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MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF DEFENSE



SUBJECT: Intelligence Reform Bill – Final Thoughts

350.09

I have read the draft legislation to reform intelligence provided by your staff. Good progress has been made in resolving a wide array of issues.

The manner in which the budgets for the agencies and organizations within a department are constructed and presented to the NID is the one issue that merits a bit of extra time to work our way through before submitting your proposal to Congress.

I believe the resolution of the issue should meet two criteria. First, it must accord with your guidance not to place anyone between you and anyone you need to hold responsible for operations and management. Second, it should be in accord with your stated decision that the NID have “full budget authority.”

The draft bill goes a long way to meeting these criteria by establishing a reciprocal relationship between the NID and the Secretary of Defense. Each is to support the other, even as they discharge their individual responsibilities to the Intelligence Community and the Department of Defense, respectively, and to you. This is a substantial and welcome improvement over previous drafts.

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However, having established these reciprocal obligations, the draft bill allows the NID to build his budget proposal based upon the submission by both the department head and the agency heads. That approach would clearly undermine the department head relative to the agency heads and could place the NID and Secretary of Defense at odds with one another.

Dick Myers and I would strongly recommend instead that the Secretary of Defense propose to the NID the budgets for the agencies and organizations within the Defense Department. This would ensure that the NID and the Secretary of Defense deal directly with each other and that you are able to hold both accountable for their responsibilities. This meets your first criteria.

Under this alternate arrangement the Secretary of Defense would be obliged to forward to the NID any concerns or reservations of an agency or organization head. The Secretary of Defense also would ensure that the NID have easy and ready access to the department's agency and organization heads to fulfill his obligation to decide and propose to you the National Foreign Intelligence Program (NFIP). This arrangement is quite similar to that which exists today between the Secretary of Defense and the three Service Secretaries—it works and is a model the Congress understands.

The Secretary of Defense provides the Services with guidance; the Service Secretaries present a budget based on that guidance. The staff of the Secretary of Defense is fully able to query the Services' subordinate components for information and analysis.



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This arrangement meets your second criteria. No one could suggest that the Secretary of Defense does not have “full budget authority” over the Services and the Department of Defense. Under a similar arrangement between the NID and the Secretary of Defense, the NID would exercise “full budget authority” over the NFIP.

We believe that this arrangement may also prove more congenial to those on Capitol Hill who, concerned about such matters, might otherwise oppose the reform effort.

General Myers and I would be pleased to discuss this with you before you take your decision if that would be helpful.

Respectfully

