

1-5 Consulting

Contract / memo

Subject

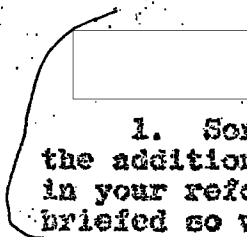
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12 April 1966

MEMORANDUM FOR: Executive Officer, Office of Personnel

SUBJECT: Consultant Pay Legislation

REFERENCE: Memorandum from Executive Assistant to Director of Personnel, DDI, Same subject, dated 14 February 1966



(b)(3)

1. Sorry for the long delay in providing you with the additional information on consultants you requested in your reference. We now have the new team pretty well briefed so we can get on with other things.

2. I find it rather difficult to give you as specific information as you would probably like on the types of consultants we use and the kinds of service they provide. Instead, let me talk about how a couple of our offices use consultants. ONE, for example, has about a dozen outstanding men comprising the Princeton consultants. These men are scholars, mostly from the academic world, although some are from other institutions. For example, the former President of the Council on Foreign Affairs, the Editor of Foreign Affairs, the Chairman of the Carnegie Institute, and the President of the Export-Import Bank are members of the Princeton consultants. These men meet about twice a year to review estimates with the Board of National Estimates. They bring to bear expertise of inestimable value on problems of vital national importance. Similarly, ORR uses distinguished scholars and industrial leaders to advise on the research techniques and substance of many of their economic reports.

3. The guidance these men provide the DDI is almost priceless. It has reached the stage where the \$50 per

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day consulting fee is almost insulting. It certainly does not come close to compensating them for the importance of the contribution they make. While all of them do their work out of a sense of patriotism, they are extremely busy men whose time is extremely valuable. Some of the industrial leaders work without compensation, but those from the academic world supplement their regular income by their consulting fees. Since the competition is so fierce for their time, they are receiving higher and higher fees from other organizations. Some examples will illustrate this point. One of the ORR consultants regularly receives \$150 a day and recently told ORR he would like this from the Agency. A noted demographer turned down OBI because he received higher fees from other Government agencies. By appealing to his patriotism, OBI finally secured the services of a noted authority on USSR geography, but only after negotiating with him for a year. Another geographer refused to work for us because he was getting \$250 a day from the State Department. Finally, one of our Princeton consultants wrote us that he is now getting \$1,000 per month from American Telephone and Telegraph Company for one or two days of work per month! While we cannot expect to compete with AT&T, we must be able to pay more than \$50 a day to attract and keep the calibre of men we need as consultants.

4. The problem is worsening with the competition on the one hand and the Director's insistent urging that we make more use of consultants. We have considered alternate arrangements to compensate consultants, such as paying them a fee for a product, but this would be a circumvention of our own regulations because these men are really being used as consultants. We would prefer not to get involved in this subterfuge, but we may be forced in to it.

5. From the above, you can tell how urgently we request that you support an increase in compensation for consultants. We believe that we would average about \$150 per day for them, with the range being almost exclusively in the \$100 - \$200 a day range. We would, of course, continue to negotiate for a reasonable fee.

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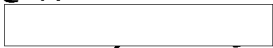
6. Please advise me if you need further information.

LAWRENCE G. WOODWARD
Assistant for Personnel, DDI

DDI/aam

Distribution:

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- 1 - ODDI Chrono
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(b)(3)

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