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Mr. A. B. Clark

3 December 1954

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**NSA R&D Total Costs**

1. The attached inclosures are a measure in dollars of the annual research and development effort of the U. S. in the fields of communication security and communication intelligence. The first inclosure shows total R&D costs of the National Security Agency (and its predecessor Agencies) and the estimated costs of the three Services, including a loading factor of 100% of civilian and military personnel costs. The second inclosure shows the R&D dollar effort of NSA alone, with loading, divided between communication security and communication intelligence for the fiscal years 1951 through 1956.

2. Explanatory remarks concerning the derivation of the figures follow:

a. Costs include:

- (1) Direct obligations for civilian personnel, contracts, travel and purchases of laboratory equipment and components.
- (2) Military pay and allowances.
- (3) Loading to cover directorate and staff costs, rent, heat, light, power, maintenance, motor pool and other hidden costs not incurred directly by NSA.

b. The loading factor of 100% of personnel costs is an estimate. It is comparable to the overhead factors used by NSA contractors and is considered valid based on a preliminary evaluation of actual NSA overhead costs.

c. For the pre-unification period, fiscal years 1947 through 1950, the totals represent combined Army (ASA) and Navy (OP 30) costs. Military personnel costs are estimated for this period.

d. Costs attributed to the Services since unification in FY 1951 are estimated, based upon partial factual information.

3. In order to separate COMSEC costs from COMINT costs the following procedures were followed:

a. Costs of the Model Engineering Division were separated on the basis of actual task charges for the past 16 months.

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b. Costs of the research divisions were assigned to COMSEC or COMINT by the research Division Chiefs concerned.

c. NSA R/D executive, management and administrative costs were pro-rated on the basis of total number of COMSEC/COMINT tasks, contracts or personnel in accordance with the activity concerned.

ALFRED W. ROSE  
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Inclosures - 2

1. Statement of Obligations  
for FYs 1947 - 1955
2. Estimated Division of R/D  
Effort - COMSEC/COMINT

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OFFICE OF RESEARCH AND DEVELOPMENT

Estimated Division of R/D Effort - CONSEC/OSRENT

(In Millions of Dollars)

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Fiscal Year (July-June)	CONSEC			OSRENT			Grand Total
	Contracts	Local Including Leasing	Total	Contracts	Local Including Leasing	Total	
FY 1956 Jul 55 - Jun 56	[REDACTED]						
FY 1955 Jul 54 - Jun 55							
FY 1954 Jul 53 - Jun 54							
FY 1953 Jul 52 - Jun 53							
FY 1952 Jul 51 - Jun 52							
FY 1951 Jul 50 - Jun 51							

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(In Millions of Dollars)

Fiscal Year (July-June)	NSA R/D Budgeted Obligations	Civilian Labor Loading at 100% of Costs	Military Labor Costs plus Loading at 100% of Costs	Total Chargeable Costs to NSA R/D	Estimated R/D in Military Services			Total Estimated R/D in Military Services	Grand Total of R/D - NSA and Military Services
					Army (ASA)	Navy (OP 30)	Air Force (AFSS)		
FY 1956 Jul 55 - Jun 56									
FY 1955 Jul 54 - Jun 55									
FY 1954 Jul 53 - Jun 54									
FY 1953 Jul 52 - Jun 53									
FY 1952 Jul 51 - Jun 52									
FY 1951 Jul 50 - Jun 51									
FY 1950 Jul 49 - Jun 50									
FY 1949 Jul 48 - Jun 49									
FY 1948 Jul 47 - Jun 48									
FY 1947 Jul 46 - Jun 47									

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