

orig given Naka b Brownman 15 May

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15 May 1972

MEMORANDUM FOR

SUBJECT: KENNEN Funding Plans

1. For the past several months we have been reviewing our KENNEN program plan to determine the program structure and schedule that would be required by the fiscal program authorized by the EXCOM at its November meeting. Before discussing the results of our review, I would like to place them in the context of our previous program decisions.

2. You will recall that at the November meeting several options were presented to the Committee, two of which received serious attention. One was an optimum program schedule which had been worked out in detail with the contractors by Director of Program B for the Imaging Satellite/ Ground Facility and by the Air Force for the Relay Satellite. The program offices were quite confident that this funding plan would lead to early 1976 operation and they recommended this option. Its funding schedule was:

| | <u>FY</u> | <u>72</u> | <u>73</u> | <u>74</u> | <u>75</u> | <u>76</u> | <u>77</u> | <u>Total</u> |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Imaging Satellite, Ground Facility | | | | | | | | |
| Relay Satellite | | | | | | | | |

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The other option was a funding plan in which we arbitrarily constrained the FY 72 and 73 funds to the level of the then current FYDP, and at the same time, kept the FY 74-75 totals to and retained the "optimum" Relay Satellite plan.

It was:

| | <u>FY</u> | <u>72</u> | <u>73</u> | <u>74</u> | <u>75</u> | <u>76</u> | <u>77</u> | <u>Total</u> |
|---------------------------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Imaging Satellite, Ground Facility | <input type="text"/> | | | | | | | |
| Relay Satellite | | | | | | | | |

As Mr. Duckett explained at the November meeting, this funding schedule for the Imaging Satellite/Ground Facility was one that had not yet been reviewed with the contractors. Therefore, although the program office estimated that it might support a first launch in the last half of 1976, it could not reliably determine the schedule until the program had been gone over carefully with the contractors. Although this option was selected, I believe the Committee understood and accepted the risk that the necessary contractor reviews might force us to reconsider these levels. This plan is referred to herein as the "November Funding Plan".

3. Our program review is now complete and we find that it will be necessary to increase the November Funding Plan level, primarily in FY 74, in order to maintain the 1976 operational date. Our November plan, by severely reducing the FY 72, 73

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and 74 levels recommended in the optimum program, would force a deferral of design work that would normally be done early in the program, thereby delaying the engineering and qualification tests and lengthening the schedule to March 1977. In addition, many parallel activities would occur in the latter part of the program, making this schedule much more susceptible to cost increases and slippage in the later years than the optimum schedule given to you in November.

4. Although it is no longer possible to recover the nine months or so lost by the reduction of the FY 72 funds from the optimum program's of the November funding plan, we can still preserve a high confidence schedule and the 1976 operation directed by the President last summer. To do this, we must make the following changes to our funding plan for the Imaging Satellite/Ground Facility:

Increase FY 73 funds by and the FY 74 funds by This revised plan would result in a high confidence schedule with a first launch in October 1976. This is almost the same program structure as the optimum program recommended to you in November but with the launch date deferred by 9 months because of the reduced FY 72 funding level. It has been reviewed in detail with the contractors by the KENNEN program office.

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The KENNEN fund and program schedules for the November Funding Plan and for the above "Revised Plan" are displayed in Attachments 1 and 2.

5. We must also make some changes in the Relay Satellite fiscal plan. The funds shown last November assumed a Relay Program start in January 1972 and a schedule to conform to a January 1976 launch of the Imaging Satellite. However, we did not get the Program initiated until May but, at the same time, we are able to relax the Relay schedule to conform to either the October 1976 launch of the Imaging Satellite or the March 1977 launch. The new Relay Satellite funding requirement that corresponds to the Imaging Satellite November Plan is as follows:

| <u>FY</u> | <u>72</u> | <u>73</u> | <u>74</u> | <u>75</u> | <u>76</u> | <u>77</u> | <u>Total</u> |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Relay Satellite | | | | | | | |

The effect of schedule changes on relay funding requirements is less significant than the effect on other segments of the system both because the relay is not the pacing item and because acquisition was not initiated until May 1972.

The Relay Program to support a first Imaging Satellite launch in October 1976 requires the following funding:

| <u>FY</u> | <u>72</u> | <u>73</u> | <u>74</u> | <u>75</u> | <u>76</u> | <u>77</u> | <u>Total</u> |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Relay Satellite | | | | | | | |

All relay funding data presented in this paper excludes required for SIOP and OL-5 payloads.

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6. In summary, it is now clear that to have high confidence of reaching first operation within 1976, it is necessary to revise our funding schedule according to the Revised Plan outlined above. In view of the President's specific directive to plan for operations in 1976 and the fact that there are no technical reasons why this is not feasible and no significant cost growth since he reviewed this program, I believe it is necessary to make these revisions. If you agree, I will so instruct the KENNEN program office and the NRO Comptroller.

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