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ODP # 81-1025

4 AUG 1981

MEMORANDUM FOR: Deputy Director for Administration

25X1 FROM:

[Redacted]
CORE Working Group

SUBJECT: CAT II Future Efficiencies through Capital Investment (U)

1. Future efficiencies that could be realized by near-term capital investment are summarized in the attachment. There are three categories of capital investments:

- CAT IIA - Those requiring capital investment in the 4th quarter FY-81.
- CAT IIB - Those requiring capital investment in 1st quarter FY-82.
- CAT IIC - Those requiring capital investment in FY-82.

All of the CAT IIA items have been submitted to the DDA as unfunded requirements. CAT IIB and IIC items will be surfaced as unfunded as we proceed into the new fiscal year.

2. All of this information will be included in the final report but is submitted now in hopes that it will receive early consideration for reprogramming Agency funds this fiscal year.

[Redacted]

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Attachment:
As stated

THIS MEMORANDUM WILL BE UNCLASSIFIED
WHEN ATTACHMENTS REMOVED

[Redacted]

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WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

SECRET

ATTACHMENT

CAT II FUTURE EFFICIENCIES
THROUGH
CAPITAL INVESTMENT

S E C R E T

SUMMARY OF OFFICE SUBMISSION

CAT II CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

<u>OFFICE</u>	<u>TITLE</u>	<u>SAVINGS</u>
OL	New Printing Equipment	\$248K/Yr.
OL	Logistics Integrated Management System	\$1000K-\$1500K
OL	Property Accounting System	\$265K/Yr.
OL	Utilities Reliability Improvements	
OL	Improved Energy Efficiency of Existing Buildings & Equipment	\$1200K/Yr.
OL	Takeover Headquarters from General Services Administration	\$2900K/Yr.
ODP	Capital Investments to Improve the Productivity of ADP Central Service User Community	\$1670K/Yr.
ODP	Increase in Funds and/or Positions for Software Development	
OS	Technical Security Recapitalization	\$412K
OS	Security Communications Improvement Program (Project SCIP)	\$51K
OS	FY-1983 Theme Package on Terrorism	\$150K
OMS	Develop Text/Report Writing Software Package	\$40K/Yr.
OMS	Acquisition of Two Scan-Tron 5098 Optical Mark Readers	\$16K/Yr.
OMS	Acquire a Dual-Station NBI-3000 Word Processing System	\$15K/Yr.
OMS	Automate CCCR Data Input	\$60K/Yr.

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<u>OFFICE</u>	<u>TITLE</u>	<u>SAVINGS</u>
OMS	Implement Field PATB-II Testing	\$100K/Yr.
OIS	On-Line Records Retrieval and Search System	\$154K/Yr.
OIS	Control of Top Secret Collateral Material	\$22K
OIS	Headquarters Records Review	\$207K
OF	Field Accounting System	TBD
OF	Payroll System	\$98K/Yr.
OF	Logistics Integrated Management System	\$27K/Yr.
25X1	[Redacted]	
OTE	Improve TV Production Facilities	\$142K/Yr.
OTE	New Special Operations Training Course Classroom	
25X1	[Redacted]	
	[Redacted]	
	[Redacted]	
OTE	Computer Assisted Language Instruction	
OTE	Automation of Language Lab	
OC	Acceleration of Secure Voice Program	\$1.4M
OC	Modify Black Telephone Service	\$134K/Yr.
25X1	OC [Redacted]	\$250K
25X1	OC [Redacted]	\$220K/Yr.

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OFFICE OF LOGISTICS

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. NEW PRINTING EQUIPMENT

The acquisition of a laser platemaker in FY-82 will automate the production of printing plates and reduce the need for the photographic process traditionally required in offset lithography. This is expected to result in a film cost savings of \$80,000 per year, and a labor savings of two man-years, or \$56,000 per year, in pre-press operations. Efficiencies resulting from the replacement of a 26-year-old 48-inch single-color press in FY-82 are expected to save a man-year in the press room with a dollar value of \$28,000. Replacement of two 40-inch presses in FY-83, and their consolidation in a single four-color 40-inch press will save an additional man-year in press room staffing requirements. The installation of an Atex 8090 Mini-Edit text editing system in NFAC, which will interface with ETECS, will permit more efficient utilization of personnel and faster job throughput thus saving the Agency, not necessarily the Printing and Photography Division (P&PD), an estimated two man-years while improving product quality. In total, the estimated material and manpower savings resultant from the planned initiatives will be \$248,000 per year.

TOTAL COST	<u> \$1,200K </u>
BUDGET	<u> </u>
SURGE	<u> \$550K 4TH QTR 1981 </u>
SAVINGS	<u> \$248K/Yr. </u>

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OFFICE OF LOGISTICS

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

25X1 2. ENHANCE [REDACTED] EFFICIENCIES OF OPERATION THROUGH CAPITAL INVESTMENTS

Install broad-based line conveyor in receiving/shipping area (reduce cargo handling, save time and manpower). Estimated: \$25,000

Expand use of "Instapaking" (save an estimated 1-1/2 years on material and man-hours). Estimated: \$15,000

Procurement of six each Raymond Extended-Reach Forktrucks (gain optimum use of Depot floor space). Estimated: \$114,000

Procurement of two electric forktrucks (should give an estimated 1/2 man-year saving/year). Estimated: \$30,000

Replace sawdust waste evacuator (improve environment and enhance safety). Estimated: \$20,000

Replace antiquated Depot heating units (improve environment and enhance safety (Real Estate and Construction Division should provide costs). Estimated: Unknown

Construct temperature-controlled room [REDACTED] (release prime Depot-storage space now used for hazardous materials). Estimated: \$20,000

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Relocate ARS #1 (should provide a saving of at least two man-hours/day). Estimated: \$5,000

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TOTAL COST	<u>\$229K</u>
BUDGET	<u> </u>
SURGE	<u>80K 4TH QTR FY81</u>
SAVINGS	<u>\$38.5K/Yr.</u>

S E C R E T

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OFFICE OF LOGISTICS

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

3. LOGISTICS INTEGRATED MANAGEMENT SYSTEM (LIMS)

The primary intent of the LIMS project is paraphrased from the project Goal: To develop an integrated management system that recognizes and reacts to service requirements . . . enhances operational efficiency, effectiveness and productivity . . . increase(s) automation in OL information handling (and processing transactions) . . . supports worldwide OL (and Agency) operations. . . interface(s) with Agency accounting, budget, and payment processes. The foremost objective of LIMS is to dramatically improve the Office of Logistics' (OL) response to its customers, in terms of the acquisition and delivery of requested and required goods and services and support a rapid vendor payment process.

Quantitatively, the internal requisition and processing sequence involving significant labor-intensive and paper-dependent processes currently averages 55 days of throughput. Using the same or fewer personnel, the LIMS system will simplify processes, increase accuracy, provide timely information, improve vendor relationships, minimize bureaucratic procedures and, importantly, modernize the manner in which business is conducted today and in the future. The benefits of a LIMS system, with its projected responsiveness, will become especially vital in supporting covert action programs and the exploitation of targets of opportunity.

Perceived automation within LIMS will: electrically link a minimum of [redacted] to the OL materiel support system (and, in concert with CRAFT, be expanded to include about [redacted] [redacted] absorb/consolidate at least eight presently autonomous OL data base systems; expedite transactions involving more than [redacted] enhance the management of [redacted] worth of onhand inventories; effect efficiencies in handling in excess of 33,000 shipments annually; streamline a myriad of procedures involved in handling in excess of 68,000 line items contained in 32,000 requisitions; significantly reduce today's paperwork shuffle and its associated costs of clerical effort, filing, logging, labor--and the generation of more than 1,000,000 xerox copies annually, within the supply and procurement functions.

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TOTAL COST

BUDGET

SURGE Need \$189K 1st
Qtr 1982

SAVINGS

25X1

25X1

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S E C R E T

OFFICE OF LOGISTICS

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

4. OL PROPERTY ACCOUNTING SYSTEM

25X1 The development of an Agency standard automated package for property accountability will provide a vehicle to track Agency world-wide assets valued at * The system will replace existing labor-intensive, paper-dependent processes, and correct inefficiencies associated with the explosion of autonomously developed non-standard property systems at the user level. Automation of the property accountings process will diminish requirements for support professionals overseas; thereby providing for an increased operational presence, free ODP manpower resources to undertake new automation initiatives, and provide deployment of modern property accounting methodologies in the 1980's and 1990's.

*Excludes OL Inventory Assets.

TOTAL COST	<u> \$135K </u>
BUDGET	<u> -0- </u>
SURGE	<u> \$135K 1st Qtr FY-82 </u>
SAVINGS	<u> \$265K/Yr. </u>

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OFFICE OF LOGISTICS

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

5. NEW BUILDING AT HEADQUARTERS

Capital investment in a new building on the Langley Compound for consolidation of the Headquarters organization can achieve annual savings in excess of \$5,300,000 by 1985. This figure is comprised of:

- a. Reduction in Commo leased lines
- b. Reduction in the number of Federal Protective Officers
- c. Reduction in costs of TEMPEST testing and countermeasure design
- d. Employee lost man-hours on the shuttle
- e. Reduction of shuttle operating fund
- f. Motor Pool employee reduction
- g. Courier personnel reduction
- h. Reduction in reimbursement for use of POV.

TOTAL COST	<u>\$200,000,000</u>
BUDGET	<u>\$250K FY-81</u>
SURGE	<u>\$2010K 1ST Qtr 1982</u>
SAVINGS	<u>\$5300K/Yr. 1985 Out</u>

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OFFICE OF LOGISTICS

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

6. UTILITIES RELIABILITY IMPROVEMENTS

Construction of a special chilled water loop to cool high heat load operational equipment separate from main building cooling systems could cost an estimated \$825,000. Primary advantage is that concentrations of electronic equipment which cannot be accommodated by the regular building air conditioning can be placed on this system. Where some of this equipment must be run after working hours, it can be accommodated far more economically by servicing only the room directly involved rather than running all the space in that entire side of the building. For instance, to run one office on the seventh floor, at present, involves operation of two main air handlers covering 81,000 square feet of space at a cost of approximately \$22 per hour. This same office could operate for 30 cents per hour if served by the proposed chilled water loop or a 98.4 percent savings on present operating costs of over \$8,000 per season in this one area.

TOTAL COST	<u> \$825K </u>
BUDGET	<u> -0- </u>
SURGE	<u> \$825K 1ST QTR FY82 </u>
SAVINGS	<u> (see note) </u>

Note - The initial \$825,000 would build the main risers forming the trunk of a system that could then be developed incrementally. The savings would accrue according to the rate of development of the potential. The main advantage is to be able to cool areas beyond the capability of the building system. Savings are secondary advantages.

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OFFICE OF LOGISTICS

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

7. IMPROVED ENERGY EFFICIENCY OF EXISTING BUILDINGS AND EQUIPMENT

Caulk and Weatherstrip all Windows at Headquarters:

For an initial cost of \$339,671, an energy savings of \$69,332 per year is estimated to be possible.

Install Computerized Total Energy Management System for GSA Operators:

For an initial cost of \$819,896, an energy savings of \$366,025 per year is estimated to be possible.

Install Variable Air Volume System in Certain Areas in lieu of Constant Volume System Presently Installed:

For an initial cost of \$2,016,798, an energy savings of \$769,165 per year is estimated to be possible.

TOTAL COST	<u>\$3,200K</u>
BUDGET	<u>-0-</u>
SURGE	<u>-0-</u>
SAVINGS*	<u>\$1,200K/Yr.</u>

*These savings will accrue to U.S. Government rather than Agency.

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OFFICE OF LOGISTICS

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

8. TAKEOVER HEADQUARTERS FROM GENERAL SERVICES ADMINISTRATION

In FY-1981, CIA will pay \$13,500,000 in Standard Level User Charges (SLUC) for the Headquarters complex. In turn, General Services Administration (GSA) will spend an estimated \$8,100,000 to manage, operate, and maintain the complex. The difference in those two figures represents a potential savings to CIA of \$5,400,000, assuming that CIA can operate the building at the same cost as does GSA. Several factors can be expected to drive up the cost to CIA and diminish potential savings.

- a. Under CIA management, Headquarters customers will expect better service. Aside from any questions of the competence of the GSA service organization, GSA budget levels are set at levels of 13 percent or more below known requirements. We anticipate that CIA requirements will be more fully funded, at an estimated cost of \$1,200,000.
- b. There is growing recognition that the Headquarters complex is aging and many of the utility systems exceed their original life expectancy. Cost for programmed replacement and major emergency repairs will fluctuate widely from year to year. Average annual costs for capital repairs and alterations are estimated at \$800,000 more than GSA presently spends.
- c. Whether CIA operates the facility with staff or contractor personnel, there will be additional costs imposed by the need to initially recruit and clear, and maintain a pipeline for a service cadre of approximately 335 persons. GSA is able to minimize these costs by drawing from a pool of available employees at nearby locations who are awaiting clearances. Without a firm basis for calculating any incremental costs, it is assumed the personnel security requirements will cost \$500,000.

The estimated added cost for CIA to operate the Headquarters complex totals \$2,500,000, which reduces the potential savings to \$2,900,000. That figure is judged to be very conservative. This analysis assumes that the \$8,000,000 in reimbursable work funded by the Agency is accomplished by the GSA at cost, an assumption that also tends to understate savings.

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TOTAL COST	<u>\$10,600K FY-81</u>
BUDGET	<u>\$13,500K FY-81</u>
SURGE	<u> </u>
SAVINGS	<u>\$2,900K FY-81</u>

S E C R E T

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OFFICE OF DATA PROCESSING

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. CAPITAL INVESTMENTS TO IMPROVE THE PRODUCTIVITY OF THE
ADP CENTRAL SERVICE USER COMMUNITY

25X1 This user community includes software developers and those engaged in software maintenance, production functions and data entry. This group includes professional and the "do your own" occasional programmer. A conservative estimate of this population is [] users Agency-wide (the current number of VM timesharing USERIDs). The goal would be to increase support slots and provide funds to produce a ten percent improvement in ADP productivity.

A ten percent productivity improvement for a population of [] VM users, estimated as devoting 25 percent of their time to ADP functions results in estimated savings of \$2.74 million dollars annually.* The investment required to produce this savings can be roughly estimated as 20 slots (5 trainers, 5 customer support personnel, 5 technical writers and 5 programming tool developers), for an annual cost of \$.57 million dollars and an additional \$.50 million dollars for procurement of commercial software (program development tools, etc) and a pool of external contract funds to support human engineering efforts on existing or new software.

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The net annual savings is therefore estimated as \$1.67 million dollars (\$2.74M-\$1.07M=\$1.67M). Over a ten-year period this savings amounts to \$16.7 million dollars.

* Estimated on the basis of \$28,500 annual (burdened) ODP salary. Annual Savings (\$) = (.10 savings)x(.25 ADP tasking)x(3,850 users)x(28,500 salary) = \$2.74M

S E C R E T

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TOTAL COST	<u>\$1,070K/Yr.</u>
BUDGET	_____
SURGE	<u>20 Positions \$570K</u> <u>Software support</u> <u>\$500K</u>
SAVINGS	<u>\$1,670K/Yr.</u>

S E C R E T

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OFFICE OF DATA PROCESSING

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. INCREASE IN FUNDS AND/OR POSITIONS FOR SOFTWARE DEVELOPMENT

Many cost savings recommendations derive from the benefits of automating manual systems or redesigning currently automated systems. ODP and the Agency in general are currently underinvested in the software development area: additional funds and/or slots for ODP or other components would mitigate this problem. Cost savings would of course depend on the specific application automated, but just in terms of the specific computer systems addressed by DD/A components the savings can be expected to aggregate to well in excess of \$500,000 on an annual basis.

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S E C R E T

OFFICE OF SECURITY

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. TECHNICAL SECURITY RECAPITALIZATION

25X1 Repetitive nibbling away at carefully programmed, long-term
cycled funding of our [redacted] equipment has been
counterproductive. Increased unit cost, deferred purchases
subject to inflation factors, tremendous wear and tear in
25X1 pouching and constant advances in technology, all have resulted
in a [redacted] capital equipment inventory inadequate
in quantity and state-of-the-art. [redacted] 25X1
[redacted] has been particularly hard hit by chronic under-
25X1 capitalization. Approximately [redacted] will be required to
25X1 overcome many years of underfunding in these programs. Price breaks
resulting from large purchases would save approximately \$412,000.
Avoiding the inflation impact resulting from out-year purchases
would cause additional savings.

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SAVINGS

\$412K

S E C R E T

25X1

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S E C R E T

OFFICE OF MEDICAL SERVICES

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. DEVELOP TEXT/REPORT WRITING SOFTWARE PACKAGE THAT WILL INTERFACE WITH PSD INFORMATION RETRIEVAL SYSTEM

Develop a generalized text/report writing software package that will interface with Psychological Services Division (PSD) data analysis and information storage and retrieval system. The cost is approximately \$140,000. The savings associated with the development of this software will include the 3,000 hrs/yr currently spent writing text for Psychological Test Battery skills bank reports (\$40,000/yr). Furthermore, this software will provide report-writing capabilities which will permit PSD to respond much faster to other routine report-writing tasks. (This package was endorsed by ODP on 28 July 1981 and will be forwarded to the next Comptroller's meeting for approval.)

TOTAL COST	<u> \$140K </u>
BUDGET	<u> </u>
SURGE	<u> </u>
SAVINGS	<u> \$40K/Yr. </u>

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OFFICE OF MEDICAL SERVICES

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. ACQUISITION OF TWO SCAN-TRON 5098 OPTICAL MARK READERS

Acquisition of two Scan-Tron 5098 Optical mark readers and Delta Data 7268 terminal. Savings with the acquisition of this equipment will be in the number of hours of maintenance on the IBM-1230 (300 hrs/yr); the amount of time currently spent handling, verifying, and producing the card decks from the IBM-1230 (600 hrs/yr) (\$8,500/yr), and the yearly cost of renting the IBM-1230 (\$7,400). Efficiency will occur in the form of improved Psychological Services Division response time to consumers and reliability of the product. A savings of circa \$16,000/yr by replacing obsolete (often non-functioning) IBM-1230's. The cost of the two Scan-Tron 5098 Optical mark readers is \$27,500 (already approved as unfunded requirement for FY-81).

TOTAL COST	<u>\$25.5K</u>
BUDGET	<u> </u>
SURGE	<u>\$25.5K 4th Qtr 81</u>
SAVINGS	<u>\$16K/Yr.</u>

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OFFICE OF MEDICAL SERVICES

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

3. ACQUIRE A DUAL-STATION NBI-3000 WORD PROCESSING SYSTEM

Acquire a dual-station NBI-3000 word processing system for the Psychological Services Division (PSD) Assessment Branch. The cost is \$17,363. Efficiency will be measured mainly in productivity output and accuracy per unit time spent at the keyboard. In general, the more difficult (and the longer) the typing job, the more time is saved by using the NBI-3000. This will allow PSD to reallocate its secretarial resources and save one-half man years or \$15,000.

TOTAL COST	<u>\$17.4K</u>
BUDGET	<u>_____</u>
SURGE	<u>\$17.4K 1st Qtr 82</u>
SAVINGS	<u>\$15K/Yr.</u>

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OFFICE OF MEDICAL SERVICES

CAT IIB CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

4. AUTOMATE CCCR DATA INPUT AND/OR ACQUIRE ACCESS TO SAFE INFORMATION

Automate Counterterrorism and Crisis Response (CCCR) data and/or acquire access to SAFE information with aid of computer terminal. This will permit CCCR to perform more timely and accurate research and analysis of terrorist groups and trends, and therefore update and enhance their training and crisis management capabilities. To achieve similar productivity without the computer terminal, if it were indeed possible, would require an expenditure of at least \$60K (two analysts \$30,000/yr).

TOTAL COST	<u> \$20K </u>
BUDGET	<u> </u>
SURGE	<u> \$20K 1st Qtr 82 </u>
SAVINGS	<u> \$60K/Yr. </u>

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OFFICE OF MEDICAL SERVICES

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

5. IMPLEMENT FIELD PATB-II TESTING

Implement field Psychological Applicant Test Battery-II (PATB-II) testing - capital investment circa \$50,000. Cursory survey conservatively projects a savings circa \$100,000 or more a year as follows: a reduction of TDY time of applicants in Headquarters; reduction in psychometrist's time in testing and handling of skills bank reporting; a gain of three weeks processing time for applicants, and improved Psychological Services Division response time to consumers.

TOTAL COST	<u> \$80K </u>
BUDGET	<u> </u>
SURGE	<u> </u>
SAVINGS	<u> \$100K/Yr. </u>

S E C R E T

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OFFICE OF INFORMATION SERVICES

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. ON-LINE RECORDS RETRIEVAL AND SEARCH SYSTEM WITH RECORDS CENTER (RAMS)

Using RAMS as a computer aid in servicing approximately 350 requests per day from Agency components for Records Center files will save \$154,000 per year in employee time devoted to manually filling out and processing records requests forms. The electronic transmission of records requests (instead of using a courier) will reduce by one day, from approximately three, the time required for obtaining a file.

TOTAL COST	_____
BUDGET	_____
SURGE	_____
SAVINGS	<u>\$154K/Yr.</u>

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OFFICE OF INFORMATION SERVICES

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. CONTROL OF TOP SECRET COLLATERAL MATERIAL (TSCADS)

Developing a new software program for TSCADS to enable data inputters to keep up with current workload will save \$8,385 per year in overtime salary costs. Developing a computer program to compare data in TSCADS with component data as a means of conducting the annual inventory verification of TS materials will save an additional \$13,900 per year in salary costs. Presently the verification process is conducted manually by item.

TOTAL COST	_____
BUDGET	_____
SURGE	_____
SAVINGS	<u> \$22,285 </u>

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OFFICE OF INFORMATION SERVICES

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

3. HEADQUARTERS RECORDS REVIEW TO REDUCE FILING EQUIPMENT AND GAIN SPACE

The Headquarters records review, through reduction of records holdings, will free 270 safes for reuse, thus avoiding future procurement of an equivalent number of new safes to accommodate expanded operations or to replace those determined to be non-secure. The cost of a new safe is approximately \$768.

TOTAL COST	_____
BUDGET	_____
SURGE	_____
SAVINGS	_____ \$207K

S E C R E T

S E C R E T

OFFICE OF FINANCE

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. OF FIELD ACCOUNTING SYSTEM

The development of a field accounting system will simplify the recordation and reporting of field financial transactions without lessening the flow of management information or weakening controls against fraud and waste. The system will electrically feed detailed information from the field to Headquarters and automatically record transactions, and allow for the production of accounting and other management reports for electronic transmission to the field. This project is closely related to the goals of the DDO's CRAFT project. It will assist in making the overseas station a more secure and efficient operation. At this stage savings and costs cannot be estimated.

TOTAL COST	<u>TBD</u>
BUDGET	<u>-</u>
SURGE	<u>\$42K</u>
SAVINGS	<u>TBD</u>

S E C R E T

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OFFICE OF FINANCE

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. PAYROLL SYSTEM

The Agency will develop a new payroll system designed to meet all foreseeable legal and management requirements and to provide the services employees expect in these times. The project requires an initial input of people for systems design and programming, and may require equipment purchases. At present the Office of Data Processing has a request for 12 positions in the FY-1983 budget to satisfy OF systems requirements. Equipment costs will not be known until the options for meeting requirements have been reviewed. The system will:

- Improve the input media for T&A data.
- Automate the amended T&A process.
- Provide automated calculation of rates of pay and entitlements.
- Allow access to pay data on a current basis at all times.
- Develop pay history data.

Savings are projected as:

- Reduction in ODP work load (\$39K)
- Elimination of overtime (\$56K)
- Equipment rental/service (\$3K)

TOTAL COST	<u>TBD</u>
BUDGET	<u>FY 82=0 FY 83=\$93K</u>
SURGE	<u>TBD</u>
SAVINGS	<u>\$98K/Yr.</u>

S E C R E T

S E C R E T

OFFICE OF FINANCE

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

3. LOGISTICS INTEGRATED MANAGEMENT SYSTEM - VENDOR PAYMENTS*

Payment of vendor and contractor bills is dependent on a system of manual procedures and interfaces between Agency offices, the Office of Logistics and the Office of Finance. In concert with the development of the Logistics Information Management System an automated vendor payment system will be developed which will reduce usage of overtime and ad hoc task forces. This system will also lead to improvement of the Agency's invoice payment process - both timeliness and accuracy. There will be an accompanying improvement in the Agency's ability to realize discounts and effectively manage cash flow to ensure payments are neither early nor late.

TOTAL COST	<u>TBD</u>
BUDGET	<u>-</u>
SURGE	<u>-</u>
SAVINGS	<u>\$27K/Yr.</u>

*See OL LIMS submission.

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S E C R E T

OFFICE OF TRAINING & EDUCATION

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

3. IMPROVE TV PRODUCTION FACILITIES [REDACTED]

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The value of TV cameras related test and editing equipment and specialized props is approximately \$525,000. This is a modest facility which responds to program requests from all components of OTE and several non-OTE components. Because of the increased use of TV production as a training medium, there is a requirement to expand OTE TV program production quantitatively but more import qualitatively. Most of our TV productions are 10 minutes or more. Current commercial rates are \$1,000 per finished minute. To bring [REDACTED] facility to minimum professional quality, [REDACTED] is needed. We estimate we will amortize the [REDACTED] in the first 18 months of operation.

25X1
25X1

25X1

TOTAL COST	[REDACTED]
BUDGET	_____
SURGE	_____
SAVINGS	<u>\$142K/Yr.</u>

25X1

S E C R E T

S E C R E T

OFFICE OF TRAINING & EDUCATION

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

4. NEW SPECIAL OPERATIONS TRAINING COURSE CLASSROOM

Construction of a butler-type building for use as a Special Operations Training Course classroom. This would free the west wing of the TV studio at [REDACTED] for offices, prop and costume storage. Present dual use of the building will be increasingly difficult to schedule as the number of TV productions increase. Currently, production must stop (due to the noise) whenever students enter or leave th TV studio building. Also, frequent ingress and egress reduce the efficiency of the air conditioning system, essential for reliable TV equipment operation. The estimated cost for the classroom is \$60,000 which would contribute substantially to improvement in TV productions and efficiency of approximately \$500,000 worth of equipment.

25X1

TOTAL COST	<u> \$60K </u>
BUDGET	<u> </u>
SURGE	<u> </u>
SAVINGS	<u>Better utilization</u> <u>of TV production</u> <u>area.</u>

S E C R E T

25X1

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S E C R E T

OFFICE OF TRAINING & EDUCATION

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

7. COMPUTER ASSISTED LANGUAGE INSTRUCTION

In 1979 the Office of Personnel Management reported on computer assisted instruction applications in several fields which resulted in a 30 percent reduction of the instructor staff with no diminution of quality of learning. While none of these applications exactly parallel language training, there is reason to believe that some aspects of language learning lend themselves to computer assisted instruction. For example, use of particular verbs, repetitive sentence structures, vocabulary drills, etc. We doubt that instructor positions can be reduced by computer assisted instruction. The benefit would be increased proficiency in foreign languages for Agency employees.

TOTAL COST	<u>TBD</u>
BUDGET	_____
SURGE	_____
SAVINGS	<u>Improved efficiency</u> <u>in language training</u>

S E C R E T

S E C R E T

OFFICE OF TRAINING & EDUCATION

CAT IIC CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

8. AUTOMATION OF LANGUAGE LABORATORY

Language learning is labor intensive. Much can be accomplished in routine drills by automating the system. Currently, the student listens to a recorded tape. Many innovations are possible by tying a CRT to a visual presentation of the language. The initial cost of equipping the language laboratory and the self-learning center would be approximately \$200,000. The return would be a general improvement of language proficiency.

TOTAL COST	<u> \$200K </u>
BUDGET	<u> </u>
SURGE	<u> </u>
SAVINGS	<u> More efficient lan- </u> <u> guage training </u>

S E C R E T

OFFICE OF COMMUNICATIONS

CAT IIA/B CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

1. ACCELERATION OF SECURE VOICE PROGRAM

Acceleration of installation of the secure voice switches in the Headquarters building and the satellite buildings will permit elimination of the red telephone system, the gray telephone system, and the 758-C switch at Headquarters for a savings of approximately \$500K a year. Options on the present contract would result in a savings of an additional \$900K by avoiding the inflation costs which are part of the present contract.

TOTAL COST	<u>\$6,719K</u>
BUDGET	<u>\$6,517K</u>
SURGE	<u>Grids \$702K 4th Qtr</u> <u>FY-81</u> <u>Hqs switches \$2685K</u> <u>Out switches \$1337K</u> <u>STU-II 1st QTR 82</u> <u>\$1368K</u>
SAVINGS	<u>\$1.4M</u>

S E C R E T

S E C R E T

OFFICE OF COMMUNICATIONS

CAT IIA CAPITAL INVESTMENT TO SAVE MONEY IN FUTURE

2. MODIFY BLACK LINE TELEPHONE SERVICE*

25X1 Replace the 351-2000 to 3999 service with new switches located at South Building, Chamber of Commerce and Ames Building. A one-time charge of \$212K will result in telephone billing savings of \$11.2K per month over existing service.

TOTAL COST	<u> \$212K </u>
BUDGET	<u> -0- </u>
SURGE	<u> \$212K </u>
SAVINGS	<u> \$134,400 per annum </u>

*Funds have been provided for this effort.

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
	UNCLASSIFIED	CONFIDENTIAL	SECRET
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	DD/ODP		
2	DI ODP	7/28	J
3	DD		
4			
5			
6			
	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE
Remarks:			
<p>Enclosed is a copy of the memorandum that the DDA sent to the DCI via the DDCI with Attachment A of our Recent DDA Efficiencies and Cost Savings package.</p> <p>Also enclosed is a copy of the draft of Categories III, IV, and V.</p>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Sharon (O-DD/L)			7-24-81
	UNCLASSIFIED	CONFIDENTIAL	SECRET

SECRET

DD/A REGISTRY

Approved For Release 2005/08/22 : CIA-RDP84-00933R000200230004-3

FILE: Committees

DDA 81-1170/9

120 JUL 1981

ODP # 81-966

MEMORANDUM FOR: Director of Central Intelligence
VIA: Deputy Director of Central Intelligence
FROM: Harry E. Fitzwater
Deputy Director for Administration
SUBJECT: Directorate of Administration Efficiencies and Cost Savings
REFERENCE: Memorandum for DCI from DDA, Subject, Cost Reduction and Efficiency, dated 4 June 1981, DDA 81-1170/1

COPY FOR YOUR INFORMATION

1. In accordance with the reference, attached are efficiencies and associated cost savings achieved in the Directorate of Administration since FY-79. I asked that this report cover the period from FY-79 to June 1981 in order to correct any misperception or impression that the Directorate of Administration has not been concerned with improving efficiencies and cost savings. (U)

2. The savings enumerated in the attachment are considered remarkable since the Administration Directorate non-personnel services budget for FY-80, FY-81, and FY-82 are all less than the FY-79 budget in terms of constant dollars. Also, the Administration Directorate is more heavily impacted by inflation, particularly that resulting from energy and materiel costs, than any other Directorate. That the Administration Directorate was able to achieve significant savings in this environment can be directly attributed to continuing efforts to "do more with less." (U)

3. Several cautions regarding the magnitude of the cost savings shown in the attachment should be observed:

a. The savings shown cover the period from FY-79 until 30 June 1981, but for a given item, savings are shown only for this period since the implementation of that item, i.e., individual savings could cover a period as long as two years and nine months or as short as only several months. These savings would be even larger had we chosen to show total "life-cycle" savings.

b. In some cases, the actual savings are unequivocal as in the case of the deletion of a discrete service or function. In other cases, however, the savings shown should technically be reduced by some portion of those centralized (overhead) support costs such as data processing and communications which may have made the savings possible. However, we have chosen not to do so because of the difficulty in calculating and prorating these overhead costs and

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because the approach taken is that most commonly used in calculating savings within the government.

c. In yet other cases, such as "negotiated contract savings," one could argue that these are not true "savings" in that they did not result from the application of a new idea, technique, or approach.

d. Finally, any reduction in personnel is considered a savings, even if these personnel were reassigned within the same component, provided it would have been necessary to request additional personnel to meet new requirements which were levied on the component during the same time frame.

The above is simply to state the obvious, that these statistics could be interpreted in different ways. Far more important than the dollars shown is an understanding of the substance of the efforts made to achieve greater efficiencies and cost savings. (S)

4. In accordance with the CORE program we will be submitting to the Agency's Working Group many other ideas for consideration to achieve additional efficiencies and savings in the future. After these are considered by the Agency CORE group they may be presented to the EXCOM for further consideration. (U)

[Redacted Signature Box]

Harry E. Fitzwater

25X1

Attachment

DDA:HEFitzwater:cn (17 Jul 81)

Distribution:

- Orig - DCI w/atts
- 1 - DDCI w/atts
- 1 - ER
- 1 - Compt w/atts
- 1 - DDA Subj w/atts and background
- 1 - DDA Chrono
- 1 - HEF Chrono
- 1 - O/S

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Recent DDA Efficiencies and Cost Savings

25X1

FROM

EXTENSION

NO

Chairman, DDA Cost Reduction and Efficiency Working Group

[Redacted Extension]

DATE

16 July 1981

25X1

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. DD/ODP
2D0105 HQS

2. D10DP

3. DD

ES

7/18

J

1-2: First official CORE submission to Harry.

SECRET

SECRET

ODP # 81-929

16 JUL 1981

MEMORANDUM FOR: Deputy Director for Administration

FROM: Chairman, DDA Cost Reduction and
Efficiency (CORE) Working Group

SUBJECT: Recent DDA Efficiencies and Cost Savings

1. Efficiencies and associated cost savings achieved in the DDA since FY-79 are summarized in Attachment A. We believe it is extremely important that the DCI be made aware of these recent efforts in order to:

- o *correct his perception that "... the rest of the Government is working hard at this (cost reduction and efficiency) and thus far it is my impression that there is too much thinking here that we are immune from this requirement."*
- o *provide support to his efforts to significantly increase Agency funds for capital investment, and, thereby, make possible even greater future efficiencies and savings.*

The savings enumerated in Attachment A are all the more remarkable considering the fact that DDA non-personal service budgets for FY-80, FY-81, and FY-82 are all less than the FY-79 budget in terms of constant dollars and that the DDA is more heavily impacted by inflation, particularly that resulting from increases in energy and materiel costs, than any other directorate. That we were still able to achieve significant savings in this environment can be directly attributable to our continuing efforts to "do more with less."

2. Several cautions regarding the magnitude of the cost savings shown in Attachment A should be observed:

- o The savings shown cover the period from FY-79 until 30 June 1981, but for a given item, savings are shown only for the period since the implementation of that item, i.e., individual savings could cover a period as long as 2 years and 9 months or as short as only several months. These savings would be even larger had we chosen to show total "life-cycle" savings.

WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

25X1

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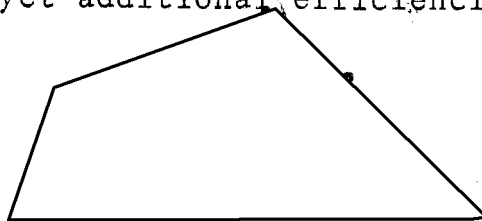
SECRET

SUBJECT: Recent DDA Efficiencies and Cost Savings

- o In some cases, the actual savings are unequivocal, as in the case of the deletion of a discrete service or function. In other cases, however, the savings shown should technically be reduced by some portion of those centralized (overhead) support costs such as data processing and communications which may have made the savings possible. However, we have chosen not to do so because of the difficulty in calculating and prorating these overhead costs and because the approach taken is that most commonly used in calculating savings within the Government.
- o In yet other cases, such as "negotiated contract savings," one could argue that these are not true "savings" in that they did not result from the application of a new idea, technique, or approach.
- o Finally, any reduction in personnel is considered a savings, even if these personnel were reassigned within the same component, provided it would have been necessary to request additional personnel to meet new requirements which were levied on the component during the same time frame.

The above is simply to state the obvious, that these statistics could be interpreted in different ways. *Far more important than the dollars shown is an understanding of the substance of the efforts made to achieve greater efficiencies and cost savings.*

3. Finally, we have included, as Attachment B, a listing of some of the ideas we will be submitting to you for consideration to achieve yet additional efficiencies and savings in future years.



25X1

Attachments:

- A. Recent Efficiencies and Associated Cost Savings
- B. Future Efficiencies

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SUBJECT: Recent DDA Efficiencies and Cost Savings

Distribution:

- 1 - DD/OIS
- 1 - DD/MS
- 1 - DD/ODP
- 1 - DD/Fin
- 1 - DD/Sec
- 1 - DD/OTE
- 1 - DD/L
- 1 - C/DND/OC

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ATTACHMENT A

RECENT EFFICIENCIES
AND
ASSOCIATED COST SAVINGS

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EXECUTIVE SUMMARY

**DIRECTORATE OF ADMINISTRATION COST SAVINGS
FY 1979 - 30 June 1981**

TOTALS

Office of Information Services	\$ 510,964
Office of Medical Services	133,500
Office of Communications	6,878,680
Office of Finance	1,926,598
Office of Logistics	8,390,095
Office of Data Processing	6,005,750
Office of Security	2,237,800
Office of Training and Education	2,524,896
	<hr/>
DDA TOTAL	<u>\$28,608,283</u>

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DIRECTORATE OF ADMINISTRATION COST SAVINGS
 FY 1979 - 30 June 1981

Office of Information Services

Combining the Agency Archives and Records Center	\$170,000
Use of Contract Annuitants	332,750
Modification of the "All Employees" Distribution of Regulatory Issuances	8,214
	<hr/>
<u>Total</u>	<u>\$510,964</u>

Office of Medical Services

Reduction of Independent Contract Physicians	\$32,000
X-Ray Program	44,000
Reduced Use of Outside Laboratory Facilities	30,000
Administrative Belt-Tightening	27,500
	<hr/>
<u>Total</u>	<u>\$133,500</u>

Office of Communications

Redistribution of Human Resources	\$5,500,000
Use of ADP Resources	
Logic Improvement in Message Switches	541,600
CIA Cable Reference File	
RACAL 9629 MODEM	
Universal MUX Configuration	\$320,000
Training Improvements	

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Office of Communications - Continued

Project DUE	\$120,000
Statistical Multiplexer (STATMUX)	32,000
OC Finance Branch Procedural Changes	
Recruitment Teams OS/OMS/OC	24,966
DATEX Program to Provide Message Relay to ODP Computer from CDS	300,000
Streamlined Overseas Processing	40,114
	<hr/>
Total	<u>\$6,878,680</u>

Office of Finance

Reduction of Agency Cashier Funds	\$ 570,000
<div style="border: 1px solid black; width: 480px; height: 15px; margin-bottom: 5px;"></div>	480,000
Reduction of Disbursing Centers' Funds	30,000
Improvement in National Program Bill Paying	300,000
Payroll Absorption of Workload	43,598
Reduction of Delinquent Travel Advances	48,000
Improvement in Bill Paying Production	
Discounts Taken	455,000
	<hr/>
Total	<u>\$1,926,598</u>

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Office of Logistics

Elimination of Logistics Services Division Budget Item of \$50,000 for a Mini-Computer	\$45,000	
Printing Plant Consolidation	532,000	
Acquisition of Web Press	86,500	
Muller-Martini Saddle Gatherer	10,125	
ETECS Full Page Composition	14,000	
Press Comments Format Change	19,000	
Directorate of Operations Technical Manual Duplication	1,000,000	
Negotiated Contract Savings	5,500,000	
Electric Powered Centrifugal Chiller	99,666	
<div style="border: 1px solid black; width: 600px; height: 30px; margin-bottom: 5px;"></div>	137,500	25X1
<div style="border: 1px solid black; width: 600px; height: 30px; margin-bottom: 5px;"></div>	75,000	
Extensive Use of U.S. Government Excess Property Lists	277,373	
Contract Information System (CONIF)	419,000	
Direct-Readout Scale	10,400	
Material Cost Savings	11,998	25X1
Forktrucks	52,533	
<div style="border: 1px solid black; width: 300px; height: 30px; margin-bottom: 5px;"></div>	100,000	

Total \$8,390,095

SECRET

SECRETOffice of Data Processing

Competitive Procurement of Computer Equipment	\$3,000,000
Human Resources System	760,000
Release of Computer Equipment	145,750
Use of Excess ADP Equipment	2,100,000
	<hr/>
Total	\$6,005,750

Office of Security

Office of Security Case Expeditor Group	\$129,300
Guard Program	1,284,500
GSA Leased Vehicles	96,000
<div style="border: 1px solid black; width: 300px; height: 20px; display: inline-block;"></div>	388,000
SANCA Name Deletions	34,300
Card Index Conversion to Microfiche	65,700
Records Control Schedule Review	225,000
Industrial Investigations	15,000
	<hr/>
Total	\$2,237,800

25X1

Office of Training and Education

Agency Off-Campus Program	\$109,222
External Training	91,000
External Training--In-house Runnings	164,685

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Office of Training and Education - Continued

Management Training	\$ 18,000	
Intelligence Training	35,000	
<div style="border: 1px solid black; width: 450px; height: 30px;"></div>	12,500	25X1
Use of Less Expensive Television Camera	36,000	
Consolidation of OTE and Operations Training Division Television Facilities	150,000	
Conversion to Videotape From Film for Media Presentations Produced In-house	299,500	
Savings Through ROPE Testing	26,792	
PDP Computer	25,000	
Items Received from Government Disposal Depot	465,397	
<div style="border: 1px solid black; width: 520px; height: 130px;"></div>	840,800	
	113,000	25X1
	66,000	
	72,000	
	<hr/>	
	<u>Total</u>	
	\$2,524,896	

SECRET

TAB

SECRETOFFICE OF INFORMATION SERVICESCombining the Agency Archives and Records Center

In June 1979, the Agency Archives and the Agency Records Center were merged into one organization, thus allowing the elimination of five positions for a total savings in salaries of \$170,000.

\$170,000

Use of Contract Annuitants

The use of former Agency employees hired on contracts to perform systematic classification review of Agency records older than 20 years has reduced the cost of the program and enabled us to use persons with the greatest amount of experience to do the job. To review OSS records, we have used 14 persons hired under independent contracts at a cost of \$452,000. To use GS-13 staff officers to work the same number of hours would have cost the Agency \$664,000, thus we realized a savings of \$212,000. In the review of other Agency records we have used former employees on contracts which has resulted in a savings per each man-year of \$25,000. Contract employees have accounted for a total of 4.83 man-years of classification review for a total estimated saving of \$120,750. Total estimated savings from use of contract employees has been \$332,750. (Note: These figures do not include the amounts of the annuities paid to the former employees.)

\$332,750

Modification of the "All Employees" Distribution of Regulatory Issuances

Previously, each employee received a copy of all Headquarters Notices and Employee Bulletins. Regulations Control Division modified this distribution schedule providing one copy for each six employees, thus saving 7,606 copies with each printing. The distribution schedule has been used 216 times since FY 1978 resulting in a savings of 1,642,896 pages at .5¢ per page for a total savings of \$8,214.48.

\$8,214

SECRET

TAB

SECRETOFFICE OF MEDICAL SERVICESReduction of Independent Contract Physicians

Greater utilization and involvement of staff physicians in the medical examination process resulted in fewer sessions required of independent contract physicians.

\$32,000

X-Ray Program

Overall costs of the X-ray program were reduced by centralizing X-ray interpretations and establishing new X-ray requirements (based on new medical criteria) which resulted in a decrease of the number of chest X-rays taken.

\$44,000

Reduced Use of Outside Laboratory Facilities

Establishing in-house capabilities for bacteriology and automated hematology procedures as well as enhancing automated blood chemistry quality control resulted in fewer samples being sent to outside laboratory facilities.

\$30,000

Administrative Belt-tightening

General administrative belt-tightening which reduced the number of subscriptions to periodicals; enforced judicious use of POV funds; established formal agreements with other U.S. Government agencies for obtaining immunization vaccines; reduced the overtime for after-hours security duty through adjustment of work hours.

\$27,500

SECRET

TAB

SECRETOFFICE OF COMMUNICATIONSRedistribution of Human Resources

During the past three years, the Foreign Networks Division has reduced the staffing at [REDACTED]

[REDACTED] These positions were then reassigned to satisfy new priority requirements. The total saving of this realignment of personnel is approximately \$1,500,000 per year. [REDACTED]

25X1

25X1

The Information Control Branch, Support Services Division, was reduced in March 1980 by four positions, with the incumbents' duties being absorbed by the remaining Branch personnel. These positions were made available for other functions within the office.

The Signal Center Branch, Domestic Networks Division, restructured its watch schedule covering weekends with scheduled overtime with a net savings of \$500,000 per year. [REDACTED] positions have been made available for other functions within the office.

25X1

\$5,500,000

Use of ADP Resources

Use of ADP resources in the day-to-day management of the Office of Communications (OC) is widespread. Systems such as MAINS, [REDACTED] and others, have improved efficiency; use of VM, RAMIS and SCRIPT in preparation of formats, specifications, studies and reports have increased efficiency. No specific dollars have been identified but it can safely be said that use of ADP resources has improved office efficiency by 5-7 man-years. People are free to do other things.

25X1

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Office of Communications - Continued

Logic Improvement in Message Switches

When increased service is needed, Unattended Operation Terminal (UOT) eliminates the need for an expensive voice grade line. To date, three units have been installed resulting in an annual savings of \$30,000.

Improved service has been possible at [] facilities through the use of FASTCAST. Dollar savings with respect to this improvement are difficult to compute. However, the use of FASTCAST in a crisis situation provides a service not measurable in dollars.

25X1

A modification was made to print out logs of messages with errors instead of all messages passing through the switch. This saved the time required by operators to search through the logs looking for messages with an error. The manpower savings was estimated at 1.5 man-years per site. There are three sites, and one is overseas. This equates to a cost savings of approximately \$157,000 per year for manpower and reduces paper consumption by 360 boxes per year (\$5,400).

\$541,600

CIA Cable Reference File

Approval of a revised [] is expected to occur in the very near future. This approval will clear the way for the Cable Secretariat Branch (CSB) to reduce its CIA cable reference file (archives) from two years to two months. Concurrent with the reduction in the requirement for CSB to retain Agency traffic, the DDO registries will be required to maintain their holdings of CIA traffic for two months. The CIA cable reference file can then be reduced to an emergency backup file maintained on magnetic tape. Two positions made available for other functions.

25X1

RACAL 9629 MODEM

Provides for accommodating up to four separate and independent circuits onto one MODEM and leased line, thereby saving either additional MODEMS and leased lines or additional multiplexers. Deployed throughout domestic and foreign networks. Savings - 195 man-days per year on an ongoing basis.

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SECRETOffice of Communications - ContinuedUniversal MUX Configuration

Provides for multiplexing red and black signals by one vice two multiplexers. Provides for bulk encryption for up to six separate circuits by [redacted] vice using a separate crypto for each circuit. [redacted]

[redacted] Savings - \$320,000, 20 man-days/yr ongoing.

\$320,000

Training Improvements

Computer-Aided Instruction (CAI): By the use of CAI, our students are allowed more flexibility for self-paced instruction. This is extremely time-consuming. The CAI is formatted with automatic scoring which also allows the instructor to literally be in two places at one time. [redacted] is expanding its CAI program but at its present state, CAI is saving approximately 10 man-weeks per year.

Classroom Renovation and Reallocation of Training Equipment: Better than 60 percent of the operations training area of [redacted] is being renovated. The end results of this effort will be consolidation of equipment which will maximize training, freeing up floor space for newer technology, and purging training of outdated equipment. Consolidation will intensify training and may reduce training time. Better than a thousand square feet have already been realized through renovation. Our electronic maintenance shop believes it will save approximately six man-weeks by not having to maintain old and outdated equipments.

Project DUE

Dictionary Upgrade Effort (DUE), Phase I, was completed in May 1981. The one-year project consisted of a redesign of the concept and approach used to automatically disseminate messages through the Cable Dissemination System (CDS). Approximately 70 percent of all traffic is now processed by machine with a goal of 80 percent at the completion of Phase II. Prior to Project DUE, approximately 25 percent of the cable traffic was machine analyzed.

Project DUE has lessened the burden on the cable analysts and permitted them to more effectively and accurately disseminate cable traffic. Savings - \$120,000.

\$120,000

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Office of Communications - Continued

Statistical Multiplexer (STATMUX)

Provides for error-free transmission and allows oversubscribing, both of which result in reduced leased line costs. Deployed in four domestic sites. Savings - \$12,000/yr ongoing.

\$32,000

OC Finance Branch Procedural Changes

The Finance Branch (FB) instituted several procedural changes that resulted in more efficient operation and time savings to FB employees. Listed below are some of the more noteworthy improvements:

1. Deleted the requirement to post individual price adjustments to each requisition. Control of costs has been maintained with a monthly time savings of about two days.

2. Established a card system to identify pertinent information on each contract. This system facilitated the processing of billings through FB. The monthly savings in time approximates 1/2 day.

3. Initiation of a travel order log to identify the type of travel, cover of the traveler, etc. This has since been computerized on the MAINS system and has been expanded to include basic data of the travel order. Savings in time is estimated 3-5 days per year.

4. Devised packages containing basic travel and allowances data forms to complete an accounting for these items. The purpose of these packages is to inform travelers of their entitlements and make them aware of the forms required to submit an accounting. A resulting saving of about 1/2 day per month was realized.

5. Redesigned Form 2646 to permit payment of petty cash claims at Decentralized Disbursing Offices. The savings to FB is probably three to four hours per month.

6. Established a Decentralized Disbursing Office in the Building to handle all monetary transactions for Agency employees. This eliminated the necessity for a great many employees to travel to other buildings. Cost saving was estimated at approximately one man-year.

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25X1

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Office of Communications - Continued

Recruitment Teams OS/OMS/OC

25X1 [redacted] As a result of the Task Force Recruitment Team going to [redacted] the effort produced a significant savings to the U.S. taxpayer. The Team costs were \$5,909 for two security officers, one medical officer, and two communications officers. If the 25 applicants had come to Washington, D.C. for three days of processing, the Agency cost would have been \$30,875. This represents a total savings of \$24,966. Additionally, the Team made history by EOD'ing two ET employees one week after they were interviewed in the field. Many offices and hands made this possible.

\$24,966

DATEX Program to Provide Message Relay to ODP Computer from CDS

The modification of the DATEX system software to provide message traffic relay to ODP, COMET, and SAFE versus development of a separate message switch system to provide the service saved \$300,000 in hardware costs and an undeterminable number of man-hours that would have been required to write the software.

\$300,000

25X1

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Approved For Release 2005/08/22 : CIA-RDP84-00933R000200230004-3

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TAB

OFFICE OF FINANCE

Reduction of Agency Cashier Funds

Treasury funds held by Agency cashiers have been reduced by [redacted] This results in an annual estimated savings of \$570,000 at an average borrowing rate of 12 percent to the U.S. Treasury.

\$570,000

Operating bank account balances have been reduced by roughly [redacted] at an estimated annual savings of \$480,000 to the U.S. Treasury.

\$480,000

Reduction of Disbursing Centers' Funds

Cash on hand in Agency disbursing centers has been reduced and currency orders to the Federal Reserve have been stretched out resulting in a savings of approximately \$30,000 to the U.S. Treasury.

\$30,000

Improvement in National Program Bill Paying

Payments to National Program contractors have been switched from Agency bank account channels to direct deposits of Treasury checks, resulting in an estimated saving of \$300,000 per year in borrowing costs to the Treasury. This procedure also reduces delivery time of vendor payments.

\$300,000

Payroll Absorption of Workload

During Calendar 1980 pay cases (the number of people paid through the payroll system including CIARDS annuitants) increased [redacted] This workload increase of 4.2 percent was absorbed by Payroll Division without an increase in staff. This results in a cost avoidance of \$43,598 and 2.4 additional workyears which would have been necessary to meet this increase in work. The absorption has been made possible by a series of productivity improvements made by Compensation Division.

\$43,598

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Office of Finance - Continued

Reduction of Delinquent Travel Advances

25X1 In February of 1980, a concerted attempt was started to reduce delinquent travel advances. At that time delinquent advances numbered [] with a total cash value of \$1,335,752. With the assistance of budget and finance officers throughout the Agency, these advances were reduced to [] cases with a value of \$381,395 by 31 May 1981. This resulted in a savings of \$48,000 to the U.S. Treasury.

\$48,000

25X1

Improvement in Bill Paying Production

During the last 15 months, O/FIN increased the average number of bills paid from roughly 3000 to 4000 per month, a 33 percent increase. We also reduced the number of unpaid bills over 30 days old from 1200 to 300. This productivity increase was accomplished with the assistance of the Office of Logistics and contract and B&F officers throughout the Agency but without any increase in staff in the Audit and Certification Division. Savings cannot be measured in dollars but have occurred in terms of hard savings to contractors through more timely payments, hard savings to the Agency through better contractor relationships, and through a decrease in complaint correspondence.

Discounts Taken

Many manufacturers and vendors offer discounts for prompt payment of their invoices. Savings realized as a result of taking advantage of discounts offered totaled \$455,000 during the period 1 October 1979 through 30 June 1981.

\$455,000

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OFFICE OF LOGISTICS

Elimination of Logistics Services Division Budget Item of \$50,000 for a Mini-Computer

INFO, a data base management system which enables the building of small, easy-to-use data bases, has been installed under CMS software. This package will be used to automate current manual operations, such as the recording of Property Pass information and the tracking of LSD work orders, and will reduce the time required to run the CRAMS (Agency Space) project.

FY 80 LSD budget item for mini-computer for LSD requirements	\$50,000	
OL 1/4 portion of \$20,000 cost for CMS version of INFO package	<u>\$ 5,000</u>	
		\$45,000

Printing Plant Consolidation

The Special Printing Plant, located in Room GJ-56 Headquarters, was merged with the Main Printing Plant on 1 July 1979. This consolidation resulted in the elimination of seven positions, the saving of 2,400 square feet of floor space, and the avoidance of equipment and supply costs of over \$300,000. Significant unquantifiable benefits relating to the functional efficiencies that resulted from operating one plant rather than two should also be noted. \$532,000 has been saved since plant consolidation. Of this figure, \$392,000 results from manpower savings and \$40,000 was saved as a result of the turn-in of 2400 square feet of space.

\$532,000

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Office of Logistics - Continued

Acquisition of Web Press

The Printing and Photography Division installed a web offset printing press in January of 1980. Utilization of this press saves the Press Branch one man-year for each year it is used. This device also makes improved quality and decreased job turn-around possible; and because the web press uses roll paper rather than cut sheets, selected paper costs are reduced as much as 40 percent. A savings of \$86,000 has been realized since the installation of the web press. This is a combined labor and materials savings figure.

\$86,500

Muller-Martini Saddle Gatherer

This piece of bindery equipment supports the operation of the web press by providing an improved means of finishing (collating, stitching, trimming) the web's output. This machine reduces book finishing time by a third. A labor savings worth of \$10,125 has resulted from the installation of this machine in February of 1980.

\$10,125

ETECS Full Page Composition

Selected National Foreign Assessment Center (NFAC) publications are currently undergoing automated full page makeup through the improved utilization of the ETEC System by the Printing and Photography Division (P&PD). This results in the savings of one man-year for NFAC. P&PD's Composing Branch must expend a portion of this saved man-year; however, there is still a net manpower savings, and product quality and throughput are significantly improved.

\$14,000

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Office of Logistics - Continued

Press Comments Format Change

The format of the Press Comments publication was changed from 8 x 12 1/2 inches to 8 x 10 1/2 inches in October 1980. This has allowed the Press Comments to be printed on the web press, thereby, saving three hours each in the Press and Bindery Branches on each of the four days that the publication is produced. Utilizing the web press also effects a 40 percent paper savings as a result of the smaller page size and the use of less expensive roll paper. This change in format has resulted in \$13,000 in manpower savings, and \$6,000 in materials savings.

\$19,000

Directorate of Operations Technical Manual Duplication

The Printing and Photography Division (P&PD) is involved in the reproduction of technical manuals for a component of the Directorate of Operations (DO). Until recently, this reproduction service was performed using costly and time-consuming photographic processes. A reevaluation of the project and available equipment led to the development of a system which dramatically reduced the cost of supporting this activity. By substituting xerography for photography, it has become possible to save approximately \$500,000 per year. This figure represents labor and material savings.

\$1,000,000

Negotiated Contract Savings

Negotiated savings for the period 1 October 1978 - May 1981 amount to \$5,500,000.

\$5,500,000

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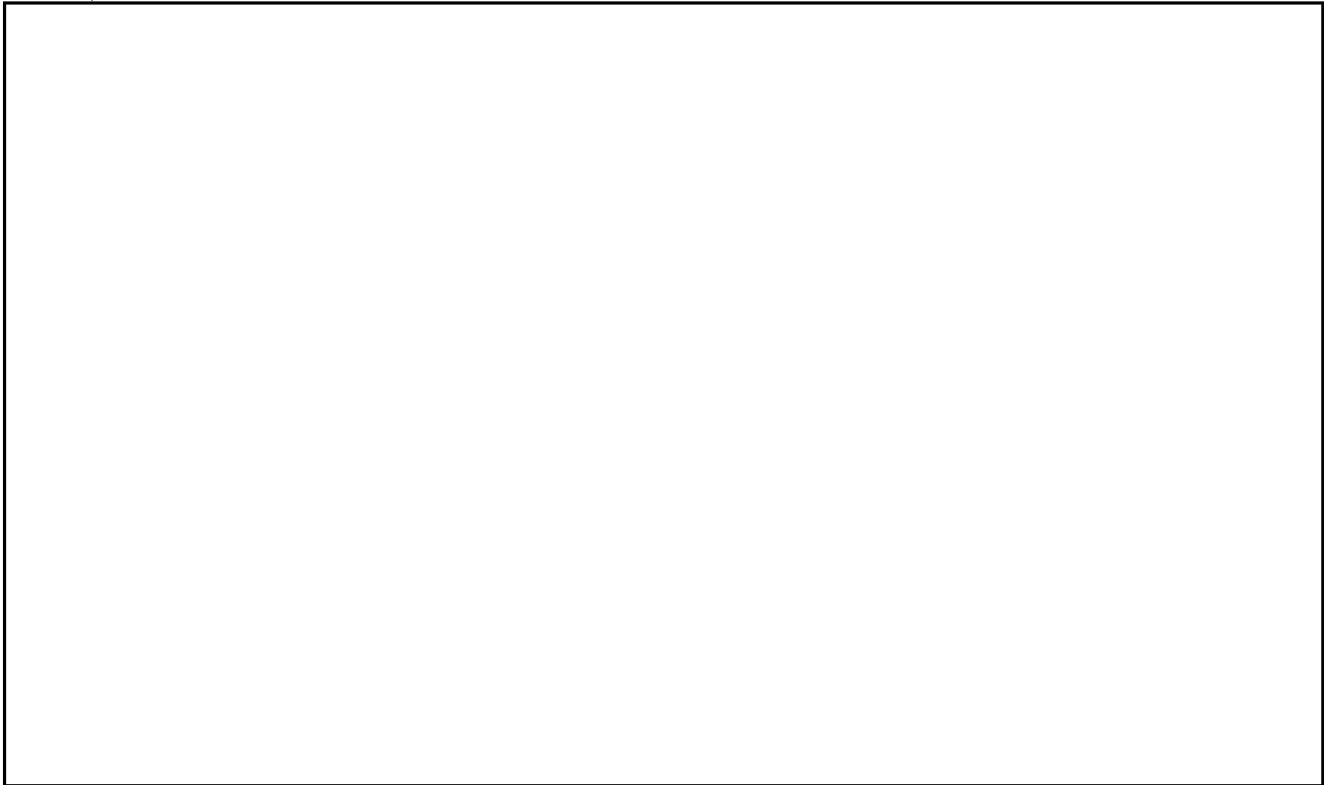
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Office of Logistics - Continued

Electric Powered Centrifugal Chiller

25X1 The recent (May 81) replacement of the steam powered absorption chiller [redacted] with an electric powered centrifugal chiller for air conditioning saves an estimated \$277 per hour at full load operation. In the course of one year, this will reflect an overall savings of up to \$598,000.

\$99,666



25X1

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SECRET

Office of Logistics - Continued

Extensive Use of U.S. Government Excess Property Lists

25X1 In 1979, [] obtained airborne equipment repre-
25X1 senting a cost avoidance of \$70,000. In 1980, []
25X1 obtained [] in the amount of
\$40,000, from Government excess property lists. The estimate for
1981 and through the next several years is expected to continue
at the \$200,000 level (\$70,000 for [] and
\$130,000 for [], which represents a substan-
tial savings through cost avoidance.

25X1

Additional property was acquired through Supply Division, at the request of various Headquarters elements, from Government excess property lists, totalling \$155,449 for 1980. To date in 1981, the Agency has obtained \$11,924 of property from other Agency excess lists.

\$277,373

Contract Information System (CONIF)

As a result of the 1977 centralization of the Contract Information System (CONIF), a savings of six part-time employees at the GS-06 level was realized and amounts to \$42,000 per year.

It is estimated that the automated interface of the Contract Information System (CONIF) and the General Accounting System (GAS) has saved the Offices of Finance and Logistics 1.5 man-years at the GS-06 level.

On-line retirement procedures were implemented to keep the Contract Information System (CONIF) database free of settled contracts. This reduced the database holdings by 50 percent and the processing time for queries by at least 50 percent. With room in memory for more storage and a more manageable data base, it will not be necessary to acquire a new system which might cost \$200,000 to \$300,000.

\$419,000

SECRET

SECRETOffice of Logistics - ContinuedDirect-Readout Scale

The Preservation and Packaging Section of the has installed one and ordered two more electronic direct-readout type scales that mount integrally on forks of lift truck. This speeds up packaging operation by permitting scales to be taken to the job instead of vice versa, and virtually eliminates scale queue up. The estimated savings is half a man-year at the rate of \$10.00 per hour.

25X1

\$10,400

Material Cost Savings

Whenever practicable, fiberboard has been substituted for the more expensive lumber and plywood utilized in cargo preparation. The yearly saving amounts to \$10,400.

The updating of the INSTAPAK Machine has enabled use of a larger chemical reservoir and has resulted in a 10 percent reduction in average unit price per lb. of chemicals.

\$15,984	Total price of chemicals 1980
<u>x .10</u>	
\$ 1,598	

\$11,998

Forktrucks

Improvement in forktruck maintenance, etc., has warranted extension of usable life beyond former ten-year period without impairment of efficiency or service. Consequently, replacement of four units in 1981 and six units in 1982 has been cancelled and, instead, a maximum of five units is planned for replacement in 1983. Units have an approximate replacement value of \$25,000 each.

4 + 6 = 10 x \$25,000 = \$250,000 ('81 & '82 cancelled)

less 5 x \$25,000 = 125,000 ('83 planned)

\$125,000 (net saving during
3-yr. period)

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Office of Logistics - Continued

Forktrucks - Continued

The continuing program for forktruck economy has been paying off gradually. The reduction of eight units in our operating complement has reduced the contract maintenance charge by \$100/unit/month.

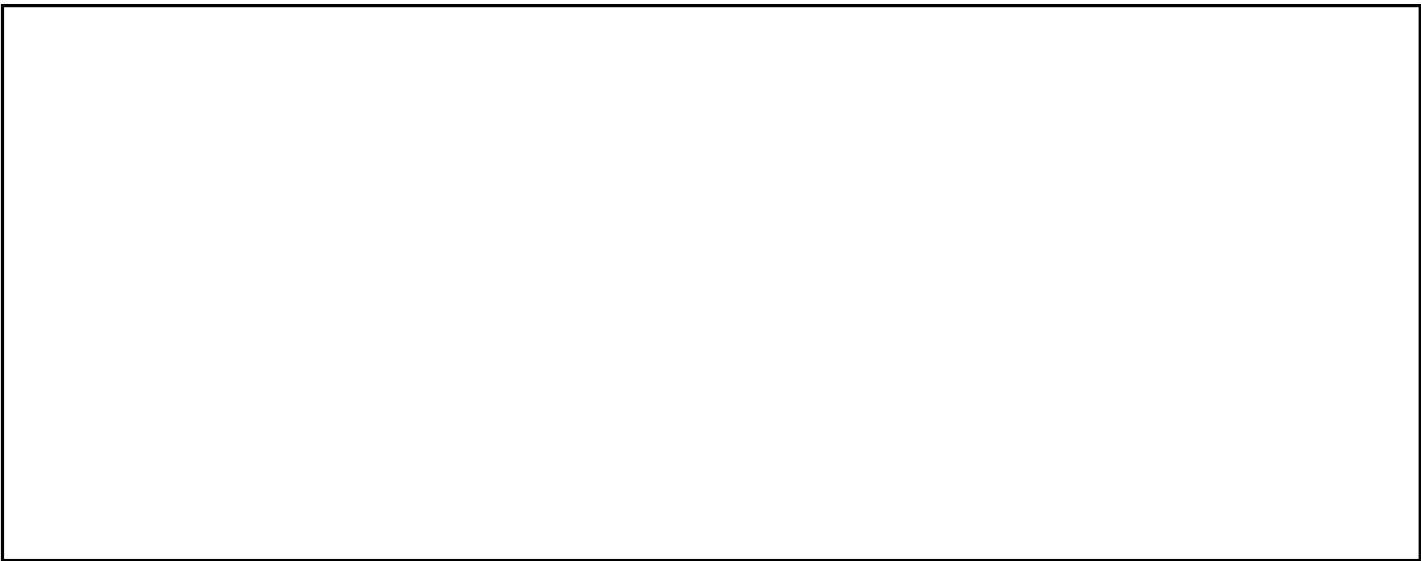
$$\$100 \times 8 \times 12 = \$9,600$$

Improvement in the operation of the units over the past few years through the installation of battery charging meters on the trucks to control charging rates has resulted in an average of two less charging units per year required at a cost of \$800 each.

\$800	price of charging unit
<u> x 2</u>	number of units reduced
\$1,600	

\$52,533

25X1



SECRET

TAB

OFFICE OF DATA PROCESSING

Competitive Procurement of Computer Equipment

Very substantial discounts have been provided by equipment manufacturers in bidding on competitive procurements of ADP equipment. Competitive procurement of disk drives and computer memory has resulted in a savings of \$3,000,000 in cost avoidance since FY 1979.

3,000,000

Human Resources System

The new computer-based Human Resources System (HRS) (most noticeably the PERSIGN II system) was implemented in 1980 at an estimated development cost of \$2.9 million. An annual savings of approximately \$760,000 will result as compared with the cost of former personnel processes.

\$760,000

Release of Computer Equipment

The release of an IBM 360/20 small computer system and the transfer of the workload to main ODP computers have effected an annual savings of over \$53,000 in terms of equipment maintenance, space, and manpower. Further, four positions were eliminated that were previously assigned to support this work.

\$145,750

Use of Excess ADP Equipment

The use of excess mainframe and minicomputer equipment since FY 1979 has resulted in a savings of \$2,100,000 through cost avoidance as follows:

370/158 Mainframe plus peripheral equipment for:

Project TADS (OSWR)	\$1,000,000
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Project 4C (OS)	1,000,000
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Minicomputer Equipment from Digital Equipment Corporation for OS, OSO and OCR projects	100,000
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TOTAL	<u>\$2,100,000</u>
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\$2,100,000

TAB

SECRETOFFICE OF SECURITYOffice of Security Case Expeditor Group

In March 1980, the Office of Security (OS) joined the Office of Medical Services in the assignment of an officer to the Office of Personnel to screen out applicants who would probably be disapproved. This initiative was intended to prevent the expenditure of limited resources on questionable cases. The OS contingent currently consists of one full-time GS-13 professional employee and four contract annuitants. The total cost of the annuitants to date has been \$35,700. Statistics kept since June 1980 reflect savings in investigative costs, under the most conservative interpretation possible, to be at least \$165,000. This estimate does not include the immeasurable savings in investigative time realized in those cases where the OS expeditors have obtained directly from the applicants information they had failed to provide on the Personal History Statements. (C)

\$129,300

Guard Program

Commencing in May 1980, we have made reductions in the Guard Program, including the closing of entrances and realignment of posts, that resulted in savings of \$449,000 in FY 80 alone. Additional savings of \$835,500 through 30 June 1981 are anticipated. The estimated total savings for 3 1/2 years is \$4,149,000.

\$1,284,500

GSA Leased Vehicles

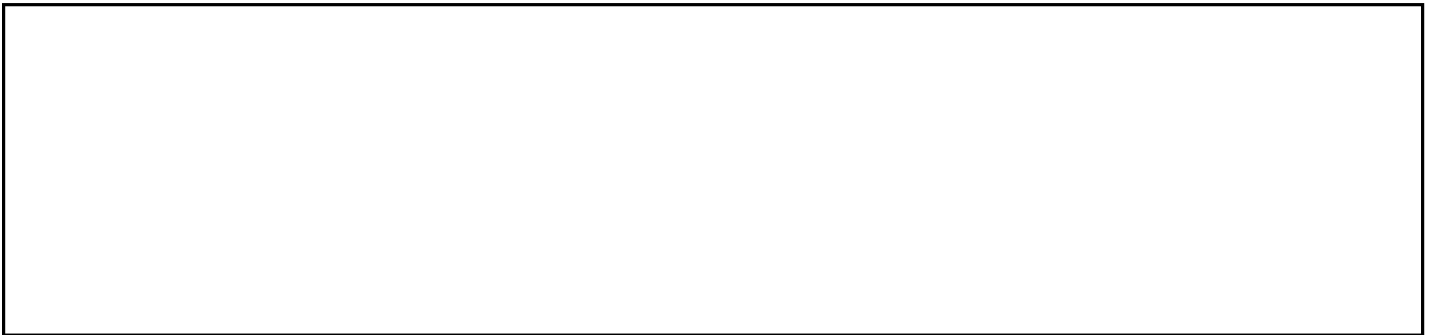
To offset personal vehicle mileage costs incurred in the conduct of investigations and operational support, we have leased vehicles from the General Services Administration. Resultant savings in FY 81 are expected to be \$96,000.

\$96,000

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25X1 Office of Security - Continued



SANCA Name Deletions

Over the last two years, the Indices Section of the Security Records Division (SRD) has identified some 800,000 entries subsequently deleted from the Security Automated Name Check (SANCA) indices. The Systems Support Branch/SRD was able to remove the unneeded names from SANCA by supplying the Security file numbers to the Office of Data Processing. Deletions are now routinely accomplished at the Ruffing Center. This eliminates an estimated 2.45 GS-06 workyears within SRD for an annual savings of some \$34,300.

\$34,300

Card Index Conversion to Microfiche

During the same period, the 3 x 5 card backup system was converted to microfiche, which is automatically generated from the SANCA magnetic tapes. By eliminating the need for GS-04 clerks to manually extract and destroy each index card, SRD estimates that the 800,000 deletions processed by machine represent a one-time savings of some \$6,000. Since new cards are no longer created, there is a continuing savings of an estimated \$1,700 yearly. Finally, the phasing out of the card index released 400 feet of valuable floor space to the new file review project. This area, if rented in the [redacted] at \$10 per square foot per year, would cost Security \$4,000 annually.

25X1

\$65,700

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Office of Security - Continued

Records Control Schedule Review

The SRD Records Control Schedule review has eliminated over 550,000 files. Cost savings directly attributable to this program include an estimated \$51,000 annually for files we no longer retrieve, repair, review, and service. This destruction effort has also eliminated the need for 6000 linear feet of mobile shelving storage capacity in the new file room at [REDACTED] a saving of \$162,000. Finally, the space needed to store these documents would have been rented at \$10, per square foot per year for an annual cost of \$12,000.

25X1

\$225,000

Industrial Investigations

The Processing Section of SRD now conducts all pre-field preparation of several categories of industrial investigations which currently average about 500 cases per month. An estimated saving of one-half workyear for a professional Clearance Division desk supervisor has resulted, or a saving of approximately \$15,000 per annum. In addition, several days are eliminated from the case processing time.

\$15,000

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