

4/3/62

Memorandum No. 14(1962)

Subject: Stanford Research Contract: Change in Portion of Salary of Executive Secretary Paid by State

It is requested that the Commission act on the following matters at its April meeting.

Stanford Research Contract for 1962-63. The staff requests that the Commission authorize its Chairman to execute on behalf of the Commission a research contract with Stanford University for the 1962-63 fiscal year in the amount of \$7,500. The total amount expended during the 1961-62 fiscal year for this purpose will be \$8,500. The proposed research contract is provided for in our approved budget for the 1962-63 fiscal year. We request approval now so that we can continue the research program without interruption after July 1.

It is proposed to make a minor departure from the terms of the previous contracts with Stanford University. Previous contracts called for a 15 percent overhead charge to cover administration, supervision and overhead. Instead of the 15 percent overhead charge, it is proposed to charge approximately 6 percent of salaries for "staff benefits" and to charge 10 percent of the total cost for "indirect costs" such as administration, supervision and overhead. The "staff benefits charge" is a direct charge for such staff benefits as insurance, retirement, social security and so forth. The charge is an average of the actual cost to Stanford of these employer payments and contributions on all governmental research contracts and is a standard charge of approximately 6 percent on all governmental research contracts except ours.

The amount of Stanford's total charge under the proposed contract will be approximately the same as under previous contracts. However, the change

is necessary to facilitate Stanford's accounting procedures.

We also propose to increase the maximum rate payable for stenographic and clerical services from \$2.00 to \$2.50 per hour. The new maximum will roughly approximate the rate paid for the same work by the State.

Portion of Salary of Executive Secretary Paid by State. Three years ago it was agreed between Stanford and the Commission that three-fourths of the salary of the Executive Secretary would be paid by the State and one-fourth by Stanford. This apportionment was based on the assumption that the Executive Secretary would spend approximately three-fourths of his time working for the State and one-fourth working for Stanford.

Actual experience over the last several years indicates that the allocation of time is approximately 80 percent (State) and 20 percent (Stanford). Accordingly, it is suggested that the salary be apportioned, beginning July 1, 1962, on this basis. Stanford can perhaps be expected to subsidize the Commission in indirect ways (as in moderate office rent) but the proposed change would relieve Stanford of an actual out-of-pocket cash subsidy.

I have discussed the proposed change with our budget examiner. He believes that it is reasonable and anticipates no difficulty in effectuating the change if it is approved by the Commission. We can obtain any necessary additional funds to finance the change to an 80-20 percent basis by shifting some of the part time secretarial help from the State payroll to the Stanford Research Contract.

Respectfully submitted,

John H. DeMouilly
Executive Secretary