

**Report to the Director
National Reconnaissance Office**

VOLUME II

**NRO Restructure Study
Final Report**

July 1989

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Foreword

The Restructure Planning Team would like to thank all those who have contributed their time to supporting us during the course of this study. Over the last five months, we have met with a wide range of government and contractor individuals who have shared candid and invaluable insights regarding their associations with the National Reconnaissance Office (NRO).

Although the primary objective of this report was to examine problems within the NRO and to make recommendations, we were all impressed with the strengths of the organization. There are few other agencies that, in an effort to improve themselves, would be as open in allowing their activities to be so thoroughly scrutinized. That in itself says something about the confidence and strength of the NRO. The men and women of the NRO should be justly proud of their accomplishments and their commitment to the service of their country.

Finally, we would especially like to thank the Acting Director of the NRO, Mr. Jimmie D. Hill, for all the support that he and his organization provided to the Planning Team. We hope that this study has provided him with constructive recommendations which will help to make the NRO an even more efficient and manageable agency.

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NRO RESTRUCTURE STUDY

1.0 INTRODUCTION

1.1 Purpose. This report summarizes the results of the National Reconnaissance Office (NRO) Restructure Study conducted from February through July 1989. The study was conducted at the request of the Acting Director of the NRO (ADNRO) and the Directors of the three NRO Program Offices to identify the organizational changes required to ensure that the NRO is prepared to respond to future intelligence challenges.

1.2 Background. During his last two years as Director of the NRO (DNRO), Secretary Aldridge initiated similar studies. His principal concerns were the growing inability of the NRO to work effectively, both internally and externally, for the development and execution of the overhead programs, and the NRO's inability to achieve the necessary consensus, within the Intelligence Community and the Department of Defense (DoD), to get new initiatives programmed. These earlier studies highlighted many of the problems associated with the matrix nature of the NRO and the lack of DNRO line management authority. Just prior to his retirement in December 1988, Secretary Aldridge provided his recommendations for restructuring the NRO to the Director, Central Intelligence (DCI). However, since his proposed changes were not well understood outside of the NRO and there had not been sufficient time to examine the implementation impacts in detail, there was a general reluctance, both inside and outside the NRO, about proceeding without further analysis and Intelligence Community review. In response to these concerns and specific questions from the DCI, the ADNRO and the NRO Program Directors initiated the current study to reexamine, in detail, the organizational problems, potential solutions, and implementation issues.

1.3 Study. In January 1989, the ADNRO approached Rear Admiral (Retired) Robert Geiger and Mr. Barry Kelly and requested that they lead an independent study with participation from the NRO, other Intelligence Community agencies, and the DoD. The study group, which was called the Restructure Planning Team or Planning Team, included members from the NRO Staff, the three NRO Program Offices, the Defense Support Project Office (DSPO), the Joint Staff (JS), the Defense Intelligence Agency (DIA), National Security Agency (NSA), Central Intelligence Agency (CIA), and the Intelligence Community Staff (ICS). Appendix 1 lists the Planning Team members.

The tasking for the study was contained in a February 2, 1989 ADNRO memo, at Appendix 2, that expressed concern regarding a number of fundamental problems inhibiting the effectiveness and

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efficiency of the NRO. The general objectives of the study were to maintain the strengths of the NRO (streamlined management, cradle-to-grave system responsibility, and Service and Agency composition), while recommending ways to "Strengthen internal operations and the NRO decision-making processes. . . (and) . . provide increased support to our users, including operating military forces. . .".

The Planning Team initiated its activities with a detailed survey of how the NRO is organized and how it does business, including how the Intelligence Community and DoD users and customers of NRO data view the performance of the NRO. During a two-week period in March, exhaustive, in-depth briefings and discussions were conducted between the Planning Team, the NRO Staff, DSPO and the three Program Offices to describe the organizational and operational baseline of the NRO. Seventeen major functional areas were covered ranging from internal functions, such as personnel and contracting, to external interfaces, such as requirements and customer interfaces. In addition, over the five months of the study, discussions, interviews and meetings were held with a wide variety of current and former Intelligence Community and DoD individuals and senior managers from various contractors. A listing of the individuals involved is at Appendix 3.

Based on this information, a set of issues was identified that represented a summation of real and perceived problems and symptoms of problems. These issues were distilled into a problem set that formed the basis for the development of potential solutions. In May, meetings were again held with the NRO Staff, DSPO and the Program Offices to discuss the problem set and the corrective recommendations developed by the Planning Team and to solicit their suggestions regarding other potential solutions.

As the restructure activities continued, a concern was raised that there were obvious problems external to the NRO that would impact upon the success of any NRO internal changes. Following a briefing on these problems to the ADNRO and the Program Directors, the Planning Team was instructed to provide a separate report directly to the Secretary of Defense (SECDEF) and DCI regarding the external problems identified during the restructure effort. Subsequently, the Deputy Director, Central Intelligence (DDCI) expressed his interest in receiving a report on these problems, including explicit recommendations for change. A summary of the "External" Report is provided in Section 5.

During the Restructure Study, bi-weekly meetings were held between the Planning Team Leaders and the ADNRO and the Directors of the three programs. During the first week in June, the ADNRO requested that the Planning Team move its report date up to

7 July from the original 31 July suspense. This report is the response to that request.

1.4 Need for the NRO. The NRO was created in an environment marked by bomber and missile gaps, Soviet advances in strategic weapons research and development (R&D), the U-2 shoot down, and the inability of western intelligence services to penetrate the "iron curtain". The only means available to collect the needed intelligence was the newly emerging technology of satellites.

The founders of the NRO realized that a routine approach to R&D and acquisition would not meet the technology challenges involved or produce the necessary spaceborne intelligence collection systems in the time frame dictated by pressing national security concerns. The importance of the mission called for special acquisition arrangements to accelerate our response to the Soviet threat. To ensure the greatest probability of success in this new technology area, the best possible combination of national resources from all agencies and departments working in the area of satellite reconnaissance was required. A matrixed organizational arrangement was also selected to prevent the domination of the critical collection capability by a single agency or department. Therefore, the NRO was established as a DoD agency with special acquisition authorities and matrixed resources from the Air Force, Navy, and CIA.

The results of the NRO's efforts have exceeded expectations. From the beginning, the NRO consistently demonstrated the ability to accomplish impartial system acquisition and operations in response to the needs of a diverse set of users and customers. Multiple agency and departmental participation in the NRO has resulted in the availability of a broad range of expertise and experience critical to the fulfillment of the mission. The NRO's cradle-to-grave responsibility ensures that both developmental and operational considerations are reflected in systems acquisition, and the streamlined acquisition approach allows a more rapid response to requirements.

A fundamental axiom underlying the results of the study is that there is still a valid requirement for an NRO. Although charter and mission are addressed in more detail in 4.2.14, in summary the Planning Team believes that the nation has been well served by the NRO and that a single national organization is still the most effective and efficient way to manage and execute space and airborne reconnaissance programs in support of national intelligence and military operational support requirements. An overview of the organization of the NRO is provided in Appendix 4.

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2.0 ISSUE AND CHALLENGES

2.1 Issue. The NRO has served the nation remarkably well over the past 25 years. The critical issue is whether the NRO can sustain that record. Certainly, when considering making potentially major organizational changes in the NRO, the obvious question is "Why change something that has worked so well for so long?". The Planning Team believes that the NRO can sustain its superior performance record but the environment has changed and the NRO must cope with new challenges in order to achieve this goal.

In the past, the intelligence questions were relatively simple and any new collection capability that supplied additional data on the USSR provided critically needed intelligence. The isolated development of capabilities within single satellite systems and to support single intelligence disciplines (INTs) met these early requirements and was affordable. Today the intelligence and operational shortfalls are significantly more complex and require a more integrated approach. Now there is a greater need for the merging of previously separate and distinct collection disciplines. America's interests and intelligence needs have expanded far beyond the Soviet Union. Treaty monitoring has placed more demands for dynamic coverage of larger areas. Targets are becoming more mobile and the enemy has increased efforts to hide his activities. Increasingly, intelligence objectives require more understanding of how things work, not just where and how many there are. The ability of our intelligence analysts to cope with the collected data is being stretched to the limits. And finally, users, especially the military, require more rapid access to intelligence and in some cases the actual collected data.

Additionally, programmatic flexibility is decreasing due to reduced funding growth and the costs associated with maintaining a significant baseline capability. This reduced flexibility has resulted in diminishing opportunities for new initiatives. More difficult requirements and reduced programmatic flexibility mandate that National Foreign Intelligence Program (NFIP) and DoD investment decisions must be well reasoned and responsive to user and customer needs. National Reconnaissance Program (NRP) decisions are further complicated by their complexity, cost, and the time required for an NRP system to reach initial operating capability.

2.2 Challenges. The principal challenge facing the NRO is to maintain, through superior performance, its leadership role in the development of creative system responses to requirements. To afford the maximum opportunity for new initiatives to be included in the NFIP or DoD programs, the need for baseline capabilities

versus new initiatives must be an area open to objective tradeoffs. The NRO should promote better system end-to-end coherence, including analysis and dissemination capabilities, and more cross-system and cross-INT architectural integration including spacecraft, relays, ground stations, and tasking.

The second challenge before the NRO is to improve its understanding of, and responsiveness to, national and military operational requirements. The NRO is, in simplest terms, a service organization. Understanding the customers' needs should be a fundamental precept for the NRO.

The third challenge is for the NRO to assume a fuller, more proactive, role in the Intelligence and DoD communities in which it participates. The NRO should increase its understanding and participation in intelligence issues and problems and try to extend its influence beyond its traditional acquisition and collection role to work for more effective and efficient systems development in an end-to-end context. The NRO must improve its support to the National Foreign Intelligence Council (NFIC) and DoD decision processes to promote a better understanding of the complex and often interrelated NRP, Defense Reconnaissance Support Program (DRSP), and Airborne Reconnaissance Support Program (ARSP) issues. Additionally, the NRO should develop a better consensus-building approach within the Intelligence Community and DoD to support implementation of the NRP, DRSP, and ARSP.

3.0 PROBLEMS

3.1 Internal Problems. In responding to the challenges above, the NRO must deal with some significant internal problems. The problem descriptions that follow were synthesized from the briefings and discussions the Planning Team held with the NRO Program Elements and the various elements of the Intelligence Community and DoD with which the NRO deals. The external inputs included NRO contractors, analytical and production intelligence activities, military operators, Congressional staffers, and the senior managers from the major intelligence and defense organizations. The problems identified by the Planning Team are consistent with those highlighted by the previous restructure studies and earlier examinations of the NRO's performance such as the 1986 McMahon study. The Planning Team recognizes that self-examination is not easy for individuals or organizations. The Planning Team believes that it cannot be stated too often or too strongly that the willingness of the NRO to sponsor such a candid examination of how it does business speaks well for the strength of the organization and its commitment to make a positive change.

3.1.1 The critical management positions of DNRO and Director, Program B lack the dedicated attention required to provide effective leadership of the NRO. The "white world" responsibilities of the Secretary of the Air Force and the broad mission of the CIA Deputy Director for Science and Technology do not permit a sufficient amount of time to be spent on their NRO responsibilities.

3.1.2 The DNRO does not have the corporate resources necessary to develop, maintain, or evaluate responses to, top-down strategic, programmatic, or policy guidance. The DNRO also lacks the resources to provide integrated NRP/DRSP/ARSP responses to requirements.

No organizational entity exists within the NRO, dedicated to supporting corporate NRO objectives, with the responsibility, and adequate and appropriate resources, to affect:

- Architectural integration or efficiencies necessary to produce a unified reconnaissance constellation in which the systems complement each other, work together effectively, and unnecessary duplication is eliminated.
- Development and maintenance of corporate planning documentation such as a strategic plan, technology road map, or consolidated baseline "contracts" between the DNRO and the System Program Offices (SPOs) to provide a documented, top-level

baseline to support top-down guidance and decision making functions.

- Resolution of cross-program or cross-INT issues such as multiple technical solutions from different Program Offices for the same collection problem, the development of a SIGINT/IMINT cuing capability, or the development of a shared resource such as a common relay capability.
- Actions necessary to support an understanding of, and support for, NRO initiatives in Intelligence Community or DoD forums.

Existing corporate resources (the Staff) lack clear purpose or direction and are not effectively organized, managed, staffed, or supplied with the resources necessary to support the realization of NRO objectives.

3.1.3 The existing NRO Staff operations function cannot support the degree of DNRO attention to operations, necessary to support the objectives of maintaining the NRO's cradle-to-grave responsibility, including operations, and increasing the level of NRO support to military operations.

3.1.4 The structure and procedures necessary to facilitate effective NRO decision processes are lacking. Currently, it is very difficult to make, and implement, non-consensus decisions. Additionally, there is no ability to include customer and user considerations in internal NRO activities without limiting NRO flexibility. The Staff support to the process does not adequately prepare the participants, nor does it adequately disseminate and follow-up on decisions when they are made.

3.1.5 The matrix nature of the organization is critical to the realization of effective service and agency participation in the NRO and the infrastructure support and customer insight that results from that participation. However, this organizational structure also results in the divided loyalty of the Program Elements between the NRO and their parent organizations which has tended to be heavily biased toward the parent organization. Additionally, the Program Elements often have overlapping responsibilities and interests that may be at odds with the objectives of the NRO. These conflicts often result in a destructive level of competition between the Program Elements. The DNRO has little ability to resolve or manage these conflicts because of his lack of line authority and the ability of the Program Directors to use their dual reporting chains and the power

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of their parent organizations to circumvent his decisions. The effects of this conflict of loyalties have been demonstrated in several acquisition-related decisions and reversals, in prior efforts to restructure the NRO, and in the current restructure planning activity.

3.1.6 No entity exists within the NRO with the responsibility and the resources to work with the Intelligence Community and the DoD to ensure that proper requirements development and feedback occurs. Similarly, there is no NRO organization responsible for the translation and dissemination of requirements to the Programs in a manner that supports a uniform understanding of the national and military support requirements.

3.1.7 The DSPO has provided a useful focus, and the necessary "black/white" function, for the military/NRO interface, but has had limited effectiveness in influencing how the military does business with the NRO in areas such as requirements or support to operations. Additionally, the understanding of the military problem, developed in the DSPO, is not effectively influencing NRO activities due to the isolation of the DSPO from the mainstream structure of the NRO.

3.1.8 The NRO does not put enough emphasis on ensuring that systems are planned, acquired, and operated with end-to-end coherence.

3.1.9 The lack of an effective NRO simulation policy and a corresponding lack of NRO management direction for simulation activities has resulted in a lack of adequate, credible and common simulation tools to support cross-program, multi-INT, system end-to-end, and top-level architectural analysis and planning.

3.1.10 The NRO does not have an effective, unified security system to support the needs of the NRP and DRSP. The current "multiple standards" approach across the three NRO Program Elements and the other government organizations engaged in BYEMAN activities is resulting in a significant and unnecessary expenditure of NRO funds by contractors.

3.1.11 Intelligence Community and DoD decisions regarding NRO programs are becoming more complex, especially with respect to cross-program and cross-INT issues and cost/benefit tradeoffs. The NRO does a reasonable job of interfacing at the SPO level, with external organizations, to support acquisition and operations activities. However, the NRO is not organized to act as a single corporate entity

with these external organizations in a manner that provides them with the timely information the external organizations require to participate effectively in Intelligence Community or DoD decision forums.

3.2 External Problems. In addition to the internal NRO problems, there are a number of related external problems that also have to be addressed:

3.2.1 The current formal national and military requirements and guidance processes do not support requirements forwarding, validation, and feedback between customers and users and the NRO; therefore, there is a lack of sufficiently concise, effective, and prioritized requirements to support systems acquisition and tradeoff decisions and systems development.

3.2.2 A significant portion of the military has an inaccurate view of the NRO's role in the intelligence support process, including such areas as requirements development, tasking of collection systems, and data dissemination.

3.2.3 The NFIC process does not facilitate effective administration or execution of the NFIP programs by the NFIC senior managers. NFIC principals often lack sufficient understanding of the issues, especially the more complex NRP issues. Contributing to the difficulty is the Intelligence Community's lack of a system or agreed methodology for planning and analysis on the NFIP scale. The resultant lack of an effective long-range strategy causes decision making to occur in the context of near term programmatic and performance considerations which tend to favor the baseline over new and/or long-term initiatives. The process is particularly ineffective in addressing NRP issues. The higher cost, longer term initiatives, that typically characterize most of the NRP, do not fare well against the lower cost, near-term initiatives of the other NFIP programs.

3.2.4 Insufficient system end-to-end planning and programming coherence across NFIP and related DoD programs wastes resources and limits capabilities.

3.2.5 The lack of a consistent, concise, and workable definition of what should be protected within the BYEMAN security system, partially due to the lack of a good definition of the BYEMAN, TK, and other security systems' interfaces, has resulted in an inconsistent, outdated approach to security classification that does not support

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the objective of protecting critical data while ensuring sufficient access to data for those who have a valid need to know.

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4.0 RESTRUCTURE RECOMMENDATIONS

4.1 Leadership. Before detailing the restructure recommendations it is important to address the question of "Why restructure to solve problems that are mostly resolvable with better management?" It is important to understand that the management position of the DNRO is inherently weak principally due to the matrix nature of the NRO over which the DNRO does not have complete line authority. Restructuring will help by removing organizational obstacles inhibiting management control and by providing the "tools" to promote more effective management. The resultant improvements could be even more effective if combined with effective leadership but the changes cannot substitute for good leadership. To be effective, the changes, especially those associated with strengthening the DNRO's decision authority, must be supported by the DNRO, DCI, and SECDEF.

4.2 Recommendations. To structure the NRO to build upon its excellent record, we recommend that:

4.2.1 The DNRO's DoD position should enable him to be a near full time manager of the [redacted] NRP, DRSP, and ARSP. The DNRO's "white world" position has provided some important advantages in support of the management and execution of the NRO mission. However, the management requirements of the NRO require that the DNRO devote at least 80 percent of his time to NRO matters. Often the non-NRO responsibilities of the DNRO, especially when the DNRO has also been the Secretary of the Air Force, have made this amount of attention to NRO matters impossible. The Planning Team believes that if the DNRO has a second hat in the DoD, it must allow for the focus of his attention to be on his responsibilities as DNRO while facilitating participation in those space issues that are important to the NRO and its mission. (b)(1)
(b)(3)

4.2.2 The DCI should treat the DNRO as his principal advisor regarding the development and execution of NRO programs and actively include the DNRO as a senior member of his management team. When the DCI and DDCI exclude the DNRO, and instead go to senior managers of CIA or the Intelligence Community Staff, or other NFIP Program Managers with a question or a request explicitly within the DNRO's purview, they undercut the DNRO's management prerogatives and weaken his management position. The DCI and DDCI should have sufficient interaction with the DNRO to foster a close management relationship. Conversely, the DNRO should keep the DCI and DDCI fully-informed on a timely basis regarding NRO issues, problems and plans.

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4.2.3 The SECDEF relationship with the DNRO should be strengthened to improve execution of the Defense programs managed by the DNRO. This includes the DRSP and other programs for which the SECDEF has given management responsibility to the DNRO. Currently, the effectiveness of these programs suffers because the large and diverse DoD constituency makes the implementation of initiatives difficult. While all these diverse DoD interests should have an opportunity to actively participate in the programs, there must be an effective and enforceable way to end debates and make final decisions so that implementation can proceed. A closer management relationship between the SECDEF and the DNRO would bolster the DNRO's ability to resolve contentious issues, consistent with DoD policy and strategy, in a timely and enforceable manner. As with the DCI, the DNRO should keep the SECDEF fully informed, on a timely basis, regarding all NRO issues, problems, and plans.

4.2.4 The Director of the Office of Development & Engineering should be the Director of Program B. Currently, the CIA's Deputy Director for Science and Technology (DDS&T) is the Director of Program B. Because the DDS&T reports directly to the DCI, there are real and perceptual problems regarding his willingness to support a DNRO decision that is unfavorable to the CIA, or to appeal it with the DNRO. Instead, the DDS&T can use his CIA command chain and take the issue directly to the DNRO's boss, the DCI. The proximity of the DDS&T to the DCI also tends to cause the DCI to look first to the DDS&T for support regarding NRO issues. In addition, a non-NRO related problem resulting from the DDS&T being the Director, Program B is the real or perceived loss of objectivity for his DDS&T responsibilities because of his close ties to Program B.

Additionally, the DDS&T is limited by other responsibilities and can spend only about 20 percent of his time on NRO and Program B matters. The effective management of the NRO and Program B requires that the Director of Program B is someone who spends the majority of his time working Program B and NRO issues.

4.2.5 The SECDEF and DCI must give the DNRO their active support for him to fulfill his difficult management task. This is so important that we recommend that the SECDEF and DCI should specifically reaffirm their support for the DNRO in an MOA, such as the one in Appendix 6. It is critically important that both the SECDEF and DCI work closely together to support the DNRO and his decision authority. To effectively manage the NRO, the DNRO's decision authority must have the force of line management control in spite of

the matrix nature of the organization. The SECDEF and DCI must not allow elements of the NRO to subvert the DNRO's authority. Additionally, they must support the DNRO's "hire & fires" recommendations regarding the senior managers of the NRO.

4.2.6 The frequency, regularity, and discipline of formal internal NRO senior management forums must be improved. The senior managers of the NRO need to meet frequently and regularly for the purpose of supporting a more effective decision process that should include:

- The ability to identify issues requiring management attention as early as possible and to frame them in a manner that clearly identifies the decisions that must be made and the tradeoffs involved.
- The supporting data must be readily available, well organized, complete, and credible.
- A supporting process to allow the communication and discussion of the issues and the relevant data by the appropriate managers. This process should:
 - Fit the structure and objectives of the organization
 - Ensure all participants have adequate time and data to participate effectively.
- Clearly understood decision authorities.
- The means to ensure that issues are resolved at the lowest possible management level, but that issues not resolved can be raised quickly for top-level resolution when required.
- An effective method of documenting decisions and communicating them to all parts of the organization.
- The ability to follow-up on decisions to ensure they are implemented.

4.2.7 A new NRO position should be created: the Deputy Director for Military Support. The DSPO and the military interface problems require more senior and appropriate representation within the NRO management structure. The objectives for establishing this position include:

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- Enhancing senior advice to the DNRO regarding support to military operations;
- Facilitating communications with the principal organization, the Joint Staff, responsible for the conduct of military operations;
- Improving NRO interfaces with those organizations associated with support to military operations; and
- Providing a means to improve the military's understanding of how the NRO functions within the context of the Intelligence Community and support to military operations.

The new position should be filled by a two-star flag officer, dual-hatted in an appropriate position on the Joint Staff, who is familiar with support to military operations issues. This officer should reside in NRO facilities and spend at least 70 percent of his time on NRO matters. He should assist the DNRO and DDNRO with the management of the NRO with emphasis on issues related to military support. The Deputy for Military Support should be the number three officer in the NRO command chain.

4.2.8 The existing military support functions (DSPO) should be integrated into the appropriate staff and line elements to increase the understanding of, and responsiveness to, military requirements. The military deputy should have a special staff of six to ten military officers to facilitate liaison activities with the military. This small staff organization should retain the title "DSPO" within the "white world" and should provide the organizational cover and the "black/white" interface function necessary to support the NRO/DoD interface. The remaining DSPO functions should be integrated into the appropriate, restructured, corporate elements to eliminate the current isolation of the DSPO from the NRO so that the effectiveness of the DSPO activities within the NRO is increased. Specifically, the TENCAP liaison function, the exercise support activities, and the planning and analysis activities now performed by the DSPO should be transferred to the Planning & Analysis (P&A) organization (4.2.10). While a separate DRSP should be maintained, the budget administrative functions for DRSP should be integrated, with the NRP budget support functions, into the NRO budget office which will maintain independent tracking of the NRP, DRSP, and ARSP. In a similar fashion, the administration of, and guidance for, the DRSP R&D

activities should be combined with the NRP R&D guidance and administrative functions and placed in the P&A organization.

A more integrated NRO and DSPO management structure should also improve the management oversight of DSPO-sponsored activities by ensuring that there is a single set of management procedures, and adequate resources, for the internal management oversight of NRP, DRSP, and ARSP activities. The careful management of the DRSP is becoming more important since the DRSP has matured and begun to consider initiatives that may not be executed by NRO, elements. For example, an initiative might be funded in the DRSP and managed by the DSPO, both of which are under DNRO management control, but the actual development may be done by an activity not subject to the management of the DNRO. Additionally, the amount of funds provided by other organizations for execution of various initiatives, through the DRSP, have been increasing. Both of these areas require careful management attention to prevent abuses of the NRP or DRSP charters or the special authorities of the NRO. This management attention should be facilitated by a more integrated NRO and DSPO management structure.

4.2.9 The DNRO's staff should be streamlined along traditional staff lines. The existing NRO Staff is an organizational mixture of substantive functions, such as cross planning and analysis, operations monitoring and congressional liaison, and administrative functions including traditional staff functions such as personnel, policy, budget, etc. This mixture does not allow effective or appropriate senior NRO management focus on the individual functions collected within the staff structure in a manner consistent with their relative importance. The existing structure also results in span of control problems and poor lines of communication that are inconsistent with the staff requirements of an efficient NRO. The Staff should be restructured to separate the substantive functions from the traditional administrative functions and to ensure that the substantive functions have the organizational structure necessary to make them more effective.

The administrative functions of security, policy, registry, personnel, budget and comptroller, logistics and communications should be collected into a separate staff headed by a senior O-6 or equivalent civilian. The security function is envisioned as a small support element for the NRO headquarters. The policy function encompasses all those areas traditionally associated with classical administrative policy, including organization-wide policies and procedures, operating instructions, and regulations. The policy

activity will be the central dissemination and maintenance point for policies. The programming and budgeting function provides for budget administration, including building the annual budget. A separate Comptroller's office within the administrative staff is envisioned for ease of audit and separation of functions. This function should be responsible for the transferring, accounting, and auditing of funds.

A separate operations staff should be created to strengthen the viability of the corporate NRO operations functions which are important to both maintaining the NRO's strong cradle-to-grave approach to operations management and to improving the support the NRO provides to military operations. To support military operations, the NRO must have an operations management capability that is more robust than the current ad hoc non-real-time arrangement. The DNRO should have the ability to manage operations rather than just be informed about them after the fact. The proposed operations organization should be responsible for the existing flight safety, contingency, operations status monitoring, weather, Overhead Collection Management Center NRO personnel administration, and the current staff level launch support activities.

The Inspector General (IG), General Counsel and Congressional Liaison functions should be organized as special staffs to the DNRO, much the same as they are in major corporations and military commands. The NRO Congressional Liaison is a single person today and, recognizing the advantages of that approach, it should remain very small (one or two people). The advantage of having that person report directly to the DNRO is based primarily on the importance of that one person being able to convey to the Congress the Director's views. The IG currently does report directly to the DNRO, by charter, and there should be no change to that special relationship. Finally, the General Counsel is also a position that must be able to provide advice, unfiltered by staff pressures, to the Director.

Additionally, care should be taken in structuring and staffing these staff elements to ensure that there is no potential for conflict between them and the recommended planning and analysis organization (4.2.10).

With the collocation of the headquarters elements of the NRO, as described in 4.2.13, including the Program Directors, the need for staff-level individual Program Element Monitors to represent the programs will be

eliminated. Therefore, this function should be eliminated, as a staff function, and absorbed within each of the separate Program Directors' offices within the collocated headquarters.

4.2.10 A substantial NRO Planning and Analysis (P&A) organization be created, with 80 to 140 personnel, as a separate line organization. To be responsive to the intelligence and operational needs of the future, the NRO must manage its activities and develop its systems in an increasingly integrated manner. Improved integration must include a better understanding of user and customer requirements, an enhanced involvement of users and customers in NRO planning activities, the development of cross-program and cross-INT solutions, and more effective system end-to-end planning coherence, including better coordination with the other NFIP and Tactical Intelligence and Related Activities (TIARA) programs.

The anticipated intelligence and operational environment of the future requires the development of a strong, centralized P&A capability within the NRO. The expected complexity of the future intelligence and operational requirements, diversity of the potential solutions available, criticality of the programmatic decisions, and limited resources that will be available require a substantial analytic capability to support and optimize the NRO's management and decision processes.

The P&A organization should be established to meet the following objectives:

- Enhance the NRO's external interfaces including requirements monitoring, translation, and feedback to improve the NRO's understanding of national and military support requirements.
- Provide a capability to develop and maintain an integrated architecture that will more effectively and efficiently meet the intelligence requirements of the future.
- Provide a capability to develop and maintain a strategic plan that details what must be accomplished (technically, fiscally, and politically) to realize the desired architecture.
- Provide an independent support capability for the NRO decision processes, including an objective technical

assessment capability that can address cross-program and cross-INT issues from a corporate NRO perspective.

- Enhance the NRO's ability to effect better system end-to-end and cross-program planning and execution coherence between the DNRO-managed programs and the other NFIP and TIARA programs.
- Improve the NRO's effectiveness in external decision processes including the ability to promote an understanding of, and support for, NRO initiatives.

The mission statement or charter for the P&A organization should read as follows:

"The Planning and Analysis organization of the National Reconnaissance Office is the central organizational entity responsible for top-level program planning, coordination, and analysis of the DNRO-managed programs. The organization shall have the principal responsibility for interfacing with external organizations, with the exception of SPO-level development and operational interfaces. They shall perform requirements monitoring, analysis, translation, and feedback, and the coordination necessary to ensure system end-to-end planning coherence between the DNRO-managed programs and the other NFIP and TIARA programs. The P&A organization shall be responsible for the development and maintenance of an architectural and strategic plan and the planning and analysis, supporting guidance and baseline documentation necessary to implement the plan. P&A shall also provide support, including, but not limited, to objective technical adjudication of cross-program and cross-INT issues for the NRO decision processes."

The P&A organization should be organized in detail by its Director with the advice of the other senior NRO and Intelligence Community managers. Additionally, the final definitions of the functions performed by P&A and its interfaces with the other Program Elements should be left to the P&A Director and the DNRO. However, the following are some general principles of organization and operation that should be followed in establishing P&A:

- Responsibility and Authority: The P&A Director and the P&A organization must have a significant role, with attendant supporting responsibilities and authorities, in the management and execution of the DNRO-managed programs.

- The roles, responsibilities, and authorities of P&A must be clearly understood and, with the exception of essential checks and balances, all competing functions within the NRO (staff and program level) should be eliminated, or restructured, to avoid unnecessary conflict.
- The P&A organization, while focusing on the development of the future NRO architecture, should also have significant responsibilities related to the management and execution of the current DNRO-managed programs in order to avoid "ivory tower isolation".
- The Director of P&A should be a senior SIS/SES officer or a flag rank military officer. The Director should be selected by, and report directly to, the DNRO, and have equivalent stature to the Program Directors.
- The Director of P&A should be a member of the Directors' Board and all other senior NRO management forums concerned with planning, programming, and decision making.
- The P&A organization should be a line organization equivalent to a Program Office.
- The Director of P&A should have ready access to the DNRO and other Senior NRO managers. To facilitate access to the DNRO and the ability of the P&A organization to support the DNRO, the Director of P&A, and the entire P&A organization, should be collocated in the same facility as the DNRO.
- The Director of P&A should be involved (e.g., development of guidance for and/or assessment) in all critical NRO decisions.
- Independent capabilities and resources: While the P&A organization should call upon the Program Elements, SPOs, and Intelligence Community or DoD elements for task-specific supplementary expertise and support, P&A must have sufficient independent resources and capabilities to meet the routine majority of its needs.
- P&A must have a sufficient number of assigned full-time personnel to perform virtually all P&A

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responsibilities without having to rely on temporary assignment of personnel from Program Elements, SPOs, or customer organizations.

-- P&A must be supported by an independent budget that includes sufficient funding for P&A contractor support, analytic tools development, and travel requirements, as required.

-- P&A must have full and timely access to any NRO data it needs, including access, through the SPOs, to all NRO contractors and any NRO data they have.

-- P&A must be able to use contractor support, as required, to fulfill its responsibilities. While P&A may use the contracting capabilities of one of the Program Elements for this purpose, P&A should fully develop and control the statement of work, and perform its own COTR function.

-- P&A must have an independent capability to develop and operate analytic tools, including simulations, as deemed necessary to support NRO and external, NRO-related decision processes.

-- P&A must be able to establish policy for all NRO planning and analysis activities, including simulations, that are to be used for cross-program comparisons or presented external to the NRO. The purpose of these policies is to ensure consistency and comparability of analysis and data.

- Objectivity: P&A must have a high degree of competence regarding intelligence processes, NRO systems, and systems engineering, and must perform its mission with unquestionable objectivity; they must maintain a national level perspective.

-- P&A must not be an advocate for any NRO program element, SPO, or program proposal (except as outlined below), or for any customer agency or intelligence discipline.

-- P&A should be an advocate for cross-program/cross-INT architectures, coherent end-to-end system planning and integration, creative approaches to overhead reconnaissance to offset the tyranny of the baseline, an aggressive approach to R&D, and sufficient resources essential to all of these.

- Customer involvement: The organization and operations of the P&A organization must be undertaken in such a manner as to provide for genuine and substantial customer integration in P&A, and appropriate customer influence on NRO planning and decisions without limiting the NRO's flexibility, particularly in the acquisition phases.

-- Professionals from customer organizations should be detailed on rotation, typically 2-3 year assignments, to P&A, and thoroughly integrated in all P&A elements in both staff and management positions.

-- Customer detailees should account for at least 30 percent of P&A personnel.

-- Detailees should be nominated by their parent agency or service, approved by the Director of P&A, and operate under the authority and guidance of P&A management. They should retain no command relationship to their parent organization and serve at the pleasure of the Director of P&A.

-- Detailees should be encouraged to maintain a constructive, informal dialogue with their parent organizations. Security procedures should be developed to facilitate this dialogue.

The following are suggested functions that could be performed by the P&A organization within the scope of the mission statement, supportive of the objectives, and consistent with the guidelines above:

- Planning

The P&A function should be responsible for the development and maintenance of a strategic plan that includes the architectural and capability objectives of the DNRO-managed programs. The plan should identify necessary technologies, provide conceptual road maps (technical, fiscal, and political) for developments and major new initiatives, and serve as the basis for top-level technical and programmatic guidance. The planning activities should be responsive to national and military requirements, consider the funding and priorities of all DNRO-managed programs, and include the interaction with other Intelligence Community elements necessary to assure attention to end-to-end

system scope, including collection, processing, exploitation, dissemination, and analysis.

The P&A function should establish and maintain the decision documentation necessary to record and disseminate decisions that affect the NRO strategic plan and related topics. This documentation should include the baseline system "contracts" between the NRO and the SPOs. This should help improve the decision process by facilitating the flow of information within the organization and by providing an accurate technical and fiscal baseline against which informed decisions can be made.

The P&A organization should provide an evaluation of, and guidance to, the R&D planning process (including Military Exploitation of Reconnaissance & Intelligence Technology), and the program and budget build process in accordance with the Strategic Plan. The involvement of P&A in the R&D and program and budget build processes should result in a stronger influence of requirements and architectural considerations in the NRO programming, budgeting, and decision processes.

- System and Mission Analysis

The P&A function should perform cross-program analysis to support the NRO corporate decision processes, such as the budget build and ad hoc reductions. The analysis should include the assessment of the current programs and operations for the purpose of shortfalls identification and the evaluation of proposed new initiatives or reductions. The scope of analyses performed by the P&A function may include, for example, an evaluation of consistency with the NRO Strategic Plan, requirements satisfaction, and programmatic risk. The intent is to have an NRO P&A capability that will work closely with the SPOs to accomplish its tasks, but will also have an independent ability to carry out its responsibilities without direct SPO participation when appropriate.

The P&A function should also be the focal point for NRO responses to, and participation (if any) in, external studies.

- Interface and Liaison

The P&A function should be responsible for

translating Intelligence Community and DoD requirements, priorities, and guidance into coherent and prioritized guidance for use within the NRO. The P&A organization should monitor and provide feedback to the Intelligence Community on requirements satisfaction and program planning. Consistent with this responsibility, the organization should represent the NRO in requirements and user forums, such as SIGINT Overhead Reconnaissance Subcommittee (SORS) and Committee on Intelligence Reconnaissance & Exploitation (COMIREX) (existing SPO and detachment operational and developmental interfaces will not be affected). The organization should also support coordination among the DNRO-managed programs and other national programs (Consolidated Cryptologic Program (CCP), General Defense Intelligence Program (GDIP), etc.) for system end-to-end planning coherence. The P&A function should also provide support to the DNRO for the advocacy, coordination, and explanation and marketing of the DNRO-managed programs with the Intelligence Community and the DoD.

- Analytic Tools

The P&A function should establish requirements for, develop, and operate top-level, cross-program, analytic tools. It should develop appropriate policy for issues such as consistency, validation of models, and measures of merit for all NRO simulations, including SPO-level simulations used for activities or studies external to the SPO. In addition, P&A should support the development of analytic tools for Intelligence Community use. The P&A function should also manage the NRO exercise support tools such as EXCAP (Program A tactical support simulation). To support this function, the P&A organization will manage the NRO analytic tools (including simulation) budget.

Based on the functions suggested above, there are a number of possible organizational structures that could be used for the P&A organization. However, the exact nature of the P&A organization should be left to the new P&A Director. Additionally, the number of personnel required for P&A will vary based on the final definition of the functions to be performed, and the type and degree of any other NRO organizational restructuring that occurs. As an estimate, based on the caveats above, the number of personnel required for P&A ranges from 80 to 140.

4.2.11 The DNRO should appoint a broad based Advisory Board of "experts" to address strategic, technical, and programmatic issues. A broad selection of senior experts, including currently employed and retired individuals, from government and civilian organizations should be retained, on a reserve basis, to provide ad hoc advice to the DNRO. Their collective expertise and experience should include appropriate technical, managerial, governmental, and intelligence areas. The group should have a designated chairperson and vice chairperson and be supported by an executive support activity within an appropriate element of the NRO, designated for this purpose. The members should serve for two-year terms. The total group should meet three times a year to maintain currency regarding NRO issues. Other meetings, or activities, of the group, in whole or in part, should be at the request of the DNRO.

4.2.12 A centralized BYEMAN security implementation management function should be created within the NRO. This function should be responsible for managing all BYEMAN security implementation across all government and contractor organizations to ensure consistent implementation standards. This activity should be under the policy direction of the DCI through the CIA Director of Security. However, the day-to-day management of this activity should come from the DNRO. The BYEMAN security system exists primarily for the purpose of supporting and protecting NRO activities. The existing approach to the management of the BYEMAN system is based on a belief that the NRO is just an extra large "program" and that security management for a program cannot be entrusted to the DNRO as the program manager. This assumption is not correct. The NRO is, by charter, a separate Defense agency. The DNRO should have line management responsibility for the critical support functions, such as security, that he needs to fulfill his duties as DNRO. The DNRO's management of the BYEMAN security system should be consistent with the policy direction from the CIA Director of Security. Conflicts should be raised to the DCI or DDCI for resolution. The Director of this function should be nominated by the CIA Director of Security, with recommendations from others, and selected by the DNRO from the nominees.

4.2.13 A, B, and C program identities should be maintained and the process of collocating the NRO should be initiated immediately. As a first step, collocate the DNRO, his deputies, their staffs, the P&A organization, centralized security, and the Directors of A, B, and C and their staff support. Initiate facility and planning activities to support the Headquarters collocation and the eventual

collocation of the A, B, and C SPOs with the headquarters elements in a single facility. While the Planning Team recommends the timely and total collocation of the NRO, the Planning Team does not recommend moving to national agency status. After the NRO has been collocated, consideration should be given to standardizing support functions. It is essential that the management elements of the NRO and the P&A function are collocated as soon as possible. The SPOs should be moved as soon as facilities and detailed planning can be completed. The exceptions are selected interface-intensive or shared functions, such as launch support or the Naval Research Laboratory, which should remain in place. Once collocated, the NRO should move naturally toward a more efficient organizational structure.

There is substantial benefit to be gained by the NRO and its users and customers from the collocation of the NRO. It will provide the opportunity for daily interaction between the DNRO and the Program Directors and promote their shared attention to the management of the NRO. The result should be an improved decision process, enhanced communications, and better management integration. Additionally, collocation should foster a stronger sense of a "corporate" NRO and a shared mission. The Planning Team believes that without the management advantages of full collocation, the DNRO will not be able to resolve the management problems which have prompted the restructure activities in the NRO. A substantial P&A group and a headquarters-type collocation will not provide sufficient management support for the DNRO to cope effectively with competing Program Elements and problems that cut across program lines. Examples of the potential problems include:

- The future architecture for geosynchronous SIGINT collection has been a very contentious issue between Programs A and B, which appears to be resurfacing. The Intelligence Community can ill afford a repeat of the wasteful and destructive competition this issue has raised in the past.
- Often, the competitive pressures between Program Offices are reflected in how they deal with industry. An example of these inefficiencies is the case where a single contractor is responsible to one Program Office for the development of a system, and responsible to another for technology efforts. The Program Offices will, for primarily competitive reasons, place restrictions on the contractor that will inhibit intra contractor efficiencies and creativity that would benefit the development of the system. Additionally,

the Program Offices, again motivated by the divisive competitive environment, develop a "mine" and "theirs" attitude about contractors. This attitude often inhibits effective procurement practices, such as inter-contractor cooperative efforts, and results in the Program Offices competing, along with their contractors, rather than assuming the objective viewpoint appropriate to the Government role in systems acquisition.

- An efficient architecture should provide for the maximum shared use of support capabilities such as communication relays irrespective of which NRO program has developed the capability. However, the distrust that the Programs have for each other has made them extremely reluctant to depend on resources controlled by another Program Office. An example of this is the NRO management's inability to influence competing programs to seriously consider using common relays.

- The NRO is funding and operating two low orbiting ELINT systems. One developed and operated by Program C and the other by Program A. Both programs are growing increasingly expensive and duplicating more of the other's primary collection mission. A strong P&A function should give the DNRO the capability of objectively developing an integrated architecture in this area. However, without the management strength of a collocated NRO, the DNRO will probably have difficulty in implementing the architecture.

As our complex of overhead assets grows both quantitatively and qualitatively, it becomes increasingly important that we seek synergistic integration to enhance the value of each system. Cuing between SIGINT and IMINT satellites is a prime example of the cooperation between systems which is dependent on cooperation between Program Offices. Cross-cuing between infrared, visible electro-optic systems and radar imaging systems should be another area of close cross-system cooperation. The technology is here, the need is present, and the dollars are shrinking; yet the bureaucracy of the three NRO Program Offices stands in the way of real cooperation. The loser is the nation, expressed in terms of national security and cost effectiveness.

While a P&A element can provide the DNRO with support that should improve his management ability, it cannot provide him with the management leverage required to

completely handle these difficult problems. Moreover, most of the people external to the NRO, including leading industrial managers, have been overwhelmingly in favor of full collocation for one reason, sound management.

Some of the arguments against collocation include:

- Program A claims full collocation will destroy their ability to manage their programs. They believe that their management style cannot be effective if removed from their present contiguous location with their prime contractors. The Planning Team believes that, given a five-year lead time, the necessary management and resource adjustments can be made. Both Programs B and C have successfully managed their programs from the East Coast, while working with the same major contractors used by Program A.

- Programs A and C believe that full collocation and integration will result in the eventual take-over of the NRO by the CIA. This belief stems from the fact that the personnel grade structure of Program B is higher than either A's or C's. In addition, they believe that the generally longer tenure of civilian versus military assignments will result in the eventual "civilianizing" of all significant positions. Program C is also concerned about their ability to support the restructure from within existing Navy resources or their ability to get the Navy to provide additional resources.

The Planning Team believes that all these concerns are resolvable. The NRO could reimburse the Navy for the costs associated with any additional slots, or selected positions could be identified as Program C positions and filled with retired Program C individuals in a civil service or contract manner (similar to the in-house arrangements currently used by Program C to provide supplementary SPO manpower). The problem of rank differential between the Program Elements should be a workable problem within the confines of the NRO. The Planning Team believes that the foremost qualifications for any position in the NRO should be the relevant expertise and experience of the candidate. This is an area in which the Program Offices are very equal. The specified criteria for a position, such as SPO Director, should include the caveat that, given the qualifications cited above, the position can be filled by an appropriate military or civilian (e.g. O-6 or SIS/SES__) individual. The NRO already has some

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experience with functional organizational structures that have "senior" individuals working for "junior" persons.

To sum up, the opposition to collocation comes almost entirely from Programs A and C. The essence of the counter arguments to full collocation avoids discussing the NRO management problems that forced Secretary Aldridge to begin the process of organizational evaluation, but instead focus on the perceived needs of the individual Program Offices or their parent organizations. Restructuring without collocation and management integration is doing too little, too late to solve the fundamental problems of the NRO.

The Planning Team reviewed six basic alternatives for realigning the Program Elements, to include collocation options. A more detailed discussion of these options is in Appendix 4. In each case it was assumed that the corporate headquarters would be realigned and that a P&A element would be created as described above.

The first option was to keep the existing Program Element structure, with the three Programs, A, B and C. The second option was to reorganize along functional lines, P&A, R&D, Acquisition, Operations and Logistics; and the third option was to reorganize along business lines, SIGINT, IMINT, Other, P&A and Support. A fourth option, similar to one used in another national program, was a functional option with all three Program Elements maintaining separate acquisition responsibilities. The fifth and sixth options were also hybrids. The range of options allowed various strengths and weaknesses of the NRO to be identified and traded off. Several of the options were more dependent, in terms of their effectiveness, upon collocation than the others, but in all cases collocation was considered a distinct advantage.

4.2.14 No changes to the mission statement or charter of the NRO are required to support anticipated national or military support activities of the NRO. There were four issues in the mission/charter area:

- Viability of the NRO charter to support the objectives of the organization;
- NRO support to military operations including the acquisition of dedicated military support satellites;
- The extent of NRO involvement in areas outside its traditional collection acquisition role; and

- NRO involvement in the management and execution of the ARSP.

The Planning Team's preliminary findings are that the first issue is not a problem in that the current charter is still valid and that the last three issues are not due to problems with the charter but rather are due to implementation problems caused by a lack of specific NRO policy or strategies related to these areas.

There are at least two documents which can be called the NRO "Charter": DoD Directive 5105.23, March 27, 1964, which establishes the NRO as an operating agency of the Department of Defense (revised 3 October 1979), and the "Agreement for Reorganization of the National Reconnaissance Program" signed by the DCI and the SECDEF, 11 August 1965. There have been multiple documents which have affected the charter of the NRO, such as the addition of the DRSP in 1980, with the most recent being Executive Order 12333, signed 4 December 1981.

The "Charter" of the NRO has withstood the test of time. The same can be said for the mission of the NRO. In spite of the changing operational and political environment, the basic authorities of the NRO have remained intact and both DoD Directive 5105.23 and the 1965 Restructure Agreement, which describe the NRO mission in the broadest terms, are viable.

The Planning Team believes that the charter of the NRO, as written, permits and supports the objectives of the NRO with respect to its future. Making reasonably plausible changes to the charter will not solve any of the problems inhibiting the efficiency or effectiveness of the NRO. Unless specifically excluded by the charter, an organization's ability to modify its role in selected areas is predominantly limited by historical precedent and the willingness of other organizations to accept the changes. Given that the charter is over 20 years old, there are modifications that could be made to reflect the de facto changes that have occurred. However, unless a substantial gain can be realized from updating or changing the charter, the risks entailed and time consumed by opening up the issue argue against making any changes.

It is unclear why support to military operations continues to be a question--whether or not the NRO is "chartered" to support military operations has been questioned periodically since the early 1960's. Each time

the question is raised, the answer comes back with a resounding "YES". The NRO has built, and continues to build, systems whose primary mission is to support military operations. The DRSP was formed in 1980 to facilitate the building of such systems, to augment other systems so they provide better support, and to make sure that the military operator is trained and equipped to make the best possible use of overhead data.

The problem is not one of mission or charter. Rather it appears to be an educational or awareness problem, both within the military and the NRO, exacerbated by the lack of an NRO strategic plan to direct and guide implementation within the NRO. The recommended military deputy and the Staff, DSPO and P&A organizational changes identified earlier in the report should help increase NRO awareness and responsiveness to military support problems and help with the education of the military regarding the NRO's mission and capabilities.

The Intelligence Community is becoming increasingly aware of the dollar and performance impacts associated with the lack of coherency between the functional portions of systems (e.g., collection, processing, tasking, etc.) through all phases of programming, development, and operations. While the NRO has been traditionally considered as only a collection system acquisition organization, it does, in fact, do work in all areas including system management, processing, exploitation, and dissemination. The principal problems in this area are the lack of a policy or a strategic plan detailing a reasonable set of implementation actions, that the NRO could initiate, and the lack of adequate Intelligence Community or DoD procedures to facilitate effective system end-to-end planning and programming.

The charter also is adequate with regard to the NRO'S role in managing and acquiring special airborne reconnaissance platforms. During its early years the NRO played a very active role in this area. With the development of advanced airborne reconnaissance concepts with the potential to provide critical support to a wide range of national and military users, the NRO should develop the appropriate policy and planning to facilitate the acquisition and operational management of appropriate airborne reconnaissance platforms, sensor payloads, data links and ground stations.

4.2.15 The NRO should remain a covert organization until stronger imperatives for change are identified. The issue of whether or not selected information regarding the NRO should be overt and unclassified does not appear to inhibit the realization of any NRO organizational objectives. The motivation for considering the declassification of any information is principally due to the obvious inconsistency between the covert nature of the NRO and the widely known existence of satellite systems and their role in reconnaissance and the existence and mission of the NRO itself. Arguments against declassification include: (1) opening the door to Freedom of Information Act (FOIA) inquiries; (2) the danger to streamlined NRO management techniques through increased administrative oversight; and (3) further erosion of NRO security (usually described as the "slippery slope" syndrome).

The Planning Team has concluded that there is no significant cost for remaining covert and no major benefit for becoming overt. However, declassification of selected information regarding the "fact of" the NRO appears to be feasible without harm to the NRO mission. The Planning Team also believes that the eventual declassification of "fact of" information is very likely, perhaps as a by-product of the recommended restructure actions, and careful planning for such a transition should be initiated.

4.2.16 A National Reconnaissance Board should be created. This board should not be a decision-making group. Instead it should provide the SECDEF, DCI, and DNRO with advice regarding requirements and program issues concerning the NRP, DRSP, and ARSP and related aspects of other NFIP and DoD programs.

The group should be chaired by the DDCI with members from the NRO, CIA, DIA, NSA, IC Staff, the Joint Staff, and Office of the Secretary of Defense (OSD) (either Command, Control, Communications & Intelligence (C3I) or Assistant to the Secretary of Defense for Intelligence Policy (ATSD/IP)), at the Deputy Director or equivalent level. Some believe that the Director, IC Staff should chair the group. However, the Planning Team's strong preference is for the DDCI to chair the group. The DDCI's chairmanship is more likely to maintain deputy director level participation in the group. The agenda of the Board should be driven by intelligence challenges and the DDCI's active participation in the upper levels of the national security process places him in a better position to focus the Board on the appropriate issues. The DDCI's chairmanship adds to the top-level status of the Board and provides an appropriate

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senior authority for interaction with the DoD on NFIP/DoD issues.

Since the DNRO reports to the DDCI, there are those who believe that the DDCI may be an inappropriate chairman for a group whose principal responsibilities include providing advice to one of his subordinates. Additionally, because the DDCI also enjoys a similar arrangement with the other members of the group, his ability to enforce his position may inhibit the give and take advisory nature of the group. The Planning Team believes that these concerns can be answered. However, this decision correctly belongs to the DCI who should discuss this issue with the SECDEF.

The intent is to keep the group small, to enhance its effectiveness, and to focus the group on user and customer needs and program responses rather than financial or programmatic accommodations. The staff support, including executive secretary function, should be supplied by the NRO.

4.2.17 A three part facility acquisition program should be initiated to rapidly and completely support the restructure actions. A temporary facility is required to support the immediate collocation of the minimum essential NRO management elements and the initial P&A organization. The most important criterion for this facility is immediate availability. The only facility meeting this criterion is limited in size. Therefore a larger interim facility which can be available in a year to 18 months is required to provide for the collocation of all NRO management elements and the full P&A organization. Once the interim facility is ready, only essential liaison functions and meeting facilities should remain in the Pentagon. Finally, a permanent facility will be required to support the total collocation of the NRO.

During the course of the study, a facilities team from CIA conducted a search of the Washington D.C. area to determine if facilities were available to support potential restructure recommendations. Detailed facility options were developed that can support all the recommendations in this report.

The facilities team investigated existing government facilities and new construction on government property. Commercial options were also investigated to include lease, purchase and new construction. The team's evaluation criteria included cost, schedule, security, ability to satisfy size requirements and accessibility. Existing government buildings were ruled out because of size and

security problems. Cost and schedule delays, driven by the need for an environmental impact statement, site master plan considerations, and funding cycle constraints ruled out new construction on government land. The commercial option was far more flexible and satisfied more of the selection criteria. After surveying 160 interim facilities and 150 permanent facilities, both interim and permanent sites were identified in Fairfax County to support the collocation of the NRO.

The NRO has a lease agreement for a temporary facility in Fairlakes, Virginia. Approximately 130 people can be accommodated in this facility almost immediately. However size and security considerations make this site viable for only a short period of time (1-2 years).

There are two principal candidates for the interim facility to support 300-400 people. One is International Point on Rt 28 near Dulles and Meadows III in Westfields, south of Dulles. Depending on which one is chosen, immediate authorization will allow availability within 11 to 18 months.

The two alternatives for a permanent site to support the total collocation of the NRO are associated with the two interim locations. Adjacent to Westfields and within two miles of International Point there are building sites owned by the developers of the potential interim buildings that will meet the requirements for a permanent NRO facility. In either case, immediate authorization will allow occupancy in approximately 51 months.

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5.0 EXTERNALS

5.1. Introduction. In addition to examining the NRO, the Planning Team was tasked to identify and analyze problem areas, and present specific recommendations for change, in Intelligence Community and DoD management and interrelated processes external to the NRO.

5.2 Goals & Method. The Planning Team defined its principal "external" goal as the identification of problem areas and the definition of corrective actions that, irrespective of internal NRO structure, would have the highest potential to:

Improve the effectiveness of internal NRO planning and decisions for the development and acquisition of overhead systems;

Improve the NRO's responsiveness to users' intelligence and operational support needs; and,

Enhance the ability of NFIP managers to develop and sustain a consensus within the Administration and with the Congress for appropriately focused long-term resource investment in overhead systems and related programs.

A subset of the Planning Team, representing key national and operational users of NRO products and an officer from the IC Staff, participated fully in all aspects of the analysis. In addition, they focused on the so-called "external" issues. They reviewed documents, held conferences, had meetings in their parent organizations, and conducted extensive interviews with a broad range of executive- and working-level representatives of the Intelligence Community, DoD agencies, the Services, and the Unified & Specified (U&S) Commands. In addition, many executive-level visitors from Intelligence Community and DoD organizations spoke to the Restructure Planning Team about their views of Intelligence Community or DoD processes and their relationship to NRO planning and decision making.

5.3 Conditions and Perceptions. The most serious impacts on NRO and Intelligence Community interaction and organizational performance stem from a number of external conditions and perceptions:

An increasingly constrained fiscal environment, and the dynamics of rising costs and continued expansion of requirements in a period of intense competition for marginal funds;

The difficulties of overcoming the rigidity of a strong baseline program with a reasonable degree of innovation;

Cross-program and cross-discipline planning and adjudication weaknesses in the NRO and broader Intelligence Community and DoD;

Lack of discipline in the national intelligence and defense requirements processes;

Perceptions by military operators that NRO assets are not reliably available to them; and,

- A general perception of impotence on the part of NRO customers in such areas as requirements-to-program tracking.

These conditions give rise to a confusing NRO program management environment and a tendency for no-holds-barred competition using tactics that undermine loyalties within the NRO and erode external confidence and support. The net result is a distrustful, occasionally hostile, user community that feels unable to assure itself that either its system requirements, and by extension, its ability to produce the required intelligence, will be acted on within priorities considered by the user to be rational and reasonable.

5.4 Problems. The most important external factors contributing to this environment fall into five major problem categories reflecting faulty, or inadequate, user community processes. These lead to specific internal NRO problems or actions that have a negative effect on the product of the NRO and the Intelligence Community and DoD.

- An Intelligence Community requirements system that fails to convert disparate, multiple entries of requirements-related data into a cohesive statement of adequate structure and detail, binding on the NRO for strategic planning and system acquisition. This leads to aggressive, uncoordinated NRO efforts to seek requirements from any source and individual partisan user relationships based on support of a program initiative. Results include virtually uncontrolled program competition and ad hoc program and resource decisions without any consistent requirements yardstick against which to measure cost versus benefit comparisons across programs or intelligence disciplines.

- A resource adjudication and oversight process that is ad hoc and primarily driven by financial pressures. This leads to decisions unsupported by any strategic concept or plan, and often represents an invitation for Congressional

committees, already frustrated by what they discern to be indecision and lack of commitment by the administration, to take extraordinary action through authorization and appropriation strictures.

Disjointed and uncoordinated DoD requirements processes and operational intelligence support interfaces with the NRO. This leads to lack of focus, damaging misconceptions about unfulfilled requirements and systems availability, and inadequate NRO support to military operations.

Lack of an effective, integrated NRO and Intelligence Community and DoD process for total system end-to-end planning, programming, and tracking of execution. This leads to inefficiencies and disconnects among major program elements, lack of an appreciation for the total system costs and, in some cases, failure to realize all the elements essential to achieve a program's full substantive potential.

Inadequate top-level Intelligence Community processes, including a lack of effective support to NFIC deliberations; guidance that often lacks adequate substance, direction, and granularity; and an inadequate budget-dominated cross-NFIP planning and analysis capability to support either. This leads to poorly informed top-level decision making, programs that are left free to pick among the plethora of high priority tasks or to justify virtually any desired initiative in association with some element of "guidance," and a reliance on cost/benefit and tradeoff analysis performed by advocates of program or departmental interests.

5.5 Recommendations. To address these deficiencies, we propose that the Director of Central Intelligence and the Secretary of Defense take the following specific actions.

5.5.1 Establish an effective, integrated Intelligence Community requirements system with top-to-bottom traceability from intelligence problem to program response, in order to permit the development of Intelligence Community and NRO strategies, suppress wasteful competition, and to facilitate cross-INT and cross-program tradeoff analysis and customer feedback. In the interim, the NRO should pursue its own top-level aggregation and organization of available requirements sources as a means to support internal planning and analysis and as a basis of dialogue with customers.

5.5.2 Focus DoD-NRO interfaces to ensure proper service at all levels to the interests of warfighters.

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Reinforce DIA's responsibility for validation and integration for all DoD operational intelligence support requirements and as the authoritative spokesman for these needs in NRO planning and acquisition.

Support related NRO restructure options to establish a Deputy Director for Military Support and other internal measures to increase NRO service to operational support needs.

5.5.3 Provide management focus for Intelligence Community planning and programming for a total system end-to-end process and review procedure to ensure coherence in all aspects of development and acquisition and maximum return on investment.

Establish the DNRO's responsibility for leadership of a joint Intelligence Community process for planning and end-to-end system architecture development for all NRO-based systems.

In most cases other than SIGINT systems, all funds for development and acquisition of the total system would be programmed in the NRP or DRSP; funds would be transferred to programs implementing planned system segments only in the program year. This would preclude uncoordinated reallocation of system funds in out years by other program managers who have no stake in total system performance.

Implementation of selected system components would continue to be executed by NFIP and DoD agencies, as appropriate, within the context of the total system end-to-end plan.

5.5.4 Improve Intelligence Community processes for support to top-level decision making, guidance, and planning and analysis.

Establish a Intelligence Community Planning and Analysis unit that reports directly to the Director, ICS. It would be analogous to the proposed NRO P&A unit, but with broader responsibilities for cross-NFIP analysis and assessment of program initiatives. It would have the explicit responsibility to identify issues and drive them to decisions, supporting all NFIC principals with structured decision-support papers. It would prepare NFIP strategy and all program guidance documents. This unit should have analytic capabilities reallocated among, or added to, existing IC Staff

elements to provide for top-level all-source analysis, INT-specific analysis, and fiscal considerations, as well as augmenters from NFIP agencies in order to ensure that agencies participate and have good insights and confidence in the process (same concept as Intelligence Community detailees in NRO P&A).

5.5.5 The recommendation to create a National Reconnaissance Board, as outlined in 4.2.16, is also vital to the success of broader Intelligence Community and DoD changes. The Board has at least equal importance in terms of its value to external processes, including requirements discipline, DoD-NRO interfaces and attention to operational support, end-to-end planning and programming, and the full range of Intelligence Community and DoD deliberation processes.

5.6 Implementation. These actions will have full positive effect only if implemented in conjunction with major management revisions within the NRO. Throughout the study process, we were struck by the interrelationships between internal NRO problem areas and "external" factors. Although changes can proceed independently, unless there is real progress in resolving these problems together, no approach to restructuring the NRO or improving its internal management and decision making processes will achieve its full potential.

6.0 IMPLEMENTATION

Many of the recommendations above will require the approval and support of the SECDEF and DCI to be implemented. We recommend that their approval and support should be documented in a brief MOA such as the one in Appendix 7. This MOA should also be used to reaffirm the charter and mission to the NRO and the SECDEF and DCI support for the management authority of the DNRO.

To facilitate implementation of the recommendations contained in the report, a NRO restructure implementation team should be formed immediately. This team should report directly to the DNRO or his deputy and be responsible for managing the restructure implementation activities. The implementation team should include the facilities group that was a part of the Planning Team and representatives from the NRO Program Elements. The first action for the implementation team should be to ensure that all NRO personnel have a complete and factual understanding of what was recommended, what has been approved, and the general plan for implementing the approved recommendations.

APPENDICES

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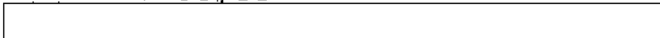
APPENDIX 1

Study Team Members

Robert K. Geiger, RADM (RET), USN
Barry Kelly



Arvin C. Gosser
Jeffrey Harris
John D. Joyce



Ronald D. Tabor, LtCol USAF

Team Leader
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Program A, NRO
DSPO
NRO Staff
NRO Staff
DIA
Program B, NRO
NSA
NRO Staff (Executive
Director of Study)
Program C, NRO
NRO Staff (b)(1)
IC Staff (b)(3)
CIA
The Joint Staff

FACILITIES, COMMUNICATIONS AND SECURITY TEAM



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APPENDIX 2
ADNRO Tasking Memorandum

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WASHINGTON, D C

OFFICE OF THE DIRECTOR

February 27, 1989

MEMORANDUM FOR THE DIRECTOR, NATIONAL RECONNAISSANCE
OFFICE (NRO) PLANNING TEAM

SUBJECT: Study Objectives and Guidance for the NRO Planning Team

BACKGROUND

During the past year and a half, the NRO has conducted a series of formal and informal discussions and studies among the NRO elements--and with external organizations--concerning the effectiveness and efficiency of the NRO's organizational structure and its planning and decision-making processes. During this period, the NRO has recognized some fundamental problems which may best be resolved by an internal restructuring, including:

- a. The NRO's decision-making process needs to be reviewed and perhaps updated to make it consistent with changes in the Community which have taken place since the creation of the NRO.
- b. Intense competition among the programs may have outlived its usefulness. Constraints or alternative methods of fostering technical competition need to be examined.
- c. The purpose of the D/NRO's staffs (NRO, DSPO, DSSPO) has changed over the years and needs updating.
- d. The method by which requirements are received, analyzed with participation of the Community, and subsequently incorporated into system designs and modifications differs among the programs; it needs to be reviewed to determine if changes are necessary.
- e. The responsibility for the development of exploitation and distribution-systems for NRO systems product is vague and inconsistent across the community. The role of the NRO needs to be redefined in this critical area in view of technological advances, of expanding collection systems, and of constrained budgets of the last few years.

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The Director and the Board of Directors of the NRO are resolved to examine and adopt proposals which can improve its ability to service the overhead collection needs of the Community and the military services. The goal is to reshape it into an organization which can operate efficiently and effectively in a climate of expanding mission requirements and increased budget competition; which can develop an integrated architecture to meet future reconnaissance requirements and the consensus to bring it to realization; and which provides increased support to our users, including operating military forces.

It is also our intent to preserve the strengths of the NRO. The NRO has designed and deployed the world's most effective space systems, providing this nation with unique advantages. Our strengths include the streamlined acquisition procedures we have developed, the vertically-integrated program organization which take cradle-to-grave responsibility for our reconnaissance systems, and the unique identities and talents of the Air Force, CIA, and Navy program offices we have built.

The Board of Directors is forming, and will provide guidance to, a Planning Team which is to identify and develop the significant issues pertinent to the restructuring of the NRO, understand the factors, present options, and make recommendations.

PLANNING TEAM GUIDANCE

Planning Team Chair and Membership. The Planning Team Director will be RADM Robert Geiger, USN (Ret). His principal deputy will be Mr. Barry Kelly. The Team Director should make his recommendation for Team structure and composition to the Board of Directors 3 Feb 89. The Directors of the NRO Staff and Programs A, B and C are each prepared to provide team members upon agreement with the Team Director.

Authority and Reporting. The Planning Team Director will have full authority for the conduct of the study, subject to the guidance provided herein and subsequently by the NRO Board of Directors as a group. The Team Director will have authority to assign tasks within the Planning Team, to schedule work to meet schedule milestones agreed upon between him and the Board of Directors, and to review and approve the work produced by the Team before presentation or delivery to the Board. The Team Director is authorized to request information, including

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documents, data and interviews with key personnel throughout the NRO organization. He is also authorized and encouraged to request pertinent information from Intelligence Community and other user organizations. The Board of Directors will identify points of contact on the NRO Staff and within each Program Office for coordinating access to such information.

The Planning Team Director will report to, and accept guidance or direction from, only the HRO Director or Board of Directors. The Team Director will meet with the Board on 3 February 1989 to review and discuss the study guidance, team membership and approach to initiating the team's work. He will meet with the Board bi-weekly thereafter to review progress, address critical issues, and when appropriate, make recommendations for early actions on proposed restructure transition plans.

Objectives. The Planning Team is tasked to identify and develop the significant issues pertinent to restructuring the NRO to meet the following objectives, understand the factors which relate to those issues, present options for addressing near term problems and restructuring of the NRO, and to make recommendations among the options. The Planning Team shall not be constrained by past approaches to restructuring or reorganizing the NRO, nor by prevalent opinions or feelings toward restructuring. The Team is expected to bring a fresh perspective to all issues. The objectives are:

a. General

- (1) Maintain the strengths of the NRO
 - (a) Streamlined management
 - (b) Cradle-to-grave system responsibility
 - (c) Service/agency composition of the NRO
- (2) Strengthen internal NRO operations and the NRO decision-making processes, specifically to ensure that the NRO has the capability to develop an integrated overhead architecture appropriate to future reconnaissance requirements and to build the consensus which will be required to bring it to realization.
- (3) Provide increased support to our users, including operating military forces, and strengthening our external interfaces.

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b. Specific

(1) Review, revalidate or make recommendations for clarifying the internal interpretation of the NRO mission statement.

(2) Define the external interfaces appropriate to the mission statement and the external decision process.

(3) Review expanding NRP/DRSP military operational support mission. (Should the NRP and/or the DRSP operate and/or build space systems with a prime mission of military support?)

(4) Make recommendations for better identifying, validating, and prioritizing requirements; for providing objective technical evaluation of programmatic alternatives; for community involvement in value assessment of technically valid options; for execution of cross-program analysis and the development and maintenance of NRO long-range plans.

(5) Make recommendations for organizational adjustments both for the near term and for the long term.

(6) Make recommendations for the development of management and operation standards to include: program management, financial planning, programming, reporting, contracting, security, and other support functions (personnel, logistics, etc.).

CLOSURE

The planing team shall prepare a final report and briefing by 31 July 1989 which should include:

- a. Restatement or validation of the problem(s).
- b. Summary of problem analysis.
- c. Specific options for resolving problems, e.g. changes to internal processes, renegotiation with external agencies for improved interfaces, proposals to the DCI and SECDEF for changes to community management processes.
- d. Options for NRO functional realignments and/or collocated/integrated organizational adjustments will address, as applicable, military/civilian personnel systems, support infrastructure, facilities, etc. Facility needs will be addressed in sufficient detail to include an assessment on the availability of government facilities, lease versus purchase options, citing trades, and preliminary design efforts to enable

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realistic costing. All options should be complete with resource, mission, and personnel impact assessments, and implementation guidelines.


e. Team Director recommendations.

f. Guidelines for follow-on actions:

(1) Development of detailed implementation plans for any resultant restructure.

(2) Development of internal management and operating standards.

The Planning Team shall be available to assist the DNRO in preparing his report to the DCI and SECDEF.


J. D. HILL
Acting Director

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APPENDIX 3

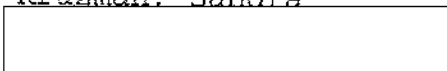
Organizations and Persons Interviewed

This list is not inclusive. NRO personnel are not included. Almost every senior level (military grade 06 and SIS/SES) NRO member participated in some phase of the report. Also not every listee below met with every member of the Team.

CINC TENCAP Representatives
NSA Senior Overhead Steering Council
Operations Deputies, The Joint Staff and Service ACSI's
President's Foreign Intelligence Advisory Board (PFIAB)

Aldridge, Edward C.	former DNRO, MDEC	
Allen, Gen (RET) Lew	former Dir, Program A	
Baggett, Charles	R3, NSA	
[redacted]	CRES/CIA	
Bloomfield, Beth	ANIO, Strat Programs	
[redacted]	Dir, DSPO	
Brownlee, Jav	Chief, Coil Staff/OSWR	(b)(1)
[redacted]	Dep Compt/CIA	(b)(3)
Cherry, COL Charles	GDIP Staff	
[redacted]	DD, OSWR/CIA	
[redacted]	DD/PBO, IC Staff	
[redacted]	Chmn, NIC	
[redacted]	HPSCI Staff	
[redacted]	D/REO, IC Staff	
French, Ronald	VChmn, COMIREX	
Geiger, William	AEGIS	
George, Douglas	DD/R&E, IC Staff	
Gershwin, Larry	NIO, Strat Programs	
Goldin, Dan	VP & Gen Mgr, Space & Technology Gp, TRW, Inc.	
Griffith, John	Chmn, SORS	
Haver, Richard	Dep Dir, DNI	
Hawkins, Charles	DASD (I)	
Herman, Dr. Robert	former DNRO	
Hurwitz, Martin	Dir, GDIP Staff	
Herres, Gen Robert	VChmn, JCS	
Huffstutler, Rae	DD Admin, CIA	
Ingley, Jack	Dir, OIA	
Iorillo, Antonio	Sr VP & Gp Pres, Space & Comm Gp, Hughes Aircraft Co.	
Johnson, LtGen H.T.	Dir, Joint Staff	
Kelly, LTG Thomas	JS, J-30	
Kelly, RADM Richard	JS, J-31	
Kerr, Richard	DDCI & DD, CIA	(b)(1)
[redacted]	DC, AVAD/OSWR/CIA	(b)(3)
Krueger, Richard	D/PPO, IC Staff	

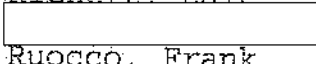
Kruzman, Sandra



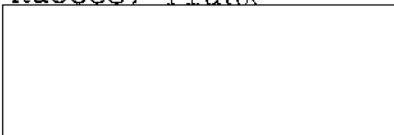
Lowenhaupt, Hank
Lynch, Dr. James
Marryot, RADM R.F.
McMahon, John



Negus, Gordon
Odom, LTG (RET) William
Oehler, Gordon
Richert, Dale



Ruocco, Frank



Shaffer, RADM Theodore
Simon, James
Soyster, LTG H.E.
Strand, Wayne T.
Studeman, VADM William O.
Sullivan, William P.
Teets, Peter

Unger, Ray
Walke, R.B.
Williams, Tony
Wotring, Raymond S.
Young, Gerald

Chief, CRES/CIA
DD/IC Staff
DIA/CA
Sr Analyst, NED/OSWR
Dir Security, CIA
Deputy Dir., DIA
Pres, Lockheed Missiles
& Space Co., Inc.
VChmn, SIGINT Committee
OSD(C3I)
Executive Director, DIA
former Director, NSA
NIO, Sci & Tech
DIA/DM
DD/PPO, IC Staff
Dir, NPIC
DC, CRES/CIA
Chief, Dev Div, NPIC
Chief, DC3/DIA
Chief, NEL/NPIC
DIA/JS
C/OG/COMIREX
Director, DIA
Chmn, COMIREX
Director, NSA
Chmn, SIGINT Committee
Pres, Martin Marietta
Astronautics Gp, Martin
Marietta Corp.
Sr Scientist, NEL/NPIC
DIA/CS
Chief, PEC/COMIREX
Chief, IPC Staff
DD, NSA

(b)(1)
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APPENDIX 4

Organization of the NRO

This section provides a brief overview of the NRO's current structure. The NRO is organized as shown in Figure A4-1.

The DNRO is appointed by the Secretary of Defense, with concurrence of the DCI, and the Deputy Director (DDNRO) is appointed by the Director of Central Intelligence. For several historical and functional reasons, the DNRO's overt position has traditionally been the Under Secretary of the Air Force. This position provides needed insight into the Air Force space activities that support the NRO, such as launch capability, technology programs, and operations. There is, however, no mandate that the DNRO be the Under Secretary. There have been cases, most recently with Mr. Aldridge, where the Under Secretary has advanced to the Secretary position, and has retained the directorship of the NRO. Likewise, there have also been cases in which the DNRO held an Assistant Secretary's billet.

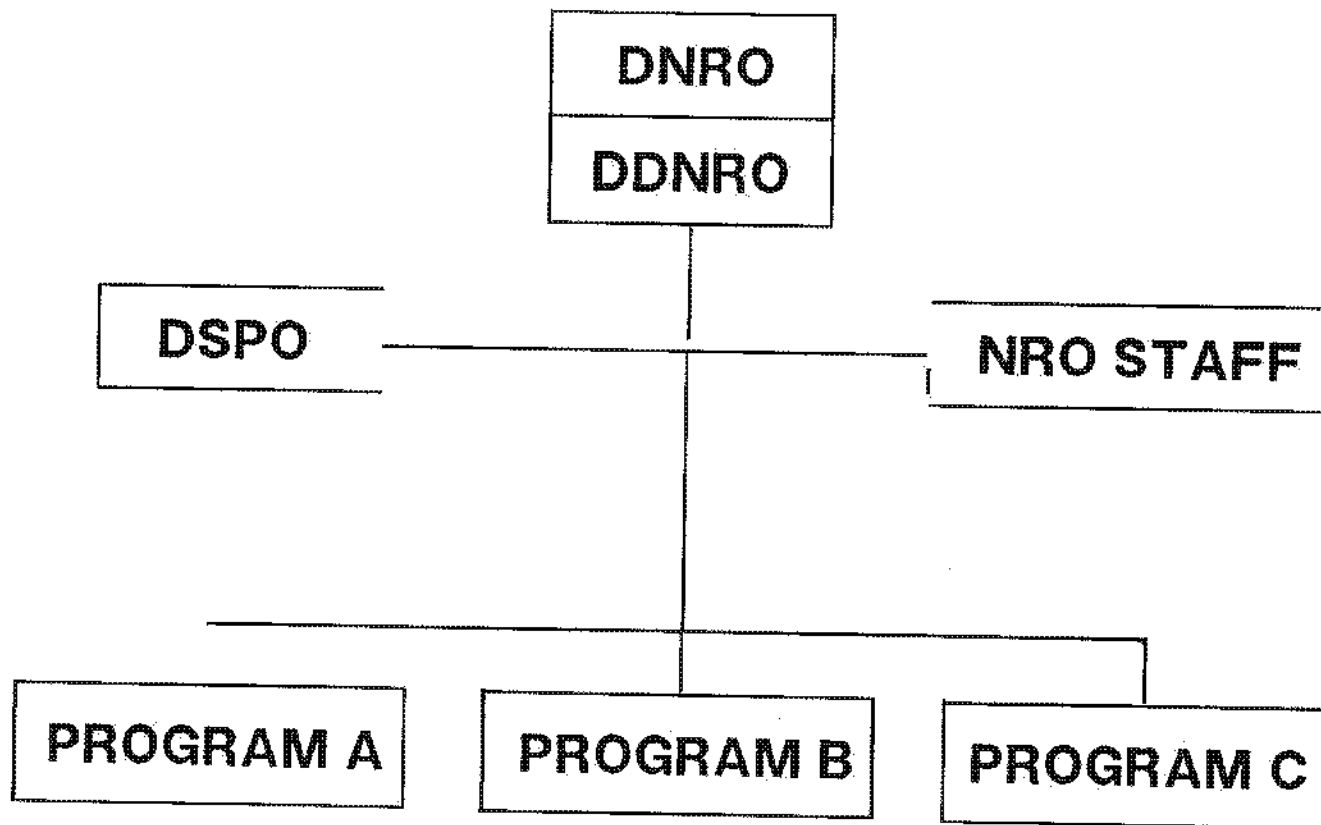
There is a relatively small NRO Staff of approximately 90 people, under the leadership of an Air Force brigadier general, to support the DNRO and the DDNRO. The Staff is manned with personnel from all three Services, CIA (Program B), NSA, DMA, and sometimes DIA. Additionally, in 1980, the DNRO was assigned responsibility for the newly-created Defense Reconnaissance Support Program (DRSP), intended to leverage NRO designs for military support with specifically appropriated DoD monies. A Defense Support Project Office (DSPO) was established to assist in the management and execution of the DRSP. The DSPO is a small Staff of about 25 personnel, under the command of a military officer in the grade of O6, whose primary purpose is to provide and maintain an interface between the military and the NRO.

The execution of the National Reconnaissance Program (NRP) (systems development, acquisition, and operations) is accomplished by the three program elements, Programs A, B, and C.

Program A, the west coast element, is a covert, Air Force-manned activity of about 700 people overtly known as the Secretary of the Air Force Directorate of Special Projects (SAFSP). Led by an Air Force Major General and collocated with the Air Force Systems Command's Space Systems Division (SSD) at Los Angeles Air Force Base, SAFSP receives the majority of its administrative support from SSD resources, although it is entirely functionally separate.

Program B, located in the Washington, D.C. area, is the CIA element of the NRO. Within the Agency, it is the Office of

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Fig. A4-1

Development and Engineering (OD&E), in the Science and Technology directorate. The Director of Program B is currently also the DDS&T. Composed of about 1,200 people, it receives all of its overhead support, personnel, contracting, logistics, etc., from CIA.

The third element of the NRO, Program C, is a Navy activity located in the Washington, D.C. area at the Naval Research Labs. It is the smallest of the program elements, having responsibility for only one satellite system and its world-wide distributed ground station network. There are about 200 personnel in this activity, commanded by a Rear Admiral. Program C receives its administrative support through Navy channels.

Each program office has a unique relationship with its parent organization. These relationships vary in degree and type of non-administrative support and participation contributed. In all cases, however, the support relationships, both administrative and substantive, with the Navy, Air Force, and CIA, have been an integral supporting part of the NRO.

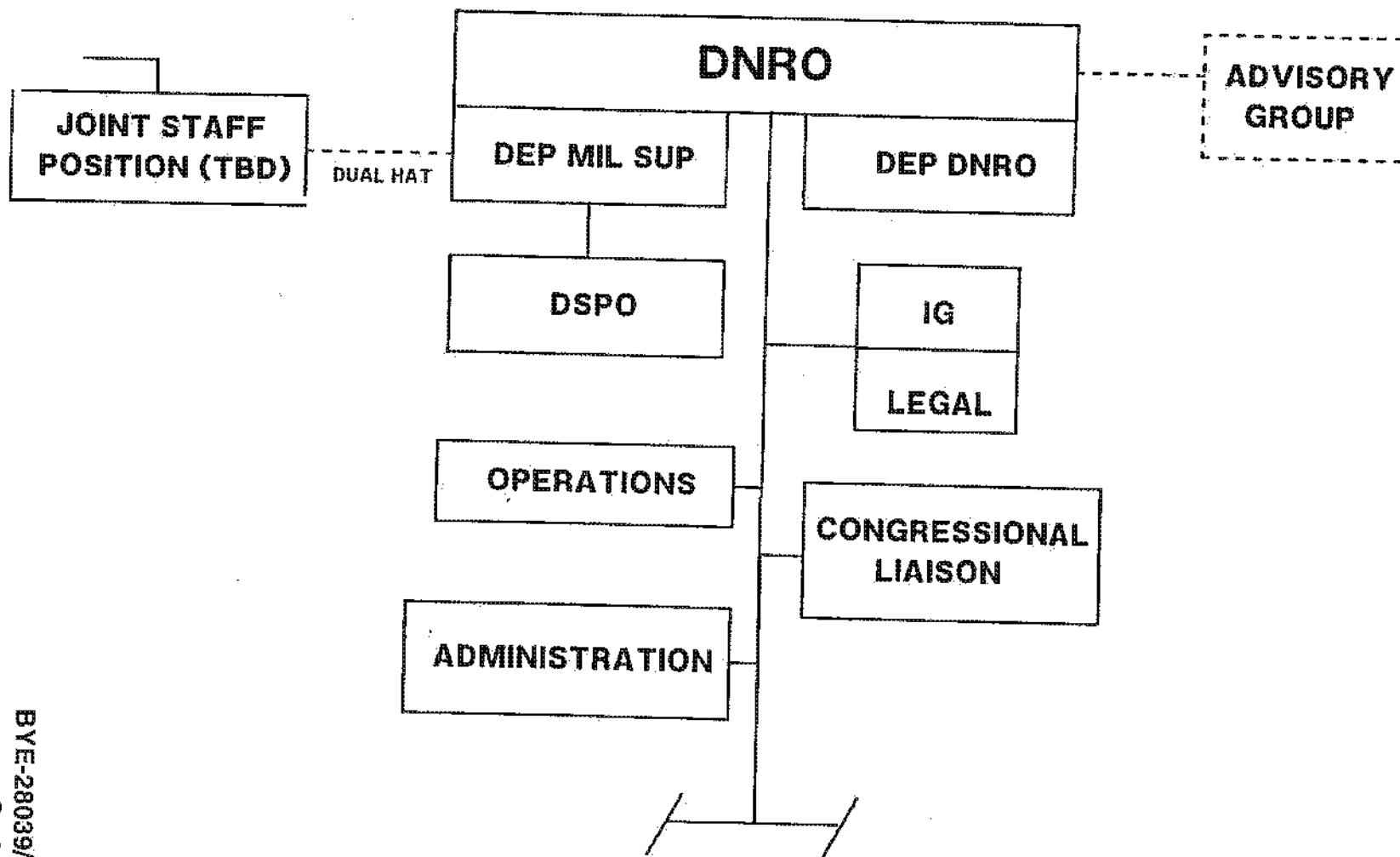
APPENDIX 5
Restructure Alternatives

The Team examined in detail the existing NRO organizational structure (as in figure A4-1), and determined that there were six distinct options for realigning the Program Element portion of the NRO organization. These options included alternatives based upon functional or business lines, historical precedent, and hybrids of these. For each of the restructure options, it was assumed that the corporate structure would be realigned as described in section 4.2.9 (Figure A5-1), and that a P&A organization as described in section 4.2.10 (Figure A5-2) would be included.

The first option (figure A5-3) was to preserve the existing A, B, and C structure with the addition of the proposed P&A function. This organizational structure would not eliminate the unhealthy competition of the programs. However, a major positive aspect of the existing organization is the strong parent organizational identity found in each of the elements. This fosters some degree of understanding of the user/customer needs of the parent organizations and facilitates the infrastructural support that the NRO elements receive from the parent organizations.

The second option considered (Figure A5-4) was a proposal for a functional Program Element structure (P&A, R&D, Acquisition, Operations and Logistics). There were a number of implementation variables that could have been used to construct suboptions. This alternative was developed and evaluated with the assumption that it would involve the collocation of the existing Program Elements and the elimination of any distinct A, B, or C identities. This option included a separate organization to execute R&D, although guidance for those activities would come from P&A. Acquisition would build and acquire the space and ground segments, Operations would be responsible for day-to-day operations, and a separate Logistics organization would be responsible for providing the "O&M" and infrastructure support. This alternative solved the inter Program Element competition problem, but it also eliminated the positive aspects of the existing Program Element relationships with their parent organizations. Additionally, it supports the development of an integrated architecture and enhances integrated operations. The downside included the increased infrastructure cost to the NRP of replacing the support which is now provided by the parent organizations of the Program Elements. This alternative was likely to be more bureaucratic and since there would probably have been another level of management between the acquisition manager and the SPOs, the alternative would be less streamlined than today's organization.

CORPORATE RESTRUCTURE

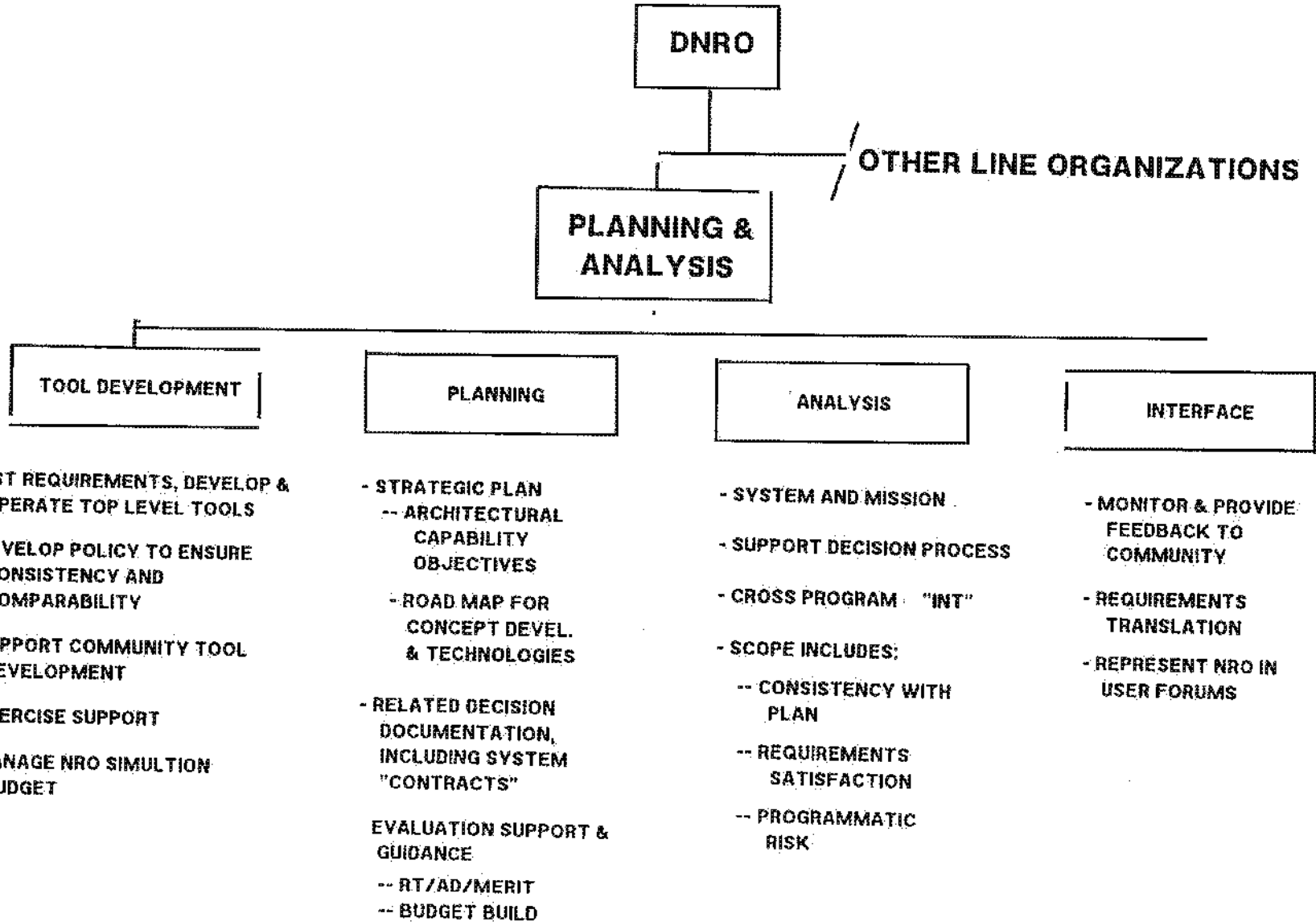


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Figure A5-1

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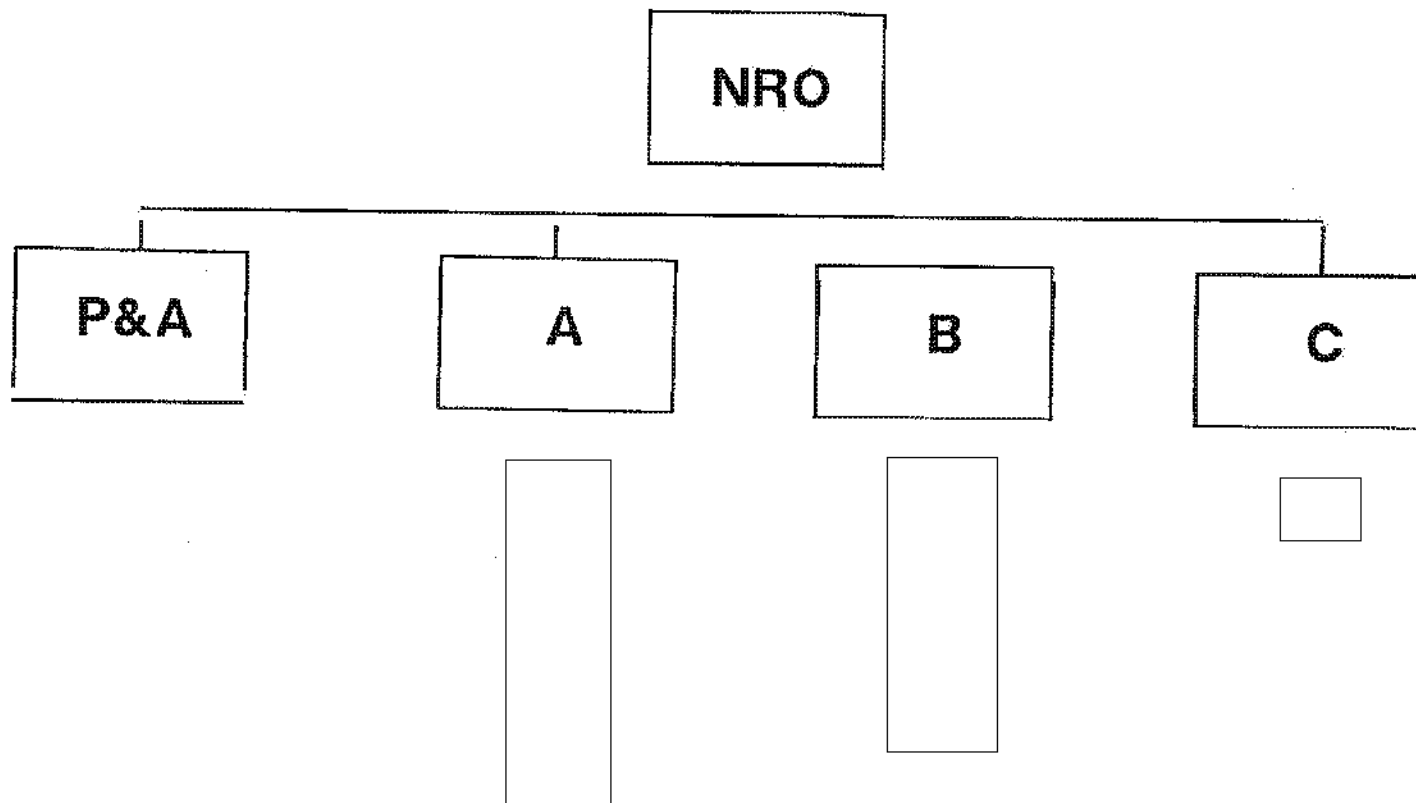
PLANNING & ANALYSIS



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**EXISTING PROGRAM ELEMENT STRUCTURE
WITH RECOMMENDED P&A**

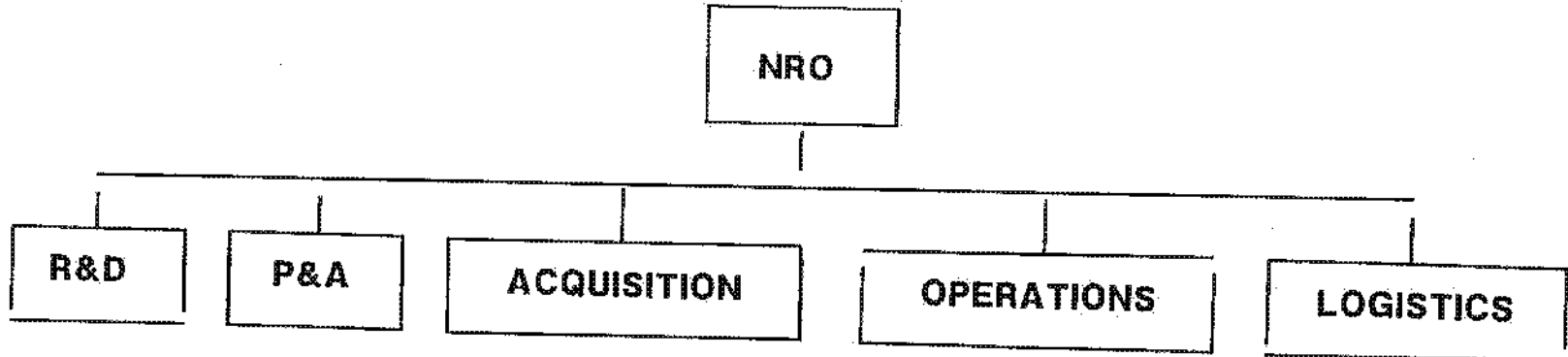
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PESTRUC

Figure A5-3

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CON*

- N "INTEGRATED" OPERATIONS & THE DEVELOPMENT OF AN INTEGRATED ARCHITECTURE
- ELIMINATES CURRENT COMPETITION BETWEEN PROGRAM ELEMENTS
- M COMMUNICATION AMONG SPOs
- IMPROVES COMMUNICATION AMONG MGSS
- STANDARDIZES PROCEDURES
- P&A MORE EFFECTIVE DUE TO THE ELIMINATION OF STRONG R M ELEMENTS
- ELIMINATES THE DUAL HAT PROBLEM

- INCREASES BUREAUCRACY
- INCREASED COST TO NRP DUE TO THE NEED T DEVELOP AND FUND OWN INFRASTRUCTURE
- TRANSITION COSTS
- GREATER TAKEOVER TARGET - AGGREGATES ACTIVITIES (I.E., OPERATIONS) INTO MORE EASILY SEPARABLE ENTITIES
- LESS STREAMLINED
- PARENT ORGANIZATION IDENTITY LOST
- REDUCES MOTIVATION FOR INNOVATION
- LESSER QUALITY OF DETAILEES FROM PARENT ORGANIZATIONS
- INHIBITS END-TO-END SYSTEM MANAGEMENT BECAUSE IT SEPARATES SPOs FROM MGSS
- TENDS TO DILUTE EXISTING FOCAL POINTS FOR EXTERNAL

* WITH RESPECT TO EXISTING STRUCTURE WITH P&A

FUNCTIONAL PROGRAM ELEMENT STRUCTURE

Figure

FIG. 7C

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Option three (figure A5-5) was a variation of the functional structure described above that was similar to another national collection program. The existing Program Elements would accomplish only spacecraft acquisition. The other functions would be aggregated into separate elements of the organization, perhaps grouped along business lines. While this variant could be executed in a collocated form, it most probably would involve a collocation of the non-acquisition functions and the maintenance of the current locations for A, B and C. This alternative did not solve the inter-Program Element competition problem, but it did preserve the positive aspects of the existing Program Element relationships with their parent organizations. Additionally, it could support the development of an integrated architecture and enhance integrated operations. The downside included some increased infrastructure cost to the NRP of replacing the support which is now provided by parent organizations. This alternative would have been significantly more bureaucratic, imposed greater administrative and management burdens, and have unacceptably complicated the relationship within a given space system program.

Option four (Figure A5-6) structured the NRO along "business lines", i.e. SIGINT, IMINT, Other, P&A, and Support. The traditional three programs were realigned and integrated into one NRO, as in the functional model previously discussed, but in this case, the organization was not geographically collocated, although a collocated version was possible. The System Program Offices (SPOs) are collocated by INTs. Some programs that do not fit either a SIGINT or IMINT definition can be placed in either organization or they could be used as the basis for the creation of new business centers, such as MASINT or airborne reconnaissance, as required. In addition to the systems being aligned within the IMINT and SIGINT business areas, ancillary and program-related developments (such as RMS and SOMMS) would be assigned within the appropriate business area. The support organization would include cross-program services, such as launch operations and integration, booster procurement, and common communications service, including relays and relay management. Within each business organization, cradle-to-grave system responsibilities would be retained, and end-to-end execution added. This alternative solved the inter-Program Element competition problem and enhanced the NRO's ability, at least within INTs, to conduct integrated operations and develop an integrated architecture. Based on the assumption that the former Program A would manage SIGINT and the former Program B would manage IMINT, this alternative did not preserve the equality of the existing Program Elements nor the identity of Program C.

The fifth option (Figure A5-7) examined was a hybrid structure which maintained the three historical program

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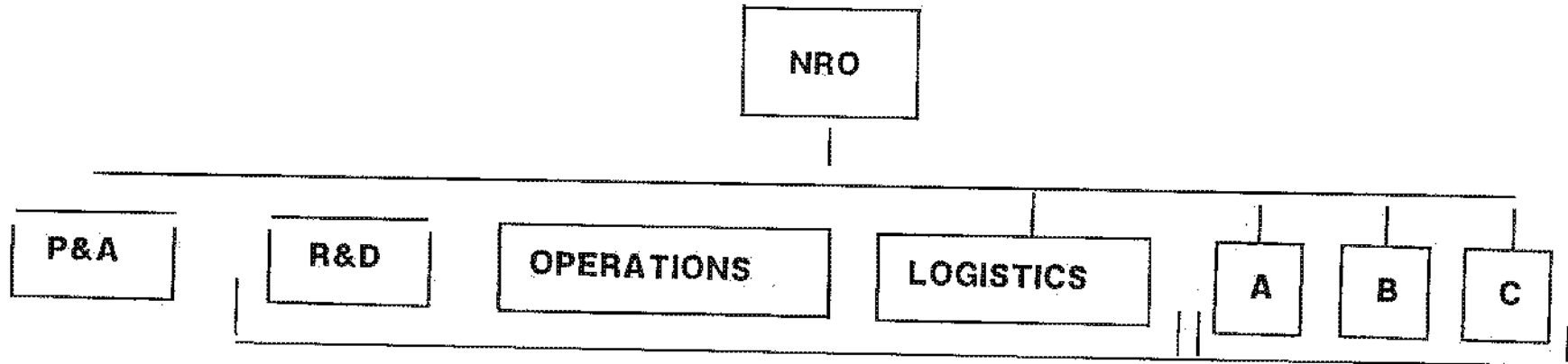
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COULD BE ORGANIZED ACCORDING TO:



PROGRAM RESPONSIBILITIES GROUPED
ALONG BUSINESS LINES

S/C ACQUISITION ONLY

M RESPONSIBILITIES
THE SAME

PRO*

CON*

- ENHANCES "INTEGRATED" OPERATIONS & THE
DEVELOPMENT OF AN INTEGRATED ARCHITECTURE

- INCREASES BUREAUCRACY

- LESSER QUALITY OF DETAILEES FROM PARENT
ORGANIZATIONS

INCREASED COST TO NRP DUE TO THE NEED TO
DEVELOP AND FUND OWN INFRASTRUCTURE

- TRANSITION COSTS

- INHIBITS END-TO-END SYSTEM MANAGEMENT
BECAUSE IT SEPARATES SPOs FROM MGSs

GREATER TAKEOVER TARGET AGGREGATES
ACTIVITIES INTO MORE EASILY SEPARABLE ENTITIES

- LESS STREAMLINED

- REDUCES MOTIVATION FOR INNOVATION

- SOME PARENT ORGANIZATIONAL IDENTITY LOST

- TENDS TO DILUTE EXISTING FOCAL POINTS FOR
EXTERNAL SUPPORT

* WITH RESPECT TO EXISTING
STRUCTURE WITH P&A

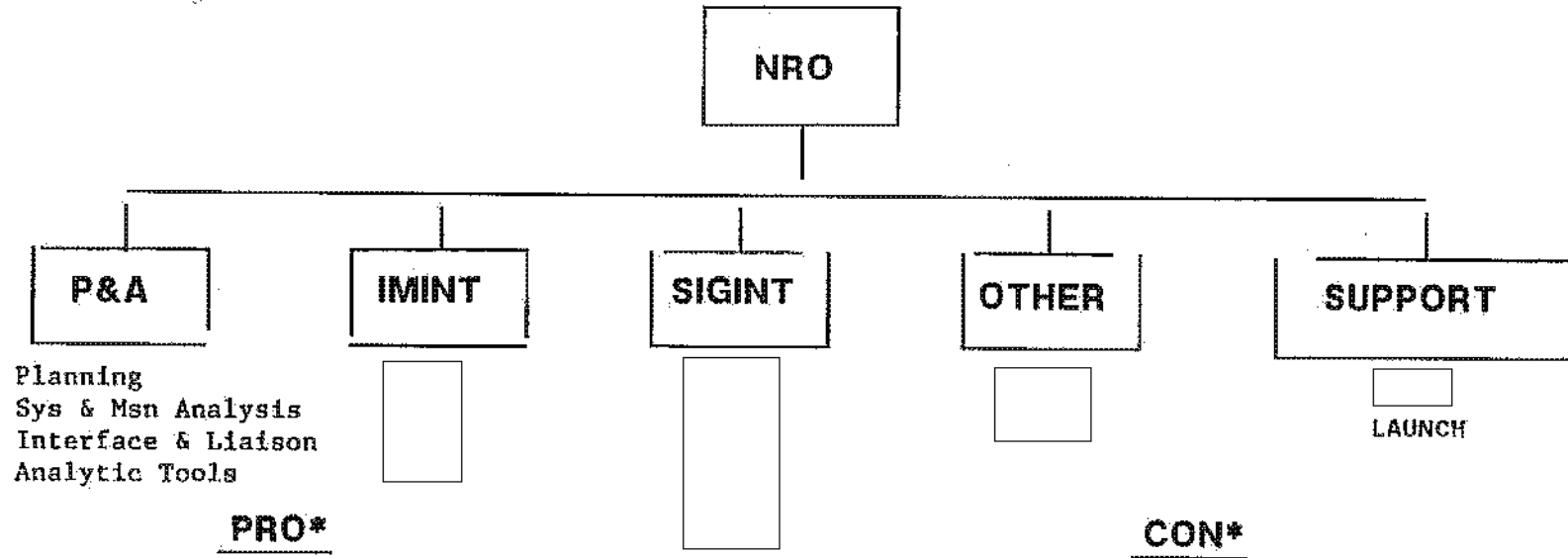
FUNCTIONAL RESTRUCTURE PLUS A/B/C

Figure A5-5

FIG 5

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(b)(1)
(b)(3)

- SINGLE INTEGRATED MANAGEMENT RESPONSIBLE FOR EXECUTION
- REDUCED COMPETITION BETWEEN PROGRAM ELEMENTS
- STREAMLINED
- PARALLELS COMMUNITY ORGANIZATION
- IMPROVES COMMUNICATIONS AMONG NRO & COMMUNITY ELEMENTS
- ENHANCES INTEGRATED OPERATIONS AND THE DEVELOPMENT OF INTEGRATED ARCHITECTURES WITHIN "INTS"
- P&A EASIER AND MORE EFFECTIVE DUE TO THE ELIMINATION OF STRONG PROGRAM ELEMENT WITH RESPECT TO EXISTING STRUCTURE WITH P&A

- MANAGEMENT OF DIVERSE GEOGRAPHIC LOCATIONS
- DOES NOT PRESERVE A, B, C EQUALITY OR C IDENTITY
- REDUCES MOTIVATION FOR INNOVATION
- INCREASED ADMINISTRATIVE COMPLEXITY
- MULTIPLE STANDARDS AND DURING TRANSITION
- LESSER QUALITY DETAILEES FROM PARENT ORGANIZATIONS FOR RELOCATED SPOs
- PERCEPTION OF NSA CONTROL OF SIGINT
- PERCEPTION OF CIA CONTROL OF M

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BUSINESS STRUCTURE

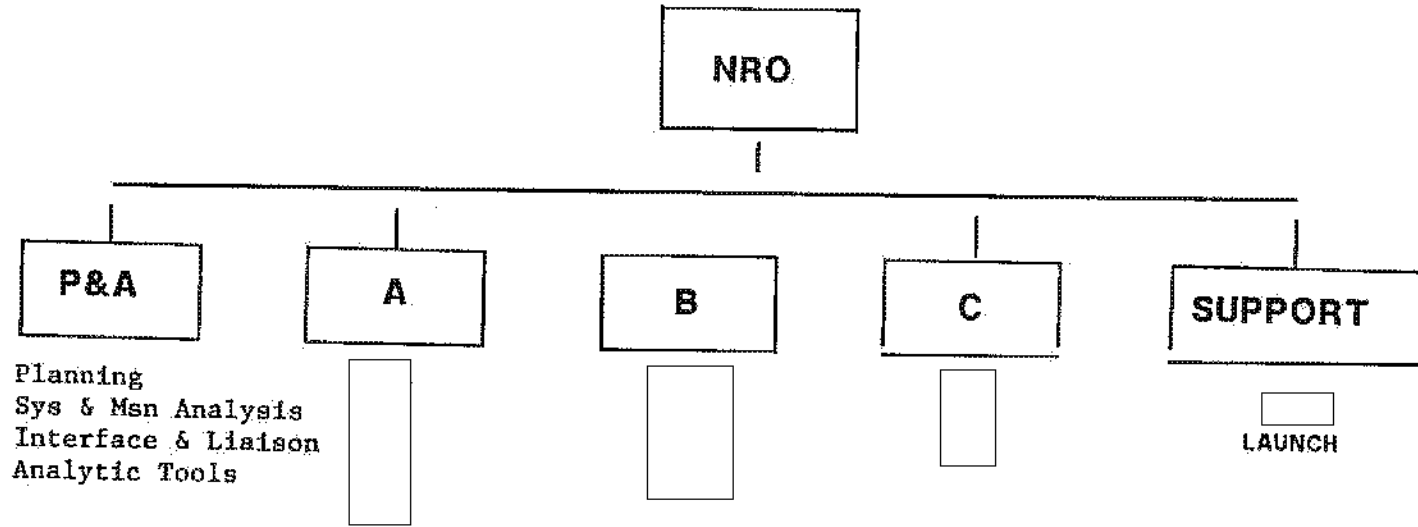
Figure A5-6

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identities, but assigned them specific business areas and reallocated and relocated the SPOs accordingly. As in the previous alternative, the SPOs were collocated by business area but there was not a general collocation of the NRO. Cross-program activities, such as launch and communications, including relays, would be accomplished by a separate support services organization. The principal advantage of this alternative over the previous was that it preserved and strengthened the role of Program C. The principal disadvantage was that there was still some overlap in the responsibilities of A and C that would likely have resulted in inter-program competition.

The sixth and final alternative (Figure A5-8) was a matrix hybrid. The SPOs were matrixed across a business line organization with IMINT, SIGINT and other "czars". These czar positions could or could not be filled by the Program Directors of A, B, or C. For administrative support, the SPOs would remain in the current A, B, and C Program Element structure. The alignment of programs under each czar would be similar to that used in the business line alternative. The most striking feature of this alternative was its management complexity. Each SPO would be dual-hatted, and the potential existed for the Program Directors to have three hats. The strongest benefits of this organization would have been that it maintained the identities of A, B, and C and minimized personnel perturbations. This organization would most likely have exacerbated the inter-Program Element unproductive competition problem by providing a myriad of possible ways to foster unproductive competition.

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PRO*

- "ENHANCES" M A, B, C EQUALITY AND MAINTAINS IDENTITIES
- REDUCES COMPETITION WITH "VALID" C PARTICIPATION
- PARENT IDENTITIES RETAINED
- ENHANCES INTEGRATED OPERATIONS
- IMPROVES COMMUNICATION AMONG NRO AND COMMUNITY ELEMENTS
- P&A M EFFECTIVE

WITH RESPECT TO EXISTING STRUCTURE WITH P&A

CON*

- STILL PERMITS CROSS M SIGINT COMPETITION
- TRANSITION COST (SPOs MOVE)
- SIGNIFICANT MULTIPLE TAKEOVER TARGETS
- INCREASED ADMININSTRATIVE COMPLEXITY
- MANAGEMENT OF DIVERSE GEOGRAPHIC LOCATIONS
- MULTIPLE STANDARDS AND PROCEDURES DURING TRANSITION
- LESSER QUALITY OF DETAILEES FROM PARENT ORGANIZATIONS FOR RELOCATED SPOs

(b)(1)
(b)(3)

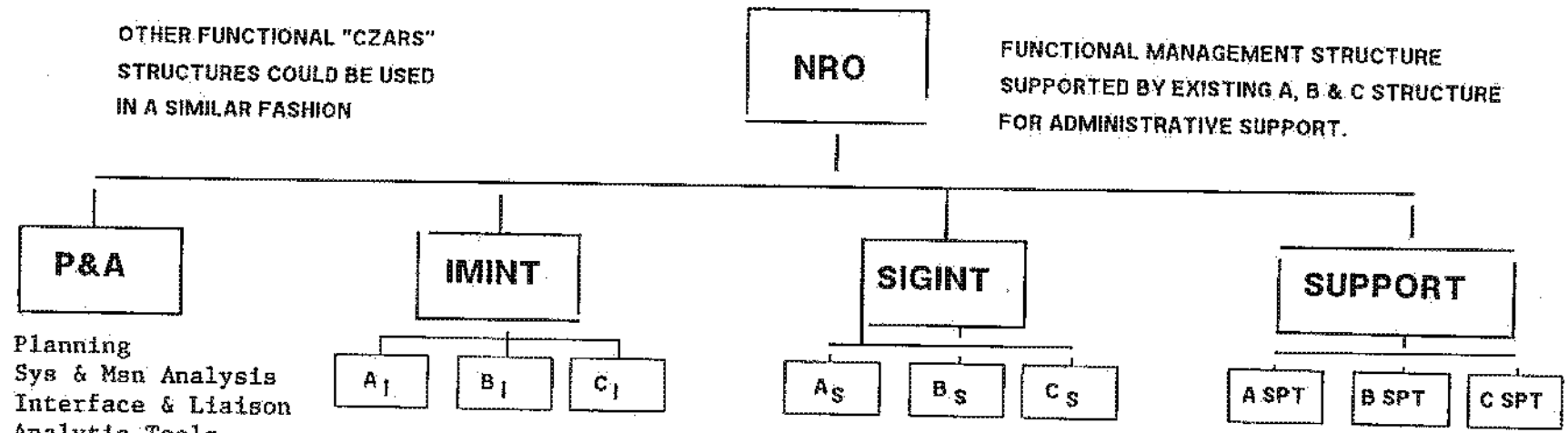
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A/B/C BUSINESS STRUCTURE

Figure A5-7

FIG5.TC

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PRO*

CON*

- MINIMIZES PERSONNEL PERTURBATIONS
- PAREN' ORGANIZATION IDENTITY RETAINED
- ENHANCES INTEGRATED OPERATIONS AND THE DEVELOPMENT OF INTEGRATED ARCHITECTURES WITHIN "INTs"
- P&A MORE EFFECTIVE

- DUAL-HAT NATURE OF SENIOR MANAGERS
- LACK OF EQUALITY IN FUNCTIONAL PORTION OF ORGANIZATION
- MANAGEMENT COMPLEXITY
- INCREASED BUREAUCRACY
- INCREASED TAKEOVER TARGET
- LESS STREAMLINED
- MULTIPLE INFRASTRUCTURE SYSTEMS
- PARTICULARLY DEPENDENT ON OBJECTIVITY OF PROGRAM LEADERS

* WITH RESPECT TO EXISTING STRUCTURE WITH P&A

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MATRIX HYBRID STRUCTURE

Figure A5-8

FIG. 7C

APPENDIX 6
Implementation MOA

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MEMORANDUM OF AGREEMENT
ON THE
NATIONAL RECONNAISSANCE PROGRAM

REFERENCES :

- (A) DODI TS 5105.23, 27 Mar 64, Subject: National Reconnaissance Office
- (B) BYE 5678-65, 11 Aug 65, Subject: Agreement for Reorganization of the National Reconnaissance Program
- (C) BYE 066092/80, 11 Sep 80, Subject: Plan for the Defense Reconnaissance Support Program
- (D) Executive Order 12333, 4 Dec 81, Subject: United States Intelligence Activities
- (E) BYE 136105/89, SECDEF-DCI Letter to Chairman, Senate Select Committee on Intelligence
- (F) BYE XXXX-89, July 1989, Subject: NRO Restructure Study

PURPOSE: The purpose of this memorandum of agreement (MOA) is to (1) reaffirm the basic charter and mission of the National Reconnaissance Office (NRO) and the dual responsibilities of the Director of the National Reconnaissance Office (DNRO) to the SECDEF and the DCI, (2) document approval, and authorize implementation, of the NRO restructure recommendations and (3) define the DNRO's management prerogatives.

CHARTER: We reaffirm the basic charter and nature of the National Reconnaissance Office (NRO), as delineated in the references, and the dual responsibilities of the DNRO to the SECDEF and the DCI. The NRO is the executive agent for the management and execution of the NRP, DRSP, ARSP and such other national and defense programs as directed by the SECDEF and the DCI. The NRP remains, "...a single program, national in nature, to meet the intelligence needs of the Government under a strong national leadership, for the development, management control and operation of all projects, both current and long range for the collection of intelligence and of mapping and geodetic information obtained through overflights (excluding peripheral reconnaissance operations)." The DRSP remains a program established "...to improve the application of satellite reconnaissance support to operational military forces". The ARSP remains a program established "...to provide centralized management throughout the DoD and Intelligence Community to coordinate the planning, programming, development, and acquisition of advanced airborne

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reconnaissance platforms, sensors, data links, and ground stations."

MANAGEMENT: The DNRO manages and executes the NRP, DRSP, ARSP and other programs for the SECDEF and DCI through senior executives from the Department of Defense and the Central Intelligence Agency. These personnel serve in positions such as deputy directors, program directors and other positions as required. We affirm that these individuals are assigned to the DNRO for the purposes of executing "...a single program, national in nature... under a strong national leadership..." and therefore serve only at the pleasure of the DNRO. These individuals will be nominated by their parent organization, but their appointment is subject to the approval of the DNRO. The DNRO will be their rating official, with the review function performed by an individual from their parent organization.

We also reaffirm our commitment to give the DNRO our full support to allow him to fulfill his management responsibilities. While the DNRO does not enjoy actual line authority over the many elements of the NRO, we intend, and will work actively to ensure, that his control and decision authority over all parts of the NRO have the force of line management.

RESTRUCTURING: We concur with the restructure recommendations for the NRO, as summarized below:

To insure that the DNRO's DoD position will enable him to be a near full time manager of the NRP and his other assigned programs.

To create a deputy director for military support to assist the DNRO in managing the NRO with emphasis on operational military support matters. This deputy will be a two star flag officer dual-hatted in the Joint Staff. This officer will be third in the line command structure of the NRO.

To establish a substantial NRO Planning and Analysis (P&A) line organization, with strong participation from appropriate customer and user organizations.

To immediately collocate the NRO "corporate headquarters", including the DNRO, his deputies, their staffs, the Directors of NRO Programs A, B and C with their staff support, the P&A organization, and whatever other central functions the DNRO may feel appropriate (350-400 people), in a dedicated facility.

To initiate facility and planning efforts to support the collocation of the entire NRO, including system program offices.

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To create a centralized BYEMAN security implementation management center within the NRO, under the day-to-day direction of the DNRO, responsible for the implementation management of BYEMAN security. Security policy direction will come from the DCI through the CIA's Director of Security.

To create a National Reconnaissance Board to provide advice to the SECDEF, DCI and DNRO regarding requirements and program issues concerning the NRP, DRSP, ARSP and related aspects of other NFIP and DoD programs, to support total system and planning and programming coherence.

Director of Central Intelligence

Secretary of Defense

Date

Date

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~~(S)~~ NATIONAL RECONNAISSANCE OFFICE

WASHINGTON, D.C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE SECRETARY OF DEFENSE
THE DIRECTOR OF CENTRAL INTELLIGENCESUBJECT: Report on the National Reconnaissance Office
Restructure

The attached report summarizes the status of the on-going and proposed initiatives associated with the restructuring of the National Reconnaissance Office (NRO). The report is provided in response to the tasking in your joint, Secretary of Defense (SECDEF) and Director of Central Intelligence (DCI), letter to Congress, dated July 3, 1989, regarding the NRO restructure.

Also attached is a set of proposed transmittal letters for your use in forwarding the report to Congress as a means of satisfying their request, in the FY 1990 Intelligence Authorization language, for a joint SECDEF and DCI NRO restructure plan.

In your 3 July letter you stated your agreement to:

- a. Form a Joint Senior Advisory Board (now referred to as the National Reconnaissance Review Board (NRRB)) of senior Intelligence Community managers to provide advice regarding NRO issues;
- b. Establish a strong Planning, Analysis, and Evaluation capability, within the NRO, to support the architectural development and programmatic decision processes;
- c. Designate the CIA's Director of Development and Engineering as the Director of Program B to provide a full-time manager for Program B; and
- d. Establish, within the NRO, a Deputy Director for Command Support position (now referred to as the Deputy Director for Military Support) to improve NRO support to the military.

The first and third initiatives have been completed and the other two are well underway. The NRRB has been established and is functioning very successfully. After considerable discussion with senior managers from the NRO, the Intelligence Community, and the Department of Defense (DoD), I am implementing a robust,

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centralized Planning and Analysis (P&A) organization of approximately 100 personnel that will be staffed by all three Program Offices and the Intelligence and DoD communities. The organization will focus on supporting the architectural development and decision-making processes of the NRO by:

- a. Enhancing the NRO's external interfaces, including requirements monitoring, translation, and feedback to improve the NRO's understanding of national and military support requirements;
- b. Providing a capability to develop and maintain a strategic plan that details what must be accomplished (technology developments, system technical capabilities, programmatic actions and constraints, and end-to-end total system capabilities) to achieve an integrated overhead architecture responsive to intelligence requirements; and
- c. Providing an objective technical assessment capability that can address cross-program and cross-intelligence discipline issues from a corporate NRO perspective.

The change in the directorship of Program B was completed in mid-September and Mr. Caballero's full time availability has benefited the NRO management process. I am still discussing the specific details associated with the establishment of the Military Deputy with the Joint Staff and the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD (C3I)). I will be prepared to make a specific recommendation on how to proceed very shortly.

In addition to stating your joint support for the restructure initiatives above, your July 3 letter expressed your intent to solicit my recommendations on selected restructure issues within six months of my confirmation. This report is being provided, in advance of the six-month due-date, to support the Congressional request for a restructure plan by January 15, 1990. As a result, the report is a mixture of completed, on-going, and proposed initiatives. However, I believe it does accurately demonstrate our resolve to carry out an aggressive and effective restructuring of the NRO. The following are the specific issues that you asked me to address and my recommendations:

Issue: How much NRO collocation is required?

Recommendation: That we continue with the implementation of the NRO Headquarters collocation and the associated realignment of the NRO and Defense Support Project Office.

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(DSPO) staffs, while protecting for, but not pursuing, further collocation at this time.

The Headquarters collocation will include myself, my deputies, our staff support, management elements from the three Program Offices, the P&A organization and perhaps the centralized security function. This collocation will facilitate a more integrated organizational approach to the accomplishment of the NRO mission, while maintaining the unique identities and abilities of the individual Program Offices.

Realignment of the NRO and DSPO staffs will improve my management effectiveness and facilitate a more integrated and effective organizational response to military requirements. The DSPO will continue as a distinct organizational entity providing the principal focus for the DSPO/NRO interface with the military. However, common support functions, such as budget administration and planning and analysis support, will be combined into single organizational entities that will provide support to both the NRO and DSPO.

I believe that the combination of restructure initiatives being implemented has the potential to achieve the same benefit as a total collocation without the downside risk of disrupting the NRO'S program execution ability and support infrastructure. However, until we are sure, I recommend that we continue to protect the option to implement additional collocation initiatives if required. My facility acquisition strategy supports this objective.

My review of potential organizational alternatives has also confirmed your previous assessment that a business-line structure, that would attempt to give each Program Office the responsibility for a unique mission area, is neither a viable or effective restructure alternative. I want to preserve a beneficial degree of competition between the Program Offices and the ability to apply the resources of all three Program Offices, as appropriate, to a problem. Competition is also vital to sustaining the motivation of the Program Offices and our ability to develop creative solutions to intelligence requirements.

Issue: What is the best approach for strengthening the NRO Inspection and Audit (IG) function?

Recommendation: The continued use of a small centralized IG function supported by the IG activities of the NRO Program Offices' parent organizations.

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Thus far, the NRO IG function has been comprised of a minimally manned staff organization that has utilized the inspection and audit resources of the Air Force, CIA, and Navy to accomplish the required oversight functions of Programs A, B, and C, respectively, of the NRO.

A 1988 Senate Select Committee on Intelligence (SSCI) Audit Staff review of the NRO IG function suggested a number of changes including an increase in resources to provide an in-house NRO audit/inspection capability. Additionally, they highlighted the issue between the NRO IG and the CIA regarding the extent of the NRO IG's responsibilities and authorities for oversight of CIA activities supporting the NRO. As a result, the SSCI, in their FY 1990 authorization report, raised the NRO IG as an issue, citing the results of the SSCI audit staff review. The SSCI report states that unless these two issues are satisfactorily addressed, the committee will consider alternatives, in their FY 1991 language, such as abolishing the NRO IG and transferring NRO IG responsibility to the DoD IG.

An agreement in principle has been reached between the NRO and the CIA that resolves the IG implementation issue between the organizations. The NRO IG and the CIA IG are in the process of completing the administrative actions necessary to implement the agreement. Once these actions are finished, the charter of the NRO IG, and the matrixed support implementation concept, will be supported by all NRO Program Offices and their parent organizations.

Issue: How to achieve an integrated security function.

Recommendation: Establish, within the NRO, a BYEMAN Security Center (BSC) that will be responsible for ensuring that consistent and adequate implementation standards for the BYEMAN Control System are being applied across government and contractor organizations. I propose that the Center's implementation authority be derived from a DCI delegation, to me, of implementation management authority for the BYEMAN Control System.

Having reviewed the existing implementation of the BYEMAN Control System, I have concluded that a more robust and effective management mechanism is essential for the effective security-support of the those programs that depend on the BYEMAN Control System for their protection. Major adjustments to our security implementation procedures are necessary to ensure the efficient utilization of the significant personnel and material investments being made in these programs.

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I will continue to work with the Director of Security, CIA, to ensure that the implementation of the BYEMAN Control System is consistent with DCI security policy guidance. To facilitate the critical security policy interface with the CIA Office of Security, there will continue to be a Special Assistant for Security on my staff who will be a senior CIA career security officer. This person will function as my senior security advisor and will be responsible to me for ensuring that DCI security policy is properly implemented in the BYEMAN Control System.

Issue: The need for additional centralization of support functions.

Recommendations: This area is still under study. We have identified personnel management as a function that will require some changes in order to support our restructure initiatives. However, I am not prepared to recommend a definitive solution for our personnel requirements beyond the temporary approach described below for providing the additional manpower requirements to support the restructure. I intend to work with the appropriate elements of the Administration to develop a solution as quickly as possible.

An additional issue relative to the future of the NRO is the House Appropriations Committee guidance to shift management responsibility for the Defense Reconnaissance Support Program (DRSP) and Airborne Reconnaissance Support Program (ARSP) from the DNRO to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD (C3I)). No matter what external lines of authority exist, or are established, to the NRO, the fundamental principle must remain that NRO Program Offices must work for one program manager, the DNRO, regardless of the source of the funding for the programs they are executing.

The principal reason for establishing the DRSP was to augment the capabilities of the National Reconnaissance Program (NRP). Additionally, the DRSP was intended to be used for the development of unique tactical spaceborne reconnaissance and imagery dissemination capabilities for the benefit of military users. In most cases, the execution of NRP and DRSP programs comes together in single systems, being developed by NRO Program Offices, that support both NRP and DRSP objectives. Because of the predominant role that the NRO plays in executing these programs, and the integrated nature of these activities, I believe that I should retain management responsibility for the NRP and DRSP.

The issue of how should the management of an ARSP be accomplished is more complicated because of the potentially very

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broad and diverse scope of an ARSP. As with the DRSP, if ARSP programs, such as a covert reconnaissance aircraft, are to be executed by NRO Program Offices, effective and efficient program management can only be accomplished if the Program Offices can look to a single source, such as the DNRO, for both programmatic and implementation direction. However, as the potential scope of an ARSP is expanded to include programs such as a U-2 follow-on and perhaps others, the most appropriate management arrangement for an ARSP becomes less clear. I am working with the ASD (C3I) to develop a management approach for an ARSP and to propose a means of strengthening the requirements and program advocacy functions supporting the DRSP and ARSP.

The resource requirements to support the restructure fall into three areas:

Facilities: In order to provide the required facilities in as timely a manner as possible, and to maintain the flexibility to implement the full range of potential restructure alternatives, a phased, incremental, facility strategy has been adopted. The first phase involved the sub-lease of a contractor-leased facility, which already had the necessary security provisions, as a temporary facility to support the initiation of the NRO Headquarters collocation and the P&A function. The second phase of the facility support plan involves the lease of an interim facility of sufficient size to complete the Headquarters collocation, the establishment of the P&A organization, and the limited collocation of additional support functions. The interim facility is expected to be available for occupancy in late 1990. The third phase of our facility strategy involves the acquisition of facilities that will provide a permanent solution for our baseline collocation activities. Our intent is to be able to accommodate, in the permanent facility, all the activities previously located in the temporary and interim facilities, enabling us to phase out our use of those facilities.

I am protecting for a least-total-cost acquisition strategy for the permanent facility which involves the purchase of both the land and the buildings required. This approach has the highest near-year costs but it provides the greatest flexibility regarding additional collocation decisions and, in a budgetary sense, protects for any other approach.

Personnel: The facility management and support functions, associated with the new facilities, and the new centralized security function require additional personnel that can not

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be readily provided by the NRO Program Offices or the NRO Staff. The existing NRO organizations are contributing personnel to staff the collocated Headquarters and the P&A organization, but they do not have sufficient personnel resources, with the required expertise, to fully support the centralized security initiative or the infrastructure associated with the new facilities.

To meet the FY 1990 and FY 1991 requirements, I am recommending that the DCI use his section 103 authority, that has already been pre-approved for FY 1990 by Congress, to increase the number of CIAP billets within CIA/OD&E by 100. However, since our additional personnel requirements are not temporary, we need to look for a more permanent solution than section 103. I am working within the Administration to develop an appropriate solution.

Funding: Our current budget estimate to support the proposed restructure initiatives is (in millions) 60.0 in FY 1991 and 343.4 for FY 1991-95.

I would be happy to provide additional information on the restructure as required and will, as a matter of course, keep you informed of the progress of the restructure. I am prepared to work with your staffs in the preparation of the final documentation for the response to Congress.

Martin C. Faga
Martin C. Faga

- 5 Attachments:
1. Restructure Report, BYE-27700/90
 2. SSCI Transmittal Letter, BYE-27701/90
 3. HPSCI Transmittal Letter, BYE-27702/90
 4. SAC Transmittal Letter, BYE-27703/90
 5. HAC Transmittal Letter, BYE-27704/90

26 February 1990

The Honorable David L. Boren, Chairman
Select Committee on Intelligence
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The attached report from the Director of the National
Reconnaissance Office (DNRO) is forwarded as our response to your
request for a jointly approved plan for the reorganization of the
National Reconnaissance Office (NRO). We have reviewed, and
fully support, the on-going and proposed NRO restructure
initiatives described in the report.

In our July 3, 1989 letter regarding the NRO restructure we
stated our intent to:

a. Form a Joint Senior Advisory Board (now referred to
as the National Reconnaissance Review Board) of senior
Intelligence Community managers to advise us and the DNRO
regarding NRO issues;

b. Establish a strong Planning, Analysis, and
Evaluation capability within the NRO to support the architectural
development and programmatic decision processes;

c. Designate the CIA's Director of Development and
Engineering as the Director of Program B to provide a full-time
manager for Program B; and

d. Establish, within the NRO, a Deputy Director for
Command Support position (now referred to as the Deputy Director
for Military Support) to improve NRO support to the military.

The first and third initiatives have been completed and the other
two are well underway, as documented in the report.

In addition to the restructure initiatives above, we concur
with the DNRO's recommendations to:

Implement a NRO headquarters collocation that will
include the DNRO, his deputies, their staff support, management
elements from the three Program Offices, and appropriate
centralized support functions in order to facilitate a more
integrated organizational approach to the accomplishment of the
NRO mission, built upon the unique abilities of the individual
Program Offices;

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Realign the NRO and Defense Support Project Office (DSPO) staffs to improve management effectiveness and facilitate a more integrated and effective organizational response to military requirements. The DSPO will continue as a distinct organizational entity providing the principal focus for the DSPO/NRO interface with the military. However, common support functions, such as budget administration and planning and analysis support, will be combined into single organizational entities that will provide support to both the NRO and DSPO;

Establish, within the NRO, a BYEMAN Security Center (BSC) that will be responsible for ensuring that consistent and adequate implementation standards are being applied across government and contractor organizations in order to minimize wasteful resource expenditures and maximize the effectiveness of the security protection afforded by the BYEMAN Control System; and

d. Continue the use of a small, centralized, Inspection and Audit (IG) function, supported by the IG activities of the NRO Program Offices' parent organizations, to accomplish the necessary NRO IG functions. With the recent agreement between the NRO and CIA, the final issue preventing successful implementation of this concept has been removed and all NRO Program Offices and their parent organizations support the charter of the NRO IG.

We endorse the DNRO's decision not to pursue further collocation at this time. We share his belief that the combination of restructure initiatives being implemented has the potential to achieve the same benefit as a total collocation without the downside risk of disrupting the NRO's program execution ability and support infrastructure. However, we do believe, as he does, that it is important that we continue to protect the option to implement additional collocation initiatives if required. The DNRO's facility acquisition strategy will support this objective.

Additionally, we reaffirm our previous conviction, supported by the DNRO's current reassessment, that a business-line structure, that would attempt to give each Program Office the responsibility for a unique mission area, is neither a viable or effective restructure alternative. We want to preserve a beneficial degree of competition between the Program Offices and the ability to apply the resources of all three Program Offices, as appropriate, to a problem. Competition is also vital to sustaining the motivation of the Program Offices and our ability to develop creative solutions to intelligence requirements.

We share the DNRO's concern regarding the House Appropriations Committee guidance to shift program management responsibility for the Defense Reconnaissance Support Program (DRSP) and Airborne Reconnaissance Support Program (ARSP) from the DNRO to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD (C3I)). No matter what external lines of authority exist, or are established, to the NRO, the fundamental principle must remain that NRO Program Offices must work for one program manager, the DNRO, regardless of the source of the funding for the programs they are executing.

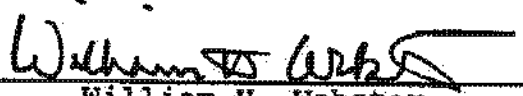
Since the preparation of the report on January 8, the ASD (C3I) and the DNRO have developed a recommendation which maintains this principle while providing for appropriate direction from the ASD (C3I). The NRO's Deputy Director for Military Support will also serve as the Director of the DSPO under the day-to-day operational control of the DNRO. In this capacity, he will receive programmatic oversight, requirements, guidance, and funding through the ASD (C3I). The DSPO will be a DoD staff element (not a NRO Program Office) with budgeting, coordination, and architectural responsibilities. Specific relationships among the ASD (C3I), DSPO, DNRO, and the DCI will be formulated and provided to the Committee at a later date.

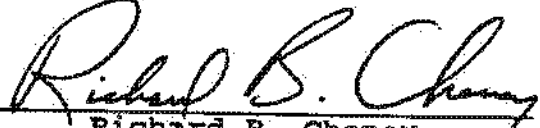
We support the iterative and evolutionary approach that the DNRO is using for implementing the restructure and we have asked him to provide us with regular reports on the progress of the restructure.

Your Committee's continuing support for the restructuring of the NRO is necessary and greatly appreciated.

This letter is also being sent to the House Permanent Select Committee on Intelligence, the Defense Subcommittee of the House Committee on Appropriations, and the Defense Subcommittee of the Senate Committee on Appropriations.

Sincerely,


William H. Webster
Director of Central Intelligence


Richard B. Cheney
Secretary of Defense

cc: The Honorable William S. Cohen
Vice Chairman

Attachment
Restructure Report, BYE-27700/90

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