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MR

[Redacted]

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2 March 1978

MEMORANDUM FOR THE RECORD

SUBJECT: CIA Budget Presentation before the Budget Authorization Subcommittee of the Senate Select Committee on Intelligence

1. [Redacted] On Thursday, 2 March 1978, the CIA budget request for FY 1979 was presented to the Budget Authorization Subcommittee of the Senate Select Committee on Intelligence (SSCI). The hearing was at the Top Secret-Compartmented level. Security was provided by the SSCI and a transcript was taken.

2. [Redacted] Present through all or part of the hearing were Senators William D. Hathaway(D., Maine), Chairman of the Subcommittee, and Edwin J. (Jake) Garn (R., Utah), of the full Committee.

3. [Redacted] Staff members present included Bill Miller, Staff Director, Dan Childs, Hal Ford, Ed Levine, John Elliff, Ben Marshall, Mike Epstein, Angelo Codevilla and Ted Ralston. Also attending was John Clarke, consultant to the SSCI staff.

4. (U) The principal witness was:

Frank C. Carlucci Deputy Director of Central Intelligence

He was accompanied by:

John F. Blake	Deputy Director for Administration
Leslie Dirks	Deputy Director for Science and Technology
Sayre Stevens	Deputy Director, National Foreign Assessment Center
John McMahon	Deputy Director for Operations
James Taylor	Comptroller
[Redacted]	Assistant Comptroller, Resources
	Chief, Analysis Group, Office of the Comptroller
	Program and Budget Development Division, IC Staff
	Deputy Chief, Human Resources Division, IC Staff
	Office of Legislative Counsel

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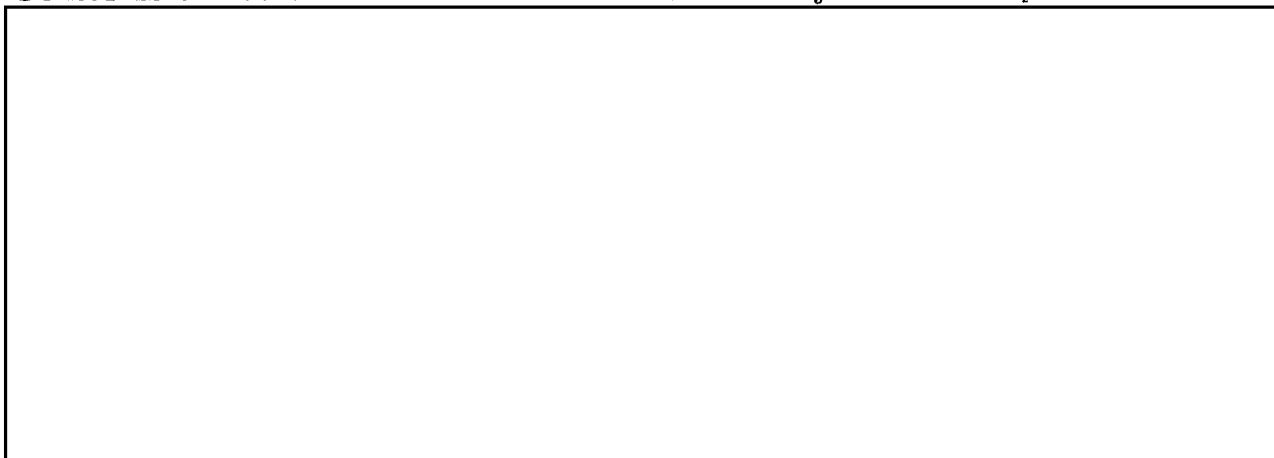
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5.  The following items of interest were noted:

a. The DDCI introduced Sayre Stevens, who explained Project SAFE. The Chairman asked about the total cost and was told about 100 million dollars over the next five years (through FY 1984). 1980 was identified as the first year of big spending. The DDCI explained how this Project would provide commonality between CIA and Defense intelligence information systems through joint planning and common design. The Chairman asked how much commonality and was told a high percentage in hardware and about 60 percent in software. The Chairman asked if this Project could have applicability elsewhere, perhaps in NSA, and was told yes, but it needed to be tested first. The Chairman asked what specific improvements in quality of analysis would result and Dr. Stevens and the DDCI said it would enable broader coverage in greater depth because analysts would be freed of filing and searching tasks. The Chairman asked if the system required more analyst training and the DDCI said no. The Chairman asked if the new project would save on existing computers. Dr. Stevens said yes, but the figure is hard to estimate. Jim Taylor said this was really a major investment intended to permit the use of all collected intelligence. The Chairman asked if he could visit the Project and was told yes. The Chairman asked what are the advantages of the interim system and was told it serves 130 analysts by routing mail and doing file searches. The DDCI said it keys off of phrases which permits coverage of a broader range of requirements.

b. Dr. Stevens addressed the subject of analyzing to find nuclear proliferation. The Chairman asked if much overt collection was going on and Dr. Stevens said yes. The Chairman then asked if there were agreements with Defense and the Department of Energy to avoid duplication and was told that this is coordinated by DCI instructions. The DDCI then said that the purpose of establishing the National Intelligence Tasking Center is to determine who will do what and to try to avoid duplication.

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i. The Chairman asked what will be the impact of The National Intelligence Tasking Center (NITC). The DDCI explained that the NITC was to facilitate the relationship between analysts and collectors, tying together user requirements with analyst needs and prioritizing collection operations. He also said NITC will have an evaluation role.

j. The Chairman asked the DDCI what goals had been set for CIA. The DDCI said he hoped to work with Congress on charter legislation, improve intra-agency communications, improve the planning process, help CIA find its place in the Community, and help CIA make its products more responsive to consumer needs.

k. The Chairman asked about Agency morale in light of the personnel reductions. The DDCI said he was determined to resolve any remaining problems stemming from the reductions.

l. The Chairman asked how budget decisions were made. The DDCI explained that the Agency budget was set by certain parameters. Then these were adjusted by DCI guidelines, such as the reduction to the Operations Directorate and the increase in production activities. The



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The Chairman asked what would be done with more funds. The DDCI said we would do more R&D, more HUMINT, move ahead on SAFE and [redacted] but he emphasized that this budget was adequate.

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m. The Chairman asked for an explanation for the cutback in counterintelligence and the DDCI and Mr. McMahon explained that this represented a cut in the Headquarters staff but not a cut in the emphasis on counterintelligence. Mr. McMahon said that it is his intention to strengthen counterintelligence through all officers overseas.

n. The Chairman asked for explanations of increases in external analysis. The DDCI explained that external analysis aids the in-house analyst. The Chairman asked if it could be done in-house and the DDCI said yes but it would take more people and was not a good idea on one shot problems. The Chairman asked if there were any security problems connected with external analysis and Dr. Stevens said no. The Chairman asked for a good example of external analysis and Dr. Stevens cited the  work on missiles.

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