

Washington, D.C. 20505

22 SEP 1982

The Honorable David A. Stockman
Director
Office of Management and Budget
Washington, DC 20503

Dear Mr. Stockman:

This responds to OMB Bulletin No. 80-14, Supplement No. 1, "Agency Operations in the Absence of Appropriations." The nature of the work of the Intelligence Community, involving the protection of intelligence sources and methods and the conduct of activities essential to the national security, in many cases will permit detailed assessments by line managers of their situations only at the time of a lapse in appropriations. An evaluation at this time of our options for contingency planning is further complicated by that portion of our workforce which is overseas. It is difficult at this time, of course, to determine the likelihood of the absence of appropriations, and any special circumstances will have to be taken into account, but I do not believe that Congress would attempt to use a lapse in appropriations at the end of this fiscal year as a way to manage the budget and shut down essential intelligence functions. Moreover,

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Last year the operational, as well as staff, components within the Intelligence Community were deemed to be engaged in the conduct of essential activities and continued their operations during the funding hiatus resulting from the failure of Congress to enact appropriations prior to the end of fiscal year 1981. Consistent with what we did last year pursuant to OMB guidance and direction in light of our particular needs, I would expect the Community to continue to be exempt in order to assure that intelligence components operate as a unit until any funding crisis has ended. However, I am cognizant of the legal opinion set forth in the Attorney General's memorandum of January 16, 1981, and will make every effort to expedite identification of those activities of the staff elements of the DCI and the Central Intelligence Agency as a whole that can be curtailed if the need arises. Of course, we would begin cutting in those areas that we find to have the least potential impact on critical operations.

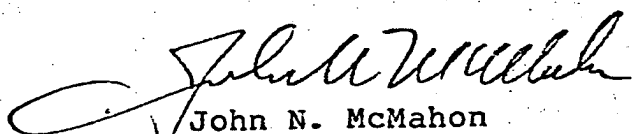
The collection, analysis, and production of intelligence would be expected to continue, as would special activities and functions in support of the foregoing. However, we would delay all travel for administrative purposes, conferences, training, and other functions not directly related to ongoing operations, and delay starting new programs, contracts, or procurements without direct approval in each case, pending enactment of appropriations.

In response to the specific questions you have asked about our plans for a potential shutdown or limitation of activities, we will in general use the following principles in determining furloughs or retention of personnel, which shall take effect within 30 days unless the Director believes it is in the interest of national security to delay the effect of these procedures for a longer period:

- All overseas personnel will be retained on duty STAT
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- All personnel in the U.S. directly supporting the functions of overseas personnel will be furloughed at a rate of 50 percent.
- All analytic personnel in the U.S. will be furloughed at a rate of 50 percent.
- All personnel in the U.S. directly supporting technical collection operations and the analysis of data therefrom will be retained at a level of 75 percent.
- Administrative staffs will be furloughed at a rate of 80 percent.

We would expect, given some notice of a funding hiatus, of being able to begin implementation of the above plans by the third day of a period of no funding.

Sincerely,


 John N. McMahon
 Acting Director of Central Intelligence