



OFFICE OF THE SECRETARY

JUL 1 1968

MEMORANDUM FOR DR. FLAX

SUBJECT: FY 69/70 MOL Program

Per our discussion Saturday, attached is the message sent General Bleymaier re FY 69/70 funding levels and schedule adjustments. General Bleymaier advised the Associate Contractor Program Managers late last week that the FY 69 funding would be somewhat less than previously planned and to curb early expenditures and commitments pending a rescheduling conference.

General Bleymaier will meet with all the Associate Contractor Program Managers tomorrow in Los Angeles. This will be a preliminary effort wherein general work content and major milestones will be established, followed by about a week of individual working of the problem, and concluded with a final schedule adjustment/work-detail session about 7-10 days later.

With regard to the release of FY 69 funds, we normally allocate OA to the Systems Office on a quarterly basis. However, until the Authorization and Appropriation Bills are passed, funds will be released only monthly. The initial increment I have released is \$80 million (this will eliminate the end-FY 68 "exposure" and provide a comfortable margin for the first month. Expenditures plus Fee for July should run somewhere in the mid-forties). . . . General Bleymaier has advised the Associates that they will be funded on a monthly basis until the appropriate bills are enacted.

Also, as we discussed briefly, I will explore with [redacted] which elements of the MOL Program might logically be funded in the procurement accounts in FY 70 and beyond. It appears that several subsystems (for example, the Titan IIIM's

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after the first two qualification launches; Gemini B's after the unmanned qualification launch, etc.) could be funded legally outside the RDT&E Appropriation. Although this would not, of course, change the total cost of the Program, it could considerably lessen the MOL burden on both the AF and overall DoD Program. We will come up with some specific proposals by August 1.

Finally, in conjunction with the FY 70 Budget Estimate, I would like to continue to exercise in-house a realigned program which would defer further unmanned-unique development and/or procurement, after completion of Phase 1B approximately six months from now, until mid-FY 70 or later. I discussed this possibility briefly with General Bleymaier Saturday. He and I both feel that the program could be "realigned" at about the time Phase 1B is completed, with a choice then either of reducing the FY 70 budget requirement somewhat or recouping some of the schedule slip beyond August 71 which will result from the projected FY 69/70 funding levels.

JAMES T. STEWART
Major General, USAF
Vice Director, MOL Program

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a/s

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FOR GENERAL BLEYMAIER FROM GENERAL STEWART. DR. FLAX HAS DIRECTED THAT THE WORK AND FLIGHT SCHEDULE FOR THE PRESENT BASELINE MOL PROGRAM BE JUSTED AS NECESSARY IN ACCORD WITH THE FOLLOWING:

1. PLAN ON \$515 MILLION NOA IN FY 69 AND \$600 MILLION NOA IN FY 70.
2. CONTINUE THE PRESENT FISCAL-MANAGEMENT UNDERSTANDING WITH THE ASSOCIATE CONTRACTORS THROUGH BOTH FY 69 AND FY 70 TO INSURE THE BEST POSSIBLE UTILIZATION OF AVAILABLE OBLIGATING AUTHORITY IN THOSE YEARS.
3. RESCHEDULE FV-3, THE FIRST MANNED ALL-UP FLIGHT, AS EARLY AS POSSIBLE AFTER AUGUST 1971 BASED ON A TIGHT REPEAT TIGHT WORK SCHEDULE.
4. SET APPROXIMATELY 4-5 MONTH INTERVALS BETWEEN FV-3 AND SUBSEQUENT MANNED AND UNMANNED LAUNCHES. RESCHEDULE FV-1 AND FV-2 QUAL LAUNCHES SUCH THAT A REASONABLE BALANCE IS MAINTAINED WITH THE ADJUSTED FV-3 LAUNCH DATE.

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