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CIR 72-0024
4 February 1972

MEMORANDUM FOR: D/DCI/NIFE
SUBJECT : OMB Concepts

1. As I advised you and the Director, I have been closely following OMB's current thinking about the DCI's community responsibilities. In view of the Roger Jones, Hall, DCI scheduled sessions, Hall's own concerns over the contact teams, and the need to explain to Congress what this is all about, I have described below some of the more important aspects of OMB's approach to this matter.

2. First, OMB would like intelligence activities presented and justified as a single package; this package being shaped and sized in response to substantive factors, rather than by fiscal considerations, as is the case in DoD. Intelligence programs in DoD must now compete for funds in a somewhat arbitrary fashion with other programs. The funds the intelligence programs receive depend upon whether DoD as a whole has been given a liberal budget or has been squeezed. By "building a fence" around the intelligence programs (i.e., removing them from competition with other DoD programs), OMB believes that intelligence resource needs can be determined in relation to substantive requirements. (I agree with them and have urged they place emphasis on these points.)

3. The guidance now provided DoD intelligence program managers is almost totally of a fiscal nature. OMB sees it as the DCI's job to provide substantive guidance to intelligence program planning and to review substantive issues influencing resource needs. Substantive guidance would have to be issued well in advance of program planning (about two years in advance) if it is to be useful to DoD. It would provide to the community the DCI's advice regarding (a) major developments which are anticipated in political, economic, military and scientific affairs; (b) the likely impact of these developments on intelligence requirements and priorities; and (c) the important gaps and deficiencies against which the programs should focus. (I agree with this position and have urged its inclusion in the memo.)

4. OMB sees the "issue" process as a very important and fundamental part of the program/budget process. The DCI's examinations of substantive issues, and his recommendations resulting from these examinations, would serve at least four purposes: (a) to identify areas

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requiring resource management attention (e.g., improvement in the application, use, and coordination of resources and assets); (b) to provide specific guidance on the legitimacy and priority of requirements and programs; (c) to assess alternatives with respect to both requirements and programs; and (d) through the above, provide additional substantive basis for fiscal guidance to program managers. OMB sees the DCI relying almost exclusively upon CIA's production offices for the identification of substantive issues. (OMB is aware that we have already begun down this path - an obvious point.)

5. OMB's current thinking is that the DCI would use IRAC for the coordination and review of planning guidance, issues, special studies, and coordination of congressional presentations on resources.

6. OMB believes that the DCI's staff should be involved in the program review processes of GDIP, CCP, etc. They see this role as somewhat passive, but agree with me, it would not be so far removed that they would be simply observers. OMB sees the contact teams as identifying specific program issues which would support the DCI's positions with ASD/I, NRO, and even OMB. The DCI's issues would be expressed in Program Decision Memoranda which pose alternatives and in development of the Consolidated Program Budget.

7. I got the impression that OMB has not yet figured out just how deeply the DCI should become involved in the DoD budget process (as distinct from program review). It is my firm belief the DCI Staff must be involved in the Budget decisions also, and I believe I have convinced OMB of this. Experience shows that important decisions are frequently made during budget formulation and execution. If the DCI is to know the extent to which his guidance and decisions have been followed in the actual budgets presented to OMB and Congress, his staff must monitor the budget process. Similarly, since manpower decisions are very frequently made outside the program review process but inside the final budget judgments, this aspect of resource review must be closely monitored as well.

8. I talked to OMB about the manner in which the DCI would present the Community program/budget to the President through the Director, OMB. I stressed the view that the DCI input and presence on the decisions impacting on intelligence should parallel that of the Secretary of Defense on the Defense programs. I feel this is essential as a powerful support to the leadership assignment. On the format of the Consolidated Program Budget, it seems clear that OMB wants to see the presentation made in terms of functional categories (e.g., collection, production, processing) and in terms of issues relating to these categories. Some expression of geographic and functional targeting will

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also be expected, such as identifying collection resources against Soviet strategic weapons systems, Soviet ground forces, and so forth. The data base for this analysis, however, must reflect actual accounting data and be able to track resource needs back to the appropriation structures as well. (I agree with OMB here.)

9. A final draft on the "Concept Paper" is about to appear. It almost certainly will cover in greater detail the points which I have discussed above. I have a pretty clear idea of what is expected and I will begin some fairly specific planning to cope with what lies ahead just as soon as we get the Director's congressional presentation boiled down. Your good efforts vis-a-vis Hall and the letters to the program managers begin to get this on the road.



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cc: Executive Director/Comptroller

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