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Commentary on "The Decline of the National Reconnaissance Office"

Intelligence Today and Tomorrow [1]

NRO Leadership Replies

By Dennis Fitzgerald

Robert Kohler's article on the decline of the National Reconnaissance Office (NRO) contends that the NRO is currently "a shadow of its former self" and explores what might be done to improve "the dissolving relationship between the NRO and the CIA." The NRO that Mr. Kohler knew —"its former self"—was one composed of separate design bureaus known as Programs A, B, and C, which competed with each other. He judges that colocating these organizations and then combining them into functional directorates, or "INTs," in January 1993 was chiefly responsible for a decline in the NRO's ability to innovate. Although his article provides an interesting historical perspective, I have to take issue with a number of his observations, conclusions, and proposed remedies.

Mr. Kohler contends that the disestablishment of Programs A, B, and C was a mistake because it eliminated the creative technical competition that existed among these NRO offices. His proposed solution would assign all overhead programs "in continuation" to the military component of the NRO, and all advanced system and technology efforts, along with all new programs of high risk, advanced technology, or tight security, to the Central Intelligence Agency's Office of Development and Engineering. Both

of these activities would remain under the supervision of the Director of NRO (D/NRO). Although Mr. Kohler advances some good arguments, his proposed solution would not restore the creative competition that he asserts is missing in today's NRO.

What Mr. Kohler describes as a design competition mainly between Programs A and B was in reality a competition among the major aerospace companies that supported Programs A and B. The NRO program offices guided the systems engineering, secured the funding, and sold the ideas to the Executive and Legislative Branches. But the real engineering breakthroughs did not occur within the government program offices; they occurred at the contractor facilities. These contractors, albeit in fewer numbers because of consolidations, still support the NRO today. The innovation that existed 20 years ago is still there, but the ability of the NRO to tap into this creativity has been reduced due to the funding reductions of the 1990s.

Mr. Kohler claims that the NRO today is a "shadow of its former self" because its expertise in systems engineering has drastically eroded. In January of 2001, we spent several days reviewing the state of systems engineering in the NRO with Mr. Kohler, which included briefings by most of the systems engineers in each of the functional directorates. Afterward, he concluded that our systems engineering at the "INT" level was fine. At his suggestion, we did create an NRO Deputy Director for Systems Engineering and filled it with a highly respected CIA Senior Intelligence Service officer. We are continuing to emphasize the hiring of systems engineers.

This brings me to an interesting point concerning personnel in the NRO. Civilian and military personnel assigned to the NRO today are smarter about space and engineering in general, than at any other time in our history. But they also are less experienced. This results from several conditions that Mr. Kohler identifies: First, civilian employment declined significantly because of downsizing during the 1990s. Second, military personnel regrettably can no longer spend a career in the NRO—or in the "white" space world for that matter. The need to re-establish "space careers" is one of the findings of the Rumsfeld Commission. [2] It is an issue that each of the military services is beginning to address.

Mr. Kohler also raises an issue that I deal with frequently: former NRO senior managers' nostalgia for the much simpler past. That is, if we could just return to the way things were at the NRO when they left government,

then many of the perceived problems afflicting the NRO today would disappear.

All organizations change and evolve to meet new conditions. Let me compare the environment of Mr. Kohler's NRO in the 1970s and 1980s to the one that we found ourselves in during the period roughly from 1990 to 11 September 2001. He left the NRO in the mid-eighties during an era that I will refer to as Technology Driven, as opposed to the last twelve years, which I will call the Peace Dividend era.

In the Technology Driven era, roughly 1970 to 1990, NRO space systems were based primarily on what technology would permit, rather than on the formal requirements process that drives space system development today. That approach led to charges of "NRO arrogance" and accusations of imposing technological solutions that went beyond what the customers wanted or needed. In the Peace Dividend world, you must have the imprimatur of the Joint Requirements Oversight Council on the military side, and a nod from the Mission Requirements Board on the Intelligence side, before you can have any hope of going forward with a request for funding from Congress. Neither of these demanding requirements forums existed when Mr. Kohler was in the NRO. In fact, the two intelligence oversight committees in Congress, the HPSCI and the SSCI, had barely gotten started when he left the NRO. Today, our customers and their needs are thoroughly discussed, accepted, and vetted again in Congress before we proceed with a major acquisition decision.

The last few years of Mr. Kohler's government service coincided with the peak of the Reagan build-up of the early 1980s, during which intelligence in general, and the NRO in particular, were lavishly funded. By contrast, funding during the Peace Dividend years was severely constrained—the demand was for the same intelligence, but at less cost. Everything we have done in the NRO over the past twelve years—up to 11 September 2001 — has been directed toward cutting costs. This has been accomplished by reducing the types of overhead systems that we build, maintaining the capability of our systems but building fewer of them, consolidating ground stations, and paring the cost of operations and maintenance.

Mr. Kohler claims that during his service at the NRO, new acquisitions were mostly accomplished on time and within budget. By "within budget," I believe he means what we told Congress a program would cost, not what we wrote a contract for with our industrial partners. This is indeed true because it was our practice at that time to take what a contractor bid and

add a margin of 20 to 30 percent. This practice was halted in 1995 when Congress found that the NRO had accumulated excess forward funding of $3.7 billion.

Besides costing the NRO Director and Deputy Director their jobs, the excess forward funding debacle had several other long-term consequences to which Mr. Kohler refers. First, it gave rise to a vastly expanded and more powerful Resource, Oversight, and Management (ROM) function. Our congressional overseers absolutely insisted on a single, credible financial management system. Second, we began budgeting for programs using "average" or "most likely" costs, rather than just putting large margins on contractor estimates. This insured that forward funding surpluses were not built into our budgets, but it required Independent Cost Estimates (ICE). Mr. Kohler refers to the ICE process as flawed. I disagree. The NRO ICE process is the most sophisticated, the most refined estimating tool for space systems that exists anywhere. The problems that arise with ICE have more to do with how its results are utilized than with the tool itself.

Mr. Kohler also believes that the NRO Acquisition Manual, and the Directive 7 process for initiating major contract actions instead of using DCI authorities, are props that allow managers to make decisions that they are unqualified to make. I disagree and I suspect that he would also if he sat through a Directive 7 meeting. Directive 7 simply arranges information in an orderly fashion, like a checklist, which permits everyone to decide with confidence that a major procurement is ready to proceed to the next stage. All those in the Intelligence Community and DoD who think that they have a stake in the procurement are invited to state their views. Rather than compensating for weak program managers, Directive 7 makes decisions more difficult because more constituencies must be heard and accommodated. The best engineering decisions are the ones debated in public; the worst ones are the deals made in back rooms—and the very worst are the ones hidden from scrutiny under the cloak of security.

During the Technology Driven era, the Intelligence Community and the primarily civilian National Command Authorities were the major consumers of NRO systems products. The major consumers today are the US military services. Today's reality is that most of the intelligence that the NRO collects on a daily basis is in direct support of combat operations. The performance of NRO systems has been spectacular in terms of preventing the loss of lives, directing the fire of weapons systems with unprecedented accuracy, and locating enemy positions, all the while providing a synoptic

understanding of the battle space. The military has become a huge consumer of NRO resources and dollars, dollars that arguably otherwise might be spent on developing the next generation of intelligence space systems.

Moreover, during the Technology Driven era, when a failure occurred in development, launch, or on-orbit performance of space systems, our government overseers generally accepted that the NRO "had reached too far" or that the problem resulted from "the nature of research and development." Today, when a failure or the potential for a gap in coverage occurs, the response is: "Who do we fire?" Day-to-day combatant support, so dependent on NRO systems, allows no room for failure.

During the previous era, as Mr. Kohler observes, program managers indeed were kings. They controlled costs, schedules, and performance, and had the ability to trade those variables, without seeking permission, to make their programs work. That program managers have reduced freedom to make such trades today has nothing to do with the consolidation of the NRO. It is exclusively the product of much greater oversight by congressional committees, the Community Management Staff, the Assistant Secretary of Defense for C3I Staff, the Joint Requirements Oversight Council, and the Mission Requirements Board.

Finally, Mr. Kohler asserts that the current crop of experienced SIS officers at the NRO is retiring, which is true. But his contention that no replacements with comparable talent and dedication are being actively developed is both untrue and demeaning to the young senior officers who serve in the NRO today. They work on requirements-driven and cost constrained overhead technical collection systems in an environment characterized by public openness and intense oversight by Congress. In the Peace Dividend era, I believe that they are producing superior intelligence under conditions that Mr. Kohler and his contemporaries never experienced.

Let me close by commenting that Mr. Kohler seems to be conflicted in terms of whether he is trying to fix the NRO or to restore the Office of Development and Engineering, the CIA presence in the NRO, to its former glory. The disestablishment of Programs A, B, and C was painful for the many veterans of those organizations. But that is now ten years behind us. The new NRO is functioning as the reorganization intended it to, with the D/NRO firmly in charge of day-to-day decisions and operations. We have had four D/NROs whose relations with both the DCI and the Secretary of

Defense have been open and highly productive. The reorganization, centralization, and creation of the “INT” structure have significantly reduced duplication and costs. Instead of doing non-recurring developments many times and buying in quantities of a few, we do non-recurring developments once and buy in quantities of many.

Many of us miss the enthusiasm, dedication, and accomplishments of Programs A, B, and C, but those days are behind us. The NRO’s current integration of military and civilian personnel from many agencies is a replication of the “centers” model that exists in CIA and throughout the Intelligence Community. Time-tested team partnering with industry continues to provide successful research and development in the design and production of overhead space systems that has always been, and will continue to be, the hallmark of the NRO.

The NRO appreciates the input of Mr. Kohler. We are striving to provide the nation with the best space-based reconnaissance capabilities to meet the changing national security demands of the 21st century. Although I recognize that our future successes are built on the foundation laid by Mr. Kohler and his contemporaries, the best days for this organization lie ahead.

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[1] see Robert J. Kohler, "One Officer's Perspective: The Decline of the National Reconnaissance Office," *Studies in Intelligence,* Vol.46, No. 2, 2002, pp. 13-20. (U)"

[2] The Commission to Assess United States National Security Space Management and Organization— known as the Rumsfeld Commission, or the Space Commission—published its report in January 2001.