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ICS-4632/91

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MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: Director, Intelligence Community Staff

SUBJECT: Intelligence Community in the 1990s: Study
                  Group Report to the DCI (29 May 1991)   25X1

1.   In March 1991, then DCI Webster commissioned a
senior-level group under Danny Childs to examine the missions,
functions, and organizational structure of the Intelligence
Community and identify ways to strengthen its capabilities to
meet the challenges of the 1990s. The group also was directed
to review existing DCI authorities and responsibilities and, if
needed, recommend alternatives for enhancing his management and
direction of the Intelligence Community.   25X1

2.   The study was completed and sent to Judge Webster in
May 1991. It "focused on identifying and understanding the
major substantive national security issues that will challenge
the Intelligence Community in the future and, from that,
developing alternatives--both functional and structural--that
would enhance the Community's ability to meet these
challenges." The study contains 34 conclusions, four under the
category of "General Observations," 15 under "DCI Authorities
and Responsibilities," and 15 under "Functional Intelligence
Issues."   25X1

3.   In September 1991 I directed select senior members of
the Intelligence Community Staff to review the report and its
conclusions, and based on their collective experience prepare
comments--and where appropriate actions--for your
consideration. Their comments and recommendations have not
been coordinated with other organizations in the Intelligence
Community. Comments were not prepared regarding the "General
Observations" because they are just that--general
observations. The ICS group concurs in the negative
recommendation regarding the Director of National Intelligence
conclusion. And, the group did not address the conclusion

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SUBJECT: Intelligence Community in the 1990s: Study Group
Report to the DCI (29 May 1991)   25X1

addressed--related to the National Intelligence Council because
it did not believe it was within its purview.   25X1

4. During the conduct of the review, the Special Task
Team found that for many of the conclusions some actions
currently are under way. The team also found that for many of
the conclusions either additional or new action is required,
either by you as DCI or by some elements in the Community.   25X1

5. In an attempt to make the Task Team report most useful
to you, it contains a short discussion of each conclusion,
describes actions under way for each, and identifies what
additional actions are required. The conclusions are organized
into two groups. The first group (Tab A) contains those which
the team believes require quick action. Tab B contains the
rest of the conclusions which are judged by the team to be less
perishable. They may or may not require action.   25X1

6. After you have reviewed the attached document, I would
like to talk to you regarding how the Intelligence Community
Staff can assist in implementing necessary changes in the
Intelligence Community. Please let me know when you are ready
to discuss how we can help.   25X1

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C. Norman Wood
Lieutenant General, USAF

Attachments: As stated

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SUBJECT: Special Task Team Response to the Childs Report

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The conclusions in this TAB are those we believe require quick action. There are ten that we have placed in this category--five related to DCI Authorities and Responsibilities and five related to Functional Intelligence Issues. They are arranged according to the order found in the Childs Report.

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Conclusion: "A second DDCI position should be established to manage Community affairs, and one of the three senior positions should normally be filled by a four-star military officer."

Discussion: The DDCI for Intelligence Community Affairs (DDCI/ICA) would look outward to coordinate, on your behalf, cross-jurisdictional interests and responsibilities such as programs and budgets, collection requirements and counterintelligence. The DDCI/ICA also should be given charge of designated DCI Centers which have operated as Community organizations under the control of the DDCI (e.g., DCI/CSE, DCI/CIC, DCI/CTC) and the DDCI/ICA should be given supervision and budgetary authority over all centers and activities that provide services of common concern to Community agencies such as the Interagency Training Center, which provides technical surveillance countermeasure training for the Community, and the Community-wide Computer-assisted Compartmentation Control (4C) System.

In order for the DDCI/ICA to he effective, he and his Intelligence Community Staff must have a clearly articulated Community mission and authority from you. In addition, the DDCI/ICA should be physically located at Langley. The current DDCI position should be designated DDCI/CIA with similarly defined missions within the CIA organization.

Action(s) in Place: None of which we are aware.

Action(s) Required: That you establish the position of DDCI/ICA with a clearly articulated Community mission separate from that of the DDCI/CIA, and nominate a senior military officer to fill the DDCI/ICA position.

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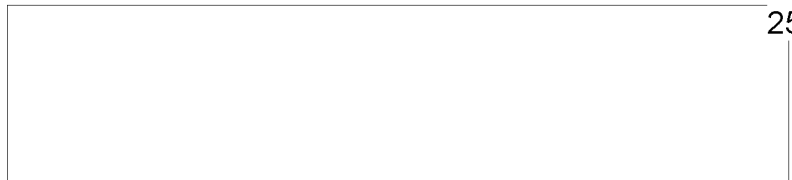
Conclusion: "The Intelligence Community Staff should be strengthened and colocated with the DCI at Langley."

Discussion: Strengthening the Staff requires a focus on those key areas where you look to us for support. In the past, those functions have been budget, requirements, and policy.

There are pros and cons to colocating the ICS at Langley. The key advantage would be greater accessibility to you. The key disadvantage is that colocation would generally be perceived within the Community as evidence that the Staff is a captive of, and therefore biased towards, the CIA.

Action(s) in Place: The Inspector General Report on the ICS recommended steps to strengthen the ICS, and those that were within the purview of the D/ICS have been taken, including:

o   Elimination of the Deputy Director for Requirements and Evaluation and the Requirements and Evaluation Office.

o   Elimination of nine positions to make the staff smaller and more focused.

o   Restructuring to add more assessment capabilities in the Program and Budget Office.

In the case of colocation at CIA, the space at CIA that was recently vacated by the Comptroller has been tentatively earmarked for ICS use. This would accommodate about 30 positions.

Action(s) Required: That you articulate how you will use the ICS, and that you decide what parts, if any, of the ICS should move to Langley.

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Conclusion: "The NFIC needs to place greater emphasis on program evaluation to ensure that scarce resources are invested wisely and that operational systems remain cost effective."

Discussion: The NFIC is an advisory body to the DCI on resource issues. In this capacity, it addresses and recommends positions for the DCI relative to resource decisions affecting NFIP programs. It is beneficial not only to the DCI but Community members as well, providing advice and counsel to senior Community leadership. The NFIC has been directly involved, and will continue to be involved, in almost all of the tough budget issues that the DCI has faced over recent years [ ] HUMINT in the 90s, [ ] etc).

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The benefits of evaluating our capabilities are obvious, especially when we must ensure the "biggest bang for the buck" during a period of declining resources and vastly changing requirements. There are, however, major difficulties in establishing a structured series of routine assessments. They include:

o   Getting, and keeping, full Community support in order to do effective and objective assessments.

o   Enforcing implementation of recommendations at odds with a Program Manager's views.

Action(s) in Place: A number of initiatives have been put in place over the past two years that have strengthened the capability to perform program evaluation. These initiatives include:

o   The creation of a Program Guidance and Evaluation Division in the ICS Program and Budget Office (PBO). The PBO, in support of the DCI, prepares NFIC issue papers at relevant times during the programming and budgeting cycle on topics or programs of significant Community concern and conducts, as appropriate, assessments and evaluations in support of those issues.

o   The Program and Analysis Office (P&A), relatively new within the NRO structure, conducts end-to-end, cross-program, and cross-discipline analysis on NRO collection assets and programs, and provides an integrated strategic planning function for the D/NRO.

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o   The Intelligence Program Support Group (IPSG) was recently
     established to support OASD/C^{3}I. It creates a major
     staff with DoD intelligence to conduct program and
     cross-program reviews as well as special program
     assessments, identifying issues to be considered by the
     resource advisory groups that support both the DCI and the
     SECDEF.

In addition, the DCI's collection committees also provide
Community fora for assessing the utility of various systems and
projects within their purview. For example, last fall the
SIGINT and MASINT committees jointly undertook an extensive
evaluation on the utility   25X1
                                      These types of assessments   25X1
play heavily in the program and budget decisions made by the
DCI.

Action(s) Required: That you encourage the Community to
support PBO's efforts to conduct evaluations of existing and
new initiatives on a more routine basis than annually, when
these issues tend to surface during budget preparation. In
addition, support PBO's efforts to become more aggressive in
providing general resource strategies, especially important
over the next several years as the Community responds to the
evolving international political, social, economic, and
military order. The current study of evaluating the impact of
changing requirements on the future of our collection
architecture is a good example of this kind of work.

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Conclusion: "There are a number of areas where the relationship between the Intelligence Community and DoD needs to be clarified or strengthened, including developing more effective means to define and integrate planning and decisionmaking for national/tactical intelligence requirements; updating and executing the command relationship agreements for transferring authority over intelligence assets in time of crisis; and examining options for institutionalizing or consolidating the myriad "quick reaction support teams" that provide intelligence support to military commanders during times of crisis."

Discussion: Lessons-learned reports from a number of crises in the past ten years (Grenada, Panama, DESERT SHIELD and STORM) identify similar problems in the relationship between the Community and the Defense Department. Some of these problems could be alleviated by strengthening the Community-Defense relationship.

The main benefit of doing this would be better intelligence support for military operations, premised on a better understanding--in both the Intelligence and Defense Communities--of missions, requirements, capabilities, and limitations.

Action(s) in Place: Driven by DESERT SHIELD and STORM, a number of actions are under way that directly address the main issues raised in the Childs Report.

o   DIA has prepared a joint doctrine for intelligence support to military operations and recently took organizational steps to enhance support through the JCS/J2.

o   CIA has initiated a broad effort to improve its support for military operations.

    -   A cross-directorate task force is working to identify actions that the Agency should take in this area, including an initiative to increase the military presence within the Agency.

o   Two Intelligence Community studies--both ongoing--are particularly germane. One of these is a broad study of the Persian Gulf crisis conducted by the IC Staff; its recommendations cover the main concerns in the Childs

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Report--and others as well. The second is an interagency study being conducted at the DDCI's request to identify ways to improve support to military operations. This study, which is led by Dan Childs and Charlie Allen, also engages the concerns of the earlier Childs Report and complements the IC Staff study. Its recommendations, if accepted and implemented, would meet the Childs Report's objectives. Further action beyond implementation of key recommendations in these two studies is not necessary at this time.

<u>Action(s) Required</u>: Convene an NFIC meeting to discuss and implement key recommendations for the Community's review of support to DESERT SHIELD and DESERT STORM.

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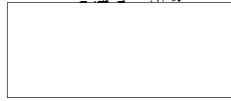
Conclusion: "The Community should come to some agreement on its highest priority area studies/foreign language needs and focus its attention on these areas, including implementing an aggressive monetary awards program and seeking legislation to establish a rotational foreign language and area studies scholarship program for promising high school graduates."

Discussion: Focusing on those languages/areas deemed most important would enable the Community to plan a cohesive training program, and develop a body of linguists able to serve the entire Community in times of crisis. It also would ensure a more steady flow in the linguist pipeline. The DCI Foreign Language Committee (FLC) could serve well as the central point in focusing the Community's attention on foreign language issues. In mid-1989 the Foreign Language Committee completed a study (An Assessment of Foreign Language Resources in the Intelligence Community) which considered most of the Community's language concerns--including those cited in the Childs Report. While this assessment points out problems and deficiencies, it also underscores the fact, that although resolution of many of the problems requires funding, many could be greatly alleviated though creative non-traditional approaches and Community-wide commitment and cooperation.

Action(s) in Place: Several steps are currently under way to increase emphasis on foreign language and area studies training:

o   The National Security Education Act, which is scheduled to be discussed at the SSCI-HPSCI Budget Conference, will provide funding out of Intelligence Appropriations for scholarships for undergraduate language and area studies, grants to educational institutions to improve or develop training courses, and fellowships for graduate study abroad. The Intelligence Community will have a voice in determining the critical languages and areas and will provide positions in the various agencies for many of the graduating students.

o   Other plans under way include the establishment of a National Language Training Center (possibly in 1994 and as part of the Foreign Service Institute) and the development of standardized qualifying language proficiency levels among the intelligence agencies and military elements. The National Training Center will eliminate some duplication and certainly could assist in the development of standardized language proficiency levels. Further, the standardization of proficiency levels would contribute greatly to the flexibility and mobility of linguists within the Community.

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o   Monetary awards are currently given to linguists in the
    Intelligence Community for achieving and maintaining
    language proficiency. However, each agency has its own
    program and they vary greatly from agency to agency. If
    there is to be greater Community coordination in
    recruitment, training and pooling of linguists then there
    must be a more uniform Community-wide monetary awards
    system.

o   The ongoing revitalization of the DCI FLC is key to
    energizing the Community in placing increased emphasis on
    foreign language and area studies training. The FLC does
    not have a full-time chairperson. Steps are being taken
    to ensure funding and full staffing, including the
    appointment of a full-time chairperson, for the DCI FLC.

Action(s) Required: The DCI should endorse the full funding
and staffing of the FLC and ensure appointment of a full-time
chairperson.

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Conclusion: "A comprehensive plan for collecting and
exploiting open source information needs to be developed;
additional resources will need to be devoted to this effort in
the future."

Discussion: We concur with this conclusion. Over the past
decade, virtually every study undertaken by the Community to
address substantive gaps and shortfalls has called for
improving open source collection and exploitation. And, other
than individual efforts (in particular CIA's), the Community
has done very little. So, the need for a" comprehensive plan"
is probably greater today than ever before.

Action(s) in Place: 'In the individual NFIP programs, CIA
appears to have the only significant initiative for enhancing
open source capabilities, and even it is only modestly funded.
In the Community arena, the ICS has conducted a number of open
source related studies, from the comprehensive 1984 report by
an Executive Steering Group, to the 1990 ICS relook at the
status of open source.

Action(s) Required: You need to discuss this issue with NFIC
principals and agree on a Community approach and investment
strategy for improving the collection and use of open source
material within the Community.

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Conclusion: "Clandestine support to military operations needs to be strengthened and a dedicated focal point structure within CIA/DO should be established for this purpose."

Discussion: It is clear that DO support to military operations must be improved. In the past ten years, virtually all reviews of military operations cite shortcomings in HUMINT as a principal deficiency in intelligence support. As a result, CIA has commissioned a task force, led by a senior DO officer, to identify ways to improve its support. A focal point within the DO for support to military operations will be established. (Congressional interest in the assignment of a senior military officer to CIA/DO also has been expressed.)

Action(s) in Place: 25X1
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Action(s) Required: That the DCI act on the recommendations in the above-mentioned reports.

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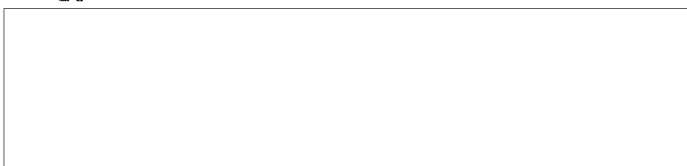
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Conclusion: "The current imagery structure is working well for the most part and major restructuring is not needed."

Discussion: In spite of the finding of the Childs group regarding this issue, the structure of the imagery community continues to be of concern to Congress. In our view, the focus of Congress' attention is on DoD, based on language in the FY 1992 budget passback, but does include to a degree non-DoD parts of the imagery community.

The most recent DCI response to a Congress inquiry regarding the imagery structure issue was in February 1989. In essence, Judge Webster's response stated that "a new imagery management structure would not provide greater efficiencies but, on the contrary, would impose another bureaucratic tier that would create more problems than it would solve." No follow-up questioning from Congress occurred in response to the DCI's letter.

Th issue was raised again by Congress in the FY 1992 budget passback language. In September 1991 ADCI Kerr's response to Congress regarding the FY 1992 budget language stated that a study is required to assess where changes in the Community are needed, and that any Congressional decision regarding imagery management issues should await results of our own assessment of the need for change. It is clear that some response regarding the imagery management issue must be provided back to Congress this next year.

Action(s) in Place: In October of this year COMIREX sent to ADCI Kerr a Terms of Reference (TOR) for an end-to-end study of the imagery community. The study is designed to be conducted by a blue ribbon panel under SECDEF and your direction. A central theme of the TOR is the type of management structure the imagery community will require to respond to the needs of the mid-to-late 1990s.

Action(s) Required: That you and the SECDEF commission a blue ribbon panel to review the issues identified in the TOR.

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Conclusion: "A review of imagery exploitation activities should be undertaken to identify and eliminate unnecessary duplication and redundancy."

Discussion: As stated in the text of the Childs Report, this issue may be more perceived than real. Nevertheless, the Childs group recommends that a thorough review of this issue be conducted.

A report was sent to Congress under DCI and SECDEF signature in the summer of 1990 regarding this specific issue. In a nutshell, it stated that unwarranted duplication does exist but, as measured against the totality of imagery exploitation, it is about 5 percent. We have not heard any comments back from Congress regarding the report, but it is likely that the report was read with an appreciable degree of skepticism. The findings in the 1990 report are about the same as studies done in the late 1970s and early 1980s.

Action(s) in Place: In October 1991 COMIREX sent to ADCI Kerr a Terms of Reference (TOR) for an end-to-end study of the imagery community. The study is designed to be conducted by a blue ribbon panel under SECDEF and your direction. The TOR was drafted in response to a number of statements received in the 1992 budget passback concerning management of imagery. COMIREX included the issue of duplicative exploitation in the TOR.

Action(s) Required: Commission a blue ribbon panel to conduct the imagery review.

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Conclusion: "The DCI Counterintelligence Center should adopt a stronger Community focus, especially in the analytic area, and consideration should be given to having it headed by a senior FBI officer."

Discussion: If you approve the creation of a DDCI for Intelligence Community Affairs (DDCI/ICA), the DCI Counterintelligence Center (CIC) should be placed under this position. Stronger Community focus would be achieved because it would be looked upon as a true Community entity. This would also blunt any perceived need to head it with an FBI officer, although choosing such leadership would further substantiate its interagency nature. Under the DDCI/ICA concept, there would be less reluctance and more enthusiastic endorsement for making the CIC more broadly representational and, at a minimum, ensure staffing with FBI personnel. (There currently are no FBI detailees assigned to the CIC.) Broader Community representation on the CIC, in both numbers and agencies, would unquestionably enhance the Community focus of analysis by providing a wider level of expertise in CI matters than is currently the case.

Action(s) in Place: None.

Action(s) Required: That you place the DCI CIC under the DDCI/ICA, if the DDCI/ICA position is created.

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The conclusions in this TAB are those that either do not require urgent action or do not require any action at all. There are 18 that we have placed in this category--nine related to DCI Authorities and Responsibilities and nine related to Functional Intelligence Issues. They are presented in order of priority, those requiring action first and those not requiring action last.

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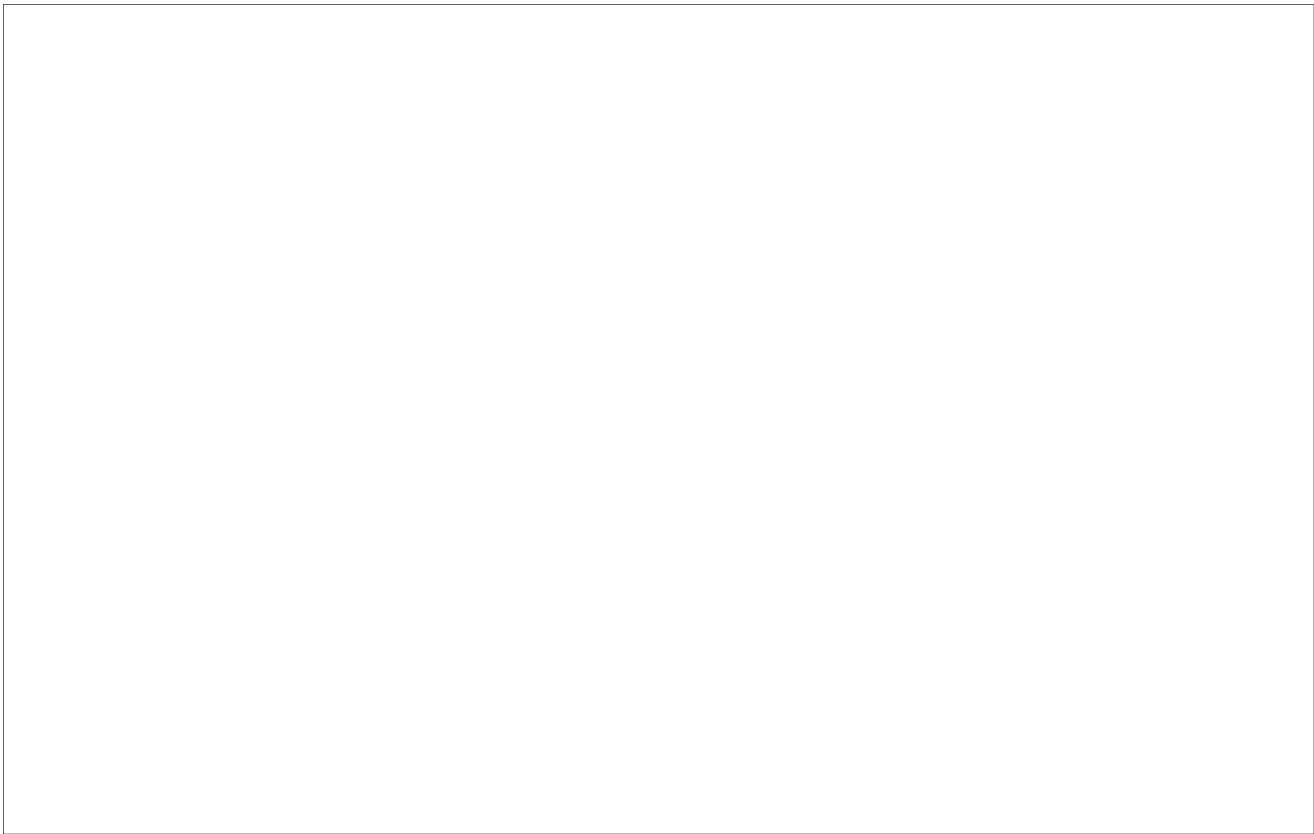25X1

Conclusion: "The NFIP budget should remain classified

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Discussion: Keeping the amount of the total NFIP budget classified has been the subject of Congressional debate within the Senate this year, and the Senate authorization report on the FY 1992 NFIP request contains language that would make the NFIP (and the TIARA) totals unclassified. The administration has appealed this Senate provision, noting that the overall total, in and of itself, provides little information. For that very reason, it will inevitably lead to further, successively more detailed inquiries on the size and purpose of component programs. The more details of the budget that are revealed, the more our adversaries would gain insight into our capabilities based on the amount requested by each program. By following this year after year, adversaries could see trends and peaks which would be indicative of large system procurements or shifts in intelligence priorities.

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Conclusion: "The DCI's budgetary authority should be strengthened by giving him final authority for formulating and executing the NFIP budget, including authority to reprogram funds."

Discussion: We agree that DCI budgetary authority could be strengthened; however, to get execution authority for the entire NFIP will require a significant concession from Defense.

One step toward strengthening DCI budgetary authority would be to allow you to transfer funds from one NFIP component to another. Currently, even this small power is caught up in the appropriation rules governing each Department or Agency.

Giving the DCI execution authority over the whole NFIP would potentially solve some current problems (i.e., difficulties in reprogrammings), but a whole new set would be created. For example, giving you execution authority over Defense elements would require a complete restructuring of the existing Community and, most likely, the stripping of very large and integral pieces of the Defense program from Defense.

Action(s) in Place: For two years we have tried to gain Administration and Congressional approval to incorporate language in the Defense Appropriation and Authorization bills and the Intelligence Authorization bill that would give the DCI authority to transfer funds within the NFIP across program lines, say from DoD accounts to FBI, or from CIA to DEA. The first year it did not make it through the Administration. The second year it made it to Congress too late for them to include it. Defense is uneasy that the Secretary of Defense will lose something if the transfer authority comes to pass, but DoD finally agreed.

Action(s) Required: We should continue to press for passage of legislation to provide the DCI with the authority to transfer funds within the NFIP.

If you should decide to seek full execution authority, it would require:

o   Defense agreement, or acquiescence to White House decision. Since DoD would be a big loser in this arrangement, this will be politically difficult.

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o   Creating an NFIP appropriation (which will require
     strong support in Congress).

o   Establishing an NFIP or DCI Comptroller--giving the
     ICS/PBO or some new DCI/Community body the
     responsibility for programming, budgeting, and
     executing the NFIP funds.

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Conclusion: "The resource decisionmaking process should be strengthened by creating an NFIC "executive committee" composed of three or four key NFIC members; or by replacing the NFIC with a senior decisionmaking body, chaired by the DCI and composed of the Deputy Secretary of Defense and the Deputy Assistant to the President for National Security Affairs."

Discussion: There is a major liability to replacing the NFIC with a smaller, more senior group. This is the dilution of your decisionmaking power. Under the current arrangement, you use the NFIC as an advisory body, with you making the final decision after hearing the Program Managers' views. Use of a more formal, senior group would force power sharing at the table. In addition, elimination of the NFIC would be perceived by the Program Managers as a decrease in their influence on final resource decisions.

Mr. Kerr as the ADCI, initiated the use of an ad hoc group led by the DD/ICS during the budget deliberations for FY 1992. This group of senior representatives from the four major NFIP programs developed a strategy and made budget reduction recommendations to the NFIC. The original group gave way to what is now called the Senior Budget Review Group (SBRG). The DDCI continues to refer NFIC-level resource decisions to the SBRG before presenting them to the full NFIC. While this group has no official charter and ostensibly only provides recommendations to you, it acts as a decisionmaking body by working through all the alternatives it is presented and arrives at a recommendation for the NFIC.

Action(s) in Place: The creation of the SBRG.

Action(s) Required: There might be value in more formally chartering the SBRG, via a DCID, as an official "working group" for NFIP resource decisions.

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Conclusion: "The DCI should seek statutory approval for a contingency fund to provide a Community-wide source of funds to accommodate unique collection, research and development, and other opportunities."

Discussion: This is a valid recommendation, and there is precedent for such a fund. Benefits would include enhancement of the DCI's resource management role, allowing more flexibility in solving a perennial problem of how to fix things that get broken, being able to allocate funds to program managers in times of emergency, and being able to fund something "smart" outside the normal lengthy budget cycle.

Accomplishing statutory approval, however, only can be done through legislative action. Current laws and authorities preclude Executive Branch unilateral action and year-by-year authorization and appropriation are subject to Congressional whim.

In addition, contingency funds usually are the first target of budget cutters--OMB as well as Congress--a particularly dicey proposition in the current stark budget environment. And, if a contingency fund were established, it would require a substantial resource and people investment to administer.

Action(s) in Place: None

Action(s) Required: The Program and Budget Office (PBO) of the ICS should be tasked to develop an implementation strategy for a contingency and draft a legislative proposal in coordination with the OGC. The PBO also should formulate an implementation plan and develop resource requirements. The proposal then should be coordinated with OMB and Congressional staffs by ICS and OCA.

A key decision regards the question of which appropriation to have the Congress place the yearly funds, and secondarily, who should administer the fund. We recommend selecting the ICS appropriation, thereby avoiding the DoD budget arena and its attendant problems of reprogrammings. The ICS should administer allocation and disbursement of the funding under your direction.

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Conclusion: "The use of technology throughout the Intelligence Community should be strengthened by the creation of a DCI Science Advisory Board composed of senior scientists from the private sector, some of whom should be "cross over" members from the existing Defense Science Board."

Discussion: We agree with the report's desire to improve the Community's use of technology. We do not believe, however, that its specific recommendation is necessary. A scientific advisory group already exists. The problem resides in the use made of the group.

The DCI established a Science and Technology Advisory Panel (STAP) in 1976 and it has been in continuous existence since then. Its makeup and mission coincide with the Board recommended in the Childs Report. STAP consists of ten members, all distinguished scientists and engineers from the private sector (with some overlapping membership on the Defense Science Board), and has a broad charter to provide scientific and technical advice to the DCI.

In our view, senior management should make much more use of the Panel. In recent years, senior managers have placed almost no demands on the Panel beyond a general request to "tell us what we should be worrying about." This is a valid request, but it does not begin to tap the resources available in the Panel. Individual members of STAP do make significant contributions by applying special expertise on a few narrow problems, where help is given to an individual or office. The Childs Report, however, has broader concerns. If an outside board is to help with those broader concerns, what is needed is greater willingness by senior managers to use it.

In its discussion of ways to improve technological advice, the Childs Report also mentions a possible revitalization of the Intelligence Research and Development Council (IR&DC); in its conclusion, however, it drops this idea, opting instead for a newly constituted Science Advisory Board. We believe that there is merit in reviewing the charter and role of the IR&DC. In its present form the IR&DC is a group of R&D advisors from within the government (as opposed to the "outside" group recommended in the Childs Report). A useful purpose is served by such an internal group, mainly in its ability to serve as a clearinghouse for information. We believe that there is much

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room for improvement in its effectiveness, however, especially with respect to the larger issue of how best to coordinate and conduct R&D within the Community--including coordination with DoD to capitalize on Defense's much larger technology base investment. The IR&DC Executive Secretary has recently begun an effort to rethink the Council "from the ground up." That effort could lead to an IR&DC that would contribute to a resolution of the concerns expressed in the Childs Report. The Executive Secretary's effort should culminate in a report for consideration by the Community's senior management.

Action(s) in Place: Informal IR&DC effort to review the Council's structure and mission.

Action(s) Required:

1. For Science Advisory Board, none, but DCI should reevaluate his expectations for STAP.

2. Formal report on alternative IR&DC options should be prepared for senior management.

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<u>Conclusion</u>: "A comprehensive review of the Intelligence Community security practices should be initiated promptly. Of particular concern are the wasteful and unnecessary duplication and overlap in conducting security background investigations and questions about the continued utility of or need for the lifestyle polygraph."

<u>Discussion</u>: Although listed as a reference, the Childs panel apparently did not grasp the meaning and intent of both National Security Review (NSR) 18 (Strategy for Counterintelligence and Security Countermeasures in the 1990s) and National Security Directive (NSD) 47 (Counterintelligence and Security Countermeasures). NSR 18 was a review of CI and SCM policy across the government. Review and refinement are continuously performed under the NSD 47 reporting requirements. With regard to "wasteful and unnecessary duplication...in conducting security background investigation," a Single Scope Background Investigation was just approved by the President as NSD 63. In addition, NSD 25 (National Industrial Security Program [NISP]) was not referenced in the Childs Report, and the NISP process will ensure standardized and streamlined security procedures for the private sector.

With respect to interagency transferees, the current policy authorizes the recipient agency to set the standard as to the nature and scope of any polygraph. With respect to the polygraph, we stand behind the President's direction expressed in NSD 47:

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We believe the continued utility and need for the "lifestyle" polygraph has been demonstrated repeatedly by those agencies and departments that use it. For those agencies and departments, in which it is policy to employ "lifestyle" polygraph, the polygraph results obtained by a competent and skilled examiner are considered another important investigative tool when used by an experienced adjudicator.

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With respect to a comprehensive review of the Intelligence
Community security practices, the Intelligence Community
Security Managers, through the DCI Security Forum and with
input from industry provided by NISP Working Groups, has
comprehensive reviews of all security DCI Directives under
way. What is more, the executive branch, through the AG/SCM
and with input from NISP Working Groups, is examining a
standardized PSQ and standardized access to
SECRET/CONFIDENTIAL, and will shortly begin examining a
standardized "administrative review" for National Security
Information.

Action(s) in Place: Implementation of NSR 18 recommendations
and actions required by NSDs   25, and 63.

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Action(s) Required: Encourage, endorse, and support the work
of the DCI Security Forum, the AG/CI, and the AG/SCM.

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Conclusion: "A vigorous, Community-wide, career enhancing rotational program for mid- and senior-level officers should be established to develop a cadre which not only understands the unique requirements and capabilities of its own organization but also those of the Community at large."

Discussion: The Childs Report notes the major benefits to be obtained from a rotational program are enhanced awareness and appreciation of cross-Community capabilities, which would help the Community to function more effectively and efficiently. The fragmented nature of the Community and the absence of strong central management authority make this approach particularly appealing: better cooperation and awareness cannot be achieved by fiat; only prolonged exposure to the Community's differing cultures will provide the common understanding that the report seeks.

One potential difficulty in advocating a rotational program is the lifestyle polygraph. The Childs Report views it as the single most important factor inhibiting the establishment of a vigorous rotational policy. It is very unlikely, however, that the agencies that rely on it would agree to its elimination; it is seen as a valuable tool and agencies would be reluctant to grant the staff-like access that a rotational assignment entails to officers unwilling to accede to the requirement. An examination of the issue could be conducted, but it is difficult to see how any other conclusion could be reached, and it thus seems a waste of time to begin such an inquiry. Moreover, the Childs Report does not attach a quantitative factor to its call for a "vigorous" rotational program. The numbers involved are likely to be relatively small, on the order of two hundred or so officers at any given time; it seems at least possible that this small number of officers (not all of whom would be assigned to agencies requiring the lifestyle polygraph) could be accommodated within existing security policies.

Another reason why a rotational program does not exist is the absence of central personnel management authority within the Community. There is no permanent office charged with setting or monitoring personnel policies across the Community. There is, however, a Community Personnel Coordinating Committee (CPCC) chartered by a DCID. Through a working group, this Committee could develop the mechanics of a broad rotational program for endorsement by the NFIC.

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Successful implementation of any meaningful rotation program, with assurances that assignments to other agencies--including the IC Staff--will be career enhancing, will not be possible without strong and aggressive leadership from the DCI. Without that leadership the bureaucratic obstacles would be significant.

Action(s) in Place: None.

Action(s) Required: You should charge the CPCC to establish a rotational program.

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Conclusion: "Policymakers continue to favor competitive intelligence analysis, but in light of future resource constraints, the Community should reassess its competitive analysis program to determine how much is needed, in what areas, and at what cost."

Discussion: Executive Order 12333, dated December 1981, specifically states that "maximum emphasis should be given to fostering analytic competition among appropriate elements of the Intelligence Community". This order remains in effect to this day. Indeed, the Childs Report notes that policymakers continue to favor competitive intelligence analysis, and all formal and informal surveys conducted under the auspices of the Intelligence Producers Council (IPC) indicate that this is still the case. There have nonetheless been periodic assertions, both in and outside of the Intelligence Community (IC), that there is significant, unnecessary duplication in US intelligence production and that potential savings are to be had by eliminating it. For example, the views expressed by Admiral Crowe, the former Chairman of the Joint Chiefs of Staff in his September 1989 farewell report to the Secretary of Defense are quite specific in this regard.

In light of such charges, then DCI Webster chartered an in-depth study of IC production in 1989 to investigate whether there was any substance to them. The study was completed by the ICS in early 1990 and subsequently a related one was done by the IPC. While the bottom-line conclusions were that there clearly appeared to be some (and perhaps considerable) duplication in current and ad hoc intelligence production (e.g., daily briefs, typescript memos, and current intel pubs) this was the direct result of intelligence agencies serving their formal or perceived agency and departmental production responsibilities. The IPC found little "duplication" in finished, scheduled, hard-copy, all-source products of the Community or in external contracts based on the titles reviewed. Clearly such a title-only search fails to tell the total story--and personal experience demonstrates that some duplication did and continues to exist (e.g., on every major piece of hardware in the Soviet strategic arsenal). But such duplication has been long judged by both the intelligence and policy communities to be necessary.

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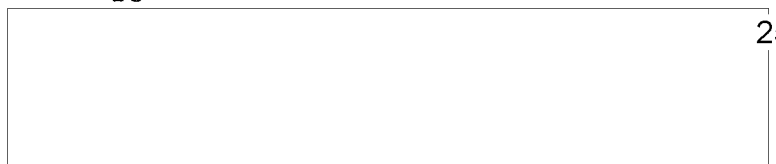
Furthermore, the Defense Intelligence Community, where 75 percent of the overall IC's intelligence production resources reside, has been in the process of streamlining, consolidating, and eliminating its product lines for over a year. The disintegration of the the Warsaw Pact and the Soviet Union over the same timeframe has provided increased incentive in this regard. Similar top-down reviews and adjustments in the intelligence production efforts of other Community producers have taken a similar track. In any event, while the NFIP resources devoted to multidisciplinary, finished intelligence production increased substantially over the decade of the 1980s the rate of increase in these resources was less than that of the NFIP as a whole and constituted only a relatively small part of the US intelligence budget over that period.

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Further, the 1990 ICS study concluded it was doubtful that more than relatively small amounts of "noteworthy" savings (less than $50 million) could be further squeezed out of key production elements in US intelligence, and then only with some degree of damage to the Community's overall core of competitive analysis.

The basic validity of the above conclusion probably has not changed appreciably over the past 18 months, even in light of the radical changes in the world situation. Nonetheless, the continuing--and deepening--US budget squeeze and the increasingly diverse and demanding requirements being levied against the IC argue that the Childs Report recommendation is valid.

Action(s) in Place: The DoD organizations are undergoing major downsizing and reorganization efforts, and all production organizations are realigning their analytic resources in response to the changing world situation.

Action(s) Required: The overall direction of the Community's reorganization and realignment of analytic resources should be monitored to ensure that, in the final analysis, we collectively have a rational delegation of production responsibilities. We believe that the proper organization to monitor this change is the IPC.

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Conclusion: "Steps should be taken to clarify the role and responsibilities of CIA and DoD in satisfying military intelligence requirements and to strengthen DIA management and coordination of DoD clandestine HUMINT activities."

Discussion: This is a valid recommendation and can be accomplished without significant dedication of additional resources. It will, however, require increased recognition by some DoD and CIA components that heretofore one-dimensional, one-agency planning and direction will benefit from broader Community participation.

Action(s) in Place:

There are studies under way to address these issues. Much of the following is drawn from or based on drafts produced by the DDCI Study Group led by Danny Childs and Charlie Allen on improving support to military operations.

o   Collection requirements will be addressed by existing military intelligence mechanisms at various levels, i.e., DIA, NSA, and field echelon commands. Those remaining collection requirements will be assigned as appropriate to other elements of the Community, i.e., CIA, State, DOE, etc. There is, thus, limited value in further reference to requirements as either tactical or national, except insofar as budget considerations dictate an NFIP/TIARA distinction. Requirements will be described instead in terms of the appropriate Community element responsible for collection.

o   The basic or first tier statement of military intelligence requirements should not be country- or region-specific, but generic in nature so that Community-wide collection can take place prior to the designation of a specific country or region as a possible target of US military applications. Such base level generic requirements could include host country/regional military capabilities and vulnerabilities, command and control systems, logistical infrastructure, geography and terrain features, internal transportation systems, etc. There needs to be a joint Community mechanism to decide for the Community as a whole when a country or region merits inclusion in the contingency/target category. Such an agreed list then enables Community collection resources to be brought to bear on a priority basis, in an efficient, coordinated nonduplicative effort, collecting against country- or region-specific requirements.

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Action(s) Required:

o   Task a policy-level mechanism (NIC, IPC, NSC) to develop an
    interagency-approved list of countries or regions with the
    highest potential, near to midterm, for crises possibly
    requiring US military applications. The list, which will
    drive the entire collection community, will require
    periodic updates and should reflect input from the policy
    community and be issued by the DCI.

o   Task the Director of DIA, in coordination with the
    Director, ICS and the DCI's Collection Committees (ICS), to
    develop a comprehensive set of military intelligence
    collection requirements applicable worldwide, i.e., generic
    in nature, not country- or region-specific.

o   In coordination with the DoD/JCS, develop procedures for
    greater participation by the national Intelligence
    Community in military operational planning <u>at all levels</u>.
    As part of this action, and to ensure a coordinated
    internal support effort from all its components, CIA should
    establish a mechanism dedicated to the support of military
   operations.

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<u>Conclusion</u>: "The Community's HUMINT collection <u>strategy</u> needs to be reassessed to ensure that our clandestine resources are deployed where the substantive contribution is the highest."

<u>Discussion</u>: The statement is always valid. The Community must continuously prioritize its collection needs, evaluate capabilities and performance against those needs, and assign tasking in accordance with the difficulty of the target, using clandestine resources only when priority needs cannot be satisfied by any other means.

<u>Action(s) in Place</u>: The DCI's National HUMINT Collection Plans (NHCPs) are the closest approximation of a national-level HUMINT collection "strategy" on any given topic. Through the NHCP process, the Intelligence and Foreign Affairs Communities:
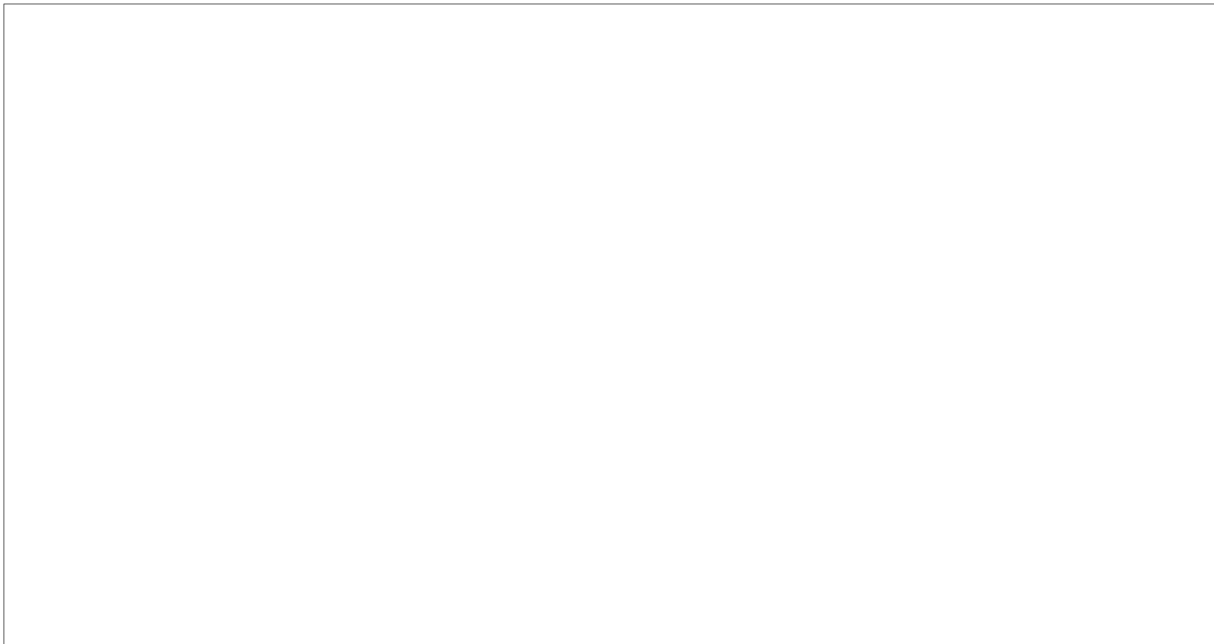
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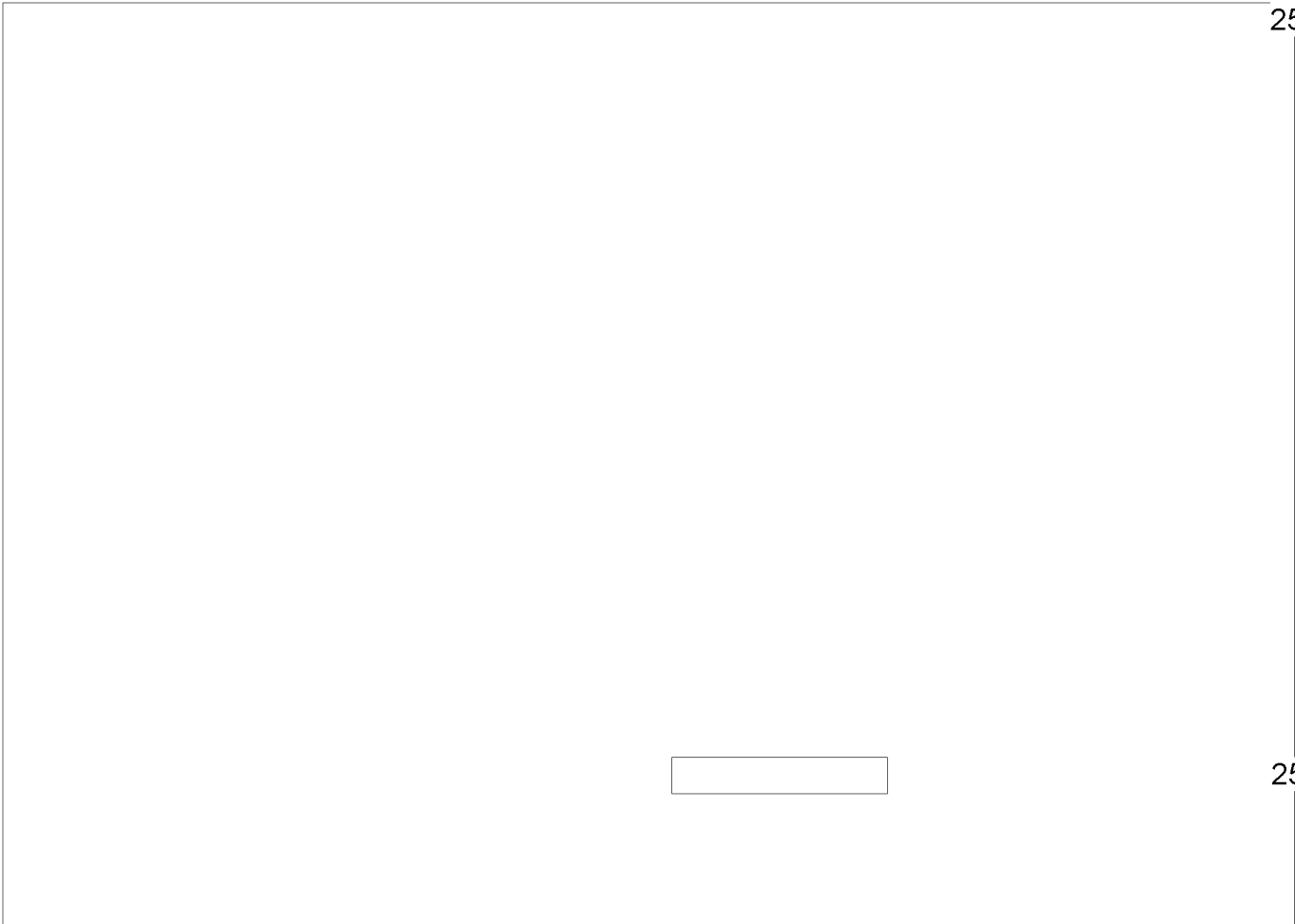
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[ ] the Community has and
continues to update collection priorities and reassess
collection responsibilities and assignments. For example,
during CY 1990-1991, the Community:

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Action(s) Required: The following actions would help assure
that clandestine resources are appropriately used:

o   Develop more systematic involvement of all Community
     elements [ ] and subsequent use of [ ]   25X1
     [ ] managerial tools to ensure the most efficient   25X1
     allocation of all HUMINT resources through a coordinated
     approach to tasking.

o   Push for implementation within DoD/DIA of the Duane Andrews
     recommendation giving DIA collection tasking authority of
     all DoD HUMINT collection resources.

o   Encourage more systematic integration of information
     available to non-intelligence elements (e.g., Treasury,
     Energy, Commerce, USAID, USIA, and military assistance
     groups) in order to reduce reliance on clandestine
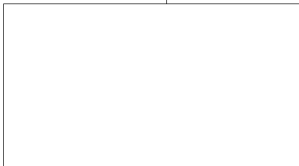   resources.

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Conclusion: "The DCI and DIRNSA should undertake a review of existing and planned SIGINT programs to ensure that scarce resources are applied to the most critical, sensitive priorities and that they are fully responsive to user needs."

Discussion: The DCI SIGINT Committee has conducted several reviews

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Concise reviews of the major SIGINT subelements noted above would have numerous benefits. They include:

o   Use of a consistent base of future substantive intelligence problems and technical issues against which to program SIGINT initiatives.

o   A composite view of opportunities and problems facing each element of the SIGINT discipline.

o   Arraying in one place of the broad outlines of the approaches to the future for various kinds of SIGINT.

o   A SIGINT-wide perspective for senior managers and others to view plans for the future.

Action(s) in Place: As noted above, the DCI SIGINT Committee has already conducted reviews similar to those suggested in the Childs Report regarding future requirements   The Staff could draw on these and portions of other SIGINT studies   to produce a model for studying other elements of the US SIGINT System.

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Action(s) Required: You should support the SIGINT Committee Staff's efforts to undertake a series of studies setting forth the future needs, opportunities, and challenges for selected categories of signals intelligence. These would include

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collection mode, planned program objectives, and a prognosis of the future. In particular:

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o   A principal drafter for each topic should be selected and coached under SIGINT staff cognizance.

o   Inputs to the papers would be prepared by teams consisting of representatives of interested product users, NSA, the Chairman of SIRVES or designee, and the Vice Chairman; and in consultation with the PBO/ICS.

o   All papers will be presented to the SIGINT Committee for review and endorsement and then on to you for your consideration.

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Conclusion: "The DCI should encourage the National Advisory Group (NAG) to adopt a more active and decisive role in guiding and directing the US counterintelligence effort."

Discussion: The NAG is an advisory group in the strictest sense. Its lack of stature and visibility vis-a-vis the old SIG-I is the result of its NSC-approved mission to serve as an advisory structure for the DCI to use in addressing CI and SCM issues outside of the NSC structure. Therefore, any DCI encouragement to adopt a more active and decisive role in guiding and directing the US CI effort must derive from his statutory authorities or, if not, must come from the NSC structure. The NAG principals have never met because issues that have had governmentwide application such as the single Scope Background Investigation have been resolved at the Advisory Group level, were coordinated with the DCI, and received final coordination at the NSC Deputies Committee level before being provided to the President for approval.

At an NSC Deputies Committee meeting held on 27 June 1990 on the subject of NSR 18, you as Chairman, asked why the NAG had not met. DDCI Kerr replied that the NAG operated through its subordinate elements, the Advisory Group/Counterintelligence (AS/CI) and the Advisory Group/Security Countermeasures (AG/SCM), and that they were active, met regularly, and carried out the business of the NAG.

The AG/CI and AG/SCM of the NAG have accomplished much in terms of policy recommendations, CI threat analysis, policy directives, security advisories, and interagency studies of CI and SCM issues. The current success record of the NAG is proportional to the interest in and participation level of its membership.

Action(s) in Place: None

Action(s) Required: In your position as DCI, you should ensure that the NAG continues to provide relevant support to the NSC regarding counterintelligence issues.

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<u>Conclusion</u>: "The DCI should seek multiyear statutory authorization and appropriation for selected NFIP programs to facilitate long-range program planning and implementation."

<u>Discussion</u>: From an idealistic perspective the proposal appears attractive. It would provide less programmatic turbulence for large, complex development programs and facilitate long-range program planning and implementation. However, it ignores the reality and politics of both the Executive and Congressional budget process.

Multiyear programming is an inherent part of the current NFIP program and budget process. The Executive Branch, and DoD in particular, requires and uses it for both annual and biennial budget formulation. Congress uses multiyear programming data in consideration of the President's budget request and, in some cases, authorizes for two years. However, Congress adamantly refuses to appropriate funds for more than one year at a time, and it would be highly unlikely to approve statutory legislation to do otherwise. In addition, we question whether OMB or even the SECDEF would favor such authority because it could undermine fiscal flexibility of their overall budget responsibilities.

<u>Action(s) in Place</u>: None.

<u>Action(s) Required</u>: None.

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Conclusion: "The DCI and the Secretary of Defense should ensure that plans to centralize and streamline counterintelligence activities in the Department are implemented promptly and that the results of this initiative are as intended."

Discussion: The new Deputy Assistant Secretary of Defense (CI and SCM) Nina J. Stewart, is taking very positive and aggressive action to centralize and streamline CI and SCM activities in OSD.

Action(s) in Place: The two principal CI and SCM DCI advisory bodies, the AG/CI (chaired by the Director, FBI) and the AG/SCM (chaired by a representative of the SECDEF), should be well positioned to monitor and ensure full implementation to their mutual satisfaction.

Action(s) Required: None.

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