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The U.S. Intelligence Budget: A Basic Overview

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The U.S. Intelligence Budget: A Basic Overview

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Summary

The 9/11 Commission recommended that a new National Intelligence Director (NID) should have control over personnel and budgets of all agencies that collect and analyze national foreign intelligence in order to foster more cooperation. This CRS report describes the intelligence budget and gives rough estimates of amounts for major components of the budget based on unclassified sources. It also reviews current procedures for formulating and executing the budget. And it highlights how proposed legislation addresses the issue. For a more extensive description of the Defense Department agencies whose budgets are at issue and a discussion of pros and cons of giving greater authority over them to a National Intelligence Director, see CRS Report RL32515, *Intelligence Community Reorganization: Potential Effects on DOD Intelligence Agencies*, by Richard Best. This report will be updated as events warrant.

The Commission's recommendation would affect an estimated one-half to two-thirds of the intelligence budget, the portion devoted to the "National Foreign Intelligence Program" (NFIP). The other parts of the intelligence budget finance intelligence activities of the Department of Defense that support tactical military operations, though the distinction between tactical and national intelligence is often blurry. A major issue in Congress is how greater centralized authority over the NFIP budget would affect operations of four large Defense Department agencies funded in large part from NFIP: the National Reconnaissance Office, the National Security Agency, the National Geo-Spatial Intelligence Agency, and the Defense Intelligence Agency. These agencies provide intelligence that supports both national decision-making and military operations.

The Three Major Components of the Intelligence Budget

Since 1995, the U.S. intelligence budget has been divided into three elements:

- The **National Foreign Intelligence Program (NFIP)**, which, in principle, funds all foreign intelligence and counterintelligence activities

of the government that respond to “national” needs, as opposed to needs of a single department or agency;

- The **Joint Military Intelligence Program (JMIP)**, overseen centrally by the Defense Department, which funds programs that respond to defense-wide intelligence requirements as opposed to the needs of a particular military service; and
- **Tactical Intelligence and Related Activities (TIARA)**, which is an aggregation of funding for tactical military intelligence programs managed by the individual services.

Some agencies may receive money from different accounts. Both NFIP and JMIP, for example, provide funding for cryptologic activities of the National Security Agency (NSA). By all estimates the bulk of NSA’s funding is provided through NFIP, but some programs that are of interest to military consumers may be funded through JMIP. Organizationally, the NFIP budget finances intelligence activities both of agencies within the Department of Defense and of agencies outside DOD, while JMIP and TIARA finance only activities of the Department of Defense. Non-defense agencies or activities funded from NFIP include

- the Central Intelligence Agency,
- FBI foreign counterintelligence and intelligence activities,
- the State Department Bureau of Intelligence and Research,
- the Department of Energy Office of Intelligence, and
- the Department of Treasury Office of Intelligence Support.

Agencies within the Defense Department funded at least in part from NFIP include

- the National Reconnaissance Office (NRO), which designs, builds, and operates spy satellites;
- the National Security Agency (NSA), which monitors, collects, deciphers, and analyzes signals intelligence;
- the National Geospatial-Intelligence Agency (NGA), which makes maps, including sophisticated digital maps for military operations; and
- the Defense Intelligence Agency (DIA), which collects and analyzes a variety of defense-wide intelligence.

Size and Composition of the Intelligence Budget

The amount spent annually on intelligence has been classified except for two years in the late 1990s. In October 1997, Director of Central Intelligence George Tenet announced that the intelligence budget for FY1997 was \$26.6 billion, and in March 1998, he announced that the budget for FY1998 was \$26.7 billion.¹ Officials have not released

¹ CIA Press Release, “Statement by the Director of Central Intelligence Regarding the Disclosure of the Aggregate Intelligence Budget for Fiscal Year 1998,” March 20, 1998, available electronically at [http://www.cia.gov/cia/public_affairs/press_release/1998/ps032098.html].

totals since then, nor have they ever provided a breakdown of the intelligence budget by agency or activity.

Some information about the composition of the intelligence budget was, however, provided in 1996 by the Commission on the Roles and Capabilities of the U.S. Intelligence Community.² The Commission did not reveal the total amount spent on intelligence, but it did provide a substantial amount of information on trends in intelligence funding and on the share of the budget for NFIP and other areas. The Commission reported that about two-thirds of the intelligence budget at the time was for NFIP, that almost all of the NFIP budget was for the CIA and DOD, and that about three-fourths of the NFIP budget was for DOD programs.³ The Commission also printed a graphic that showed relative amounts for major intelligence agencies.⁴ Breaking out their rulers, and assuming that the overall intelligence budget was about \$30 billion, non-government analysts were then able to make rough estimates of the budgets of the CIA, NRO, NSA, and other agencies.

Currently, it is widely estimated in the press that the total intelligence budget has grown to about \$40 billion.⁵ The composition of the intelligence budget has likely shifted to some degree since the Commission's 1996 report, but no official overview of the budget has been produced in the interim. Some press accounts still estimate that NFIP is about two-thirds of the total, while others guess that the NFIP is about half.⁶ So a reasonable range would put NFIP at between \$20 and \$27 billion, JMIP at \$5-7 billion, and TIARA at \$12-15 billion.

Within the NFIP account, if three-fourths of the total is still for DOD, then the defense share would range from \$15-20 billion, divided among the NRO, NSA, NGA, and DIA, with the bulk for NRO and NSA. The remaining \$5-7 billion of the NFIP budget would be for the CIA, FBI, and other agencies, with the bulk for the CIA. So the proposal to give greater budget authority over NFIP to the new National Intelligence Director has largely to do with control over \$15-20 billion for these large Department of Defense agencies. The 9/11 Commission did not discuss how to handle JMIP funding for these agencies.

² Commission on Roles and Capabilities of the U.S. Intelligence Community, *Preparing for the 21st Century: An Appraisal of U.S. Intelligence*, March 1, 1996, available electronically at [http://www.access.gpo.gov/su_docs/dpos/epubs/int/pdf/report.html.]

³ *Ibid.*, Chapter 7, "The Need for an Effective Budget Structure and Process," p. 72.

⁴ *Ibid.*, Chapter 13, "The Cost of Intelligence," Figure 13:2, p. 132.

⁵ See, for example, Philip Shenon, "Powell Rejects 9/11 Panel's Plan For Intelligence Office," *New York Times*, September 14, 2004 and Walter Pincus, "Bush's Plan Limits Intelligence Chief," *Washington Post*, September 11, 2004, Pg. 4

⁶ See, for example, the estimates of John Pike of Global Security.org at [<http://www.globalsecurity.org/intell/library/budget/index.html>.]

Formal Authority Over the NFIP Budget

Under current law, the Director of Central Intelligence (DCI) already has considerable statutory authority over the formulation and execution of the NFIP budget, though this authority is shared with the Secretary of Defense and other department heads. Proponents of giving greater authority to a National Intelligence Director, however, argue that the DCI's formal statutory authority is not reflected in practice.

The relative authority of the DCI and the Secretary of Defense over the intelligence budget was not defined in the original version of the National Security Act of 1947. White House directives in later years laid out the agencies' respective authorities. And in 1992, with some refinements in 1997, Congress approved legislation amending the National Security Act of 1947 to more clearly define responsibilities.

Under the terms of the National Security Act as amended in 1992 and 1997,⁷ the DCI is responsible (1) for developing and presenting to the President an annual budget for the National Foreign Intelligence Program and (2) for participating in the development by the Secretary of Defense of the annual budgets for the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities Program. The DCI also has the authority to provide guidance to elements of the intelligence community for preparation of their annual budgets and must approve their budgets before they are incorporated into the NFIP. The amended statute also requires that the DCI approve any transfers of NFIP funds after they are appropriated (see below for a further discussion), and that the Secretary of Defense consult with the DCI on any transfers of JMIP funds. And the statute gives the DCI authority to transfer both funds and personnel within the NFIP, except for funds and personnel of the FBI, subject to the approval of the head of the agency that controls the funds — i.e., in most cases, the Secretary of Defense.

The amended statute also gives the Secretary of Defense specific responsibilities and authorities. Most significantly, the law makes the Secretary of Defense responsible for ensuring that the NRO, NSA, NGA, DIA and other defense intelligence activities (1) produce intelligence adequate to meet Defense Department requirements and (2) produce intelligence to meet national requirements, including requirements established by the Director of Central Intelligence.

On its face, this gives the DCI considerable authority over NFIP budgets. The statutory language, however, gives the Secretary of Defense operational control over the major defense intelligence agencies, even though tasking of the agencies may be issued by the DCI. So, as a practical matter, it is the Secretary of Defense who has the main authority to establish priorities.

The NFIP Budget Process

Although the National Security Act makes the DCI responsible for preparing the NFIP budget, annual budget requests for the defense agencies have in practice been formulated through the normal Department of Defense Planning, Programming, and Budgeting system, augmented to include input from the intelligence community. At the

⁷ The relevant provisions are Title 50 U.S. Code, Sections 403-4 and 403-5.

beginning of the process, the DCI provides formal programming and budgeting guidance to the agencies financed in the NFIP. The head of each agency is then responsible for preparing a detailed budget plan. For DOD agencies, that plan is then reviewed as part of the Defense Department's normal programming and budgeting process, which is overseen by a formal decision-making body, chaired by the Deputy Secretary of Defense, called the Defense Resource Board (DRB). For intelligence programs, the DRB is expanded to include representatives of the DCI; the augmented board, appropriately, is referred to as the "Expanded DRB." Final decisions on funding for intelligence programs are formally made by the Expanded DRB.

This formal budgeting process interacts with the process by which the Defense Department makes decisions on major acquisition programs, though the acquisition process is, both formally and in practice, quite distinct from programming and budgeting. The role of the DCI in the acquisition process is not specifically addressed in statute. The DCI's guidance to the defense agencies in formulating their budgets, may, however, include directions to the agency heads to address certain national requirements in developing new systems. Moreover, procedures are in place to include input from the overall intelligence community in developing requirements for new DOD intelligence, surveillance, and reconnaissance systems. In 1998, the DCI established a Mission Requirements Board within the intelligence community staff to identify technical issues of concern to the CIA and other elements of the intelligence community, as well as to DOD, in acquiring new systems.

Transfer/Reprogramming of Intelligence Funding

A key aspect of control over budgets is the authority to review budget execution and to "transfer" or "reprogram" funds from one use to another after money is appropriated. Appropriations laws typically allow agencies to transfer funds from one appropriations account to another subject to specific conditions and up to certain annual totals. Under procedures worked out between agencies and the relevant congressional committees, agencies may also "reprogram" funds within appropriations accounts subject to certain additional restrictions. Though "transfers" and "reprogramming" are technically distinct, the Defense Department refers to both as "reprogramming," and some "reprogramming" actions, including all that involve a "transfer" between accounts, require advance approval of the congressional defense committees.⁸

The 9/11 Commission recommended giving the NID authority to reprogram NFIP funds. Under current law the DCI has authority to reprogram funds subject to approval from the Office of Management and Budget and subject to the concurrence of the head of the department to which the funds are appropriated — i.e., for defense intelligence programs, the Secretary of Defense. The law also permits the Secretary of Defense to transfer or reprogram NFIP funds, but it requires that any transfers be approved by the DCI or be carried out under procedures specified by the DCI. It also requires the Secretary of Defense to consult with the DCI about any transfers of JMIP funds. These

⁸ For definitions and a discussion of current procedures governing defense programs, see CRS Report RL32422, *The Administration's FY2005 Request for \$25 Billion for Operations in Iraq and Afghanistan: Precedents, Options, and Congressional Action*, by Amy Belasco and Stephen Daggett, updated July 22, 2004, especially pp. 19-21.

statutory requirements are reflected in DOD financial management regulations governing reprogramming of intelligence funds.⁹

Legislative Proposals

The legislative proposal that the Administration submitted to Congress on September 16, 2004, gives a new National Intelligence Director (NID) the same responsibility to prepare the NFIP budget formerly given to the Director of Central Intelligence along with some added authority and responsibility. The added measures provide that the NID shall “manage and be responsible for appropriations for the NFIP” and shall “allot or allocate those funds ... to the agencies and organizations within the Intelligence Community for programs and activities that are part of the NFIP.” The measure also provides that the allotment or allocation of funds shall be “executed through existing agency comptrollers or other appropriate budget execution officers.” The Administration proposal also gives the NID authority to transfer NFIP funds, subject to OMB approval and in consultation with department heads.

S. 2845, as proposed by Senators Susan Collins and Joseph Lieberman and reported by the Senate Governmental Affairs Committee, similarly gives a new NID the budget authority formerly granted to the DCI along with some added authority. The Collins-Lieberman proposal gives the NID responsibility to “manage and oversee the National Intelligence Program,” including execution, reprogramming, and transfer of funds (see §112 (2)). Additionally, the Collins-Lieberman proposal would give the NID responsibility to oversee plans for acquiring major new intelligence systems, with a proviso that this authority shall not apply until the NID, in consultation with the Secretary of Defense, determines that the intelligence community has the personnel and capability to carry out this task (see §162).

H.R. 10, the House leadership-sponsored intelligence reform bill, would also give the new NID the budget authority previously granted to the DCI, and it would make the NID responsible to “ensure the effective execution of the annual budget for intelligence and intelligence-related activities” and to “facilitate the management and execution of funds appropriated for the National Intelligence Program.” The NID would need approval of other agency or department heads to transfer or reprogram more than \$100 million.

For full side-by-side comparisons of key legislative proposals on intelligence reform, see CRS Report RL32600, *Comparison of 9/11 Commission Recommended Intelligence Reforms, Roberts Draft Bill, H.R. 4104, S. 190, S. 1520, S. 6, H.R. 4584, Current Law*, by Alfred Cumming, and CRS Report RL32601, *Comparison of 9/11 Commission Recommended Intelligence Reforms, Collins/Lieberman Draft Bill, S. 2774, H.R. 5024, Administration Proposal, and Current Law*, by Alfred Cumming.

⁹Department of Defense Financial Management Regulations, Volume 3, Chapter 6, Section 0606, available at [http://www.dod.mil/comptroller/fmr/03/03_06.pdf, pp. 6-13 to 6-15.]