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Memorandum L-74

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Digital Computer Laboratory
Massachusetts Institute of Technology
Cambridge, Massachusetts

CLASSIFICATION CHANGED TO:	
Auth:	<i>D.D.S.</i>
By:	<i>RL</i>
Date:	<i>3-15-60</i>

SUBJECT: FISCAL '53 BUDGET REVISION

To: Dr. A. G. Hill and P. V. Cusick

From: Harris Fahnestock

Date: 15 December 1952

Reference: Budgetary Control Statement F/53
Division VI
For Four Months Ending October 31, 1952

You have asked us to furnish you with a revised Column 4 to the referenced statement on the assumption that salaries and wages for the remaining eight months will total \$1,100,000 instead of \$1,527,995 as shown on the statement.

It has been our experience that "normal operating expense" and "travel" stay about proportional to total staff. This is also proportional to total salaries and wages. We expect this ratio to continue for the next eight months. Accordingly, with one exception, we have used the following ratio in preparing the estimate for the next eight months:

$$\frac{\text{Salaries and wages for 8 months}}{\text{Salaries and wages for 4 months}} = \frac{1,100,000}{487,005} = 2.26$$

The exception is that we have increased the "normal operating expense to date" from \$239,564, as shown on the statement, to \$260,000. This is because within the Division we keep commitment (not expenditure) records; they are higher than the "expenditures; commitments to date" on the referenced statement, and we believe they more accurately reflect our needs.

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		8 month Budget
Salaries and Wages	\$487,005 x 2.26	\$1,100,000
Normal Operating Expense	260,000 x 2.26	587,000
Travel	26,128 x 2.26	59,000
Overhead	(40%)	440,000
Sub-total		2,186,000
Extraordinary		1,022,519
Total		3,208,519

Available for 8 months: \$4,355,020
 Revision for 8 months: 3,208,519
 Balance \$1,146,501

The apparent balance derived from the requested assumption makes no provision for additional extraordinary commitments which would be needed for the increased effort which must be put into the design and construction of a control center if we are to comply with the recent request of ARDC to demonstrate an operating Cape Cod air defense system in September 1953.

Harris Fahnestock
Harris Fahnestock

HF:mb
 cc: J. W. Forrester
 R. R. Everett

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