

THE WHITE HOUSE

WASHINGTON

April 29, 1966

MEMORANDUM TO HEADS OF DEPARTMENTS AND AGENCIES

One year ago I asked each of you to establish a formal, systematic program to reduce the cost of Government. Your cost reduction goals for both this and the next fiscal year were to be the maximum which imaginative, prudent management could achieve. You were requested every six months to reassess your progress, reevaluate your goals, and look hard once again for new opportunities for savings.

You know what progress your own agency is making. I also want you to know how the Government as a whole is doing.

First goals established for fiscal year 1966 totalled \$871 million for all civilian departments and agencies.

This was good. I am now pleased to learn that your latest estimates are even better.

- By December 31 -- the mid-point of the fiscal year -- the civilian departments and agencies had already taken actions to save over \$700 million.
- As a result of your latest reviews, the total goal for fiscal year 1966 has been raised by \$161 million. It is now slightly over one billion dollars -- \$1,032 million.

In the latest review, you also established goals for fiscal year 1967 which begins on July 1. For that fiscal year, which is still two months away, the present goals of the civilian agencies total \$946 million.

The Department of Defense measures its cost reduction program somewhat differently. Its goal is to save \$6 billion by the end of fiscal year 1968 from savings actions taken by the end of fiscal year 1966. Defense is making good progress. So far it has achieved \$3,075 million of its goal.

A good record to date is not a signal to relax. Our savings goals must continue to be ambitious and imaginative, and we must be fully successful in meeting them. What I said in my 1967 budget message still holds: "I believe we are making good progress in reducing costs and improving efficiency, but I will never be satisfied that we have done all we should." It is vital that you continue to give this cost reduction program your full attention.