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IRAC-M-11
30 June 1975



INTELLIGENCE RESOURCES ADVISORY COMMITTEE

MEMORANDUM FOR THE INTELLIGENCE RESOURCES ADVISORY COMMITTEE

SUBJECT : Draft Minutes of the 30 June 1975
IRAC Meeting

1. The attached draft minutes of the 30 June Intelligence Resources Advisory Committee meeting are submitted herewith for IRAC consideration.

IRAC ACTION REQUESTED

2. IRAC Members are requested to advise the Secretariat   by close of business 16 July 1975 of their approval or comments on the attached minutes.

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Executive Secretary

Attachment

NRO review(s) completed.

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IRAC-M-11
30 June 1975

INTELLIGENCE RESOURCES ADVISORY COMMITTEE

Minutes of
Eleventh Meeting
Intelligence Resources Advisory Committee
DCI Conference Room (7D64)
Central Intelligence Agency, at 1400 hours, 30 June 1975

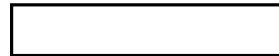
Director of Central Intelligence
Mr. W. E. Colby
Presiding

MEMBERS PRESENT

- Mr. William McAfee, acting for Director of Intelligence and Research
Department of State
- Dr. Albert C. Hall, Assistant Secretary of Defense (Intelligence),
Department of Defense
- Lieutenant General Vernon A. Walters, USA, Deputy Director of Central
Intelligence
- Mr. Donald G. Ogilvie, Associate Director for National Security and
International Affairs, Office of Management and Budget

OBSERVERS PRESENT

- Mr. Richard Ober, Director for Intelligence Coordination, National
Security Council Staff
- Lieutenant General Eugene F. Tighe, Jr., USAF, acting for Director,
Defense Intelligence Agency
- Lieutenant General Lew Allen, Jr., USAF, Director, National Security
Agency



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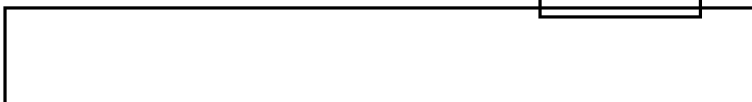
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TOP SECRET

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IRAC-M-11
30 June 1975

1. Status of Congressional Budget System

a. At the invitation of the Chairman, Mr. Ogilvie presented a briefing on the subject (briefing aids are enclosed as Attachment I). In the course of his briefing he commented that the new procedures outlined for Congress represented a major step forward. He pointed out that the scheduling deadlines applied to the Executive Branch as well as to Congress. During the discussion which followed it was noted that the Congressional budget review process may address intelligence matters in the DoD budget submission. Dr. Hall agreed to keep a close watch on this and advise the DCI and IRAC.

2. Preliminary FY 1977 Fiscal Guidance -- Economic Outlook

a. Speaking from the outline provided by the viewgraphs (Attachment II), Mr. Ogilvie addressed the intelligence budget trends. He said that he would be happy to provide more detailed information on how the figures were developed. During his presentation he proposed revisions to the IRAC schedule (Item 4, below) which would have the DCI's tentative recommendations on major resource issues submitted in October rather than December. He said that last year, when these recommendations were submitted in December, it had been most difficult to schedule adequately for Presidential review. He thought it would be much more orderly if major program issues could be surfaced in October; the remaining portion of the budget recommendations could follow thereafter.

b. Mr. Colby observed that this would create a problem in scheduling the EXCOMs which, as a consequence of Mr. Ogilvie's recommendation, would have to be moved up.

c. Dr. Hall commented that Mr. Ogilvie's recommendation required careful consideration noting particularly that it would be difficult to separate the major issues from the total budget submission. [redacted] noted that several studies are underway which will drive major decisions and that they will not be completed by October. Mr. Colby asked that the members consider Mr. Ogilvie's proposal within the next few days and advise him of their views by Monday (7 July).

d. In response to a question by [redacted] Mr. Ogilvie said that Intelligence Community fiscal guidance would be issued in July in a form similar to that used in past years.

- 4 -

25X1

TOP SECRET

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[Redacted]

IRAC-M-11
30 June 1975

25X1

3. Resource Issues

a. Mr. Colby commented on several issues which the IRAC probably will wish to consider:

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[Redacted]

(2) Mr. Colby suggested that another area of IRAC interest may be the anti-satellite satellite studies and the overall question of vulnerability of both Soviet and U. S. satellites. Studies on U. S. satellites involve those with an intelligence mission as well as other DoD satellites. The potential resource implications could be large.

(3) Mr. Colby noted that USIB recently reaffirmed its needs for [Redacted] and had requested State Department to reinstitute this service. Mr. McAfee indicated that the USIB views had been transmitted to high levels within State but that the decision to have [Redacted] had not been changed. Mr. Colby said he was raising this subject at IRAC because it appeared to be a matter of administrative funding which involved [Redacted] but other shared administrative support costs involving the USIB member agencies. He said that the Intelligence Community Staff would be looking into this question and what to do about it.

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b. Mr. Ogilvie asked why, if the funds were allocated for this purpose in State's budget submitted to the President, they were not being so utilized? Mr. McAfee observed that this was a valid question, but he did not have the answer. He suggested that State be queried. Mr. Ogilvie said that he preferred that OMB not serve as an arbiter for this issue. Dr. Hall advised against transferring funding responsibility to the Department of Defense. Mr. Colby said he would communicate with appropriate officials in the State Department to make a determination of how this problem should be resolved.*

*The DCI forwarded a letter on this subject on 30 June 1975 to Lawrence S. Eagleburger, Deputy Under Secretary for Management. [Redacted]

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TOP SECRET

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IRAC-M-11
30 June 1975

25X1

[Redacted] said that there was a significant principle involved in this problem which deserved a direct answer and an early solution. He also suggested that if a solution is not forthcoming it may be necessary to examine the feasibility of other agencies funding [Redacted]

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c. Dr. Hall said he had a few comments on some major issues which affect the FY-77 budget, noting that the cost figures were stated in approximate terms:

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(1) Manpower - Dr. Hall said that planning called for the intelligence manpower strength within DoD to be decreased by 1,780 in FY-77 with a budget impact of [Redacted] This is significantly smaller than the FY-1976 reduction.

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[Large Redacted Area]

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TOP SECRET

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IRAC-M-11
30 June 1975

25X1

[Redacted]

d. Dr. Hall said that all these issues must be studied carefully before decisions are made. Mr. Colby agreed, noting also that the resolution and search studies for overhead photography could have considerable impact on available funds.

e. With regard to funding, Mr. Colby said he had a chart which compared the gross national product and the NFIP budget over the next several years. He observed that as the gross national product increased it seemed appropriate for the intelligence amount to increase with it.

4. Discussion of Resource Management Objectives (and Milestones) for the Intelligence Community for FY 1976
(USIB/IRAC-D-22.1/39, 17 June 1975, Memorandum for USIB/IRAC Principals distributed through restricted channels)

a. Mr. Colby said that the resource management objectives had been circulated to the IRAC, noting that the substantive objectives already had been considered by the USIB. He invited comments. Mr. Ogilvie noted his earlier suggestion (Item 2, above) on the October submission for the NFIP in relation to the schedule under Objective No. 2. He said he wished to encourage the effort reflected for the August Milestone regarding national - tactical relationships under Objective No. 3. He believed this effort should receive a lot of attention. Mr. Colby agreed it was an important and complex subject which required a great deal of work, noting that the effort should also address tactical support to national requirements. Dr. Hall said that DIA had done some work in this area by decentralizing maintenance of some data base information to field commanders.

b. Mr. Colby commented on the Milestones for the KIQA saying that the performance evaluation begins on 1 July. He said that he hoped it would go well because of the importance of the function. He said that while the effort would not answer specific resource questions, it should provide guidelines on areas which should be examined in greater detail. The September - October Milestones under Objective No. 3 addressed the annual report on the intelligence accomplishments to be provided to the President. He asked the cooperation of the members in developing this report as he felt it was a most useful mechanism for both the President and the intelligence community.

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IRAC-M-11
30 June 1975

c. The IRAC concurred in the Objectives subject to additional comments by the members by 7 July of the schedule under Objective No. 2.

5. IRAC Tasks

a. Mr. Colby noted that the FY-76 intelligence budget had been subject to intense congressional review which he characterized as a harbinger for future budgets. He observed that if IRAC could do a better job, e.g. developing studies which provide funding options, the intelligence community could do a better job for the Congressional budget review process. Using USIB as an example, he said that it might be useful to consider establishing some standing committees of IRAC. He noted the success of the IRAC Intelligence Research and Development Council. Mr. Plummer said that while the IR&DC had been useful in surfacing major problems, e.g., space shuttle, he suggested that the resource considerations for these problems should also be addressed by the Council. Mr. Ogilvie observed this was a good example of what the IRAC Working Group should do. Dr. Hall said that while a review of the space shuttle by the IRAC Working Group might be a useful process, he suggested that those involved discuss the background in some detail with Mr. Colby at a later date. Mr. Colby agreed. Mr. Ogilvie said that his comment was intended to support the value of greater use of the IRAC Working Group rather than the issue of the space shuttle per se. With regard to the IR&DC, Mr. Colby commented that it would be useful to have it review the FY-77 intelligence R&D budget and submit its recommendations to IRAC.

b. Addressing the concept of standing committees, Mr. Colby proposed that it might be useful to establish one to review the national - tactical interface question. Another problem which might be considered either by a standing committee or an ad hoc group, could be the Southeast Asian draw down issue. He said that there had been some congressional interest in this subject.

c. Mr. Colby proposed that in addition to the five areas addressed by the IR&DC last year (IRAC-D-76.2/2, 22 July 1974) he thought it would be useful if the Council looked ahead two years on some other major

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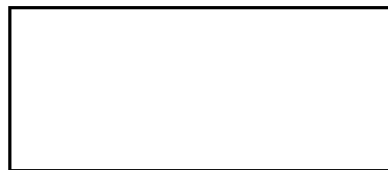
IRAC-M-11
30 June 1975

problems. He encouraged continuation of the study of new analytic methodology and techniques. Mr. Colby also noted that there had been problems with regard to security compartmentation and that there was room for improvement in this area.

d. Summing up, Mr. Colby invited comments from the IRAC members with regard to their views on IRAC, particularly the question of forming standing committees and ad hoc groups to treat specific subjects, and ideas as to which subjects should be addressed. Mr. Ogilvie supported Mr. Colby's views indicating that a careful examination should be made to see whether IRAC was playing a useful role in advising the DCI. He suggested that perhaps it would be useful for IRAC to review specific resource issues, some of which could be examined by ad hoc groups in support of the IRAC.

e. Dr. Hall suggested that the establishment of standing committees be carefully considered since, once established, they tend to perpetuate themselves. Mr. Colby agreed but added that there appeared to be a good case for establishing a standing committee to look at the many important issues involving national - tactical interface.

f. Mr. Colby suggested that the members provide their views on this overall subject to General Wilson, D/DCI/IC by close of business 9 July 1975.



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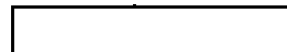
Executive Secretary

Attachments

Adjournment: 1520 hours

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IRAC-M-11
30 June 1975

SECRETARY'S NOTE

Approval of Minutes
3 December 1974 Meeting
(IRAC-M-10)

On 23 December 1974 all IRAC members telephonically approved the subject minutes. The Acting CIA Member concurred subject to changes. A revised page 5 incorporating these changes was circulated for substitution in all copies of the reference minutes.

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OBJECTIVES OF CONGRESSIONAL BUDGET ACT

ENABLE CONGRESS TO:

- IMPROVE CONGRESSIONAL CONTROL OVER BUDGETARY OUTLAY AND RECEIPT TOTALS

- DETERMINE ANNUAL SPENDING TARGETS IN LIGHT OF ECONOMIC CONDITIONS & NEEDS

- ALLOCATE AVAILABLE FUNDS AMONG FEDERAL PROGRAMS ON BASIS OF NATIONAL PRIORITIES

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Attachment I
IRAC-M-11
30 June 1975

NOTES

CONGRESSIONAL BUDGET ACT

- ESTABLISHED A NEW CONGRESSIONAL BUDGET PROCESS
- TO BE AIDED BY NEW HOUSE AND SENATE BUDGET COMMITTEES
- WITH THE HELP OF A CONGRESSIONAL BUDGET OFFICE
- FOR A FISCAL YEAR TO RUN FROM OCTOBER 1 TO SEPTEMBER 30, EFFECTIVE OCTOBER 1, 1976

25X1

Attachment I
IRAC-M-11
30 June 1975

CONGRESSIONAL BUDGET TIMETABLE

ON OR BEFORE:

ACTION TO BE COMPLETED:

| | |
|-------------------------------|---|
| NOVEMBER 10 | PRESIDENT SUBMITS CURRENT SERVICES BUDGET. |
| 15th DAY AFTER CONGRESS MEETS | PRESIDENT SUBMITS HIS BUDGET. |
| MARCH 15 | COMMITTEES SUBMIT REPORTS TO BUDGET COMMITTEES. |
| APRIL 1 | CONGRESSIONAL BUDGET OFFICE SUBMITS REPORT TO BUDGET COMMITTEES. |
| APRIL 15 | BUDGET COMMITTEES REPORT FIRST CONCURRENT RESOLUTION ON THE BUDGET TO THEIR HOUSES. |
| MAY 15 | COMMITTEES REPORT BILLS AUTHORIZING NEW BUDGET AUTHORITY. |
| MAY 15 | CONGRESS ADOPTS FIRST CONCURRENT RESOLUTION ON THE BUDGET. |
| 7th DAY AFTER LABOR DAY | CONGRESS COMPLETES ACTION ON BILLS PROVIDING BUDGET AUTHORITY AND SPENDING AUTHORITY. |
| SEPTEMBER 15 | CONGRESS COMPLETES ACTIONS ON SECOND REQUIRED CONCURRENT RESOLUTION ON THE BUDGET. |
| SEPTEMBER 25 | CONGRESS COMPLETES ACTION RECONCILIATION PROCESS IMPLEMENTING SECOND CONCURRENT RESOLUTION. |
| OCTOBER 1 | FISCAL YEAR BEGINS. |

Attachment I
IRAC-M-11
30 June 1975

SENATE BUDGET COMMITTEE

Democrats

Edmund S. Muskie, Maine (Chairman)
Warren G. Magnuson, Wash.
Frank E. Moss, Utah
Walter F. Mondale, Minn.
Ernest F. Hollings, S. C.
Alan Cranston, Calif.
Lawton Chiles, Florida
James Abourezk, S. D.
Joseph R. Biden Jr., Del.
Sam Nunn, Ga.

Republicans

Henry Bellmon, Okla.
Robert Dole, Kan.
J. Glenn Beall Jr., Md.
James L. Buckley, N. Y.
James A. McClure, Idaho
Pete V. Domenici, N. M.

Attachment I
IRAC-M-11
30 June 1975

HOUSE BUDGET COMMITTEE

Democrats

Brock Adams, Wash. (Chairman)
Thomas L. Ashley, Ohio
Casper Burleson, Texas
Sam Gibbons, Florida
Butler C. Derrick Jr., S. C.
Robert N. Giaimo, Conn.
Elizabeth Holtzman, N. Y.
Phil M. Landrum, Ga.
Robert L. Loggott, Calif.
Patsy T. Mink, Hawaii
Parren J. Mitchell, Md.
James G. O'Hara, Mich.
Thomas P. O'Neill Jr., Mass.
Harold Runnels, N. M.
Neal Smith, Iowa
Louis Stokes, Ohio
Jim Wright, Texas

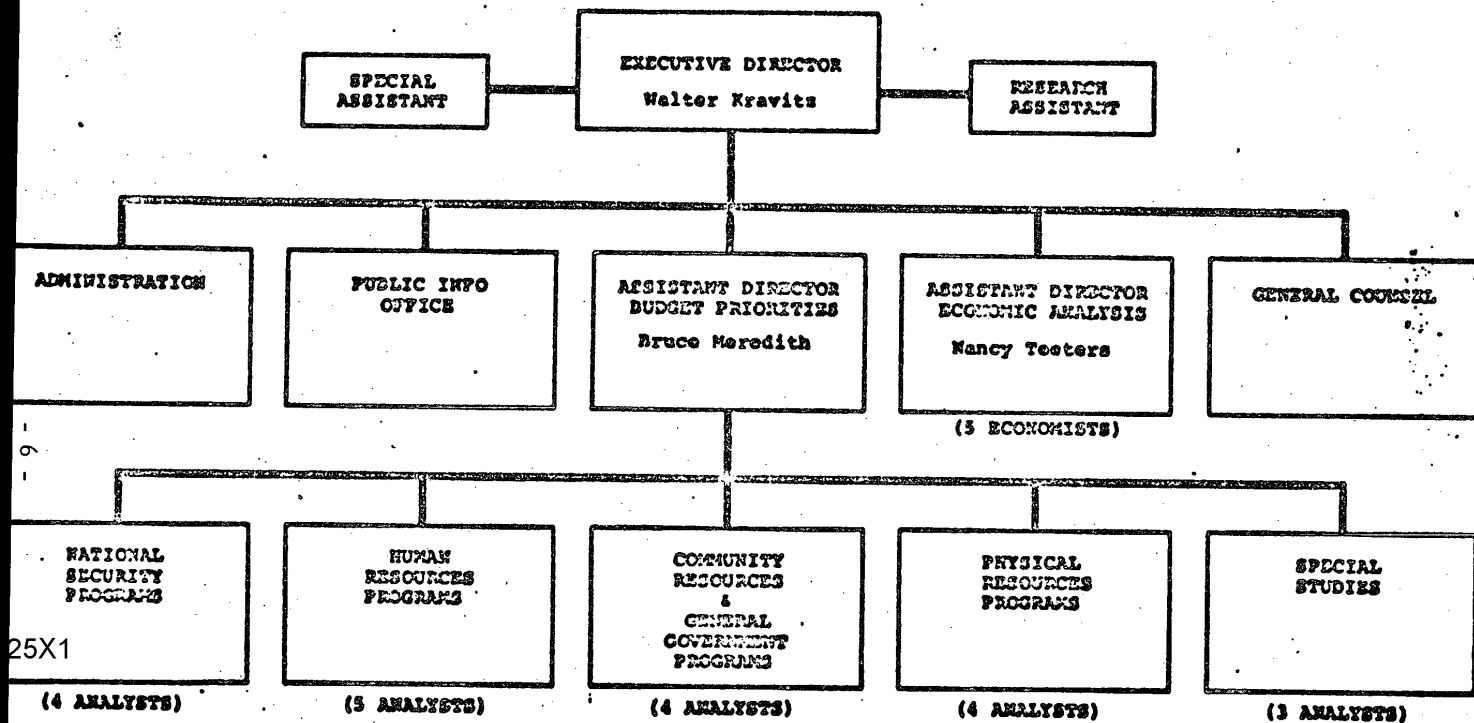
Republicans

James T. Broyhill, N. C.
Elford E. Coderberg, Mich.
Del Clawson, Calif.
Barber B. Conable Jr., N. Y.
James P. Hastings, N. Y.
Delbert Latta, Ohio
Herman T. Schneebeli, Pa.
Garner E. Shriver, Kan.

Attachment I
IRAC-M-11
30 June 1975

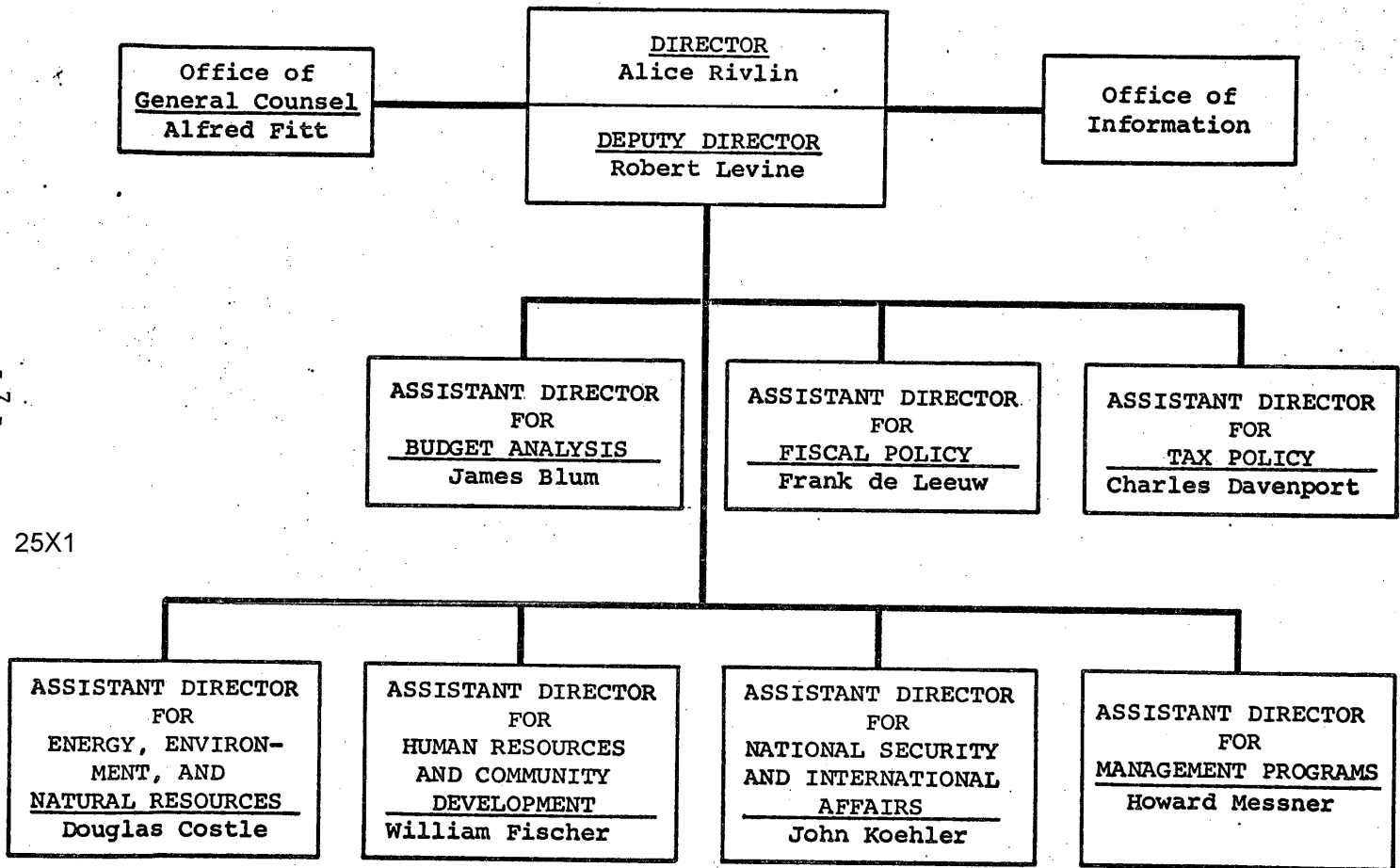
HOUSE BUDGET COMMITTEE

STAFF STRUCTURE



Approximate total staff, including clerical: 60

CONGRESSIONAL BUDGET OFFICE



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Attachment 1
IRAC-M-11

FISCAL YEAR 1976 BUDGETS, BY FUNCTION
(In billions of dollars)

| | President (February 4) | | President (April 4) | | Concurrent Resolution | |
|---|---------------------------|--------------|------------------------|--------------|--------------------------|--------------|
| | Budget authority | Outlays | Budget authority | Outlays | Budget authority | Outlays |
| National defense..... | 107.7 | 94.0 | 107.7 | 93.9 | 100.7 | 90.7 |
| International affairs..... | 12.6 | 6.3 | 12.6 | 6.3 | 4.9 | 4.9 |
| General science, space, and technology..... | 4.7 | 4.6 | 4.7 | 4.6 | 4.7 | 4.6 |
| Natural resources, environment, and energy..... | 12.2 | 10.0 | 12.2 | 10.2 | 13.8 | 11.6 |
| Agriculture..... | 4.3 | 1.8 | 4.3 | 1.8 | 4.3 | 1.8 |
| Commerce and transportation..... | 6.6 | 13.7 | 6.6 | 14.7 | 11.3 | 17.5 |
| Community and regional development..... | 5.2 | 5.9 | 5.2 | 6.0 | 11.0 | 8.7 |
| Education, manpower, and social services..... | 13.7 | 14.6 | 13.7 | 16.6 | 19.0 | 19.9 |
| Health..... | 31.0 | 28.1 | 31.0 | 28.4 | 33.1 | 30.7 |
| Income security..... | 135.3 | 118.7 | 137.5 | 120.9 | 140.9 | 125.3 |
| Veterans benefits and services.. | 16.2 | 15.6 | 16.8 | 16.2 | 18.0 | 17.5 |
| Law enforcement and justice..... | 3.2 | 3.3 | 3.2 | 3.3 | 3.3 | 3.4 |
| General government..... | 3.3 | 3.2 | 3.3 | 3.2 | 3.3 | 3.3 |
| Revenue sharing and general purpose fiscal assistance..... | 7.3 | 7.2 | 7.3 | 7.2 | 7.3 | 7.2 |
| Interest..... | 34.4 | 34.4 | 34.4 | 34.4 | 35.0 | 35.0 |
| Allowances..... | 8.3 | 8.1 | 8.3 | 8.1 | 1.4 | 1.1 |
| Undistributed offsetting receipts..... | -20.2 | -20.2 | -20.2 | -20.2 | -16.2 | -16.2 |
| TOTAL | 385.8 | 349.4 | 388.6 | 355.6 | 395.8 | 367.0 |
| Receipts..... | | 297.5 | | 295.6 | | 298.2 |
| Deficit..... | | -51.9 | | -60.0 | | -68.8 |

Attachment I
IRAC-M-11
30 June 1975

Attachment II
IRAC-M-11
30 June 1975

OMB PLANNING CEILING

- DETERMINED BY DIRECTOR, OMB

- BASED UPON:
 - STAFF PRESENTATIONS OF PROGRAMMATIC TRENDS, DEVELOPMENTS, AND ISSUES

 - GENERAL ECONOMIC FACTORS

- PURPOSE:
 - PROVIDE MORE DEFINITIVE GUIDANCE FOR BUDGET YEAR THAN ALLOWANCE LETTER

 - PROVIDE A FIRM "CAP" FOR OCTOBER BUDGET SUBMISSION

 - GUIDE PROGRAM MANAGERS IN THE STRUCTURING OF THEIR BUDGETS

 - ALLOW AN IDENTIFICATION OF LOWER PRIORITY ITEMS - SUBMITTED AS "OVER-CEILING" ITEMS

ECONOMIC ASSUMPTIONS FOR BUDGET PROJECTIONS¹
(calendar years; dollar amounts in billions)

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Attachment II
IRAC-M-11
30 June 1975

| Item | Assumed for Purposes of Budget Projections | | | |
|--|---|---------|---------|---------|
| | 1977 | 1978 | 1979 | 1980 |
| Gross national product: | | | | |
| Current dollars: | | | | |
| Amount..... | \$1,891 | \$2,107 | \$2,335 | \$2,586 |
| Percent change..... | 12.6 | 11.4 | 10.8 | 10.8 |
| Constant (1958) dollars: | | | | |
| Amount..... | \$897 | \$956 | \$1,018 | \$1,084 |
| Percent change..... | 6.5 | 6.5 | 6.5 | 6.5 |
| Incomes (current dollars): | | | | |
| Personal income..... | \$1,515 | \$1,689 | \$1,874 | \$2,078 |
| Wages and salaries..... | \$978 | \$1,092 | \$1,211 | \$1,344 |
| Corporate profits..... | \$173 | \$193 | \$214 | \$237 |
| Prices (percent change): | | | | |
| GDP deflator: | | | | |
| Year over year..... | 5.7 | 4.6 | 4.1 | 4.0 |
| Fourth quarter over fourth quarter..... | 5.2 | 4.3 | 4.0 | 4.0 |
| CPI: | | | | |
| Year over year..... | 5.3 | 4.4 | 4.0 | 4.0 |
| December over December..... | 4.8 | 4.2 | 4.0 | 4.0 |
| Unemployment rates (percent): | | | | |
| Total..... | 7.2 | 6.5 | 5.8 | 5.1 |
| Insured ² | 6.1 | 4.7 | 4.0 | 3.2 |
| Federal pay raise, October (percent)..... | 6.75 | 6.50 | 6.00 | 5.50 |
| Interest rate, 91-day Treasury bills (percent) ³ | 5.1 | 5.1 | 5.0 | 5.0 |

¹ Based on extrapolations using a 6.5% rate of real growth in GNP for 1977-1980.

² Insured unemployment as a percentage of covered employment; includes unemployed workers receiving extended benefits.

³ Average rate of new issues within period.

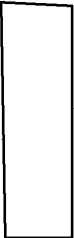


Attachment II
 IRAC-M-11
 30 June 1975

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THE FISCAL OUTLOOK, 1977-1980
 (in billions of dollars)

| | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
|--------------------------------------|-------------|-------------|-------------|--------------|
| Outlays under current programs..... | 388.4 | 417.4 | 443.0 | 467.3 |
| Outlays under proposed programs..... | <u>9.9</u> | <u>14.3</u> | <u>15.1</u> | <u>15.5</u> |
| Total projected outlays..... | 398.4 | 431.6 | 458.1 | 482.8 |
| Receipts under current law..... | 364.0 | 416.4 | 466.4 | 517.2 |
| Effects of energy tax proposals..... | <u>+0.4</u> | <u>-4.2</u> | <u>-9.4</u> | <u>-12.4</u> |
| Total projected receipts..... | 364.4 | 412.2 | 457.0 | 504.8 |
| Budget margin or deficit (-)..... | -34.0 | -19.4 | -1.1 | +22.0 |



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