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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D.C.

DECLASSIFIED
AUTHORITY EO 12958

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MEMORANDUM FOR THE SECRETARIES OF THE SECRETARY DEPARTMENTS
THE ADMINISTRATIVE ASSISTANT TO THE SECRETARY
THE CHIEF, DEFENSE ATOMIC SUPPORT AGENCY
THE DIRECTOR, DEFENSE COMMUNICATIONS AGENCY
THE DIRECTOR, DEFENSE INTELLIGENCE AGENCY
THE DIRECTOR, DEFENSE SUPPLY AGENCY
THE DIRECTOR, NATIONAL SECURITY AGENCY

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

In order to establish a common understanding and basis for planning budget and financial actions related to current activities incident to Cuba, a meeting was held on October 23, 1962 between representatives of your Comptroller or Budget organization and the Deputy Assistant Secretary of Defense (Budget). The purpose of this memorandum is to confirm the guidelines and requirements established as follows:

1. Each military department and defense agency representative was requested to maintain surveillance over current financial requirements and requirements developing in the near future that increase either the rate of utilization or total fund requirements for FY 1963, and to advise (formally or informally) the Office of the Deputy Assistant Secretary of Defense (Budget) of any actions taken or required to meet the indicated financial needs in a timely and orderly manner.

2. It was pointed out that more financing authority than has heretofore existed is now available to the Department of Defense and that we plan to utilize these authorities, as may be required, to provide for the orderly financing of requirements incident to Cuba, i.e., Sections 512(b), 512(c), and 537 of the Department of Defense Appropriation Act, FY 1963 as well as the authority of R. S. 3732. In addition, financing as required can be accomplished through adjustment in currently approved obligation or apportionment rates, or exemption of selected appropriations from apportionment.

3. It was pointed out that pending further developments in the Cuban situation, we do not feel that it is necessary at this

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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