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Dr. NAKO

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~~1ST~~ NATIONAL RECONNAISSANCE OFFICE  
WASHINGTON, D.C.

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OFFICE OF THE DIRECTOR

June 23, 1971

MEMORANDUM FOR DR. MCLUCAS

SUBJECT: "Fact of" Satellite Reconnaissance

Reference your 22 June 71 memo on this subject, which requested my views as to what effect downgrading or declassification might have on our budget and budgetary processes.

Your statement "One of the arguments presented against continued compartmented protection is the cost involved in maintaining the compartmented systems" is a minor budget consideration in our case. We specifically identify \$560K for security at Eastman Kodak, less than \$200K for guards at Area 51, and periodically will buy some security vaults. There are costs at contractor plants for security, but these are a small portion of the basic contracts, and unless there is a complete declassification of the program would undoubtedly continue.

The main dangers of downgrading or declassification from a budget and funding standpoint are:

1. There are a number of people in the Air Staff and OSD who would seize on the first opportunity to change the NRP to "normal" operations, which would have several significant impacts -- (a) program and budget responsibilities would be fragmented thruout the Air Staff and the field, with different groups involved in development, procurement, operations, program planning, maintenance, supply, etc. Any of these groups could cause extensive decision delays and be a weak link in the chain from the standpoint of adequate budgeting or funding, (b) in an "open" budget atmosphere, the NRP funding in the procurement appropriations would have to change from incremental funding to full funding, resulting in extreme fluctuations between fiscal years, and significant increases in the first year of adoption (there are many reasons why incremental funding is best for us), and (c) we would automatically reduce in Air Force priority, when contending with the proponents of the B-1, F-15, AWACS, A-X, IMI, etc.

2. In addition to the internal Air Force-DOD problems, there would be outside considerations, such as reviews by four full Congressional committees, open floor debate potentials, GAO reviews, inclusion in SAR's to Congress, fragmented reviews and recommendations in OMB, press publicity, etc.

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3. "Streamlined management" techniques would probably disappear, and be replaced by requirements to comply with AFR 375 series regulations, CSCSC techniques, different contracting approaches, limiting Secretarial Determinations and Findings, many fund reprogramming actions, etc.

4. The principal concern in these illustrations is that flexibility, responsiveness, and priority would disappear in relation to our programs. We have seen specific instances of this with respect to (a) the SR-71 transferred to the Air Force, which was one of the first budget cuts made by USAF, and with no single manager to defend it, (b) the Data Relay Satellite, budgeted by USAF, which has been exposed to arbitrary Air Staff cuts for FY 1972, and will undoubtedly be subject to cut attempts in future years (this also illustrates a priority change -- when the Air Staff felt that DRS would be useful to the Air Force, it was carried in Priority I as about the sixth item; now that it would be primarily dedicated to Zaman, it has unquestionably dropped considerably in priority). Exposure to "normal" methods would unquestionably add one to two years in effecting any major decision.

5. There could be a number of problems with respect to Agency involvement in our programs, such as (a) exposure to many more reviewers in functional areas, (b) changed funding techniques, as well as accountability and auditing, and (c) built-in resentment by the Air Staff toward the Agency spending sizeable amounts of Air Force dollars.

The preceding connotations may represent an extreme not contemplated in the downgrading or declassification considerations, but I can state categorically that with the first sign of security lessening there are many people in high positions who would attempt to "normalize" the program.

Signed

[Redacted Signature]

Comptroller

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