INTELLIGENCE COMMUNITY STAFF

31 January 1977 | Executive Registry |
                  | 77-3251/1 |

NOTE FOR THE ADCI

Hank: FY 78

    Attached are three identical letters
to Mahon, McClellan and Inouye which will
transmit the justification book for the IC
Staff. The letters note the accomplishments
to date, set forth all that has yet to be
done, and acquaint the addressees with the
intelligence process from the resource allo-
cation/coordination point of view.

    The justification book accompanying
the letters will pretty much stand alone, and
lays out in fine detail how the IC Staff in-
tends to spend its money.

    As head of the IC Staff per 11905,
it is appropriate that you sign the letters.

John McMahon
AD/DCI/IC

ACTION

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM		
UNCLASSIFIED	CONFIDENTIAL	SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	OLC	1/31/77	
2			
3			
4	ADCI		
5			
6			

ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	

Remarks:

Please return to AD/DCI/IC for handcarry.

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE

UNCLASSIFIED	CONFIDENTIAL	SECRET

FORM NO. 237   Use previous editions   (40)
1-67

SECRET

The Director of Central Intelligence

Washington, D.C. 20505

DCI/IC 77-4.6.2.1

1 FEB 1977

Executive Registry

77-3251

The Honorable George H. Mahon, Chairman
Committee on Appropriations
House of Representatives
Washington, D. C.   20515

Dear Mr. Chairman:

Attached is the Fiscal Year 1978 Budget Justification Book
for the Intelligence Community Staff. This is a particularly im-
portant submission for the IC Staff in that it represents the first
budget preparation separate from CIA and appearing in the President's
"open" budget. Because the innermost workings of the IC Staff
remain highly classified, it is necessary that the supporting justi-
fication to the budget also be classified. We are particularly
anxious through the medium of the Justification Book to permit Congress
total visibility in how the Staff is composed and what it plans to do
with the dollars it has requested.

While the IC Staff as a unit of the DCI has been in being
since 1972, the makeup and responsibilities of the Staff as we know
them today are far different. Executive Order 11905 in February 1976
assigned to the Staff new responsibilities; namely, supporting the
Committee on Foreign Intelligence of the National Security Council in
its responsibilities for budget preparation, resource allocation and
policy management of all the assets that make up the National Foreign
Intelligence Program. That historic charter, which gave to the DCI
as Chairman of the CFI the leverage necessary to control the programs
to be undertaken within the Community, was fully implemented by the
IC Staff in support of the CFI. Fruition of its efforts was accom-
plished this fiscal year when a single consolidated National Foreign
Intelligence Program was developed and submitted to the President for
the first time in intelligence history. Inherent in that implementa-
tion was an intensive review of each program within the NFIP. Issues
were raised by members of the IC Staff with the program managers
concerning their budgets and programs and those issues which could not
be resolved were carried forward for CFI decision.

25
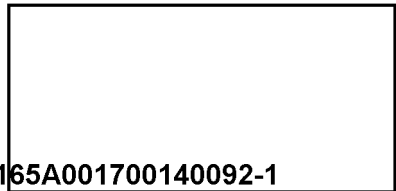
SECRET

SECRET

During the summer program hearings for the Fiscal Year 1978 budget, a series of issues was raised to the CFI which ordered that certain studies be undertaken to validate the requirements, the needs, and provide the necessary program visibility. These issues, with accompanying studies, were then again addressed by the CFI during the budget review and decisions rendered which now comprise the national foreign intelligence budget for Fiscal Year 1978. The whole exercise of iteration between the IC Staff, program managers and CFI members held the budget to a precision which we feel is a hallmark of balancing requirements, programs, costs and risks. The process reduced the program managers' initial budget request by [   ] A number of programs well worth funding were delayed by the CFI because it felt that to add them to the present program would be too much for the national budget to support at this time. An example was the delay in proceeding with the telemetry follow-on system in favor of insuring adequate imagery coverage. Programs which certainly would aid departmental needs were deferred until greater rationale could demonstrate their national value and justify their inclusion in the national program.

25)

The CFI met some twenty times to address the budget and resource issues of the NFIP. The onus for staffing those decisions and assuring all factors, Community-wide, were considered, rested upon the IC Staff.

Concomitant with the budget process, evaluations of systems and program performances were factored into the budget decisions. This in itself was a considerable task. In response to a requirement of the National Security Council an evaluation of the national foreign intelligence product was also undertaken and submitted to the NSC in December 1976. Such assessment gives us the assurances that the programs were producing valuable intelligence but, more importantly, that the users of intelligence were being served. Extensive interviews were conducted with the intelligence consumers from cabinet rank on down covering our economic, political, nuclear and military intelligence users. This review not only provided us with the confidence that the thrust of our intelligence efforts is pertinent, but also identified gaps wherein we must allocate resources to fill, if possible.

The transfer of the DCI collection committees to the IC Staff for SIGINT, imagery and HUMINT has permitted the ease of coordination in orchestrating our collection efforts against targets or activities requiring such. An example was the Sub-Sahara. By identifying the intelligence requirements for that area we were able to assess what the various collection systems could do to satisfy those requirements and then allocate resources to satisfy that need.

2

Let me not pass over too quickly the DCI committees and the role they play in a very complex but essential function of coordinating our intelligence throughout all member agencies of the Community. The IC Staff is the home for the staff of four of those committees (Imagery Requirements and Exploitation, Human Resources, Intelligence Information Handling and SIGINT) and the chairman of the fifth (Security). The head of the IC Staff is responsible, however, for overseeing the activities of all twelve DCI committees. The remaining seven not housed in the IC Staff (Exchanges, Critical Collection Problems, Economic Intelligence, ⬚ 25) Joint Atomic Energy Intelligence, Scientific and Technical Intelligence, and the Weapons and Space Systems Intelligence) are composed of representatives from various agencies of the Community whose committee function does not require full-time devotion to that task. The entire committee structure does touch upon over ⬚ 25) which at first blush may seem large, but when viewed against the intricate nature of our collection, production and special committee needs, is a rather modest commitment of part-time resources. The fact that most committee personnel-⬚ carry on normal full- 25) time jobs in addition to their committee function is an excellent example of the Community making efficient use of expertise from all walks of the Community life.

The committee structure is vital to the Community program. It affords the DCI the visibility he needs to provide the leader- ship and coordination necessary and to offer the best intelligence product to our nation. In short, the committees permit the DCI to run a community of which he is not sole commander.

Planning has been somewhat the stepchild of the Intelligence Community, possibly because the DCI never had the resource control to ensure that the proper planning resulted in program execution. The IC Staff has now developed a comprehensive planning system to close that loop by addressing U.S. foreign intelligence needs in short- range, mid-range, and long-range periods in context with the overall Government Planning-Programming-Budgeting System.

The planning system addresses the current fiscal year by producing national foreign intelligence requirements and priorities which provide broad guidance concerning the focus of collection and production. This element is then further refined by such fine-tuning mechanisms as the identification of "Key Intelligence Questions" and national requirements for specific countries. The key intelligence questions have been held to a minimum--fifteen in all--in order to emphasize those areas where improved performance is both needed and

3

feasible. The short-range planning documents thus allow program managers to employ their efforts against key needs. The planning system also provides for the identification of current year "Goals and Objectives" which the DCI provides to the entire Intelligence Community in his role as leader of the Community and senior intelligence officer of the U.S. Government. The goals and objectives are given wide dissemination to insure that program managers and other senior officials throughout the Community understand and orient their activities, to the degree feasible, in the total effort.

For the mid-range, the DCI issues "Perspectives for Planning and Programming" covering the next five fiscal years providing a substantive framework within which annual program guidance can be developed. The "Perspectives" also provide the DCI a vehicle for outlining the nation's needs for intelligence information during the program period. By ending up with implications for planning and programming, the "Perspectives" stimulate early development of those assets and capabilities which may be required for the U.S. to maintain its intelligence technological superiority.
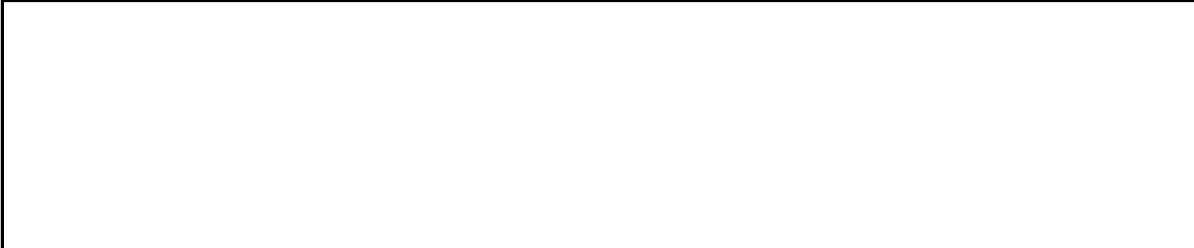
Long-range planning, the final element of the system, has received little attention in the past. Traditionally, long-range planning has been accomplished by individual components within the Community in support of individual departmental needs. We have long recognized the hazards of trying to look five to twenty years into the future in any logical, analytical fashion. While not attempting to achieve any dramatic breakthroughs the Staff is experimenting with such techniques as system and world dynamics modeling to give us a better idea of population problems, energy resources, food production, climate, and other factors which cause pressure points and which are likely to prompt the need for intelligence information. These efforts, together with the establishment of a small group to review "futures" research which has already been done within and outside the government, should give us a better feel for where intelligence efforts should be focused in our changing world. While not foolproof, these actions do provide a framework against which to work, permitting us to address the long-range planning needs with some intellectual underpinnings.

All in all, I feel that the IC Staff has done a remarkable job of accomplishment in so short a time. The Community does work together. It does produce good intelligence. We do not have waste. We have moved to consolidate and avoid duplication where such is merited.
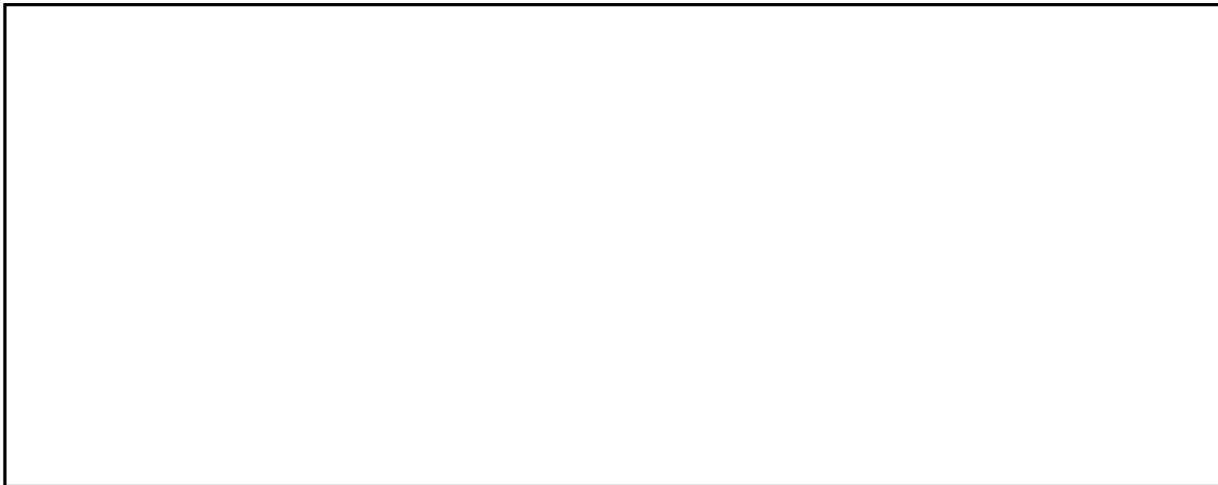
25

4

25X1

25X1

The 1977 Annual Report of the DCI on the Intelligence Community was forwarded to you on 19 January 1977. It is, as I am sure you have noted, a candid and comprehensive discussion of the things we have accomplished in the past year and, more importantly, the challenges which lie ahead and our plans for dealing with them. Underlying all of this is the development of a Community approach and a Community perspective. We have made very substantial progress in that regard, which has largely been attributable to the efforts of the Intelligence Community Staff. The Annual Report itself is an example of how the Community perspective has helped to solve old problems and to open up prospects of dealing creatively with those still unsolved. In its forthrightness and candor it exemplifies the determination of the Community leadership to meet fully the expectations of efficiency, legality, and propriety in all of our endeavors.

For ease of comparison, we have included in the justification details regarding the IC Staff Fiscal Years 1976 and 1977, as well as the 1978 budget requests. We have provided specific analysis

5

SECRET

25X1

The 1977 Annual Report of the DCI on the Intelligence Community was forwarded to you on 19 January 1977. It is, as I am sure you have noted, a candid and comprehensive discussion of the things we have accomplished in the past year and, more importantly, the challenges which lie ahead and our plans for dealing with them. Underlying all of this is the development of a Community approach and a Community perspective. We have made very substantial progress in that regard, which has largely been attributable to the efforts of the Intelligence Community Staff. The Annual Report itself is an example of how the Community perspective has helped to solve old problems and to open up prospects of dealing creatively with those still unsolved. In its forthrightness and candor it exemplifies the determination of the Community leadership to meet fully the expectations of efficiency, legality, and propriety in all of our endeavors.

For ease of comparison, we have included in the justification details regarding the IC Staff Fiscal Years 1976 and 1977, as well as the 1978 budget requests. We have provided specific analysis

5

SECRET

SECRET

and explanations for 1977 as well as 1978, and specific descrip-
tions of the external research and analytical support contracts
which we submit are essential to supplement the IC Staff efforts.

Sincerely yours,

SIGNED
E. H. Knoche
Acting Director

Attachment:
ICS FY 78 Budget
Justification Book

SECRET

Letter to Chairman Mahon forwarding ICS FY 78 Budget Justification
Book.

DCI/IC/77-0158

Distribution:
  Orig. - Addressee
    1 - ADCI
    1 - ER
    1 - D/DCI/IC
    1 - AD/DCI/IC
    1 - IC Registry
    1 - D/O/PP
    1 - D/O/PEI
    1 - D/O/PBD
    1 - C/IC/SS

25X1   AD/DCI/IC:JNMcMahon:mob[   ]29Jan77)

TRANSMITTAL SLIP | DATE

TO: ER

ROOM NO.	BUILDING

REMARKS:

FROM: I C

ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55   REPLACES FORM 36–8
WHICH MAY BE USED.   (47)