. Extrapolation of Present Expenditures.

May 1952 - Division 6	
Salaries, wages, overhead at 130 staff	\$143,000

Average staff, fiscal 1953: 213

Average monthly salaries, wages, overhead, fiscal 1953. $\$143,000 \times 213 \times 1.1$	\$258,000
	130

Fiscal 1953 Budget:	\$4,280,000
12 x \$258,000	<u>3,100,000</u>

Available for material and service	\$1,180,000
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Average 1953 monthly material and service	\$100,000
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This \$100,000 per month available for material and service should be compared with widely varying expenditures from January through May 1952. We have been building up inventory and it is not entirely clear how far we have gotten.

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II. Extrapolation of Present Expenditures continued:

<u>Month</u>	<u>Regular Material and Service</u>
January 1952	\$35,000
February	28,000
March	43,000
April	70,000
May	60,000

III. Extraordinary Expenses.

The FY52 budget (ref. B) includes \$335,000 extraordinary expenses. Of the sum, \$210,000 has been committed, \$145,000 will be committed in FY53. The above figures on expenditures will not agree with the DIC accounts. Our laboratory accounts show this but the DIC accounting system was not set up to differentiate between regular and extraordinary expenses until after we had committed perhaps \$100,000 of the \$335,000.

Note that the FY53 budget includes \$250,000 of extraordinary expenses not mentioned or included above.

No budget specifically includes provision for WWIA. I am not now in a position to estimate the cost of this.

IV. Extrapolation to July 1, 1954.

The extrapolations of Section II, above, bring us to a total staff including Group 60 of 265 by July 1, 1954. The FY54 budget (ref. C) contemplates a total average staff of 261. This is in reasonable agreement.

H. Fahnestock
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