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2 March 1976

MEMORANDUM FOR THE RECORD

SUBJECT: Proposed Committee on Foreign Intelligence Directive No. 1,
Received by IC Staff Note, Dated 27 Feb 76

The following general comments are provided for CFI consideration relative to the draft CFID No. 1.

(1) The NRO has no comments on Sections I - Purpose, II - Background, III - Definition of the National Foreign Intelligence Program, or COMPOSITION OF THE NATIONAL FOREIGN INTELLIGENCE PROGRAM.

(2) The following general comments are provided with respect to the remaining sections:

IV. PROGRAM AND BUDGET PROCESS - From the standpoint of the NRO, the recommended procedures seem to unnecessarily accelerate the current NRP decision process, in order to provide an annual budget submission to OMB by 1 October. This seems inconsistent with the establishment of the CFI, by Executive Order, which reports directly to the National Security Council and should have final authority within the Executive Department to establish the NFIP. It seems appropriate for OMB's involvement to be limited to coordinating the total budget level for the NFIP, with any unresolved differences on the total level being resolved by the NSC and the President. It is fully understood that submission of the CFI developed and approved budget would be through OMB to the President and to the Congress.

The current NRP decision process could be maintained if the requirement for a budget submission to OMB on 1 October were dropped. A July CFI review appears to be an appropriate approval mechanism for issuance of a PDM. Further, the November CFI review is consistent with the timing required for finalizing the budget and issuance of the PBD. The NRO would like to see the basic decision process and timing remain essentially unchanged, retaining the traditional dates of July and November for establishing a preliminary and final program, respectively.

The Intelligence Community Staff's involvement in the NRP budget development process should be limited. The CFI will be called upon to make difficult substantive judgments and decisions with respect to the NRP, and the IC Staff could best serve the CFI by concentrating on the substantive issues and the value assessment of the various program issues which have been identified by the CFI or the DNRO.

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V. REPROGRAMMING RULES - We have no basic problem with the rules as established. However, it would probably be advisable to include in the CFID specific constraints on reprogramming actions requiring Congressional approval and the approval mechanism under which Congressional notification is to be obtained. Certainly, CFI approval would be gained prior to submission to Congress. The additional requirement for a quarterly review by the CFI on all reprogramming actions in excess of \$1M poses no problem to the NRO. The NRO has always reviewed all reprogramming actions with the EXCOM as an integral part of each EXCOM meeting. However, the quarterly requirement implies that the CFI will meet quarterly for this purpose, which may be difficult.

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