

Interview of - Jimmie D. Hill, Director, Office of Space Systems, AF
Room 4C1000 Pentagon 697-8675

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by - Haynes

Hill immediately volunteered that he probably has the poorest working relationship with OMB as anyone in town. It said that it is a dynamic thing that has evolved over the past 10 years (As later discussed this seems to arise from his objection to OMB trying to tell him and his engineers how much it should cost to build a given system).

He described NRO as a group of engineers and designers that build extremely complicated pieces of hardware. NRO is a part of NFIP because access is needed to denied areas of the world. NRO is a unique organization. It arose from three national security projects - (1) a joint AF/CIA desire to put a camera in space, (2) a desire by the AF Systems Command under Gen'l Shreiver to put a camera in space, and (3) the Navy Research Laboratory.

When Gary Powers was shot down in a U-2 in 1960, then President Eisenhower said he wanted to concentrate on a space capability. He wanted Both CIA and SecDef to play a role. NRO was created under SecDef with priorities from the DCI. A triumverate was created consisting of the President's Science Advisor, SecDef and the DCI. The Director of NRO was the Under Secretary of the Air Force who reported to the triumverate. Tasking came from the DCI and the director reports to the SecDef for implementation. NRO has three programs - Program A is the Air Force element, Program B is the CIA (Les Dirks) and Program C is the Navy (Capt. Patterson). All space reconnaissance of denied areas is under NRO.

A bunch of engineers were pulled together to build hardware. 99.9% had no intelligence background. The engineers can work as effectively for someone else as they can for the intelligence community. In the 50's the big problem was to develop information on the missile gap. There was a big emphasis on photint.

In the mid-sixties the big problem was the Anti Ballistic Missile (ABM). What did the Soviets Have? Elint and Sigint systems were needed to identify USSR capabilities on ABM. Two major needs - PHOTINT AND ELINT.

The requirements came from the triumverate (essentially the NSC). NRO received requirements, made a preliminary presentation, if approved then NRO would go through a definition phase. If this was approved then NRO would go out and have it built. When the Executive Committee met (the triumvirate) OMB would sit in. If it was agreed that something needed to be done, and SecDef had the funds, it was almost a given that OMB would not play a part. If Executive Committee approved then NRO would go ahead and build. This was done after alternative were considered - low, medium and high capability - all priced out. Viable alternative were approved and the triumverate would select the one to build. This was done for 15 years or so (1960-1975?) During this period there were some overruns, some on target and some below target.

OMB DIDN'T PLAY MUCH OF A PART BUT IN 1973 or 1974 THIS BEGAN TO CHANGE. The NRP and the Executive Committee had been working so well that the President decided to run the whole intelligence community on the same basis. Run the whole community like the NRP was run. He (Nixon or Ford?) created the Committee on Foreign Intelligence (CFI). However, in the interim Schlesinger had become DCI and he said he'd be the Chairman of the CFI. The other three members were the Deputy Security Advisor to the President, the Ass't Sec'y of Defense for Communications and Intelligence (Al Hall) and the Deputy Secretary of State. This supplanted the Ex. Comm. (triumverate) and they no longer looked at just the NRP but at the whole intelligence program.

THIS IS WHEN IT WENT TO HELL. Instead of looking at 4 to 6 large programs that were relatively easy to understand (Kennon, for instance, just takes pictures)

they started to look at hundreds of issues. The ExCom had operated at a very high level. The ICS Staff was created to handle this expanded role (Hill was one of the first on the ICS). The NRO lost a lot because they no longer addressed issues at the macro level but the NRO had to deal with a lot of different staffs on relatively small issues. Each of the four principals had their own staff. THIS RESULTED IN OMB FEELING THAT THEY HAD TO BECOME INVOLVED. The 1974-1977 time frame was the first time that NRO was treated like every other program in the intelligence community. Issues were worked by various staffs in town and OMB got involved in developing issue papers.

NRO still takes tasking and priorities from CFI but in addition to dealing at macro level NRO has to have value assessments for the various staffs. "We have to be in a peddling mode."

It is very hard to price out systems that will not be built for 7 or 8 years. The various staffs do their thing and then the DCI makes his decision.

Stan Turner was a problem. He would try to enforce the "full and exclusive" authority in the Exec. Order and tell the SECDEF that he, Turner, would make the decisions. When Harold Brown and Turner would disagree in front of the President, the President would turn to OMB and tell them to make the decision.

OMB has had less impact this year than in the past years. This year (FY 1983) Inman had gotten agreement within the community the NFIP went to the President with a united front.

OMB had the most influence when there was disagreement between major agencies and departments (during the Carter years).and during the last year of the Ford administration when the CFI got going.

As the level of issues went up the level of the people looking at them went down. These lower level people couldn't make final decisions. Therefore, not infrequently when the NFIP budget went to the President there would be some disagreements

and the President would turn to OMB and NSC to resolve the issues. This occurred from 1974 through the Carter years.

ISSUES IN THE NRO PROGRAM

OMB has had two issues with the way NRO runs its programs. NRO has a streamlined management organization and relatively little paperwork. This gives OMB less access to program data than they would like to have. NRO doesn't use the normal DOD forms and much of the data is left in the field and does not come to Washington. Hill claims that in the ordinary DOD program about 15% of the cost is in the paperwork. In NRO only 2% of the cost is in the paperwork. OMB would like to be able to compare NRO with other DOD programs and because of the lack of use of standard DOD forms this is difficult or impossible to do. The issue of lack of detail in the NRO programs was raised by J. T. Holt, OM ; when he handled the NRO programs. He no longer handles them. OMB felt they couldn't do the scrubbing that they do in the other programs. OMB took arbitrary cuts because they didn't have the data to do more precise scrubbing. For instance, last year (FY 1982?) OMB made a \$35 million across the board cut. Their rationale was that NRP didn't have the overruns that the other programs had and therefore NRP must have had too much money.

OMB has taken issue with the scope of projects, capabilities, etc but Hill feels that this is not the concern of NRO but is the concern of the community. NRO builds what the community wants. The issues that OMB takes are really issues with SECDEF, NSC, State, etc. But OMB really hasn't taken much exception to the NRO program. The President, Sec. of State, etc. get daily briefing from the output of the NRO program and apparently consider it quite valuable. OMB hasn't taken exception to need but rather has claimed that NRO costs too much and could be done cheaper.

Hill doesn't have much say as to what the community wants but "I GET UPSET WHEN OMB CUTS FUNDS."

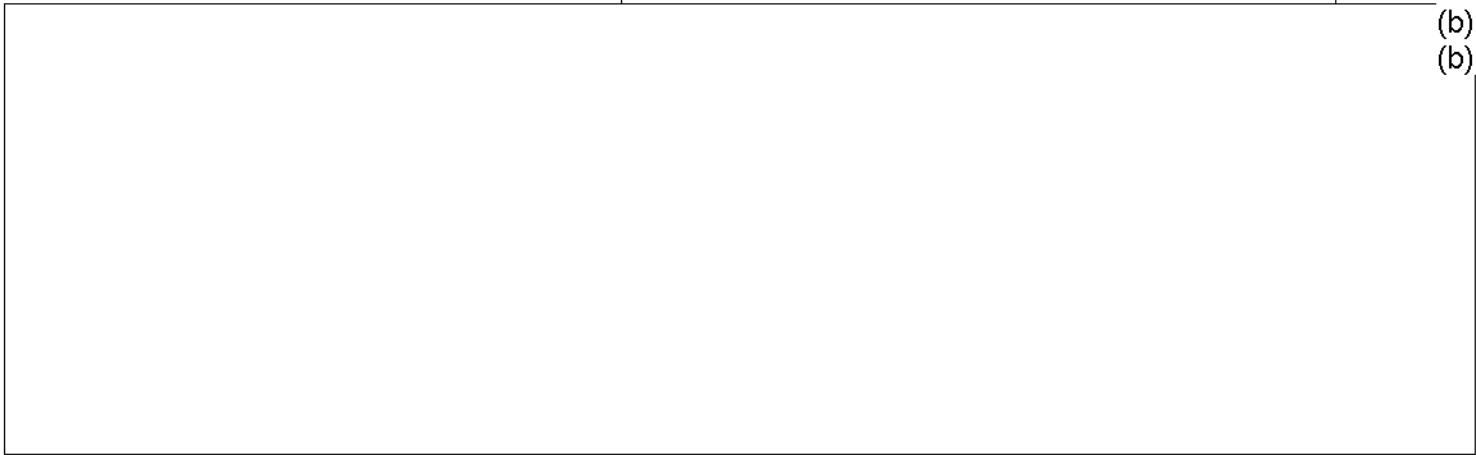
HILL SAID THAT HE GETS VERY UPSET WHEN OMB ;TRIES TO SECOND GUESS HIS ENGINEERS ON WHAT A SYSTEM WILL COST. HE CLAIMS THAT THE OMB HAS NO EXPERTISE TO SECOND GUESS HIS STAFF ON THE COST OF THESE HIGHLY TECHNICAL SYSTEMS. HE IS FEARFUL THAT HIS STAFF WILL START TRYING TO "BUY IN" TO GET A SYSTEM STARTED BECAUSE OF OMB PRESSURE TO CUT ESTIMATES. HE IS PROUD OF THE RECORD OF HIS STAFF AND WANTS THEM TO RETAIN THEIR INTEGRITY ON COST EXTIMATES. HE DOESN'T WANT THEM TO UNDERESTIMATE IN ORDER TO GET A PROJECT APPROVED AND THEN TO HAVE COST OVERRUNS. OMB'S EMPHASIS ON COST CUTTING PUTS PRESSURE ON HIS PEOPLE TO DO THIS.

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OMB can't initially estimate the cost of a program but claims they can tell within \$2 million what it should cost after NRO submits its estimates.

SPECIFIC OMB ISSUES

One pet issue of OMB was in the



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Another issue was the combining of support items for NRO into the Defense Support Reconnaissance Program (^{RS}DSRP). This swept up into one program various items to expand and better utilize the NRP national program. HAC has been pretty supportive of the whole ^{RS}DSRP but has expressed concern about the DCI not funding in the NFIP things that he should fund.

The NRP has gotten a lot of attention from ICS, OMB and the Congress because it is

a "big bucks" program and these oversight groups want to concentrate on big bucks.

Last years MAPSAT request was basically supported by OMB. A question was whether it would be funded in the NRP or the DSRP. OMB wanted it done in the NRP and DOD wanted it in the DSRP so that the DCI would not control the dollars. OMB did not raise a more basic question of whether the community still needed [redacted] and a ??? if MAPSAT was to be built.

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OMB did question an NSA request on modernization of the HF system. Was the modernization needed and to what extent.

OMB has done some arbitrary budget reductions. The real issue in FY 1982 was the \$35 million cut. OMB said to take it - they didn't care where we took it in the NRP.

IN FY 1983 NRP hasn't heard a thing from OMB Hill believes, but can't prove, that Stockman gave a dollar level to DOD and NFIP and said that if the SECDEF and DCI agreed within the level that OMB wouldn't question it.

NRO has gotten a lot of increases in recent years because many of the systems have had to be redesigned for the space shuttle. They hadn't tried to upgrade the systems because they were waiting for the redesign of the shuttle. "We didn't have anything for about five years." During the years 1979-1982 NRO started to upgrade every system they have. From 1971 to 1976 the NRP budget went down- not only in inflation loss but also in actual dollars. This has been reversed in recent years.

OMB changes is DCI Consolidated Budget

It is probably not right to say that OMB has attempted to change rank order in the DCI's consolidated budget. There have been some programs that the DCI has ranked well within the dollars available for the NFIP that OMB has questioned.

For instance, The DCI had placed an upgrade in [redacted] well above the cut-off point. OMB didn't want to fund this but they lost the argument. Hill can't recall any items below the cut-off point that were funded.

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Another issue involved the P-989 satellite.(the DUAL FARRAH). This piggy backs on the Hexagon. Both DOD and Inman wanted a second satellite and the funds were put into the NFIP. OMB questioned the need for a second satellite. OMB lost on this issue also.

Another issue arose in FY 1982. NRP went in with two alternatives - the [redacted] and P-989. They looked at combining these two because the combined satellite would be better technically. There was some disadvantage to DOD because of less revisit time, etc. The committee came down on the side of the more sophisticated [redacted] (presumably the combined satellite, but I'm not sure). DOD was against this and OMB agreed with DOD. The President asked Brown if he agreed with the DCI and Brown said that he didn't. A special panel was set up to review the issue and they went along with DOD and OMB and the DOD plan got funded.

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Another case involved the [redacted] that DOD had recommended. OMB sided with DOD and the DOD view prevailed. This raises the question of who really won -DOD or OMB, they were on the same side.

OMB motivation has generally been on the question of how to get the dollars down. Hill believes that OMB should question the need for two Farrahs rather than one but his quarrel is whether they should try to tell NRO how much the systems will cost. They are not just capable of doing this.