

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

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GENERAL OFFICE

MEMORANDUM FOR THE PRESIDENT

Subject: ^{x W} Atomic Energy Commission Hospital at Oak Ridge, Tennessee

X OF 107-C

In October 1956 you authorized, under Budget Circular A-27, the Atomic Energy Commission to acquire a 175-bed hospital at Oak Ridge, Tennessee, by construction of a new building and modernization of the two permanent structures of the existing hospital. The Commission now requests modification of this authority to permit it to construct an entirely new 175-bed hospital in lieu of using part of the existing hospital.

The Commission proposes other uses of the two permanent buildings in the existing hospital. One would be turned over to the hospital Board of Trustees for operation of a nurses' training school at no cost to the Government. The other structure would be used to expand the Commission's cancer research program at a cost to the Commission of about \$150,000 for alteration and modernization of the building and a subsequent increase of \$40,000 in annual operating costs. Neither of the buildings could be utilized for these purposes until 1960 when the new hospital is completed.

The Commission also finds upon further study that only slightly more than \$100,000 in construction costs would be saved if these two permanent buildings were utilized as a part of the new hospital. The community non-profit hospital association has agreed to take over an entirely new hospital and operate it without Federal subsidy. The association refuses to enter into a similar agreement if the two existing buildings are incorporated in the new hospital.

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After careful evaluation it is our belief that establishment of a school of nursing is highly desirable and the cancer research operation is worthwhile. In view of the budgetary situation, however, no commitment should be made at this time on expansion of the cancer research program; this should be decided on its merits when the building becomes available for that use.

Because of the alternate uses for the existing buildings and the possibility of continued Federal subsidy of operating losses if they are utilized as part of the hospital, it is recommended that the Atomic Energy Commission's request for authority to construct an entirely new 175-bed hospital be approved with the understanding that before proceeding with the project the Commission obtain from the hospital Board of Trustees a firm commitment to take over the hospital on a subsidy free basis when occupancy of the new hospital is completed.

Paul Brundage
Director

X OF 72-B

APPROVED:

Doug M. ...

May 31, 1957

STAFF SECRETARY

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