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THE WHITE HOUSE
WASHINGTON

April 19, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Proposed Defense 1977 Budget
Amendment and 1976 Supplemental
Request

The President reviewed your memorandum of April 14 on the above subject and approved the following:

"Defense Department request as submitted. This includes \$221 million for the USS Belknap and \$322.4 million for the Minuteman III and associated deployment and warhead costs."

That portion of your presentation of April 14 dealing with the modified version is returned for revision in line with the President's decision.

Please follow-up with appropriate action. It is requested that the wording used by Secretary Rumsfeld in his request be used in the press release.

cc: Dick Cheney
Brent Scowcroft

*new
supplemental
sent up
4/24*

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 14, 1976

The President

The White House

Sir:

I have the honor to submit for your consideration, for the Department of Defense, a proposed supplemental appropriation for fiscal year 1976 and amendments to 1977 appropriations requested in the 1977 budget. New budget authority requests total \$213,000,000 for fiscal year 1976 and \$322,400,000 for fiscal year 1977. The details of these requests are contained in the enclosure to this letter.

I have carefully reviewed the proposals for appropriations contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

James T. Lynn
Director

Enclosure

(Proposed 1976 Supplemental:)

DEPARTMENT OF DEFENSE--MILITARY

PROCUREMENT

Shipbuilding and Conversion, Navy

For an additional amount for "Shipbuilding and conversion, Navy", \$213,000,000, for the conversion of USS Belknap.

This request will provide funds for the conversion of the USS Belknap, which was badly damaged in a collision in the Mediterranean last fall. This proposal was not included in the fiscal year 1977 budget because cost estimates were not available at that time.

(Proposed 1977 Amendments:)

DEPARTMENT OF DEFENSE--MILITARY

Budget Appendix Page	Heading	1977 request pending	1977 proposed amendment	1977 revised request
PROCUREMENT				
259	Missile Procurement, Air Force	\$1,599,400,000	\$317,000,000	\$1,916,400,000
CONSTRUCTION				
271	Military construction, Air Force	\$802,300,000	\$5,400,000	\$807,700,000

The proposed amendments will provide for continued production of the Minuteman III intercontinental ballistic missile at a rate of five per month, initial production of the Mark 12A re-entry vehicle, and for necessary storage facilities.

THE WHITE HOUSE
WASHINGTON

The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider, for the Department of Defense--
Military, a fiscal year 1976 supplemental appropriation and amendments
to the 1977 appropriations requested in the 1977 budget. New budget
authority requests total \$213,000,000 for fiscal year 1976 and
\$322,400,000 for fiscal year 1977.

The details of these proposals are set forth in the enclosed
letter from the Director of the Office of Management and Budget. I
concur with his comments and observations.

Respectfully,

(Proposed 1976 Supplemental:)

DEPARTMENT OF DEFENSE--MILITARY

PROCUREMENT

Shipbuilding and Conversion, Navy

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THE WHITE HOUSE
WASHINGTON

April 19, 1976

MR PRESIDENT:

Proposed Defense 1977 Budget
Amendment and 1976 Supplemental
Request

Staffing of the attached memorandum from
Jim Lynn resulted in the following:

Jack Marsh -- Recommends approve the Defense
Department request as submitted.

Brent Scowcroft -- Recommend approve the Defense
Department request as submitted.
See detailed memorandum at TAB A.

Jim Connor

SECRET



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 14, 1976

SIGNATURE

MEMORANDUM FOR:

THE PRESIDENT

FROM:

James T. Lynn

Ohlin

SUBJECT:

Proposed Defense 1977 Budget Amendment
and 1976 Supplemental Request

Secretary Rumsfeld has requested a 1976 supplemental appropriation to repair damage to the USS Belknap. He also proposes a 1977 budget amendment for production and deployment of 60 Minuteman III missiles and for initial production of the Mark 12A re-entry vehicle for Minuteman missiles.

USS Belknap Repair - 1976 Supplemental

The supplemental request for repair of the USS Belknap includes \$213 million in shipbuilding funds to pay for major ship repair/conversion and \$8 million in research and development funds for associated design effort. While an additional \$213 million of shipbuilding funds is necessary to begin restoration of the ship at the earliest possible date, I believe the \$8 million increase in research and development should be accommodated within the \$3 billion already appropriated for Navy research and development in 1976. In addition, because research and development programs are incrementally funded, the 1977 appropriation will also be available to meet this \$8 million request. I therefore recommend that you approve a supplemental appropriation request for \$213 million in shipbuilding funds and request the Defense Department to absorb the research and development costs.

Minuteman III and Mark 12A - 1977 Budget Amendment

The Defense request of \$322.4 million includes:

. \$266.1 million to continue production of the Minuteman III missiles at the rate of 5 per month for a total of 60 missiles. Construction of storage facilities for these new missiles is also provided within this total.

. \$56.3 million for deployment of the 60 missiles and for initiating production of the new high-yield Mark 12A re-entry vehicle to be deployed on Minuteman missiles. The availability of this re-entry vehicle would be advanced by six months from February 1980 to August 1979.

SECRET

KR 5/12/76

I concur with the Defense Review Panel recommendation to continue production of the Minuteman III missile. You recall that you decided, during the fall budget review, to terminate production of the Minuteman III missiles on the expectation that there would be substantial progress in the SALT negotiations. All of your national security advisers currently feel that, in light of current SALT developments, it is prudent to continue producing Minuteman III missiles to maintain the option to increase deployments if necessary.

I do not believe the same rationale applies to the \$56.3 million for the Mark 12A warhead production and missile deployment. Decisions to deploy additional missiles and to initiate production of a new re-entry vehicle could be addressed later in light of SALT developments. Deferring decision on the Mark 12A production until the 1978 budget would result in a delay of only six months in warhead availability. Also, acquisition of the Mark 12A is likely to be controversial because of the counterforce potential of its higher yield and greater accuracy. On the other hand, these Mark 12A warheads would be required if the additional Minuteman III missiles were deployed. They would also be used if we wished to increase the capability of currently deployed Minuteman III missiles. On balance, I therefore recommend that the \$56.3 million also be approved.

If the Mark 12A re-entry vehicle production is approved, it will also be necessary for ERDA to provide the additional warheads. We understand this would amount to about \$6 million in 1977.

DECISION

Approve the Defense Department request as submitted. This includes \$221 million for the USS Belknap and \$322.4 million for the Minuteman III and associated deployment and warhead costs. ~~SECRET~~

Approve the Defense Department request as modified. This includes \$213 million for the USS Belknap and \$322.4 million for the Minuteman III and associated deployment and warhead costs. ~~SECRET~~

Attachments

CLASSIFIED BY Daniel A. Strawn
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED ON DEC. 31, 1984

THE WHITE HOUSE
WASHINGTON

SECRET - GDS

April 16, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: BRENT SCOWCROFT 
SUBJECT: Proposed Defense 1977 Budget Amendment
and 1976 Supplemental Request

Jim Lynn has forwarded to you a request from Secretary Rumsfeld for:

-- An FY 76 supplemental request for repair/conversion of the USS Belknap.

-- An FY 77 budget amendment intended to protect the option to continue Minuteman III production and to accelerate production and deployment of the higher-yield Mk 12A reentry vehicle of the Minuteman.

I support the full amount of the DOD request for the following reasons:

-- USS Belknap. The Belknap was badly damaged in a collision with the John F. Kennedy in the Mediterranean last fall. Since the ship has approximately 20 years life remaining, it makes sense to go ahead with the repairs. Also, I think it is important to include the \$8 million requested by DOD for the R&D account, in addition to the \$213 million for the shipbuilding account. The R&D funds would insure that planned conversion of the Belknap to an upgraded capability (new radar, sonar, and missiles) is undertaken while the Belknap is in the shipyard. This would head off the possibility that the Belknap would have to return to the yard later for conversion and be out of commission longer.

SECRET - GDS

KR 5/12/76



-- Minuteman III and Mark 12A Reentry Vehicle. Secretary Kissinger, Secretary Rumsfeld, Jim Lynn and I all believe it is extremely important to protect the option to continue Minuteman III production in FY 77, given the current status of the SALT negotiations. This matter will be reviewed again this fall, but in the interim prudence demands that we ask Congress now for approval of funding that will provide us with the capability to continue full Minuteman III production. In a similar vein, it is desirable to seek procurement funds for the Mk 12A reentry vehicle in FY 77, rather than wait until FY 78. If we were to deploy additional Minuteman missiles eventually, the Mk 12A would be needed to insure adequate warhead availability. Also, the Mk 12A could be used for the new M-X ICBM, if the M-X is eventually produced and deployed.

April 19, 1976

MR PRESIDENT:

**Proposed Defense 1977 Budget
Amendment and 1976 Supplemental
Request**

Staffing of the attached memorandum from
Jim Lynn resulted in the following:

Jack Marsh -- Recommends approve the Defense
Department request as submitted.

Brent Scowcroft -- Recommend approve the Defense
Department request as submitted.
See detailed memorandum at TAB A.

Jim Connor

~~SECRET~~



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 14, 1976

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. Lynn

SUBJECT: Proposed Defense 1977 Budget Amendment
and 1976 Supplemental Request

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KR 5/12/88

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If the Mark 12A re-entry vehicle production is approved, it will also be necessary for ERDA to provide the additional warheads. We understand this would amount to about \$6 million in 1977.

DECISION

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Approve the Defense Department request as modified. This includes \$213 million for the USS Belknap and \$322.4 million for the Minuteman III and associated deployment and warhead costs.

Attachments

CLASSIFIED BY (Signed) David Sitrin
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED ON DEC. 31 1984

THE WHITE HOUSE
WASHINGTON

SECRET - GDS

April 16, 1976

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SUBJECT: Proposed Defense 1977 Budget Amendment
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SECRET - GDS

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 15, 1976

Time:

FOR ACTION:

cc (for information):

Jack Marsh

✓ Brent Scowcroft

FROM THE STAFF SECRETARY

DUE: Date: Saturday, March 17

Time: 10 A.M.

SUBJECT:

James T. Lynn memo 4/14/76 re
Proposed Defense 1977 Budget Amendment
and 1976 Supplemental Request

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

*Supplemental to be handled
by Bob Lindw after decision made*

*Scowcroft - see comments
Marsh - approve both (?)*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President