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*Liaison 43*

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CENTRAL INTELLIGENCE AGENCY

Memorandum of Conversation

DATE: 16 JUN 1966

SUBJECT : NIS Contract with the Department of Health, Education, and Welfare

PARTICIPANTS: HEW: Mr. Donald Simpson, Assistant Secretary for Administration  
CIA: Colonel L. K. White, Executive Director-Comptroller

COPIES TO : DD/I, D/OBI, D/PPB, ER, ExDir

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1. On 15 June 1966 Mr. Simpson telephoned about the NIS contract with the Department of Health, Education, and Welfare. There have been several recent meetings between Mr. Simpson and his associates and officials of our Office of Basic Intelligence.

2. Mr. Simpson repeated that Secretary Gardner is adamant that the NIS contract be terminated.

He insisted, however, that this transfer be arranged promptly and that the informal interim arrangement not be a contract. Unless an arrangement satisfactory to HEW is worked out, he said that it will be necessary to RIF the employees concerned and that HEW will expect the Agency to pay all termination costs in connection with the RIF.

3. I told Mr. Simpson that we would like HEW to continue this work on a short-term arrangement which can be as informal as they like but that under no circumstances will we pay the costs of a RIF if this is what they decide to do. Mr. Simpson was adamant that this is a CIA obligation, and I was equally adamant that we would have no part of it. He said that he would have to take up the matter with the Bureau of the Budget, and I told him this would be perfectly all right with us.

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4. Following my conversation with Mr. Simpson I telephoned Jim Clark at the Bureau of the Budget, briefed him on the whole situation, and advised him of the position I had taken. Jim seemed completely sympathetic to my position. He thanked me for alerting him and said he would be on the lookout for this problem if and when it is referred to the Bureau.

/s/ L. K. White

L. K. White  
Executive Director-Comptroller

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