

WASHINGTON

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Presidential Directive/NSC-

TO: The Secretary of State
 The Secretary of Defense
 The Attorney General
 The Director of Central Intelligence

SUBJECT: Reorganization of the Intelligence Community

I have reviewed the results of the PRM/NSC-11 studies relating to organization of the Intelligence Community and subsequent SCC deliberations and have reached the following conclusions:

1. The National Security Council will continue to act as the highest organizational entity that provides guidance and direction to the development and formulation of national intelligence activities. To this end, the Policy Review Committee, chaired by the DCI and to include the Secretary of State, Secretary of Defense, Secretary of the Treasury, the Assistant to the President for National Security Affairs and other attendees as deemed appropriate by the chairman, will meet as an intelligence requirements committee. The primary function of the PRC intelligence requirement meetings will be to define and prioritize substantive intelligence requirements and evaluate analytical product performance. The PRC will submit semiannual reports to the NSC on its activities.
2. The Director of Central Intelligence will have during peacetime full tasking responsibility and authority for translating PRC-validated national intelligence requirements into specific intelligence collection objectives and targets and assigning these to intelligence collection organizations. For these purposes a National Intelligence Tasking Center jointly manned by civilian and military personnel will be established under the direction of the DCI to task all national intelligence collection systems. The Tasking Center will also

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be responsible for ensuring that the resulting intelligence flow is routed immediately to relevant components and commands. In periods of crisis or during war the power to task collection facilities may be delegated to the Secretary of Defense upon the express direction of the President.

3. The Director of Central Intelligence will have full and exclusive authority for approval of the National Foreign Intelligence Program (NFIP) budget prior to its presentation (through usual procedures) to the President, for its presentation to Congress, reprogramming of NFIP funds and monitoring program implementation. In response to DCI guidance, the departments and agencies of the NFIP will submit their proposed national program budgets to the DCI and assure that the DCI has all information necessary to perform his budgetary responsibilities. The National Foreign Intelligence Board will advise the DCI on all of his budgetary responsibilities in the same manner as it does on national intelligence production and other activities of common concern. Department heads will retain the right to reclama DCI budget decisions to the President.
4. The DCI will be provided with adequate staff support to ensure his full access to relevant information and the capability to carry out program audits and evaluation.
5. The Director of Central Intelligence will continue to act as the primary adviser to the National Security Council and the President on substantive foreign intelligence and to have full responsibility for production of national intelligence in appropriate consultation with departmental analytical centers. He will retain all other powers provided to him under relevant statutes and executive orders.
6. Apart from the foregoing, line authority will remain with the heads of the relevant Departments and Agencies. All other organizational and operational arrangements and responsibilities assigned under existing statutes and executive orders shall remain in full effect. Personnel administration, management and support activities, operational implementation of DCI tasking, and audit/inspector general functions will remain as presently assigned under departmental arrangements.

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The Director of Central Intelligence and the Secretary of Defense shall draft an Executive Order to implement the above decisions for review by the NSC Special Coordination Committee and my approval. This will provide the basis for consultation with Congress on the development of appropriate charter legislation.

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Line authority implies responsibility, legal authority, and accountability. It includes (but is not limited to):

- responsibility and legal accountability for the activities undertaken by an organization,
- legal authority to issue orders and ensure that they are carried out.

Line Authority

- Hire/Fire/Promote
- Control over development of budget and flow of funds.
- Make policy governing agency operations
- Oversight responsibility/authority
- Plan for agency future

Residual Line Authority - Where

Agency must serve two masters--one having dominant interest in structure, the other in operations and product.

DOD
Residual Line Authority

- Determine budget requirements
- Fiscal accountability
- Day-to-day management of security, training, personnel ceilings, operations
- Establish internal priorities
- Control dissemination policy within DOD

DCI
Operations Line Authority

- Final word on cross program tradeoffs
- Disburse funds
- No direct control
- Final word on priorities relating to community interest policy
- Control dissemination outside DOD

Full Line Authority - means an agency is ultimately subordinate to the decision of the Director/SecDef on issues of money, personnel, operations and interagency relationships.

Exercise through these mechanisms:

1. Determination of budget format and control over flow of funds;
2. Final word on program approval;
3. Financial audit authority;
4. Hire/fire authority over principal appointees;
5. Determination of personnel ceilings and division of labor;
6. Establishment of operational priorities and goals;
7. Oversight through Inspector General;
8. Determination of intragency policy and rules of dissemination.

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Summary of DoD Position on PRM 11

Statement:

According to the DoD paper, "Option A includes nine significant changes to the current system.

Restructuring of system for setting priorities:

Responsibility for setting intelligence requirements and priorities would be separated from management policy, operating policy and budget decision-making by setting up a new committee of consumers. It would include the Vice President, the Assistant to the President for National Security Affairs, the Secretary of State, the Secretary of Defense, and other user departments who would be represented on a rotating basis. This priorities committee would be supported by the NSC staff."

Comment:

This is basically a good idea, and we have proposed a similar arrangement. DCI should be represented on this committee.

Statement:

The DoD paper says, "New tasking procedure: Responsibility for tasking collection facilities during peacetime would be explicitly delegated to the DCI. He would seek the advice of committees of consumer and producer representatives. Tasking decisions could be appealed by consumers to the priorities committee, there to be finally decided."

Comment:

Making the delegation to the DCI explicit will do little; everyone agrees that the DCI is in charge of tasking. Absent is the authority to ensure that the tasking is carried out by Intelligence Community collectors not under DCI's authority. DCI has responsibility without authority.

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Statement:

The DoD paper says, "In crisis or war, power to task collection facilities would be delegated to the Secretary of Defense."

Comment:

We agree, as the statement appears here. Later in the paper, however, it is stated that the SecDef should have the authority to decide when a crisis warrants his taking control. This is absolutely unacceptable--the President should make this decision.

Statement:

The DoD paper states, "Expanded access to data: Access to the data produced by each collection facility would be specifically authorized for each production facility."

Comment:

This is a critically important issue; we and Defense apparently agree that it is a problem area. We believe, however, that progress on this issue, which has resisted solution for 30 years under the present structure, is extremely difficult unless the various components which help to create the problem--in CIA as well as Defense--are under unified control. In short, the goal is laudable, but we do not believe that the means to achieve real progress can be developed within the existing structure.

Statement:

The DoD paper proposes, "IC staff members designated by the DCI would have explicit authority for direct access to program managers, with information copies of requests to a designated point within the department concerned."

Comment:

This is fundamental to the IC Staff function and is a capability they should now have. This statement illustrates the difficulty the DCI has had in getting access to information from components not under his control.

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Statement:

The DoD paper suggests, "Revised budget procedures: Responsibility for preparing budget requests for each of the intelligence entities would rest with the department or agency with line authority over the entity. Those budget requests would be submitted to, reviewed and amended by the PRC(I), chaired by the DCI and supported by the IC staff. Appeals would be directed to the NSC. The PRC(I) would submit a consolidated intelligence budget to the President."

Comment:

DCI with the PRC(I) mechanism now has the capability to review and amend budgets submitted to him by Community components. Presently his decisions, or more correctly recommendations, can be appealed to the NSC by the SecDef or Secretary of State. This portion of the DoD's Option A is not a change from existing authorities.

Statement:

The DoD paper says, "The budget approved by the PRC(I) would be "fenced" from departmental or DCI changes. Reprogramming decisions requiring Congressional action would be made by the PRC(I) and below that level by the departments."

Comment:

Decisions or recommendations by the DCI in his PRC(I) capacity are now fenced by Congressional refusal to allow funds over a certain level to be reprogrammed. In essence the DCI is given the authority to "fence" PRC(I) fund allocation decisions that are now fenced anyway by Congress by the need to seek reprogramming approval.

Statement:

The DoD paper suggests, "The IC staff would have explicit authority to verify program and budget implementation by the departments."

Comment:

Again the access to information when the IC Staff wants it is the essence of the problem. Explicit authority to verify program and budget implementation by the departments is only effective if it can be implemented routinely. Access to information would need tacit DoD concurrence. The DCI's only appeal for noncompliance would be to the President. Thus there is a built-in area of friction between

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the DCI and SecDef with the President the only arbiter. Not very workable.

Statement:

The DoD paper proposes, "Improved safeguards against abuse: The DCI would be divested of current responsibilities for ensuring strong inspector generals community-wide. In order to avoid conflict of interest, these responsibilities would be transferred to the IOB."

Comment:

It is organizationally sound to give the IOB its own ability to monitor intelligence activities and to investigate reported abuses. However, it is probable that the DCI would also want an IG capability to oversee the intelligence activities taking place under his authority.

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Th. Powrie

BASIC PRINCIPLES

1. Clandestine

Must integrate with, not separate from NSA, NRO. Today
DDO charges off to do the whole job.

Also close to analysts.

2. Czar or Checks and Balances

No evidence fragmented authority provides better insurance
against abuse.

Agencies with two bosses play one against the other.

Oversight bodies and a single individual they can hold
responsible are the preferable route.

Congress

IOB

Process - NSC/Cabinet/President

Fact that one man is in charge does not free him from
criticism within system.

BASIC STATEMENT

- I. Fortunate Harold's clear statement brings us close to agreement on what problems are:
- 1st Item - Establish priorities - agree.
 - Next 2 Items - Tasking - needs centralized control - differ how obtain.
 - 3 More Items - DCI access data - agree problem - not solution.
 - 2 More on - DCI budget influence - again agree it's a problem - not solution.
 - Finally 1 Item - Accountability.
- Lump problem areas of access to data, tasking and budget controls because all amount to same issue - what corrective action will suffice.
 - Option A relies on restatement of DCI's right of access and tasking. I say "restatement" because DCI right of access, for instance, was clearly stated in NS Act of 1947 and even more clearly 11905.
 - Yet as Option A indicates - still have a problem - I agree. I would go so far as to say that we are almost as vulnerable today to a failure to exchange intelligence data as we were in December 1941. Do not think problems of access to info, tasking or budget control all be solved by words - directives - DCI must have enough clout to get info - to ensure his tasking is carried out.

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- I thought and hoped that some compromise such as Option A would suffice. The process of developing PRM-11 persuaded me that this would not be possible. The irrationality and emotion which that exercise evoked was indicative of the strong and unhealthy undercurrents beneath what we would like to believe is a community. Rather than a community we have an organization of separate, independent and fiercely competitive agencies. Examples of lack of cooperation; of protection of position; of withholding of information are rife. These are dangerous in themselves. The Congress is beginning to use them to exercise executive type control over us. I feel a strong sense of need a desire within the intelligence organizations for strong central leadership.
- Centralized control will also improve accountability. The committee approach does not ensure quality of work or prevention of abuse. There is not adequate control. The present system has been tried for the past 30 years. It failed to prevent abuses.
- Essentially, this is the same struggle that we went through in 1947 when the DoD was carved out of the Army and the Air Force. That act was also an effort to compromise - to fractionalize control - it failed miserably and had to be replaced within two years. In both '47 and '49, there were dire predictions that that centralization would emasculate our services beyond usefulness. Not so.

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- Intelligence has progressed almost as much as Defense in 30 years - terms importance - terms capabilities.
- Authority to produce intelligence not improved commensurately.
- Unique opportunity - coincidence Executive, Legislative and Public interest - not moment for another in 30 years of partial biting of bullets.
- Looked hard for middle ground -
 - Avoid confrontation.
 - Avoid placing President diff position.
 - Instance in which instinct that must be middle ground may not be correct.

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POINTS IN REFUTATION OF SECDEF STATEMENT

1. The SecDef statement avers that we have an intelligence community and that this is preferable to an intelligence "czar." In fact, rather than a community we have an organization of separate, independent and fiercely competitive agencies. I thought and hoped that some compromise step such as Option A would suffice. The process of developing PRM-11 persuaded me that this would not be possible. The irrationality and emotion which that exercise evoked was indicative of the strong and unhealthy undercurrents beneath what we would like to believe is a community. Examples of lack of cooperation; of protection of position; of withholding of information are Qife. These are dangerous in themselves. The Congress is beginning to use them to exercise executive control over us. There is a need and a desire within the intelligence organizations for strong central leadership.

2. It is clear from the fact that three of the nine changes proposed in Option A relate to providing more complete access to data within the IC, that the National Security Act of 1947 and Executive Order 11905 of 1976 have failed in this regard. The Act of 1947 made these same three "changes" 30 years ago. The

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Executive Order reaffirmed that a year and a half ago. There is no greater probability that a simple restatement of this requirement today will be any more effective. We are almost as vulnerable today to a failure to exchange intelligence data as we were in December 1941.

Quote - Section 3(4)

Quote NSA 1947

3. Centralized control will improve accountability. There are already adequate checks & balances; there is not adequate control. The so-called checks & balances system has been tired for the past 30 years. It failed.
4. Essentially, this is the same struggle that we went through in 1947 when the DOD was carved out of the Army and Air Force. There were dire predictions that that centralization would emasculate our services beyond usefulness.

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Mr. Bowie --

Attached from Admiral Turner - for
the PRM 11 meeting at 5:00 p.m. today.

Alyce

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