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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D.C.

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Increased Costs Associated with Activities Incident to Cuba

Attached are schedules showing, through December 31, 1962, the estimated "out-of-pocket" cost directly associated with activities incident to Cuba as reported by the military departments and defense agencies.

1. Tab A is a summary of estimated costs reported and forecasted.
2. Tab B is a break-out of the reported costs by appropriation.
3. Tab C contains copies of the information reported by the military departments and defense agencies.

It is our understanding that on November 27, 1962, you approved a return to approximately normal readiness levels. This being true, the incurrence of significant costs over and above those provided for in presently approved financial plans should have terminated by December 31, 1962. However, each of the military departments and the National Security Agency report they will continue to incur certain unprogrammed costs beyond December 31, 1962 as a result of prior and continuing activities incident to Cuba. The Navy and Air Force estimate their costs for the remainder of FY 1963 to be \$9.4 million and \$5.6 million, respectively. The Army cannot estimate at this time their continuing costs with any degree of certainty, but forecast the figure to be somewhere in the range of \$5 to \$10 million. The NSA problem relates to actions resulting from U. S. Intelligence Board determinations and cannot be priced out until the impact of the additional requirements are finalized. The explanation for these continuing costs are set forth in the applicable reports contained in Tab C, and the amounts involved (less Army and NSA) are summarized and shown in Tab A.

The military departments have been instructed to satisfy the additional costs through reprogramming within the applicable appropriations to the extent possible without degrading readiness. If this is not possible, consideration will be given to proposals for financing such additional amounts as may be required by

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time to develop requests for supplemental appropriations. Instead we intend to make maximum utilization of the available authorities cited in paragraph 2 above to meet the needs for financing as they develop.

4. It was pointed out that each military department and defense agency should keep a running record of the estimated "out-of-pocket" costs that are directly related to the Cuban situation and not provided for in the presently approved FY 1963 financial plan.

It is requested that you take immediate action to provide for the identification, accumulation and reporting of those estimated "out-of-pocket" costs directly associated with the current and future activities incident to Cuba. These costs, by appropriation and budget activity, together with a concise narrative explanation, are to be reported monthly to my office. The first report, as of October 31, 1962 is to be submitted on or before November 15, 1962. Subsequent reports are to be submitted not later than 15 calendar days following the end of the reporting month.

To facilitate the expeditious handling of any financial actions that may be required incident to the Cuban situation, it is requested that the military departments and the defense agencies designate an individual for this purpose. The Deputy Assistant Secretary of Defense (Budget) representative is Mr. G. C. Gardner, Jr., Extension 76142. Please advise him of the name and telephone extension of your designated representative.



CHARLES J. HITCH
ASSISTANT SECRETARY OF DEFENSE

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"OUT-OF-POCKET" CUBAN COSTS REPORTED
THROUGH
DECEMBER 31, 1962

Schedule A

COST SUMMARY

Department of the Army	\$ 59,950,076
Department of the Navy (including Marine Corps)	45,851,200
Department of the Air Force	53,058,000
Total - Military Departments	<u>\$158,859,276</u>
Defense Communications Agency	\$ 61,771
Defense Atomic Support Agency	-
Defense Intelligence Agency	29,391
Defense Supply Agency	339,000
National Security Agency	6,389,300
Total - Defense Agencies	<u>\$ 6,819,462</u>
Grand Total	<u>\$165,678,738</u>

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COSTS BY APPROPRIATION

Military Personnel, Army	\$ 498,400
Military Personnel, Navy	8,033,100
Military Personnel, Marine Corps	223,000
Military Personnel, Air Force	6,633,000
Total - Military Personnel	<u>\$ 15,387,500</u>
Operation and Maintenance, Army	\$ 57,643,839
Operation and Maintenance, Navy	22,154,800
Operation and Maintenance, Marine Corps	2,317,000
Operation and Maintenance, Air Force	31,700,000
Operation and Maintenance, Defense Agencies	3,815,762
Total - Operation and Maintenance	<u>\$117,633,401</u>
Procurement of Equipment and Missile, Army	\$ 1,715,000
Procurement of Aircraft and Missiles, Navy	2,274,300
Other Procurement, Navy	7,214,700
Missile Procurement, Air Force	10,152,000
Procurement, Defense Agencies	3,003,700
Total - Procurement	<u>\$ 24,359,700</u>
Research, Development, Test and Evaluation, Army	\$ 91,126
Research, Development, Test and Evaluation, Navy	40,700
Research, Development, Test and Evaluation, Air Force	4,573,000
Total - Research, Development, Test and Evaluation	<u>\$ 4,704,826</u>
Military Construction, Army	\$ 1,711
MEYS Industrial Fund Charges	\$ 3,563,600
Grand Total	<u>\$165,678,738</u>

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EXPLANATION OF FUNDING AND COSTS WHICH WERE INCURRED
BY ACTIVATION

MILITARY PERSONNEL

- Army - Increased costs of air movement of troops overseas due to shortage of surface transport during emergency.
- Navy - Pay and allowances of personnel retained beyond expiration of enlistment, increased ration issues, evacuation of dependents.
- Marine Corps - Pay and allowances of personnel retained beyond expiration of enlistment, increased subsistence costs, PCS travel.
- Air Force - Call-up of reservists and redeployment of regular personnel.

OPERATION AND MAINTENANCE

- Army - TDY travel, overtime for civilian employees, temporary hire of civilians, overhaul and maintenance of equipment, transportation (persons, supplies and equipment) and rental of land and facilities.
- Navy - TDY travel, leased communications, overtime, increased aircraft operations, maintenance and rework, ship repairs and overhauls, spare parts, fuel, emergency medical supplies and equipment, logistic support, labor and material costs, increased tempo of supply operations, transportation.
- Marine Corps - Mount-out costs and return of equipment and supplies, labor overtime, transportation and re-positioning.
- Air Force - Deployment and dispersal of SAC, TAC, ADC and NATS, re-positioning of war readiness material, TDY travel, contract into-plane refueling, hanger and ramp facilities rental, guard service, rental/leasing of hotels and motels, around-the-clock depot support of operations, overtime, repair of critical accessories, transportation, communications.
- Defense Agencies - Leased communications, increased intelligence activities, expanded DCA supply operations - civilian overtime, supplies and equipment, transportation, printing and reproduction.

PROCUREMENT

- Army - FSCA - Costs of additional initial spares for fixed wing aircraft.

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Procurement (cont'd)

Navy - Procurement of aircraft and missiles - F3-A acceleration, spares and spare parts, special configuration of aircraft. Other Procurement - propeller hubs, communications equipment, accelerating MK 44 torpedo production, weapons for Navy GB, accelerating Sonobuoy production.

Air Force - Missile Procurement - ATLAS - All sixteen (16) launchers temporarily under SAC control during DEFCON alert have been returned to SAFAF control for resumption of I & C activities. Release by SAC occurred during the period 4 through 10 November 1962. During this period a maximum of 5,010 men per day to a minimum of 3,700 men were not able to perform installation and check-out on the "F" site activation. As a result, an additional cost of \$7.5 million was incurred. Increased costs are based upon a computation of \$77 per man-day for 97,500 man-days.

MINUTEMAN - The impact of the Vandenberg Test Program because of the DEFCON alert, is a schedule slip of thirty days in the test and training program. The estimated cost of this slip is \$1,000,000. This was computed on the basis of \$2,000 per man-month, times one month, times 500 personnel. Malmstrom Air Force Base is the only Minuteman operational site having a program impact due to the DEFCON alert. This impact is estimated to be \$340,000. These costs were required to overcome a five day delay in the "E" flight activation program in an attempt to regain schedule posture on the "A" flights. Sixty to seventy-five contractor personnel were required, working twenty-four hours a day.

TITAN - Titan I Category II Testing was stopped at Vandenberg Air Force Base and three launchers were turned over to SAC during DEFCON alert. One launcher was returned to B5D on 4 November 1962 for resumption of Category II Testing. The launchers on alert incurred a day-for-day slip in the TF-1 up-dating program. During this period a maximum of 300 men per day to a minimum of 150 men were not able to perform the TF-1 up-dating program. As a result, an additional cost of \$612,000 is incurred. This cost is based on a computation of \$80 per man-day for 7,650 man-days. An additional amount of \$700,000 is estimated as the requirement to re-establish the B5D effort at the sites. The NPAC and MPC for this cost cannot be determined until contractual negotiations are finalized.

Defense Agencies - Primarily cost of National Security Agency equipment purchases.

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RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Army - IDI travel, overtime of civilian employees, repair parts and supplies for aircraft and vehicles.

Navy - Accelerated effort to complete SFD MK 23 and to keep aircraft rescue vessels and support landing craft in a "readiness" state.

Air Force - ATLAS - Missile Number 13F was scheduled for launch from OSTF Number 2 at Vandenberg on 25 October 1962. Due to the DEFCON alert, however, the schedule was slipped to 14 November 1962 - a total of fourteen work-days. The monthly cost at Vandenberg is \$1,200,000 or approximately \$60,000 per work-day (based on a five day workweek). As a result of the slippage (\$60,000 times fourteen workdays) the cost for the Atlas Program has increased \$840,000.

TITAN - Category II testing was stopped for 31 days at Vandenberg Air Force Base and the training facility (TF-1) was turned over to SAC during the DEFCON alert. During this period a maximum of 550 men per day to a minimum of 100 men were not able to conduct the CAT II work. As a result, an additional cost of \$794,000 was incurred. This cost was computed based on a \$10 per man-hour times 31 days times a daily average of 320 personnel.

MINUTEMAN - The impact of the Vandenberg Air Force Base CAT II Test Program, identifiable at this time because of the DEFCON alert, is a schedule slip of at least thirty days. This resulted in the instrumentation being stripped from the missiles which had to be replaced upon termination of DEFCON in order to resume CAT II testing. This will cost an additional \$2,000,000. The cost is computed on the basis of \$2,000 per man-month times one month, times 1000 personnel.

MISSILE TEST CENTER - Base support for tactical forces concentrated at AFMTC, including the provision of parking facilities at Cape Canaveral for the deployment of aircraft, approximately \$100,000 is associated with support of CINCPACFLT OPLAN 316 D&E.

MILITARY CONSTRUCTION

Army - Overtime for civilian employees performing guard duty, telephone service and operating the District Control Center.

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INDS INDUSTRIAL FUND CHARGES

(Funding responsibility by appropriation and activity not yet determined).

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"OUT-OF-POCKET" CUBAN COSTS REPORTED
THROUGH
DECEMBER 31, 1962

TAB B

COSTS BY APPROPRIATION

Military Personnel, Army	\$ 498,400
Military Personnel, Navy	8,033,100
Military Personnel, Marine Corps	223,000
Military Personnel, Air Force	6,633,000
Total - Military Personnel	<u>\$ 15,387,500</u>
Operation and Maintenance, Army	\$ 57,643,839
Operation and Maintenance, Navy	22,184,800
Operation and Maintenance, Marine Corps	2,317,000
Operation and Maintenance, Air Force	31,700,000
Operation and Maintenance, Defense Agencies	3,815,762
Total - Operation and Maintenance	<u>\$117,661,401</u>
Procurement of Equipment and Missile, Army	\$ 1,715,000
Procurement of Aircraft and Missiles, Navy	2,274,300
Other Procurement, Navy	7,214,700
Missile Procurement, Air Force	10,152,000
Procurement, Defense Agencies	3,003,700
Total - Procurement	<u>\$ 24,359,700</u>
Research, Development, Test and Evaluation, Army	\$ 91,126
Research, Development, Test and Evaluation, Navy	40,700
Research, Development, Test and Evaluation, Air Force	4,573,000
Total - Research, Development, Test and Evaluation	<u>\$ 4,704,826</u>
Military Construction, Army	\$ 1,711
MSTS Industrial Fund Charges	<u>\$ 3,563,600</u>
Grand Total	<u><u>\$165,678,738</u></u>

Prepared: January 23, 1963

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TAB C

Tab C includes:

1. CONFIDENTIAL memorandum for the Assistant Secretary of Defense (Comptroller) from the Assistant Secretary of the Army (FM), dated January 21, 1963, subject: Financing and Reporting Increased Costs Associated with Current Activities Incident to Cuba.
2. CONFIDENTIAL memorandum for the Assistant Secretary of Defense (Budget) from the Comptroller of the Navy, dated January 15, 1963, subject: Increased Costs Associated with Activities Incident to Cuba.
3. CONFIDENTIAL memorandum for the Assistant Secretary of Defense (Comptroller) from the Assistant Secretary of the Air Force (FM), dated January 21, 1963, subject: Increased Costs Associated with Cuban Situation.
4. CONFIDENTIAL memorandum for the Assistant Secretary of Defense (Comptroller) from the Comptroller, DCA, dated January 14, 1963, subject: Report, as of 31 December 1962, of Costs Directly Associated with Activities Incident to Cuba.
5. Unclassified memorandum for the Deputy Assistant Secretary of Defense (Budget) from the Assistant Adjutant General, DASA, dated January 4, 1963, subject: Increased Costs Associated with Current Activities Incident to Cuba.
6. CONFIDENTIAL memorandum for the Deputy Assistant Secretary of Defense (Budget) from the Comptroller, DIA, dated January 14, 1963, subject: December 1962 Costs Associated with Cuban Situation, RCS-DIA-DD-C2.
7. For Official Use Only memorandum for the Deputy Assistant Secretary of Defense (Budget) from the Comptroller, DSA, dated January 15, 1963, subject: Financing and Reporting Increased Costs Associated with Current Activities Incident to Cuba.
8. SECRET memorandum for the Assistant Secretary of Defense (Comptroller) from the Assistant Director for Management Services, NSA, dated January 16, 1963, subject: Report of Increased Costs Due to Emergency Conditions.

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OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C.

JAN 21 1963

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MEMORANDUM FOR: THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Financing and Reporting Increased Costs Associated with
Current Activities Incident to Cuba

In accordance with your memorandum of 24 October 1962, attached is the report of costs associated with the Cuban incident through 31 December 1962.

The costs as reported by field commands amounted to \$60.0 million, of which \$57.6 million is in the Operation and Maintenance, Army, appropriation. A detailed tabulation of the O&M,A costs is attached to the narrative statement.

The costs reported in O&M,A through 31 December are already \$28.7 million above the \$28.9 million indicated as available for this purpose in Deputy Secretary of Defense memorandum of 15 December. This shortage and the absence of definitive funding is causing serious difficulties in planning the use of resources for other Army programs through the balance of this fiscal year. Therefore, it is essential that an immediate determination of additional financing for O&M,A be made, particularly since further additional costs are expected to be reported above those contained in the attached report. To this end, the Army will make specific recommendations at an early date for your consideration.

E. T. Pratt, Jr.
Assistant for Financial Management

Incl - as

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Department of the Army

Explanation of Costs Associated
with Cuban Incident
(RCS-OSD-1117)Military Personnel, Army

18,600 troops were programmed for overseas PCS movement by MSTs. Due to the emergency, it was necessary to move them by MATS. The increased cost was \$786,400 (14,100 enlisted personnel would have traveled troop class). However, the cost was partially offset by \$288,000 (4,500 would have traveled cabin class), leaving \$498,400 additional cost.

Operation and Maintenance, Army

Costs reported for this appropriation cover mostly TDY travel, overtime for civilian employees, temporary hire of civilians, overhaul and maintenance of equipment, transportation (persons, supplies and equipment), and rental of land and facilities. Attached is a detailed tabulation of the costs as reported by the field commands.

Procurement of Equipment and Missiles, Army

Costs of additional initial spares for fixed wing aircraft.

Research, Development, Test and Evaluation, Army

The costs reported for this appropriation cover TDY travel, overtime for civilian employees, and repair parts and supplies for aircraft and vehicles.

Military Construction, Army

Costs reported for this appropriation represent mostly overtime for civilian employees performing guard duty, telephone service, and operating the District Control Center.

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Operation and Maintenance, Army
Cuba Costs
As of 31 Dec 1962
(RCS-OSD-1117)

(Thousands of Dollars)

	<u>Total</u>	<u>Travel</u>	<u>Supplies And Equip</u>	<u>Overtime</u>	<u>PCH & Trans</u>	<u>Overhaul & Maint Of Equip</u>	<u>O & M F</u>	<u>P O L</u>	<u>Document Processing Delay</u>	<u>Un- delivered Orders</u>
P2000 Operating Forces	\$33,369	\$ 8,441	\$13,348	\$ 147	\$ 335	\$	\$ 8,670	\$ 400	\$ 1,759	\$ 269
2100 Training Activities	1,081	219	210	4			512		136	
2200 Central Supply Activities	15,450	1,045	1,560	2,821	9,029		995			
2300 Major Overhaul & Maintenance of Materiel	4,181	7				4,174				
2400 Medical Activities	221	42	80	99						
P2500 Army-Wide Activities	2,466	79	267	1,779			338			3
P2600 Army Reserve & ROTC	832	61	558	164			49			
P2700 Joint Projects	44			10			34			
Grand Total	\$ 57,644	\$ 9,894	\$16,023	\$ 5,024	\$ 9,364	\$ 4,174	\$10,598	\$ 400	\$ 1,895	\$ 272

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DEPARTMENT OF THE NAVY
OFFICE OF THE COMPTROLLER
WASHINGTON 25, D.C.

IN REPLY REFER TO
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Ser: 06129

JAN 15 1963

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From: Comptroller of the Navy
To: Assistant Secretary of Defense (Budget)
Subj: Increased Costs Associated with Activities Incident to Cuba (U)
Ref: (a) ASD(Compt) Conf memo of 24 Oct 1962
(b) ASD(Compt) Conf memo of 10 Jan 1963
Encl: (1) Unprogrammed Costs - Cuba (C)

1. In accordance with the instructions contained in reference (a), the estimated "out-of-pocket" costs directly related to the Cuban situation are forwarded as enclosure (1).
2. As requested in reference (b) future cost due to final phase out have been included in this final report. These costs are identified as follows:

Military Personnel, Marine Corps
Subsistence in kind \$-700,000.00
Credit for return of "B" rations to stock.

Permanent change of station travel \$2,000,000.00
Cost of PCS programmed for the 2nd quarter that was rescheduled for 3rd and 4th quarters. Cost shows as a balancing entry for savings shown in "Actual" column in enclosure (1).

Operation and Maintenance, Navy
Weapons and facilities \$1,646,600.00
Costs related to off loading and segregation of ammunition \$1,090,600; emergency repair and construction costs (air station operation and maintenance) \$239,800; other expenses not identified \$316,200

Ships and facilities \$ 483,500.00
Cost for work authorized but has not at this time been reported as an actual obligation.

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Civil engineering	\$371,000.00
Return of evacuees, transportation, per diem cost, \$145,000; construction battalion equipment replacement, parts and repairs \$226,000.	
Servicewide operations	\$736,000.00
Replacement of mobilization stock \$110,000; anticipated personnel transfers, additional equipment, installation costs at NSGD, GTMO, KWEST and Eleuthera; leased lines and special projects \$626,000.	
Operation and Maintenance, Marine Corps	
Training and operation	\$233,000.00
Cost related to return of mounted out units and post crisis restoration and rehabilitation of equipment and material.	
Transportation of things	\$2,332,000.00
MATS costs \$2,117,000 and other transportation related to mount out and post crisis re-positioning \$215,000.	
Other Procurement, Navy	
Ships support equipment	\$507,900.00
Communication equipment (AN/GRA-6/8; AN/MRC-83, ID-292/PRC-6)	
Command support equipment	\$1,810,000.00
Cost of cryptographic and cryptologic equipment to meet unprogrammed requirements.	
Research, Development, Test and Evaluation	3,300.00

3. The Department of the Navy mid-year financial review will consider these unbudgeted Cuban cost for absorption to the extent feasible. Upon completion of this report appropriate recommendations will be submitted for funding any unabsorbed balances.

M. A. HIRSCH
Rear Admiral, USN
Assistant Comptroller,
Director of Budget
and Reports

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Unprogrammed Costs - Cuba
(\$ in thousands)

	<u>ACTUAL</u> 23 Oct- 31 Dec 62	<u>FUTURE</u>	<u>TOTAL</u>	<u>COMMENTS</u>
Grand Total	45851.2	9423.3	55274.5	
Military Personnel, Navy	8033.1	-	8033.1	
Pay and allowances	<u>5462.6</u>	<u>-</u>	<u>5462.6</u>	For pay and allowances of personnel retained beyond expiration of enlistment and BAQ costs for evacuees.
Subsistence in kind	1487.0	-	1487.0	For increased man years, reduced absenteeism and increased flight rations; issues to South American ships; and rations to evacuees.
Permanent change of station travel	1083.5	-	1083.5	For evacuation of dependents and transfers to fill urgent requirements.
Military Personnel, Marine Corps	223.0	1300.0	1523.0	
Pay and allowances	<u>710.0</u>	<u>-</u>	<u>710.0</u>	For pay and allowances of personnel retained beyond expiration of enlistment and increased S&FSD pay.
Subsistence in kind	1513.0	-700.0	813.0	For increased subsistence costs due to extension of enlistments and increased afloat and foreign shore subsistence.
Permanent change of station travel	-2000.0	2000.0	-	For PCS programmed for the 2nd quarter, but canceled and rescheduled for 3rd and 4th quarters.
Operation and Maintenance, Navy	22184.8	3237.1	25421.9	
General expenses, Navy Personnel	<u>90.0</u>	<u>-</u>	<u>90.0</u>	For miscellaneous expenses, TAD, communications, machine rental, inoculations, overtime, supplies, etc.
Weapons and Facilities	6387.4	1646.6	8034.0	For increased aircraft operations and aircraft engine reworks; preparation and delivery of priority shipments; segregation of bomb and rocket material; emergency repair and construction costs; photographic equipment; and travel due to transport operations.
Ships and Facilities	10496.8	483.5	10980.3	For repairs and overhauls; filling supply deficiencies essential to deployment of vessels in an emergency situation; service craft repairs, activations of LCU's, LCM's, and YFU's, salvage gear, maintenance of LCVP stock levels, charter and hire, spare parts, and electronic equipment repairs; fuel; miscellaneous shore station expenses; and fleet and bureau expenses.

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	<u>ACTUAL</u> 23 Oct- 31 Dec 62	<u>FUTURE</u>	<u>TOTAL</u>	<u>COMMENTS</u>
Operation and Maintenance, Navy (cont'd)				
Medical Care	664.7	-	664.7	For emergency medical supplies and equipment, NH, GTMO; travel, per diem, and material and supply of surgical teams deployed; topping off of ships; FMF mount-out blocks; CLOUD material; and blood requirements.
Civil Engineering	670.0	371.0	1041.0	For water survey and technical assistance GTMO; evacuation and return of dependents; logistic support, labor and material costs, CBC Davisville; and construction battalion equipment and support.
Servicewide Supply	1782.0	-	1782.0	For increased tempo of supply operations, increased transportation, processing of priority requisitions, and interim procurement functions in support of fleet and overseas operations.
Servicewide Operations	2093.9	736.0	2829.9	For increased berthing and operating equipment, salaries and overtime, additional security requirements, and POL materials; increased GTMO base defense requirements; increased communication requirements; and increased operations consumables, TAD, O/T, leased lines, and transportation.
Operation and Maintenance, Marine Corps	2317.0	2565.0	4882.0	
Training and Operation	1594.0	233.0	1827.0	For costs related to mount-out and return of equipment and material, e.g., labor overtime, data processing, packing, crating and dunnage.
Depot supply system	242.0	-	242.0	For costs related to mount-out and return of equipment and material, e.g., labor overtime, data processing, packing, crating and dunnage.
Transportation of things	481.0	2332.0	2813.0	Transportation related to mount-out and post crisis re-positioning.
Procurement of Aircraft and Missiles, Navy	2274.3	-	2274.3	
Aircraft electronic equipment	1350.0	-	1350.0	For P3-A acceleration, schedule recovery, three month extension inventory management, and increased usage of spares and spare parts.
Aircraft modernization	924.3	-	924.3	For special configuration of fleet aircraft per CNO Secret messages and emergency aircraft modifications.

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Enclosure (1)
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	<u>ACTUAL</u> 23 Oct- 31 Dec 62	<u>FUTURE</u>	<u>TOTAL</u>	<u>COMMENTS</u>
Other Procurement, Navy Ships support equipment	<u>7214.7</u> <u>323.4</u>	<u>2317.9</u> <u>507.9</u>	<u>9532.6</u> <u>831.3</u>	For acceleration of the AN/URC-32 program, MSO propeller hubs, and additional communication equipment.
Weapons support equipment	6539.3	-	6539.3	For accelerating MK 44 torpedo production; converting MK 14-3A torpedoes (mechanical set) to electrical set; weapons for Navy CB; accelerating Sonobuoy production; procurement of three KWM-2A Transceiver systems; replacement of equipment at GTMO and Roosevelt Roads; and issuance to Photographic Squadrons.
Command support equipment	352.0	1810.0	2162.0	For additional equipment allowances for increased operations at GTMO and KWEST. Future obligations are for additional cryptographic and cryptologic equipment.
Research, Development, Test and Evaluation	<u>40.7</u>	<u>3.3</u>	<u>44.0</u>	For accelerated effort to complete DFD MK 23 and to keep aircraft rescue vessels and support landing craft in a "readiness" state.
MSTS charges	<u>3563.6</u>	<u>-</u>	<u>3563.6</u>	Funding responsibility by appropriation and activity not yet determined.

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Enclosure (1)

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Budget

DEPARTMENT OF THE AIR FORCE
WASHINGTON

JAN 21 1963

OFFICE OF THE SECRETARY

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Increased Costs Associated with Cuban Situation

The attached report reflects estimated "out-of-pocket" costs associated with activities incident to the Cuban situation. Separate estimates are furnished for costs incurred through 31 December 1962 and for total FY 1963 requirements.

In the case of the Operations and Maintenance appropriation, it is estimated that costs of approximately \$5.7 million will be incurred during the last half of FY 1963.

The Air Force is hopeful that these "out-of-pocket" costs can be absorbed through reprogramming of currently available funds within applicable appropriations. If it is determined subsequently that this is not possible without degrading readiness, the Air Force will request the transfer of funds from other appropriations pursuant to authority of Section 537, Department of Defense Appropriation Act, FY 1963.

- 5 Attachments
- 1. Summary
- 2. Mil. Pers.
- 3. O&M
- 4. Msl. Proc.
- 5. RDT&E

NEIL E. HARLAN
Assistant Secretary of the Air Force

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
APPROPRIATION SUMMARY

(Thousands of Dollars)

Appropriation	Actual thru 31 Dec 1962	FY 1963 Requirements
Military Personnel	6,633	6,633
Operation and Maintenance	31,700	37,362
Missile Procurement	10,152	10,152
Research, Development, Test and Evaluation	4,573	4,573
TOTAL	53,058	58,720

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
BY APPROPRIATION AND BY BUDGET ACTIVITY

(Thousands of Dollars)

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<u>Appropriation and Budget Activity</u>	<u>Actual through 31 Dec 62</u>	<u>FY 1963 Requirements</u>
<u>Military Personnel</u>		
510 Pay and Allowances	4,983	4,983
530 Movements - Permanent Change of Station	50	50
550 Subsistence in kind	<u>1,600</u>	<u>1,600</u>
TOTAL	6,633	6,633

Comments:

The above additional costs are identified with the call-up of reservists and the redeployment of regular personnel.

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
BY APPROPRIATION AND BY BUDGET ACTIVITY

(Thousands of Dollars)

Appropriation and Budget Activity	Actual thru 31 Dec 62	FY 1963 Requirements
<u>Operations & Maintenance</u>		
410 Aircraft, Fuel and Oil	- 7,598	-8,257
430 Logistical Support	14,388	16,496
440 Training Support	2,139	2,257
450 Operational Support	17,984	21,476
470 Medical Support	684	809
480 Service-wide Support	<u>4,103</u>	<u>4,581</u>
TOTAL	31,700	37,362

Comments:

The flying hour program net reduction stems from the curtailment of training sorties in the SAC and TAC aircraft fleets incident to the increased ground alert posture maintained by these forces, offset in part by increases for SAC airborne alert and for the recalled reserve units.

Other program areas reflect increases for the deployment and dispersal of SAC, TAC, ADC and MATS forces requiring the repositioning of war readiness materiel; procurement of additional mobility supply and equipment needs for recalled and alerted units; payment of per diem to deployed personnel; contract into-plane refueling; hangar and ramp facilities rental; guard service; rental/leasing of hotels and motels; temporary modification of facilities; medical support of recalled reserve personnel and procurement of materiel shortages in tactical medical field stations and kits, and for staging areas; around the clock depot support of all operations, which involved extensive overtime to expedite completion of aircraft modifications for release of aircraft from depots, repair of critical accessories; expedited transportation of materiel support to deployed, dispersed and alerted units including extra LOGAIR routes; and additional long line and mobile communications for AFLANT and supporting Air Force units and expanded intelligence activities.

Expenses recorded as of 31 December 1962 were \$31.7 million against the over-all estimated cost of \$37.4 million. The difference of \$5.7, expenses yet to be recorded, is attributable primarily to three basic activities:

- (1) A large quantity of rolling stock was marshalled in Florida during the crisis. This equipment must be returned to its home station;
- (2) WRM stocks are being maintained at deployed locations by personnel in a TDY status. These WRM assets must ultimately be transported to active Air Force installations.
- (3) Continued reconnaissance activities.

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
BY APPROPRIATION AND BUDGET ACTIVITY

(Thousands of Dollars)

Appropriation and Budget Activity	Actual thru 31 Dec 62	FY 1963 Requirements
<u>Missile Procurement</u>		
2000 Missile Weapon System	8,840	8,840
Atlas	(7,500)	(7,500)
Minuteman	(1,340)	(1,340)
2100 Modifications (TITAN)	<u>1,312</u>	<u>1,312</u>
TOTAL	10,152	10,152

Comments:

P. 2000 - ATLAS- All sixteen (16) launchers temporarily under SAC control during DEFCON alert have been returning to SATAF control for resumption of I & C activities. Release by SAC occurred during the period 4 through 10 November 1962. During this period a maximum of 5,010 men per day to a minimum of 3,700 men were not able to perform installation and check-out on the "F" site activation. As a result, an additional cost of \$7.5 million was incurred. Increased costs are based upon a computation of \$77 per man-day for 97,500 man-days.

P. 2000 - MINUTEMAN - The impact of the Vandenberg Test Program because of the DEFCON alert, is a schedule slip of thirty days in the test and training program. The estimated cost of this slip is \$1,000,000. This was computed on the basis of \$2,000 per man-month, times one month, times 500 personnel. Malmstrom Air Force Base is the only Minuteman operational site having a program impact due to the DEFCON alert. This impact is estimated to be \$340,000. These costs were required to overcome a five day delay in the "B" flight activation program in an attempt to regain schedule posture on the "A" flights. Sixty to seventy-five contractor personnel were required, working twenty-four hours a day.

P. 2100 - TITAN - Titan I Category II Testing was stopped at Vandenberg Air Force Base and three launchers were turned over to SAC during DEFCON alert. One launcher was returned to BSD on 4 November 1962 for resumption of Category II Testing. The launchers on alert incurred a day-for-day slip in the TF-1 up-dating program. During this period a maximum of 300 men per day to a minimum of 150 men were not able to perform the TF-1 up-dating program. As a result, an additional cost of \$612,000 is incurred. This cost is based on a computation of \$80 per man-day for 7,650 man-days. An additional amount of \$700,000 is estimated as the requirement to re-establish the BSD effort at the sites. The BPAC and MPC for this cost cannot be determined until contractual negotiations are finalized.

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
BY APPROPRIATION AND BY BUDGET ACTIVITY

(Thousands of Dollars)

<u>Appropriation and Budget Activity</u>	<u>Actual thru 31 Dec 62</u>	<u>FY 1963 Requirements</u>
<u>Research, Development, Test & Evaluation</u>		
620 Missiles and Related Procurement	4,135	4,135
Atlas	(840)	(840)
Titan	(794)	(794)
Minuteman	(2000)	(2000)
Missile Test Center	(501)	(501)
630 Military Astronautics & Related Equipment	77	77
690 Program-wide Management & Support	<u>361</u>	<u>361</u>
TOTAL	4,573	4,573

Comments:

(ATLAS)

P620 - Missile Number 13F was scheduled for launch from OSTF Number 2 at Vandenberg on 25 October 1962. Due to the DEFCON alert, however, the schedule was slipped to 14 November 1962 - a total of fourteen work-days. The monthly cost at Vandenberg is \$1,200,000 or approximately \$60,000 per work-day (based on a five day workweek). As a result of the slippage (\$60,000 times fourteen workdays) the cost for the Atlas Program has increased \$840,000.

(TITAN) P620 - Category II testing was stopped for 31 days at Vandenberg Air Force Base and the training facility (TF-1) was turned over to SAC during the DEFCON alert. During this period a maximum of 550 men per day to a minimum of 100 men were not able to conduct the CAT II work. As a result, an additional cost of \$794,000 was incurred. This cost was computed based on a \$10 per man-hour times 31 days times a daily average of 320 personnel.

(MINUTEMAN) P620 - The impact of the Vandenberg Air Force Base CAT II Test Program, identifiable at this time because of the DEFCON alert, is a schedule slip of at least thirty days. This resulted in the instrumentation being stripped from the missiles which had to be replaced upon termination of DEFCON in order to resume CAT II testing. This will cost an additional \$2,000,000. The cost is computed on the basis of \$2,000 per man-month times one month, times 1000 personnel.

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ESTIMATED "OUT-OF-POCKET" COSTS ASSOCIATED WITH CUBAN CRISIS
BY APPROPRIATION AND BY BUDGET ACTIVITY

(Thousands of Dollars)

Appropriation and Budget Activity	Actual thru 31 Dec 62	FY 1963 Requirements
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Research, Development, Test & Evaluation

Comments (Cont)

(MISSILE TEST CENTER) P620 - Base support for tactical forces concentrated at AFMTC, including the provision of parking facilities at Cape Canaveral for the deployment of aircraft, approximately \$100,000 is associated with support of CINCAFLANT OPLAN 316 D&E.

P690 - These costs are due principally to additional costs at Eglin AFB because of the troupe concentration at that point.

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DEPARTMENT OF DEFENSE
DEFENSE COMMUNICATIONS AGENCY
WASHINGTON 25, D.C.

ADDRESS REPLY TO:
DIRECTOR,
DEFENSE COMMUNICATIONS AGENCY
7710/612/plt

14 JAN 1963

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)
ATTN: Mr. G. C. GARDNER, JR.

SUBJECT: Report, as of 31 December 1962, of Costs Directly
Associated with Activities Incident to Cuba (U)

- References:
- (a) ASD (Comp) Multi-Addressee Memo, dtd 24 Oct 62, Subj: Financing and Reporting of Increased Cost Associated with Current Activities Incident to Cuba
 - (b) ASD (Comp) Multi-Addressee Memo, dtd 10 Jan 63, Subj: Financing and Reporting Increased Costs Associated with Current Activities Incident to Cuba

1. In accordance with Reference (a), the DCA "out-of-pocket" costs directly associated with activities incident to Cuba, through 31 December 1962, are reported below:

Appropriation: Operation and Maintenance, Defense Agencies

Budget Activities:	<u>1-31 Dec 62</u>	<u>Cumulative Total</u>
4310 - O&M, DCA Headquarters	\$943.00	\$ 5,541.00
4320 - O&M, DCA Field Activities	-0-	3,261.00
4330 - Leased Communications Services and Equipment	<u>-0-</u>	<u>13,369.00</u>
Total	\$943.00	\$22,171.00

Explanation: Budget Activity 4310 - amount represents civilian personnel overtime; temporary duty; and transportation costs incurred by Headquarters, DCA.

Budget Activity 4320 - amount represents civilian personnel overtime; temporary duty; and miscellaneous costs incurred by DCA field activities.

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DOD DIR 5200.10

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7710/612/plt

SUBJECT: Report, as of 31 December 1962, of Costs Directly Associated with Activities Incident to Cuba (U)

Budget Activity 4330 - amount represents the cost of leasing additional communications control circuits.

Appropriation: Procurement, Defense Agencies

Budget Activity:	<u>1-31 Dec 62</u>	<u>Cumulative Total</u>
4350 - Procurement, DCA	-0-	<u>\$39,600.00</u>
Total		\$39,600.00

Explanation: This amount represents the cost of replacing COMSEC units which are being utilized in support of activities incident to Cuba.

2. In accordance with Reference (b), this will be the last report submitted on this subject.

FOR THE DIRECTOR:

Giles H. Gere
 GILES H. GERE
 Colonel, USA
 Comptroller

DCA - Cum

<i>o+m, def agencies</i>	<i>22,171.00</i>
<i>Pro, " "</i>	<i>39,600.00</i>
	<hr/> <i>61,771.00</i>

1-597244

Authority 40850

Gardner
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DEPARTMENT OF DEFENSE
DEFENSE ATOMIC SUPPORT AGENCY
WASHINGTON 25, D.C.



4 JAN 1963

ADDRESS REPLY TO:
THE CHIEF, DEFENSE ATOMIC
SUPPORT AGENCY

DASACT/3 008.9

MEMORANDUM FOR: DEPUTY ASSISTANT SECRETARY OF DEFENSE (BUDGET)

SUBJECT: Increased Costs Associated with Current Activities Incident
to Cuba

DASA did not incur any additional costs during December in
connection with the current activities incident to Cuba.

FOR THE CHIEF:

KARL F. BENKESSER
Captain, USAF
Asst Adjutant General

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NND Authority 40850



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DEPARTMENT OF DEFENSE
DEFENSE INTELLIGENCE AGENCY
WASHINGTON 25, D.C.

14 JAN 1963

C-9214/C

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (BUDGET)
OFFICE, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: December 1962 Costs Associated with Cuban Situation, RCS-DIA-DD-C2

Reference your memorandum dated 5 November 1962, Subject: Financing and Reporting Increased Costs Associated with Current Activities Incident to Cuba. Attached is a tabulation reflecting those additive costs incurred during December 1962, which this Agency has identified as attributable to the Cuban situation. All additive costs incurred during that month were supported from DIA's FY 63 funding program established under Budget Project 4400, Budget Activity 4000, Operation and Maintenance Appropriation, Defense Agencies.

Total cumulative costs incurred and identified through 31 December total slightly under \$30,000. All significant activity associated with Cuba ceased around mid-December and unless your office advises otherwise, this will be considered the final close out report.

FOR THE DIRECTOR:

CLYDE W. ELLIOTT
Comptroller

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a/s

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DOD DIR 5200.10

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ADDITIVE COSTS INCURRED - CUBAN SITUATION

Month of December 1962

	<u>CIVILIAN PAYROLL</u> (1)	<u>CIVILIAN OVERTIME</u> (2)	<u>TDY TRAVEL</u> (3)	<u>SPECIAL SUPPLIES</u> (4)	<u>SPECIAL EQUIP.</u> (5)	<u>SPECIAL CONTRACTS</u> (6)	<u>OTHER</u> (7)	<u>TOTAL</u> (8)
Dec. Costs	0	\$ 3,592.00	\$ 963.00	\$ 193.00	0	\$ 263.00	0	\$5,011.00
Cum. Total	\$1,691.00	\$18,061.00	\$2,206.00	\$2,908.00	\$3,171.00	\$ 984.00	\$370.00	\$29,391.00

Narrative Explanation

Col. 1 - Civilian Payroll: Those civilian employees taken on during November have been retained and slotted against regular vacant positions of the Agency. Therefore no payroll costs are shown for December.

Col. 2 - Civilian Overtime: (\$3,592.00) Civilian overtime was authorized to provide required coverage to those offices directly concerned with Cuba.

Col. 3 - TDY Travel: (\$963.00) There were two persons who traveled to Europe on matters related to Cuba.

Col. 4 - Special Supplies: (\$193.00) Special supplies used included offset reproduction mats, plates, inks, solvents, concentrate, Xerox paper, and acetate.

Col. 5 - Special Equipment: (0) No requirement.

Col. 6 - Special Contracts: (\$263.00) This represents an additional 7500 copies of Xerox reproduction at \$.035 per copy or \$262.50.

Col. 7 - Other: (0) No requirement.

Col. 8 - Total: (\$5,011)

Authority 40850
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