

Proposed Amendments to the
AGREEMENT
between
THE GOVERNMENT OF THE UNITED STATES
represented by the
FOREIGN OPERATIONS ADMINISTRATION
and
MICHIGAN STATE UNIVERSITY
Dated
APRIL 19, 1955

Proposed Amendment 1

I. Amend paragraph to read as follows:

To enable the University to assist in the execution of the program provided for in the corollary agreement, FOA agrees to finance dollar operations encompassed in the corollary agreement in accordance with the terms and conditions set forth in this paragraph and in paragraphs II, III, IV and V below. It is estimated that the total dollar costs under this agreement shall be approximately \$2,497,593 for the two-year period following the execution of this agreement and in no event in excess of this amount unless otherwise agreed to in writing by the parties hereto; provided, that the total dollar costs, during the period of this agreement ending one year after its effective date, shall not exceed \$1,604,251 (hereinafter referred to as "first year funds"); and provided further, that any dollar costs subsequent to the period ending one year after the effective date of this agreement which cannot be covered by unused first year funds shall be subject, in the event additional funds are not available, to Congressional action making funds available and the allocation of such funds to this agreement by FOA, or, in the event additional funds are available, shall be subject to FOA allocation thereof to this agreement.

Proposed Amendment 2

Amend paragraph II A (2) to read as follows:

Amounts regularly and actually received by individual staff members from the University or the last employer, and in accordance with the customary salary practice of the University or of the last employer plus an amount not in excess of 25 percent of such amounts received if the total does not exceed \$10,000 plus an amount not in excess of 15% of such amounts received if the total does exceed \$10,000. This provision shall not apply to home staff.

Proposed Amendment 3

Amend paragraph II A 3 to read as follows:

3. Salary payments to home staff personnel shall begin on the date of assignment to duties under this agreement. Home staff personnel shall otherwise be entitled to salary payments as provided for field personnel in 2. above. In the event that home staff personnel are assigned to work directly on this agreement on a pro rata time basis, the pro rata portions of salaries determined as being chargeable to this agreement shall be based on records kept in accordance with University's usual accounting procedures provided that costs under this provision shall not exceed \$77,000 during the life of the contract.

Proposed Amendment 4

Amend II C first paragraph to read as follows:

The costs involved in providing training in the United States and third countries to participants from Vietnam, not to exceed the following amounts: (a) University's or other institution's customary tuition charges and fees; (b) typing of theses (not to exceed \$100.00 at the U. S. institution) and allowances for required textbooks (not to exceed \$150.00 per school year for each participant), titles to be approved by the University; (c) travel within the United States or a third country as approved by the University, not to exceed \$500.00 per participant per annum; (d) subsistence while in the United States or a third country not to exceed maximum FOA rates as from time to time amended (upon 30 days notification to the Comptroller of the University by FOA of amendment; and (3) any other costs as may be approved in writing by FOA. These amounts shall be subject to change by mutual agreement of the contracting parties. It is understood that participants will pay on an individual basis the costs of health and accident insurance for participants; no charges for such insurance will be made by the University against this agreement. The total cost of the participant program shall not exceed \$238,166 nor \$148,333 during the first year of this agreement.

Proposed Amendment 5

Amend paragraph II E to read as follows:

The costs of actual out-of-pocket expenses in addition to those mentioned above, including cables, passport and inoculation fees, health examinations for staff members and dependents, and other similar dollar expenses incurred by the University in performing work under the agreement, not to exceed \$21,299.

Proposed Amendment 6

Amend paragraph II F to read as follows:

The costs of purchasing library books and equipment, demonstration equipment, teaching aids and equipment necessary to the furtherance and development of the services being performed under this agreement other than that furnished by the Government of Vietnam and for the purchase of vehicles necessary to the support of the staff. All purchases under this provision shall be made pursuant to the regular practices and procedures used by the University in order to assure best purchasing results, total costs of purchases made under this section shall not exceed \$142,500. Title to all equipment, materials and supplies, the cost of which is reimbursable to the University by FOA, shall be in the name of the Government of Vietnam but shall be available for use through the period of the agreement by University personnel; and all such equipment, materials and supplies remaining upon completion or termination of the agreement shall be turned over to the Government of Vietnam. The University is in no way responsible for the loss or destruction of such property except in case of culpable negligence on the part of University personnel.

Proposed Amendment 7

Amend III first paragraph to read as follows:

Subject to the provisions of paragraph I, the University, in addition to costs reimbursable under paragraph II above, shall receive not to exceed \$161,585 for administrative expenses and such costs shall not be billed directly under other provisions of the agreement. The actual amounts shall be based on the following formula:

Justification of amendments:

1. Amendment one is justified by adding the attached dollar costs to the present contract. (These dollar costs include the dollars in Appendix I, section A, of the report of the comprehensive work plan in the police field revised August 5th and in addition cover the \$308,500 for specialized training mentioned on pages five and six of that document. From the total thus obtained \$100,000 has been deducted in the estimated second year expenses because of the estimated surplus of that amount in our original contract budget.)

2. Justification of the second proposed amendment is indicated in several other memoranda to USOM and ICA/W by Michigan State University. It represents the minimum flexibility in salaries that we need in order to fulfill our obligations under the contract promptly.

3. Justifications of proposed amendments three, four, five and six may be found by adding the personnel costs for added personnel indicated in the attachment to this memorandum to our original budget contract figures.

4. Justification of amendment seven is both in terms of the additional personnel costs for added personnel and because the original estimate for overhead is running approximately 10% too small. Thus 10% was added to the original budget overhead item plus the overhead for additional personnel.

APPENDIX I

Section A

PERSONAL COSTS FOR PROPOSED ADDED POLICE PERSONNEL
Dollar Costs

	<u>First Year</u>	<u>Second Year</u>
1. Salaries		
a. MSU Overseas Staff (including 25% differential)		
10 police experts, 2 years at \$11,000	\$110,000	\$110,000
2 police experts, 1 year at \$11,000	22,000	--
2 secretaries or administrative assistants at \$5,500	<u>11,000</u>	<u>11,000</u>
Total, MSU overseas salaries	\$143,000	\$121,000
b. MSU U.S. Staff		
Salary for recruiting personnel	<u>3,000</u>	<u>--</u>
Total Salaries, Staff	\$146,000	\$121,000
2. Annuity and Social Security		
7% of salaries, excluding consultants	\$ 10,010	\$ 8,470
3. Overhead		
15% of MSU overseas salaries	\$ 21,450	\$ 18,150
16% of MSU East Lansing	<u>1,080</u>	<u>--</u>
Total, overhead	\$ 22,530	\$ 18,150
4. Travel Costs		
a. Overseas travel (including dependents and baggage)	\$113,680	--
b. Overseas travel and per diem of third country specialists	250,000	--
c. U. S. Staff Travel		
(1) Per diem (several recruiting trips at \$10 per day)	350	--
(2) Travel in U. S.	<u>1,500</u>	<u>--</u>
Total, travel	\$365,530	--

	<u>First Year</u>	<u>Second Year</u>
5. Special Equipment		
a. Typewriters, vertical files, etc.	\$ 2,000	--
b. 2 four-door station wagons (includes transportation for each)	6,700	--
c. 1 sedan (includes transportation)	<u>2,850</u>	<u>--</u>
Total, equipment	\$ 11,550	--
6. Direct Costs		
a. Passports and pictures (about \$15 per person)	\$ 525	--
b. Inoculations (about \$20 per person)	700	--
c. Cables	3,000	3,000
d. Health examinations	<u>1,000</u>	<u>1,000</u>
Total, direct costs	\$ 5,225	\$ 4,000
7. Special Insurance (for staff members)	\$ 2,800	\$ 3,200
8. Participant Program	<u>\$ 58,500</u>	<u>--</u>
TOTAL DOLLAR COSTS	\$622,145	\$154,820
Total, first and Second Years, Dollar Costs	\$776,965	

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INTERNATIONAL COOPERATION ADMINISTRATION
Washington 25, D.C.

August 12, 1955

Dear Dr. Hannah:

Since the receipt of your letter of July 12, concerning the difficulties Michigan State University is encountering in recruiting police administration specialists for services in Vietnam, we have reviewed the ICA-financed contract and our own policy on salary increases for contract personnel in this field.

As we have already informed your staff, our recruitment experience for specialists in police administration to be employed on our own payroll for overseas service indicates that some increase above prevailing domestic salary levels is justified. We have found that an increase of up to 15% above current base salary, plus individual consideration of any additional official perquisites received in addition to base salary, enables us to recruit well qualified personnel in this field.

Application of this formula to the pending Michigan State police specialist cases, during the past two weeks, seems to have worked out successfully in almost all instances. You appreciate, I am sure, that it would not be sound policy to provide recruitment incentives in the form of salary increases for non-academic personnel in university contracts beyond the general level which our own recruitment experience for similar positions justifies.

We fully agree with your viewpoint as to the importance of Michigan State's program in Vietnam. I trust that this arrangement will enable your group to continue to move ahead with this very significant work.

Yours very sincerely,

John B. Hollister

Dr. John A. Hannah
President
Michigan State University
East Lansing, Michigan

MICHIGAN STATE UNIVERSITY

Office of Coordinator
Vietnam Project

October 5, 1955

TO: Dr. E. W. Weidner, Chief Advisor
FROM: Charles C. Killingsworth, Coordinator
SUBJECT: Amendments Covering Police Program Expansion

General Comments

The proposed amendments raise a rather difficult problem of contract construction. These amendments of course have no effect on the term of the basic contract which runs from April 19, 1955 to April 19, 1957. The term "first year" as used in the amendments and in the proposed budget figures means a period which ends on April 19, 1956. It can be seriously doubted that ICA/W will have completed all necessary clearances on the amendments before January at the very earliest, and the negotiations may run into February or March.

We should be in a position to make a number of appointments for a two-year period (assuming acceptance of the program expansion proposals). Staff members who are appointed for the full two-year period are entitled to certain benefits under the basic contract---especially shipment of a car to Saigon---which shorter term employees do not get, and in addition many prospective employees prefer the two-year term.

One possible solution for this difficulty is to negotiate a one-year extension of the entire contract now. This appears to be the only ready solution for the problem just outlined. Obviously it would not make sense for us to obligate ourselves to keep ten police specialists and two secretaries in Vietnam for a period of one year beyond the expiration of the basic contract. Perhaps the USOM people will have some other ideas or suggestions on this problem. The comments which follow assume some kind of solution which would make it feasible for us to consider this expansion on a two-year basis.

Budget Figures

Revision of the proposed budget figures is suggested on the basis of a detailed study of our expenditures to September 28. The suggested revisions are attached. Detailed comments on the specific categories follow.

1. a. The assumed average salary (including overseas differential) of \$11,000 appears to be on the low side, especially if the salary formula which we are proposing should be accepted. In addition, it appears desirable to use a figure which may be somewhat higher than the actual average, so that if we are required to retain a specific dollar limitation on overhead we will not be embarrassed by finding that this limitation is too low. Therefore we are suggesting that the average salary be put at \$12,000.

1. b. The provision for additional salaries for the United States staff appears to us to be quite inadequate. A great deal more than extra recruiting effort will be involved if the expansion is accepted. There will be extra briefing costs; a great deal of additional time will be required for the great multitude of processing details. There will also be a permanent increase in the administrative load because of the larger

number of people abroad. Even more frequent contacts with Washington and an even larger number of questions and problems must be anticipated. The minimum personnel need in the home office associated with the proposed expansion appears to be an additional secretary and a half-time administrative assistant. This is the basis for the figures suggested in our revision of the budget.

2. Annuity and social security funds should be revised in the light of the larger figures suggested above.

3. The same is true of the overhead figures. (It should be noted that both in the "Work Plan, Police Administration Project" and in Appendix I Section A attached to the proposed amendments the overhead rate on home salaries is incorrectly stated as 16%; it should be 36%.)

4. Travel costs appear to us to be underestimated in the proposed budget considering our experience to date. Attached hereto is a memorandum from Traywick to me which indicates the basis for the figure of \$175,000 which we are suggesting. It may well be that less than this sum will be required, but it seems dangerous to assume that each staff member will be accompanied by any less than two dependents on the average. It is true that the present average is somewhat below that, but several staff members there now are planning to bring their families over later which will raise the average. We have not suggested any revision in parts b and c of the travel costs portion of the budget. We have some question concerning the basis of the figure used in part b but will reserve this question for a later portion of the memorandum. The funds provided under c may be somewhat inadequate, but there is probably enough surplus elsewhere to permit an adequate adjustment if necessary.

5 and 6 of the proposed budget appear to us to be in line with operating experience to date, and we are not suggesting any change in the proposed figures.

7. Special insurance seems too high in view of the unfortunate limitation of \$150 per staff member. Therefore we are suggesting a lower figure.

8. We have no basis for checking the estimate of participant program costs.

Three questions which are listed at the end of our suggested revision of the budget should be noted.

Proposed Amendments to ICA (ex-FOA) Contract

Proposed Amendment 1: The figures suggested herein should be adjusted both in light of the higher figures proposed for the expansion program and in light of the suggested extension of the basic contract.

Proposed Amendment 2 (as revised September 15, 1955): The present unilaterally adopted policy of ICA/W is to allow for police personnel a base salary of 115% of present earnings plus individual consideration of items of non-monetary income---such as automobile provided by the employer. In the great majority of cases this formula yields the equivalent of 125% of present earnings for police personnel. In a few cases, of course, only 115% is available which creates some anomalies and inequities as in the case of Sloane. A more realistic and equitable provision would be the original form

of Amendment 2 which provided 125% of present earnings up to a maximum of \$10,000 and 115% for total salaries above \$10,000. The 120% formula tentatively accepted in the memorandum of September 15 to Starr would yield lower base salaries in a majority of police cases than the present ICA/W policy. In any event we certainly should not agree to accept any formula which yields lower base salaries than the present policy.

Proposed Amendment 3: For reasons previously stated, we feel that the figure of \$77,000 should be \$91,000.

Proposed Amendment 4: The basis for the new figures is not clear to us. As previously suggested, some breakdown of the cost estimate would be helpful.

Proposed Amendments 5 and 6: We have no revisions to suggest.

Proposed Amendment 7: As previously stated, we are proposing the elimination of the absolute dollar limit on overhead. It would be helpful if such elimination were accepted in Saigon. If it is not accepted, and a dollar amount must be used, we propose that \$163,409 be substituted for the figure in the present proposal.

Amendments to Vietnam-MSU Contract

Proposed Amendment 1: We do not understand the basis for the new figure of 55 man years of training.

Proposed Amendment 2: The proposed new ceiling of 44 does not include a replacement for Lindholm. Has this aspect of the Lindholm arrangement been dropped?

Proposed Amendment 3: The proposal to use third country training specialists raises several important questions which we do not feel have been clearly or satisfactorily answered. In the first place, who is to pay the salaries of such specialists? There is no provision under the salary heading of the proposed budget for such payments. There is a lump sum under travel costs for overseas travel and per diem of third country specialists; but in this context "per diem" would appear to refer exclusively to subsistence allowances. From this, and from the additional fact that no method for determining salary payments to such third country specialists is set forth in any of the amendments, we assume that such salaries are not to be paid by MSU. However, if MSU does not pay the salaries of such people, can MSU expect to exercise effective control over their activities? To put it quite bluntly, is the provision for third country specialists simply a device to get dollars to finance the importation of people who will not actually be performing work under the control and direction of MSU? If such is the case, Muelder, Brandstatter, and I feel unable to recommend acceptance of this arrangement for what must be obvious reasons. MSU should not assume any responsibility whatsoever or expend any funds for the transportation or support of people whom its personnel cannot effectively control. In concluding this point, let me say that it is the failure to make any provision for salary payments for the third country specialists which prompts us to reopen this question.

Proposed Amendment 4: No comment except that the omission of any reference to earnings data concerning third country specialists reinforces the observations just set forth.

3 Attachments:

1. Suggested Revision of Appendix I Section A
2. Estimated Travel and Shipping Expenses of 14 Staff Members
3. Budgetary Expenditures to Date and Projection of Salary Expenditures from September 1, 1955 to April 19, 1956

SUGGESTED REVISION OF APPENDIX I, SECTION A

PERSONNEL COSTS FOR PROPOSED ADDED POLICE PERSONNEL
Dollar Costs

	<u>First Year</u>	<u>Second Year</u>
1. Salaries		
a. MSU Overseas Staff (including 25% differential)		
10 police experts, 2 years at \$12,000	\$120,000	\$120,000
2 police experts, 1 year at \$12,000	24,000	--
2 secretaries or administrative assistants at \$5,500	<u>11,000</u>	<u>11,000</u>
Total, MSU overseas salaries	\$155,000	\$131,000
b. MSU U.S. Staff	<u>10,000</u>	<u>7,000</u>
Total Salaries, Staff	\$165,000	\$138,000
2. Annuity and Social Security	\$ 11,550	\$ 9,660
3. Overhead		
15% of MSU overseas salaries	\$ 23,250	\$ 19,650
36% of MSU East Lansing salaries	<u>3,600</u>	<u>2,520</u>
Total, overhead	\$ 26,850	\$ 22,170
4. Travel Costs		
a. Overseas travel (including dependents and baggage)	\$175,000	--
b. Overseas travel and per diem of third country specialists	250,000	--
c. U. S. Staff Travel		
(1) Per diem (several recruiting trips at \$10 per day)	350	--
(2) Travel in U. S.	<u>1,500</u>	<u>--</u>
Total, travel	\$426,850	--

	<u>First Year</u>	<u>Second Year</u>
5. Special Equipment		
a. Typewriters, vertical files, etc.	\$ 2,000	--
b. 2 four-door station wagons (includes transportation for each)	6,700	--
c. 1 sedan (includes transportation)	<u>2,850</u>	<u>--</u>
Total, equipment	\$ 11,550	--
6. Direct Costs		
a. Passports and pictures (about \$15 per person)	\$ 525	--
b. Inoculations (about \$20 per person)	700	--
c. Cables	3,000	3,000
d. Health Examinations	<u>1,000</u>	<u>1,000</u>
Total, direct costs	\$ 5,225	\$ 4,000
7. Special Insurance (for staff members)	\$ 2,100	\$ 1,800
8. Participant Program	<u>\$ 58,500</u>	<u>--</u>
TOTAL DOLLAR COSTS	\$707,625	\$175,630
Total, First and Second Years, Dollar Costs	\$883,255	

QUESTIONS:

8. Shouldn't the participant program costs be broken down?
9. Shouldn't there be an additional guarantee of dollar equivalents?
10. Shouldn't there be a budget covering local costs, at least under Vietnam Contract amendments?

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MICHIGAN STATE UNIVERSITY

VIETNAM ADVISORY TEAM

MAILING ADDRESS: MSU - USOM
AMERICAN EMBASSY
SAIGON - VIETNAM

CABLE ADDRESS: MICHGOVBUR

GENERAL OFFICE: 1ST FLOOR
26 DUONG GIA-LONG
(EX LAGRANDIÈRE)

TELEPH. NUMBER: 22.022 - 21.528

Office of Chief Advisor

November 3, 1955

To: Dr. Charles C. Killingsworth, Coordinator

From: Dr. Edward W. Weidner, Chief Advisor *EW*

Subject: Proposed Police Amendments

Attached are the proposed police amendments together with exhibit A as they have finally cleared Joe Starr. I had another lengthy conference with him this morning and while I think all of his points ^{are} fly speckling, they are, so far as I can see, completely unobjectionable ^{fly speckling}. We are therefore enclosing two copies of the latest amendments as they will undoubtedly clear USOM whenever Joe can get around to typing them up and pass them on to Barrows for expressing to Washington.

The only change that needs any additional explanation is the change in the budget figure of \$40,000. This \$40,000 addition will take care of paying for Lindholm's replacement.

jb

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MICHIGAN STATE UNIVERSITY

VIETNAM ADVISORY TEAM

MAILING ADDRESS: MSU - USOM
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SAIGON - VIETNAM

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GENERAL OFFICE: 1st FLOOR
26 DUONG GIA-LONG
(EX LAGRANDIÈRE)

TELEPH. NUMBER: 22.022 - 21.528

Office of Chief Advisor

November 4, 1955

To: Dr. Charles C. Killingsworth, Coordinator

From: Dr. Edward W. Weidner, Chief Advisor *EWW*

Subject: Police Experts to be Recruited

Howard Hoyt has indicated that on the eleven police experts to be recruited in the new police program the order of priority should be as follows:

1. Director of Police Academy
2. Crime Laboratory Technician
3. Central Records Man
4. Man with experience such as Commissioner of State Police (for Civil Guard or National Police)
5. Fingerprint and Identification man
6. Police Training Specialist

The next five can be recruited as they are found. They would include another training specialist and four more field service men. Their qualifications should be general police experience, supervisory rank, good academic background, younger and more vigorous men. Men with good personalities and good knowledge of public relations.

This supercedes the assignment of American personnel in the work plan of October 29.

jb

cc: Howard Hoyt

MICHIGAN STATE UNIVERSITY

VIETNAM ADVISORY TEAM

MAILING ADDRESS: MSU - USOM
AMERICAN EMBASSY
SAIGON - VIETNAM

CABLE ADDRESS: MICHGOVBUR

GENERAL OFFICE: 1st FLOOR
26 DUONG GIA-LONG
(EX LAGRANDIÈRE)

TELEPH. NUMBER: 22.022 - 21.528

Office of Chief Advisor

November 9, 1955

To: Dr. Charles C. Killingsworth, Coordinator

From: Dr. Edward W. Weidner, Chief Advisor *EW*

Subject: Additional Police Appointment

It is very important that the nomination of John Hannan as a member of our police team be approved. This is a matter we inquired into locally and both Howard and I think that it is important for the success of our project that he be appointed. This is not a matter that we can write about and try to persuade you. All we can say is please accept the judgment of those on the spot and have him come out as soon as possible. He will be one of the so called field police people in our additional quota.

EWW:jb