

12/21/83

WASHINGTON DC 20301



21 DEC 1983

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DEP SEC HAS SEEN

(R&AT)

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: Establishment of Rand Corporation as a Federal Contract Research Center (FCRC) -- ACTION MEMORANDUM

The purpose of this memorandum is to request your approval of my plan to expand Rand's FCRC status from its present PROJECT AIR FORCE division (about \$17 million per year in FY 1984) to encompass work accomplished by Rand for OSD and DARPA. I believe a \$15 million level for the OSD/DARPA effort in FY 1985 would be appropriate.

Rand analyses over the years have made significant contributions in the formulation of our strategy and the approach taken on complex problems. It is my view that we would significantly improve this posture by expanding their FCRC status. Under the revised procedures, I plan to establish an advisory group made up of principal users to oversee the effort and to ensure reasonable controls are maintained on the man-year effort at Rand. The new OSD procedures will ensure that the head of each sponsoring office controls the research to be done by that office.

Rand has agreed to accept this arrangement and there should be no problem in Congress. The FY 1984 SAC report encouraged DoD "to consider reinstatement of FCRC arrangements to assure that these particular research capabilities are available as needed." I am requesting that you approve the expansion of this FCRC to include OSD/DARPA efforts and to approve the addition of the following funds to DARPA's budget.

(\$ in Millions)	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
OSD/DARPA	15.0	15.7	16.5	17.2	17.9

*Handwritten signature*

DECISION:

Approve: Paul Thayer 21 DEC 1983

Disapprove: \_\_\_\_\_

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