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30 DEC (75)

TALKING PAPER

ON THE

OPTIMUM ORGANIZATION SUBORDINATION OF THE NRO

- The NRP is assumed to be a viable program and will likely consume a major share of the foreign intelligence budget.
- The program will increase in tactical utility and continue to be important to national decision makers.
- The NRP presently is under the Executive Agency of the SecDef, is managed and operated by the Under Secretary of the Air Force, and has its resources allocated through an ExCom chaired by the DCI.
- The resubordination issue is not linked to the abuses of law which have been the subject of the intelligence investigations.
- The NRO is a centralized, streamlined management entity which combines the expertise of the DOD and CIA in the development, acquisition and operation of reconnaissance satellites.
  - Most agree that the NRP is managed efficiently and has been very successful.
  - Most agree that criticism relating to the NRO is not a function of organizational placement, hardware systems security, or the success of its operations.
- Two major alternatives which affect NRO subordination are:
  - Maintenance of the SecDef as Executive Agent with resource allocation overseen jointly with the DCI, and
  - A reconstituted DFI with overall resource and management responsibility over the NRP.
- Major considerations in addressing the resubordination issue are:
  - Policy. SecDef needs to maintain an important policy voice; subordinating the NRO to the DFI may create an unfavorable position for the SecDef. The present placement of the NRO in Defense with a DFI chaired ExCom works well.

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- Logistics and personnel. DOD provides a significant amount of organic resources. Maintenance of this support would be more difficult under a resubordination to the DFI. Personnel practices for the approximately two thousand military people would be unstabilized. Contract administration would require re-examination as would arrangements for priority assistance, [REDACTED] from organic DOD resources [REDACTED].
- Operation support. Satellite operations are supported in great measure by organic DOD resources as well as specialized communications, dedicated weather services support and space tracking support. A resubordination would require reassessment and possible alteration.
- Resources management. Mission support is derived from organic DOD resources without reimbursement by the NRO. This practice would require change under a resubordination to the DFI. The NRP budget, under the DFI, would be adjudicated by OMB rather than the President under present DOD practices. This would create an added level of review to the streamlined NRP management.
- It is concluded that the NRO mechanism basically works well. Resubordination would alter many existing support arrangements. It is questioned that a change in executive management would add any marginal efficiency to the NRO process. The DCI, however, needs a strong voice in the allocation of resources of which the NRP is a major consumer. It is recommended that the NRO remain within the DOD structure.



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I. Problem: To determine the optimum organization subordination of the National Reconnaissance Office.

II. Assumptions:

A. The National Reconnaissance Program will continue to be a vital program and consume a major share of the total intelligence budget.

B. The National Reconnaissance Program will grow to be of high tactical support interest as well as continue to be of major national significance.

C. Most observers believe the National Reconnaissance Program to be a very successful undertaking.

III. Facts Bearing on the Problem:

A. The National Reconnaissance Program is contractor intensive (approximately [REDACTED] annually), but involves relatively few governmental personnel (about [REDACTED] directly assigned).

B. The present NRP is under the executive agency of the Secretary of Defense and is managed and operated by a Director who is the Under Secretary of the Air Force who receives his fiscal and policy guidance from an NRP Executive Committee composed of the DCI (Chairman) and the ASD(I).

C. Under the authority of the Director, NRO, satellite programs are developed and operated by subordinate managers including Air Force, CIA and the Navy elements.

D. First-order processing of the product is accomplished primarily by the NSA in the case of SIGINT satellites and by the CIA/DIA National Photographic Interpretation Center in the case of photographic satellites. Further processing and analysis of both categories of products are accomplished to a greater or lesser extent by all members of the intelligence community.

E. The "Options Paper for the President on Organization and Management of the Foreign Intelligence Community" dated 16 December 1975 has proposed a number of organizational options including those which would retain the NRO operationally under the Secretary of Defense with the DCI primarily responsible for dollar resource control or placed under a reconstituted Director of Foreign Intelligence (DFI) for resources and operations.

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IV. Discussion:

A. General.

1. In considering the organizational position of the NRO, it is well to emphasize what may be termed self evident by some. This issue has not been linked in any way with the abuses of law and authority which have been the genesis of all recent reorganization discussion and specifically the "Options" paper of 16 December. Therefore, it is clear that our discussion centers totally on organizational efficiency in accomplishing the objectives of the NRO.

2. Simply stated, the organizational objective of the NRO is to provide the U.S. Government a streamlined centrally managed intelligence collection capability from space which is responsive to the substantive information requirements of the various agencies and activities of the U.S. Government.

3. The NRO was formed in 1961, largely as a result of the recognition:

a. That centralized and streamlined research and development, procurement and operation of very expensive space reconnaissance vehicles was cost effective;

b. That the Department of Defense was executive for the military space mission with the attendant technology base and expertise, but that the intelligence community, specifically the CIA, had significant expertise and prior investment; and,

c. That the political and technical sensitivity of the satellite intelligence collection capability and the statutory responsibility of the DCI for protecting "sources and methods" required the establishment of a unique and well secured organizational structure.

4. Because of early difficulty in operating within two chains of command, the present DOD/CIA Agreement was established with Presidential concurrence in 1965. The Secretary of Defense was designated Executive Agent and the agreement constituted an NRP Executive Committee composed of the President's Science Advisor, the DCI, and the Deputy Secretary of Defense, the latter acting as chairman. Over time, and with the abolition of the Science Advisor post, the ExCom evolved with the DCI acting as chairman and the Assistant Secretary of Defense (Intelligence) providing the Defense representation. The ExCom has served as a forum for policy making and all resource







These initiatives have made satellite collection of practical and timely value to military operational commanders for the first time, in addition to enhancing the support which can be given to national decision makers for force planning, foreign policy determination and contingency and crises action. Moreover, as these new systems develop, more and more reliance will be placed on them at the expense of traditional theater collection resources. Historically, Defense has generated the preponderance of satellite collection requirements. The advent of more timely support to the operating forces has heightened Defense interest in the operation of the NRP. On the other hand, the national dependency on the satellites for SALT verification, etc., has increased, thus creating a heightened interest on the parts of the NSC, State and others.

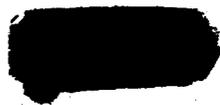
c. Thus, there should be maintained a policy mechanism over the NRO which would safeguard the interests of the major decision makers. If one accepts this premise we would eliminate the placement of NRO in any existing intelligence community member agency such as CIA or DIA. As long as the DCI retained cognizance over the CIA, the rationale set forth would also apply. Under a separate DFI and from a strictly policy view, the NRO could be placed under his cognizance but the major player, the SecDef, would need very strong representation in an ExCom type of arrangement. By the same token, policy considerations can be handled in a satisfactory way by the continuation of the present arrangement with the NRO in Defense and having the DCI or DFI providing chairmanship of an ExCom, and a USIB form of requirements group.

d. Conclusion. In the context of policy considerations, the present placement of the NRO in Defense with a DFI-chaired ExCom works well. NRO could just as easily be placed under a DFI; however, SecDef would have to have an important policy voice. Proper guidance might be more difficult to achieve with NRO being a line subordinate of the DFI.

2. Logistics and Personnel

a. The preponderance of personnel associated with the NRO are drawn from military resources. Most of these individuals are dependent upon a stable and identified career pattern for upward mobility within their respective services. The Air Force and the CIA still retain the majority of the expertise for the design and acquisition of reconnaissance systems. A great





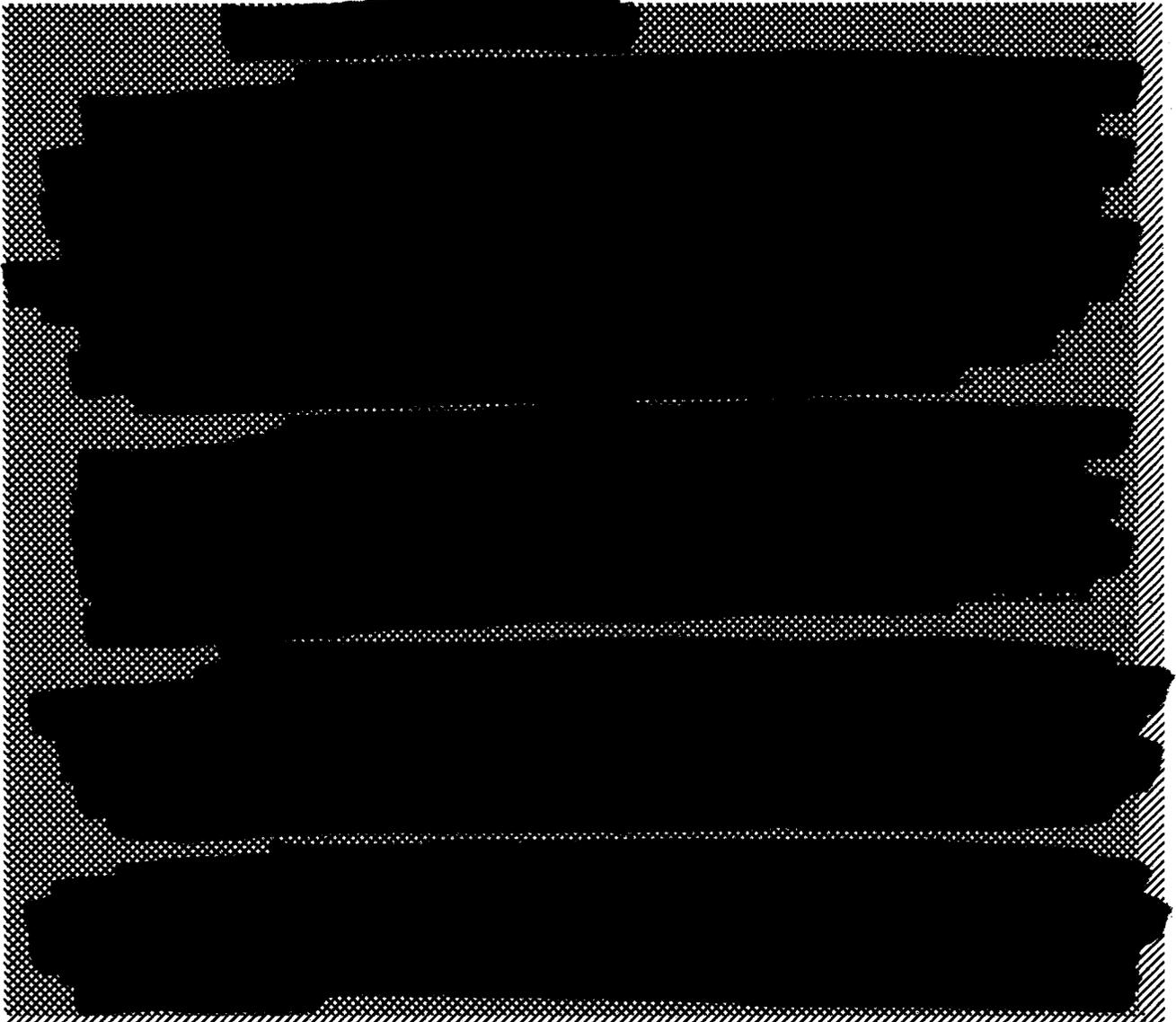
deal of training is provided by the military establishment to service individuals. In the history of the NRO, the Air Force and Navy participants have been favorably treated with respect to promotions and enhanced career mobility. This pattern likely would be altered with the placement of the NRO directly under a DCI for management purposes. Furthermore, by leaving the parent organization for an overt joint assignment, the stability of the assignment which is required would mitigate against a favorable career pattern. The present arrangement appears to be, from a personnel standpoint, highly satisfactory both within the military and the civilian career patterns.

b. The NRO procures its hardware systems on a so-called "end-to-end" contracting basis. Defense procurement regulations are followed with certain waivers granted in order to assure a low profile procurement of sensitive technical systems. The management of contract administration is largely handled through the Defense resource. For example, the Defense Contract Audit Agency has resident teams within the contractor locations for both the Air Force and CIA program elements. The Defense Contract Administration Service also provides support in the administration of contracts in the best interest of the Government. The Air Force Contract Management Division also participates. A reordering of the subordination of the NRO would require a significant change to these practices and require that the level of support provided from DOD organic resources be re-established and agreed upon between a DFI and the Secretary of Defense.

c. The NRO relies upon the Office of the Secretary of Defense for obtaining priorities assistance through the Commerce Department on DX rated items. The DOD has been granted DX priorities for the National Reconnaissance Program activity. It's not certain whether or not a DFI would be permitted to receive similar priority designation without working through the DOD.



e. Conclusion: In the context of logistic and personnel support, it appears on balance that the DOD provides a significant amount of organic support to the process. This support would have to be continued under a resubordination; however, it would be much more difficult to maintain. A host of agreements and other arrangements would be required and responsibility would necessarily be altered in the process of providing the same level of support which exists today.



e. Conclusion. In the same manner which logistic

and personnel support require DOD organic resources, operational support also employs significant amounts of DOD support for the day-to-day operation. These arrangements would be altered to some extent with a resubordination of the NRO outside of the Defense establishment. New arrangements would necessarily have to be established in order to assure the continuity and dedication of the required operational support.

4. Resources Management.

a. To reiterate, the organization options include a subordination of the NRO of the Secretary of Defense with resources overseen jointly with a DCI or a reconstituted DFI with overall resource and management responsibility over the NRO. Much of the incidental support required of organic DOD resources is obtained on a non-reimbursable basis. For example, all personnel directly affiliated with the NRO both from the DOD and the CIA are paid for by the parent organization. A subordination of the NRO under a DFI would likely bring about a change to this practice. Similarly, other support would require reimbursement.

b. Retaining the NRP budget within the DOD budget has benefit to the Secretary of Defense in that the DOD budget is submitted directly to the President. A DFI budget would be submitted to OMB which would affect the streamlined management currently existent for the NRO.

c. Present arrangements such as Air Force manage-

the DOD with a resubordination of the NRO.

d. Conclusion. A change in the current practices with a resubordination of the NRO would make the programming and budgetary process difficult in many ways and also result in an increased requirement for NRP funding to cover support costs. On balance, it appears more advantageous to the Secretary of Defense to retain the NRP budget within the DOD budget but recognize the requirement for a DCI to have strong influence in the allocation of resources through an ExCom or similar mechanism.

V. Conclusions and Recommended Position:

The NRO as a management mechanism works well today. Some improvements could be made in terms of the internal organization to permit a more direct control of the program elements by the

