

(U) FUNCTIONAL AVAILABILITY AND SATELLITE LIFE ESTIMATES**(U) Background**

(U) In 1997, the Mean Mission Duration (MMD) Panel recommended the development of a standardized process for determining satellite life and constellation replenishment criteria based on mission satisfaction. In response, the NRO developed the Functional Availability (FA) process, which employs a combination of probability theory, manufacturer's wear-out data, on-orbit experience, and constellation mission satisfaction.

(U) Functional Availability

(U) Functional availability is defined as the probability that a *constellation of satellites* will be able to meet specific mission requirements over a given period of time, within required or agreed standards, under stated conditions (including a replenishment schedule). Different measures of FA may be defined for a constellation, corresponding to different missions of the same constellation.

(U) NRO program offices initiate the FA methodology at the piece parts reliability level up through the component, subsystem, system, and satellite, to the constellation level. The data is displayed as a curve. An FA curve's slope is important in determining FA acceptable levels. If the slope is steep, less time is available for corrective action to raise FA to an acceptable level. If the recovery period is too lengthy, there is a risk of increased total system cost due to loss of manufacturing base and system knowledge through personnel retirements and transfers.

(U) **Life Estimates.** A satellite's life estimate is based on the probability that a particular satellite will continue to operate and perform its primary mission. The satellite's mean life estimate (MLE) is the statistical mean of the probable remaining years that the satellite may be

operated, given everything currently known or assumed about its health, status, and future operation. MLE is often misinterpreted as a prediction of how long the satellite will satisfy its primary mission capability, when it is only a probability estimate of how long it will be operable. Decision makers should not use MLE as the sole basis for one-for-one satellite replenishment or to justify conclusions about constellation capability.

(U) **Reliability.** A satellite's reliability is the probability that a given device or system will function without failure over a specified period of time under stated conditions. Reliability is expressed as a function of time, and usually declines over time. Reliability functions are constructed for key components that can be aggregated, enabling the construction of mathematical reliability models, as with FA, for larger systems.

(U) **Risk Management.** FA is primarily a risk management tool for senior leadership in the NRO. FA charts indicate constellation mission satisfaction over time and illustrate the mission impact of launch failures, schedule changes, and on-orbit failures. Ideally, the NRO constellation replenishment plan should ensure that FA levels remain above minimum thresholds. However, affordability considerations do not permit optimal satellite acquisition and launch phasing.

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(U) NATIONAL RECONNAISSANCE PROGRAM FY 2008 – FY 2013 PERFORMANCE PLAN**(U) Overview**

(U) For over forty years the NRO has performed its primary mission in the IC—providing the technical foundation for the IC's space-related intelligence functions. The NRO performs this mission by developing and operating unique and innovative overhead reconnaissance systems for the US IC, providing persistent, worldwide, on-demand coverage against the nation's highest-priority targets.

(U) In April of 2006, the Director, NRO (DNRO) published a call to action in his NRO *Strategic Framework*, outlining a plan for building an integrated overhead architecture responsive to current and future needs of the IC and the DoD. The mission of the NRO remains the same—the research, development, acquisition, launch and operation of overhead reconnaissance systems and other missions as directed to solve intelligence problems. However, the focus of the NRO and the way it executes the mission will change. NRO's priority for the future is to increase the value of the information its systems can deliver, chiefly through a variety of improvements in ground systems for rapid, adaptive, multisensor tasking, processing, exploitation, cross-cueing, and dissemination. Inherent in this focus shift is measuring how effective the NRO is at achieving this responsive architecture; and how the affected NRO developments, procurements, and operations respond to the DNI's *National Intelligence Strategy of the United States of America (NIS)* Mission and Enterprise Objectives.

(U) The specific DNRO priorities for this FY2008 budget submission include:

- (S//FK) [REDACTED]

- (S//FK) [REDACTED]

- (S//FK) [REDACTED]

- (U) Continue our strong commitment for a fully integrated ground architecture.

- (U) Make Special Communications a real focus area for the NRO as described in the Special Annex.

(U) Specific accomplishments to date, and activities planned for execution in FY 2008 are described in the appropriate Mission Objective and Enterprise Objective sections below.

(U) The *NIS*, issued by the DNI in October 2005, is the basis for the transition of performance planning efforts included in this FY 2008 - 2013 budget submission. This NRO Performance Plan is supportive of the NRO Strategic Framework and the *NIS*, and reflects the means and strategies for achieving the *NIS* Strategic Objectives and corresponding implementation plans. In accordance with DNI guidance and as defined in the new NIP expenditure centers (EC)/project structure, all NRP ECs and projects, as well as applicable measures, have been aligned to the new *NIS* structure.

(U) Per ODNI guidance, the NRO acquisition, operation, and development programs and eight performance measurement categories reported in this Performance Plan have been aligned to the appropriate Mission Objectives and Enterprise Objectives. As a result of this new NIP structure, NRP projects are aligned to all five Mission Objectives and to six of the ten Enterprise Objectives. Their corresponding performance measures align to the five Mission Objectives and to five Enterprise Objectives.

(U) The NRO's performance measurement categories assess the following key areas—NRO acquisition program technical, cost, and schedule performance; operational availability; IC-level initiatives, and NRO efficiency and effectiveness. The NRO leadership monitors the

results of these key areas to aid in resource planning and management decisions, measure program performances, and improve program efficiencies.

(U) The following discussion and performance measures comprise an integrated and comprehensive NRP Performance Plan.

(U) Mission Objective Overview

(U) The NRO purpose, stated at a high level, is to provide a variety of technical means for its mission partners to use, as continuing services, to conduct their intelligence operations, especially space-related operations. The NRO key role in the partnership is to keep its systems available and capable on a continual basis to satisfy mission-partner established requirements. This includes regularly replenishing the capabilities and modernizing current capabilities in response to its partners' approved requirements. As a result, NRO systems support all of the *NIS* Mission Objectives, primarily through the operational availability of its satellites. Specifically, operational availability measures the percentage of time each on-orbit system (including command and control and any relay) was available for operations during a fiscal year, normalized to beginning of life.

(U) The operations of SIGINT and GEOINT Stations as well as SIGINT/GEOINT ground developments support the *NIS* Mission Objectives and are reflected in the funding table that follows. These ECs are included in the Processing and Exploitation functional category. The Collection and Operations funding reflects NRO compartmented programs funding included in the Sensitive Technical Collection EC. Finally, Research and Technology funding reflects Advanced Technology Demonstrations as well as Applied Research projects.

NRP FY 2008 Mission Objectives Funding Summary

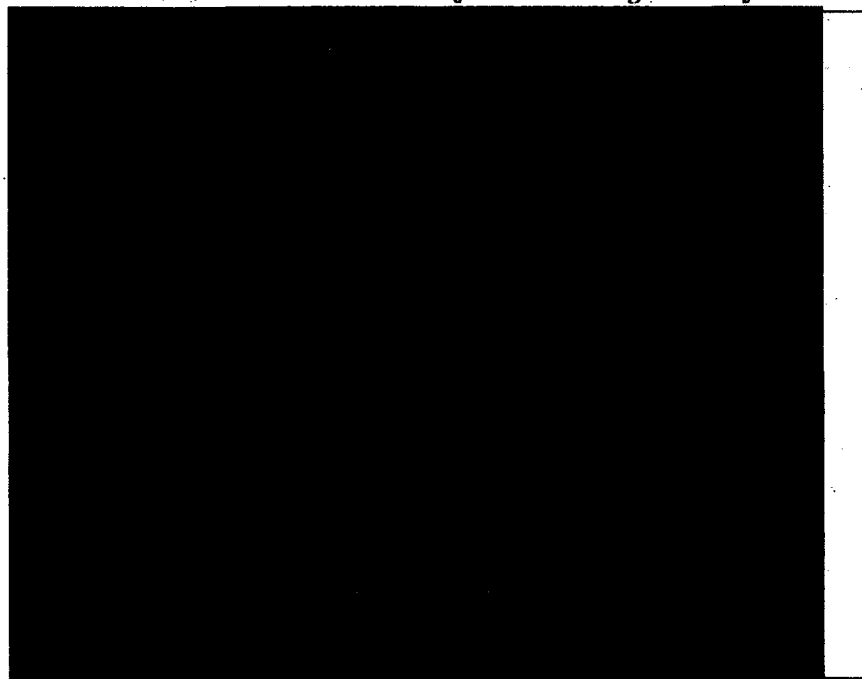


Figure 26. This figure is ~~SECRET//NOFORN~~

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(U) The above chart depicts NRP funding associated with each mission objective. MOs 1, 2, and 4 are slightly higher due to the inclusion of Compartmented Programs, Advanced Technology, and Ground Segment Development projects. Since all projects support more than one mission objective, the total funding shown exceeds the NRP budget request. Note: Acquisition projects that have not achieved an initial operating capability are not included.

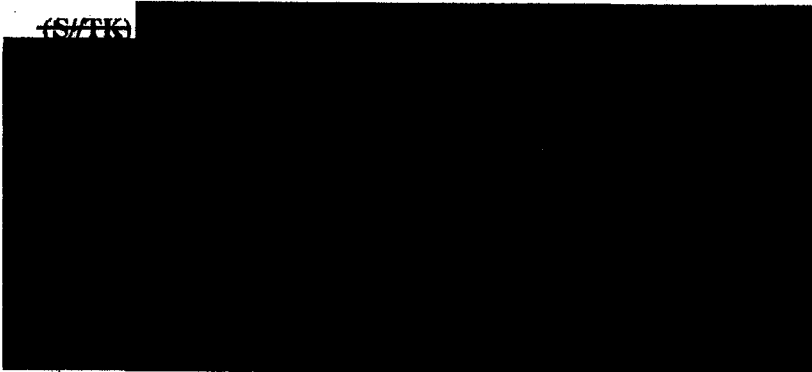
(U//~~FOUO~~) NIS Strategic Objective MO1

Defeat terrorists at home and abroad by disarming their operational capabilities and seizing the initiative from them by promoting the growth of freedom and democracy

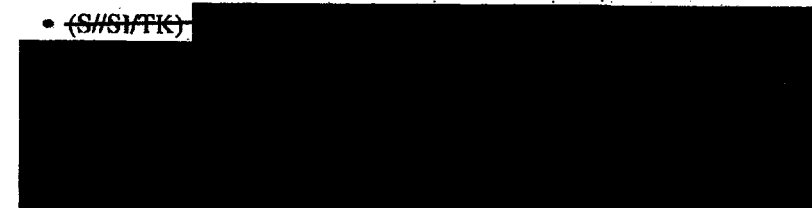
(U) Means and Strategies that Support the Strategic Objective

(U) The FY 2008 NRP budget request supports the overarching NRO approach for achieving this and other NIS Strategic Objectives reliant on space-based remote sensing by delivering current on-orbit capability to users and replenishing the constellation to preserve and enhance foundational capabilities. In addition, the NRO simultaneously leverages advanced technology to develop future transformational capabilities, that when launched and operated will result in achieving targeted improvements in remote sensing performance. Delivering on promised technologies and transforming to more robust capabilities will enable the intelligence required for strong defense of US interests. Details of significant efforts that contribute to this objective are described below.

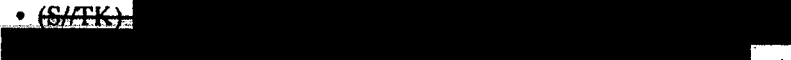
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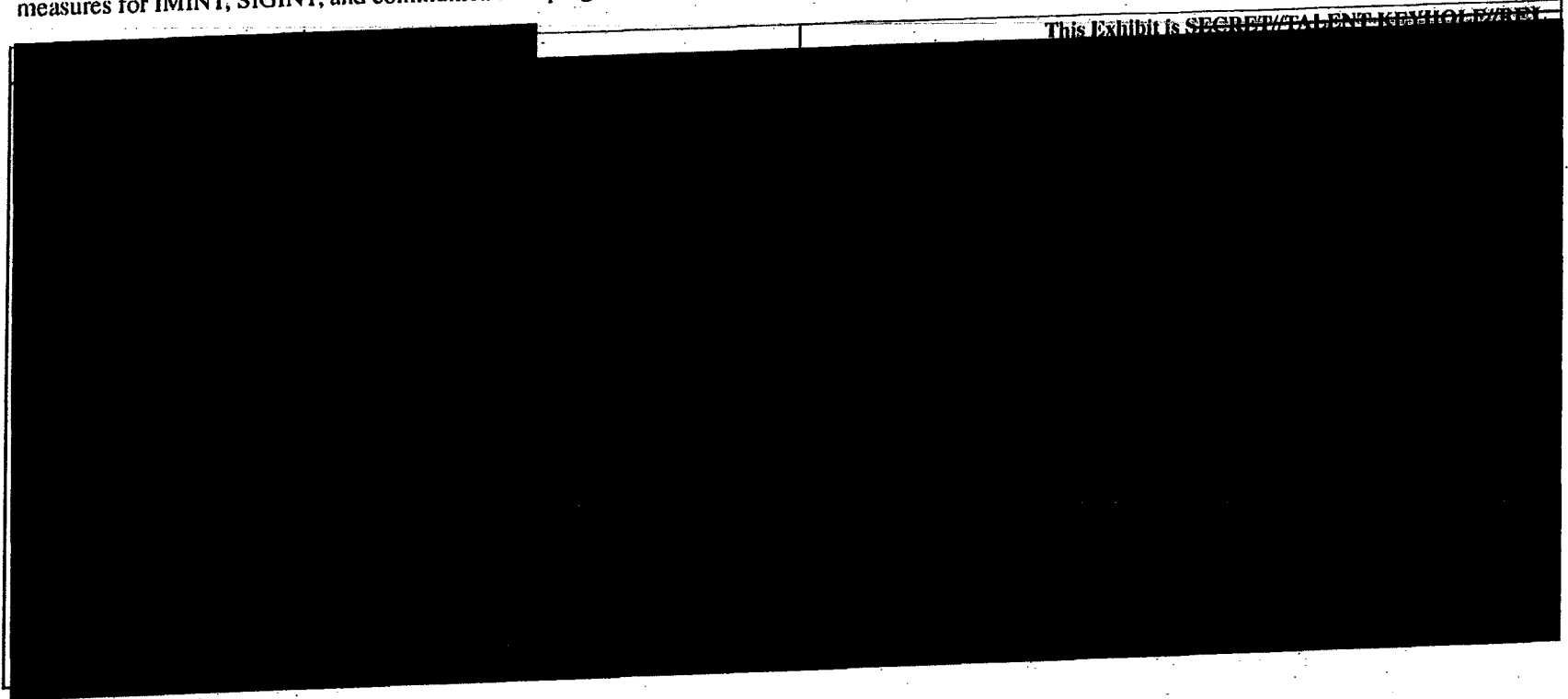


(U) Key Program Performance Measures that Support the Strategic Objective

(U) As discussed in the Mission Objective Overview and stated in the table below, the performance measure supporting this strategic objective is operational availability. Operational Availability targets have been calculated differently for FY 2007 and FY 2008 than they were for FY 2006. The new calculation technique does not assume a linear deterioration in spacecraft capability based upon original design specifications. This key NRP performance measure is applicable to all

the DNI *NIS* Mission Objectives and their associated Key Program Performance Measure. Also, the measures below are consistent with the OMB Performance Assessment Rating Tool (PART) performance measures for IMINT, SIGINT, and communications programs.

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~~(U//FOUO)~~ NIS Strategic Objective MO2

Prevent and counter the spread of weapons of mass destruction

(U) Means and Strategies that Support the Strategic Objective

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• ~~(S//SI//FK//REL)~~ [Redacted]

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[Redacted]

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(U//~~FOUO~~) NIS Strategic Objective MO3

Bolster the growth of democracy and help sustain peaceful democratic states.

(U) Means and Strategies that Support the Strategic Objective

(U) The FY 2008 NRP budget request supports this strategic objective by acquiring and operating overhead collection systems that provide key sources of economic, military, scientific, and technical intelligence. The NRO routinely supports diplomatic and military efforts, and provides policymakers with unique information that cannot be obtained elsewhere.

(S//TK) [REDACTED]

(S) [REDACTED]

(U) Key Program Performance Measures that Support the Strategic Objective

(U) See the description of "Key Program Performance Measures that Support the Strategic Objective" for Strategic Objective MO-1.

(U//FOUO) NIS Strategic Objective MO4

Develop innovative ways to penetrate and analyze the most difficult targets

(U) Means and Strategies that Support the Strategic Objective

(U) The FY 2008 NRP budget request supports this objective by delivering current on-orbit capability to users, replenishing the constellation to preserve and enhance foundational capabilities, and developing innovative, automated tools and products that improve analysis of our adversaries' capabilities and hard targets. Examples include:

• (S//TK//REL)

[REDACTED]

• (S//TK//REL)

[REDACTED]

[REDACTED]

• (S//REL)

[REDACTED]

• (U) NRO Hard and Deeply Buried Targets Working Group provides the IC and collection system developers a forum for exchanging intelligence needs, analytical results, and technology ideas.

• (S//TK//REL)

[REDACTED]

• (S//SI//TK)

[REDACTED]

(U) Key Program Performance Measures that Support the Strategic Objective

(U) See the description of Key Program Performance Measures that Support the Strategic Objective for Strategic Objective MO-1.

(U//~~FOUO~~) NIS Strategic Objective MO5

Anticipate developments of strategic concern and identify opportunities as well as vulnerabilities for decisionmakers.

(U) Means and Strategies that Support the Strategic Objective

(U//~~FOUO~~) The FY 2008 NRP budget request supports this objective by delivering current on-orbit reconnaissance capability to users, providing sustained SIGINT coverage for global situational awareness. In addition, the NRO is working with the National Space Information Security Steering Council to identify information assurance (IA) requirements and gaps with planned programs to ensure mission products are both secure and sharable across the IC. This effort will improve the IC's long-term planning process and ensure it keeps pace with the expanding role of intelligence and the nature of threats emerging from a more complex and elusive set of targets. Specific accomplishments in support of this mission objective include improvements in timeliness and access to Web-access Retrieval portal. In addition, the Horizontal Integration SIGINT/IMINT Tipping (HISIT) prototype will provide faster reaction time, more efficient collection, and improved analytic processes. The current manual process requires from [REDACTED] generating and acting on a tip. It is projected with HISIT, this will be reduced to [REDACTED]

(U) Key Program Performance Measures that Support the Strategic Objective

(U) See the description of "Key Program Performance Measures that Support the Strategic Objective" for Strategic Objective MO-1.

(U) Enterprise Objective Overview

(U) Eighty-five percent of this FY 2008 budget request is linked to system acquisition, the NRO primary function performed in fulfilling its mission. As a result, NRO aligns its programs primarily with Enterprise Objective 3 (EO 3), Rebalancing Collection, which specifically

addresses the development of technical systems. In addition, NRP programs and funding support EO 4, Develop a Results-focused Workforce; EO 5, Ensure Information Access; EO 7, Develop a New Security Paradigm; EO8, Master S&T Advances; and EO10, Eliminate Redundancy.

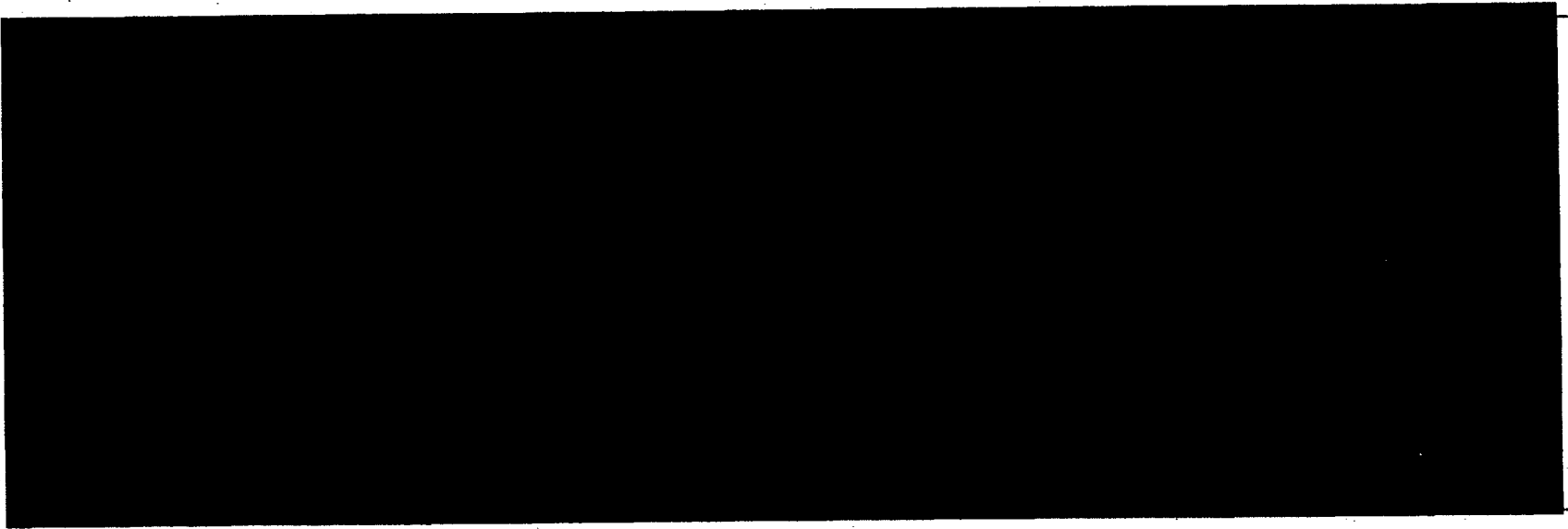


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(U) The above chart maps NRP resources to the enterprise objectives. Each project is mapped to only one primary objective, with the exception of EO10 which has a 1.3% secondary mapping. The "primary" mapping equals the NRP budget request less the infrastructure and logistics-related projects. The infrastructure and logistics projects are not mapped as they are general activities that support all enterprise objectives.

(U//~~FOUO~~) NIS Strategic Objective EO3

Rebalance, integrate, and optimize collection capabilities to meet current and future customer and analytic priorities

(U) Means and Strategies that Support the Strategic Objective

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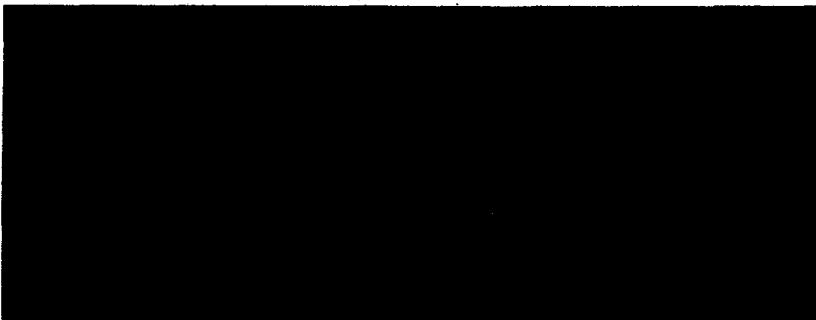
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(U) **Providing Assured Access to Space.** The NRO currently plans several launches over the FYDP. Our ability to meet ISR needs of the intelligence, defense, and national security communities is dependent upon timeliness and success. Accordingly, we will continue to engage in activities that reflect the importance of space launch as the most crucial and vulnerable phase in the life of a satellite. Additionally, the NRO is continuing mission assurance activities including improvement in parts, materials, and processes to reduce technical risk.



(U) Key Program Performance Measures that Support the Strategic Objective

(U) Maintaining cost, schedule, and performance requirements ensures the NRO will acquire high quality systems, architectures, and materiel that will enable mission success and satisfy intelligence information requirements.

(U//~~FOUO~~) The NRO estimates and tracks ongoing major acquisition program performance against cost, schedule, and performance baselines that are documented in the *Baseline Agreement and Acquisition Reports*

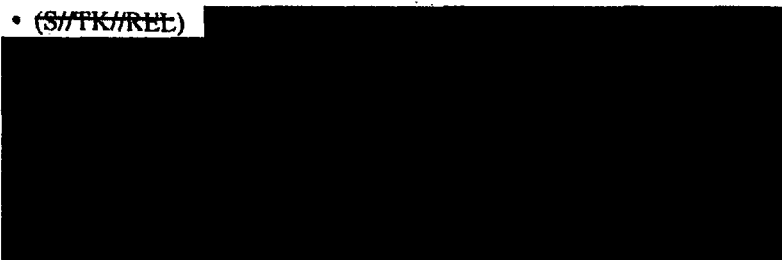
(BAAR). A BAAR is a formal contract between the DNRO and a program manager and defines a program's schedule, performance, and cost data for acquisition, development, and systems engineering. The DNRO determines which programs require BAAR submissions. The normal annual BAAR update is in conjunction with the CBJB submission. The revised BAARs now provide a more effective measure of major program performance, budget execution and schedule control. The BAAR measures are also consistent with PART performance measures for IMINT, SIGINT, and communications programs.

(U) The BAAR measures, shown in tables below, are defined as follows:

- (U) *Annual Cost Growth*—estimated percentage growth during the past year of the program's budgeted funds at completion as captured in two successive annual BAARs, calculated relative to the earlier BAAR's budgeted funds, counting only growth attributable to activities executed by NRO.
- (U) *Long-Term Cost Growth*—estimated percentage growth in final, total, budgeted funds at completion relative to the program's BAAR baseline, counting only growth attributable to activities executed by NRO, as documented in the most recent BAAR.



- (U) *Performance Parameters*—the percentage of "performance parameters" that programs are expected to satisfy at completion, relative the programs' BAAR baselines.

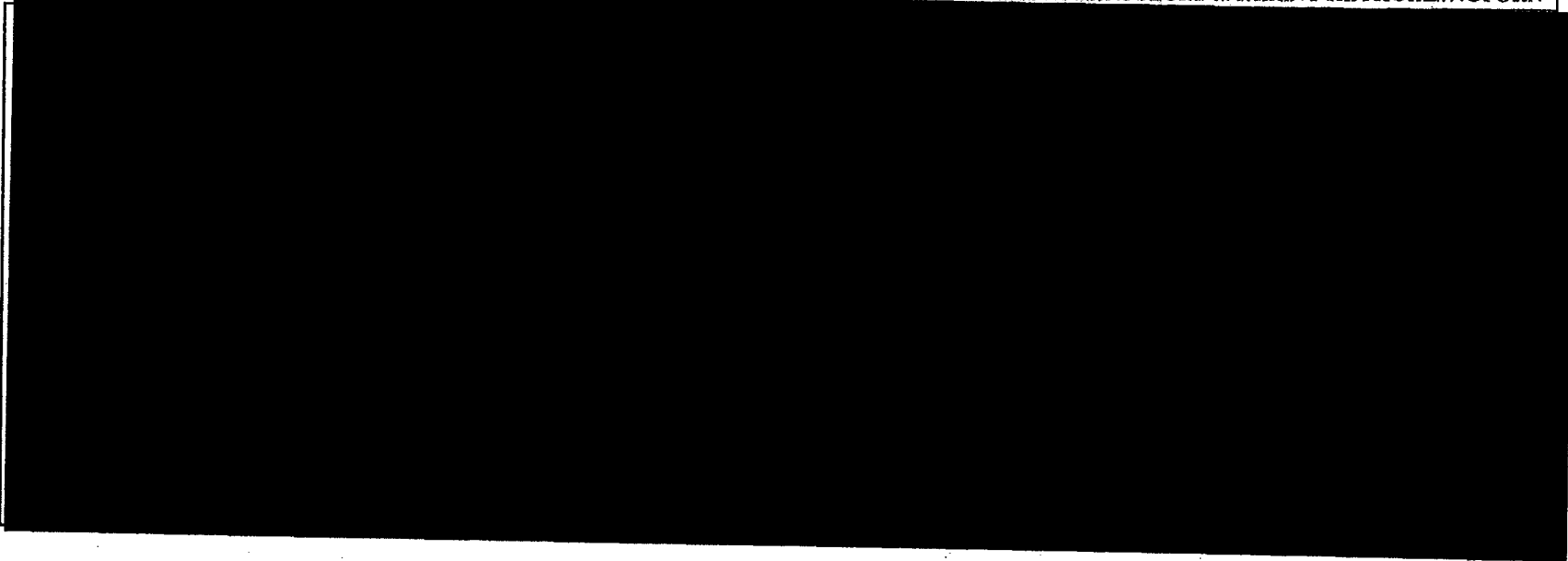




(U) In addition, see the description of "Key Program Performance Measures that Support the Strategic Objective" for Strategic Objective MO-1. The tables for Operational Availability are also applicable to this Enterprise Objective.

NIS Strategic Objective EQ3: Re-balance Collection

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(U//~~FOUO~~) NIS Strategic Objective EO4

Attract, engage and unify an innovative and results-focused Intelligence Community workforce

(U) Means and Strategies that Support the Strategic Objective

(U) The NRO is comprised of a unique mix of government civilian and military professionals from across the DoD and the IC. The workforce embraces a diversity of characteristics, backgrounds, experiences, and skills. The most effective programs will ultimately fail if there is no process to attract and retain a skilled and motivated workforce. The NRO has implemented the following initiatives to improve the workforce.

- **(U) Recruitment and Development of a Diverse Workforce.** To combat global and increasingly complex national security threats, the NRO needs diverse employees who, based on their upbringing, experiences, and education, provide expertise and views of the world from different and unique perspectives. The NRO is implementing the updated DNI Diversity Strategic Plan to increase work force diversity in terms of cultural background, ethnicity, race, and gender in mission critical occupations and leadership ranks.
- **(U) Training and Professional Development.** One of the lessons learned from recent acquisition reform failures is the need for more skilled system engineers. As a result, the NRO has implemented a System Engineering Professional Development and Certification Program designed to formalize the education and experience required for personnel performing system engineering activities across the NRO. To date, numerous employees have completed the training and received their certification.
- **(U) Personnel Planning.** The NRO has reviewed the staffing-to-facility ratio and plans to provide adequate resources for end-to-end support costs associated with planned personnel increases by the end of FY 2008.

(U) Key Program Performance Measures that Support the Strategic Objective

(U) The NRO is considering how to measure acquisition professional development. While the workforce is critical to NRO activities, it is an input to activities, not an output or outcome of the activities i.e., not an NRO performance result. At this time, the NRO has not identified a performance measure to support this DNI strategic objective. However, NRO Office of Human Resources is collecting internal measures, and these or updated measures will be incorporated by FY 2009.

(U//FOUO) NIS Strategic Objective EO5

Ensure that Intelligence Community members and customers can access the intelligence they need when they need it

(U) Means and Strategies that Support the Strategic Objective

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[REDACTED]

(U) Key Program Performance Measures that Support the Strategic Objective

(U) As stated in the table below, the performance measure supporting this mission objective is the communications backbone availability. This performance metric measures the percentage of time this backbone is available for operations. Also, the measure below is consistent with a PART performance measure.

~~(U//FOUO)~~ NIS Strategic Objective EO7

Create clear, uniform security practices and rules that allow us to work together, protect our nation's secrets, and enable aggressive counterintelligence activities

(U) Means and Strategies that Support the Strategic Objective

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(U) The FY 2008 NRP budget request for the Security project provides common security support and counterintelligence services to the entire NRO government and industry population. These services include developing and distributing security policy guidance; identifying, analyzing, and disseminating information on terrorist and foreign intelligence service threats; planning long-range security initiatives; security clearance investigating; performing polygraph examinations, adjudicating, and granting NRO accesses; providing physical security of all facilities and personnel; inspecting and accrediting secure facilities and information systems; and providing

security training and awareness products to NRO employees. The Office of Security and Counterintelligence supports approximately [redacted] government and industry personnel in over [redacted] NRO-sponsored facilities and almost [redacted] information systems networks.

(U) Key Program Performance Measures that Support the Strategic Objective

(U) This performance goal measures the ability to develop and implement plans providing continuity of services to customers if normal operating procedures or environments are disrupted.

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| NIS Strategic Objective EO7: Develop New Security Paradigm | | This Exhibit is UNCLASSIFIED | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------------|------------|--------|------------|---------|
| Protection Compliance Performance Measure - This performance goal measures the NRO's compliance towards Federal protection standards. The NRO's protection program incorporates an integrated critical infrastructure protection strategy across the NRO enterprise and reduces the vulnerability of the NRO's infrastructure. | FY 2005 | | FY 2006 | | FY 2007 | FY 2008 |
| | Target | Actual | Target | Actual | Target | Target |
| Percent Compliance with Federal Standards Established to Provide Protection of Physical and Cyber-based Systems Essential to the Minimum Operations of Government | N/A | | [redacted] | | | |
| COOP Assessment | N/A | | N/A | | [redacted] | TBD |

(U//FOUO) NIS Strategic Objective EO8

Exploit path-breaking scientific and research advances that will enable us to maintain and extend intelligence advantages against emerging threats

(U) Means and Strategies that Support the Strategic Objective

(U) The FY 2008 NRP budget request supports this objective by developing and fielding advanced and applied technologies that provide solutions to the most challenging problems. Success with these programs will significantly advance the ability to deny enemy sanctuary and collect any signal that may help achieve actionable intelligence.

(U) Spanning the spectrum from evolutionary to revolutionary technologies, from the aggressive near-term to the exploratory advanced far-term, the NRO advanced R&D program falls within the scope of the NRO's Technology Enterprise portfolio administered by the Director, Advanced Systems and Technology (AS&T).

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• (U) **AS&T Futures Laboratory.** The AS&T Futures Laboratory provides a virtual, collaborative environment to experiment with mul-

tiple intelligence capabilities and enables high-risk, potentially high-reward experiments. In FY 2006, the AS&T Futures Lab continued to aggressively search for new experiment proposals that stretch and explore our understanding of:

- (U) Space system architectures.
- (U) New phenomenologies and sensors.
- (U) Experimental satellite efforts.
- (U) NRO space and ground asset management.

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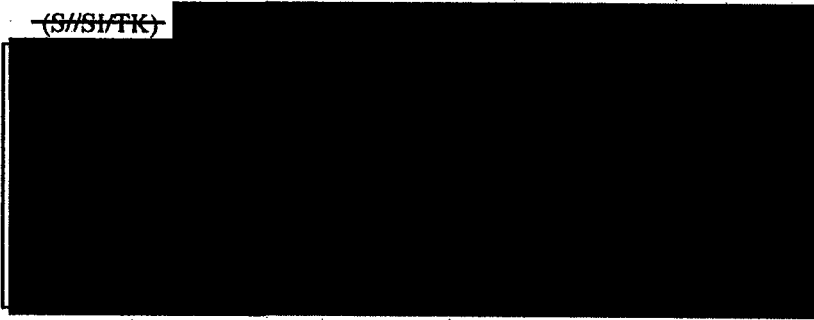
— (U) Survivable ground processing systems

- (U) **R&D Planning.** The NRO supports implementation of the IC Unified Planning Process for AR&D, which will provide the focus and leadership needed to deliver innovative technologies tailored to IC-unique problems, demonstrate technologies adapted to satisfy collection and analysis shortfalls, and initiate new, high-payoff research. The IC Chief Technology Officer will coordinate the unified planning process with the Mission Requirements Board to focus R&D implementation on mission-based, high priority capability gaps and shortfalls. All new technology initiatives, including National Laboratory initiatives, will be submitted for review by the ODNI to ensure consistency with the IC Unified Advanced R&D Investment Plan.
- (U) **Analysis and Integration Center (AIC).** The NRO is actively supporting integration of Special Access Programs to maximize contributions to intelligence analysis and operations. NRP has submitted an integrated proposal with NGP, GDIP, and CIAP for funding varying levels of capability for the AIC.
- (U) **Director's Innovation Initiative (DII) Program.** The NRO DII program provides a risk-tolerant environment to invest across US industry, academia, and other US government agencies and labs in cutting edge technologies and high-payoff concepts. The DII is the

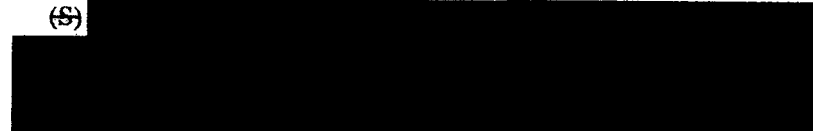
NRO's primary program to identify key concepts and ideas that will shape the future of NRO capabilities ensuring the integration and application of commercial technologies. The DII projects focus on making orders of magnitude improvements in efficiency and effectiveness while expanding the frontiers of detection, exploitation, and processing.

- (U) **Innovative Solutions Initiative (ISI) Program.** The NRO ISI complements the DII program by pursuing similar objectives in a classified environment. This allows a more specific and explicit focus on NRO needs and constraints than is possible in the unclassified DII environment.

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(U) Key Program Performance Measures that Support the Strategic Objective

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(U//FOUO) NIS Strategic Objective EO10*Eliminate redundancy and programs that add little or no value and re-direct savings to existing and emerging national security priorities***(U) Means and Strategies that Support the Strategic Objective**

(U//~~FOUO~~) Careful stewardship of limited budget resources is increasingly critical as the NRO undertakes the daunting task of designing and building the next generation of satellite systems. To meet the technical, financial, and schedule challenges that lie ahead, the NRO must maintain strong government project management. NRO programs are managed by the acquisition guidance established in the NRO Directive 82-2b, *Acquisition Management - Directive 7*. This directive provides acquisition process guidance and mandatory policies and procedures to acquire quality systems and materiel to satisfy the near and far term intelligence requirements of the IC and the DoD. The NRO is currently rewriting Directive 7 to ensure acquisition programs are responsive to mission needs and executable within confined resources and schedules.

(U) In addition, the NRO is committed to continued improvement in financial performance, accurately accounting for taxpayers' money and giving managers timely and accurate program cost information to inform management decisions and control costs. For instance, as part of the NRO's senior management operational review process, specifically during NRO Quarterly Program Reviews, financial and operational performance information is routinely reviewed and evaluated to aid in decisionmaking. As a basis for performance evaluations, NRO senior management continues to receive and use monthly metrics in the areas of accounts payable, accounting operations, and the core financial management systems. These metrics have been adjusted recently to focus more on trend analysis. The NRO also maintains efficient and effective controls to ensure funds are disbursed in strict compliance with appropriations law. The NRO continues to provide detailed guidance for proper appropriations usage and for development of specific internal control reviews for funds control and appropriation limitations.

(U) In FY 2006, NRO Deputy Director, Business Plans and Operations (BPO) met with the Office of the Under Secretary of Defense, Acquisition, Technology, and Logistics, Property and

Equipment Policy Office to discuss the DoD Financial Management Improvement Initiative to determine if certain aspects of the initiative could be adapted for inclusion in the NRO internal control improvement plan. Based on DoD initiatives, the NRO augmented its FY 2006 internal control improvement plan to include developing and documenting revised processes and procedures for structuring and funding future contracts to ensure contract structures support appropriate accounting treatments in accordance with Generally Accepted Accounting Principles. BPO intends to fully implement these processes and procedures in FY 2007 to allow the NRO to effectively mitigate the risks associated with cost accumulation and financial reporting. This process, in conjunction with a cost accumulation review will permit the NRO to restate/reassert financial statement balances for FY 2004 - FY 2006, will allow the NRO to achieve its goals of demonstrating sound financial management, executing mission flexible internal controls and business processes, and obtaining an unqualified audit opinion in FY 2007.

(U) Key Program Performance Measures that Support the Strategic Objective

(U) OMB's PART evaluation provides a systematic and consistent approach to rating programs across the federal government. The PART process analyzes whether a program has a clear definition of success, uses strong management practices, and produces results. The NRO has completed the third year of a five-year OMB PART evaluation cycle which began in 2004. The NRO will be 100 percent evaluated at the end of the five-year cycle. At the conclusion of the 2006 PART, OMB had evaluated 73 percent of NRO programs.

(U) In a PART evaluation, OMB assigns programs one of four ratings: Effective, Moderately Effective, Adequate, or Ineffective. Or, when programs do not have acceptable performance measures, OMB rates them as "Results Not Demonstrated." NRO's PART ratings are shown in the table below.

| NIS Strategic Objective EO10: Find and Focus Savings | | | | This Exhibit is UNCLASSIFIED | | |
|-------------------------------------------------------------|-----------------|-----------------------------|-----------------|-------------------------------------|-----------------|-----------------|
| | | | | FY 2006 | FY 2007 | FY 2008 |
| | Target | Actual | Target | Actual | Target | Target |
| Annual OMB PART Overall Score | Adequate | Moderately Effective | Adequate | Moderately Effective | Adequate | Adequate |

(U) Impact of Performance Management

(U) This FY 2008 NRP budget submission reflects an on-going commitment to implementing performance management and performance-based budgeting principles and practices. A key factor of successful performance management within the NRO is alignment of our internal *Strategic Framework* with that of external guidance and strategy, and development of performance outcomes with near-term programmatic decisions and activities that support these strategies. The challenge of balancing often competing interests is mitigated by having a clear mission and program focus that provides for disciplined adherence to the priorities articulated by the National Security Presidential Decision 26, the DNI *MIS*, the Mission Requirements Board, the Quadrennial Defense Review, and the Quadrennial Intelligence Community Review. These sources identify current and future national needs, guiding architecture planning and decisions.

(U) The NRO purpose is to provide a variety of vital technical means for our mission partners to use, as continuing services, to conduct their intelligence functions (tasking, collection, possessing, exploitation, and dissemination), especially space-related functions. Based on an interpretation of the ODNI Programmatic Guidance for FY 2008 - FY 2013, the *MIS* Strategic Objectives, and other sources that define IC level priorities, the NRO derived its NRO *Strategic Framework*, setting the direction for NRO ongoing and future program initiatives in fulfilling its purpose. Approved programs and initiatives are then reflected within the CBJB, and key CBJB performance measures are reflected within this Performance Plan.

(U) On a quarterly basis, NRO programs are assessed within the Quarterly Performance Review (QPR) process. This QPR process provides NRO leadership with critical and timely visibility into technical, cost, schedule planning, performance, and progress on research, acquisition, and operational programs. In addition, Performance Plan data is collected each quarter for submission to the ODNI in the Performance Planning and Reporting Tool to provide insight to NRP activities.

(U) The NRO will continue to refine its performance management system processes based on "lessons learned" In addition, NRO will continue to investigate development of metrics with an intended outcome of creating actionable data for future programmatic decisions. Finally, the NRO will embrace a fully implemented performance-based budget as ODNI refines direction in the FY 2009 - FY 2013 programmatic guidance.

(U) PROGRAM ASSESSMENT RATING TOOL (PART) SUMMARY

(U) Program/Activity Evaluated in 2006

(U) Program: National Reconnaissance Program and NRO Military Intelligence Program

(U) Communications Program

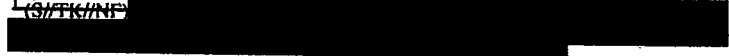
(U) Activity Summary/Description

(U) The NRO Communications program provides the telecommunications network (space and ground) system and enterprise Information Technology (IT) services necessary to support the NRO's development, launch, and operation of space reconnaissance systems and other NRO intelligence-related activities. The program evaluated in the PART includes the activities of the NRO Communications Systems Acquisition and Operations Directorate (COMM) and NRO's joint responsibilities and interfaces with mission partners and oversight/policy management organizations.

(U) Activity Funding Level:



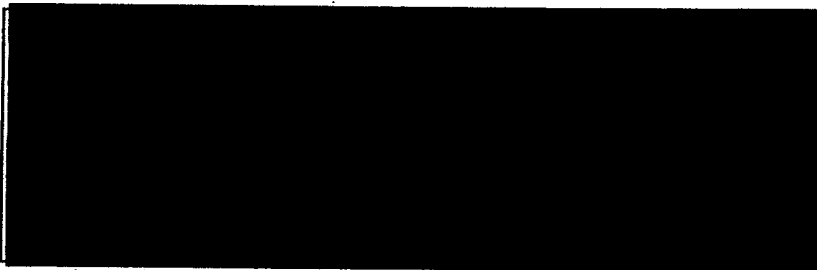
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(U) Rating: Moderately Effective



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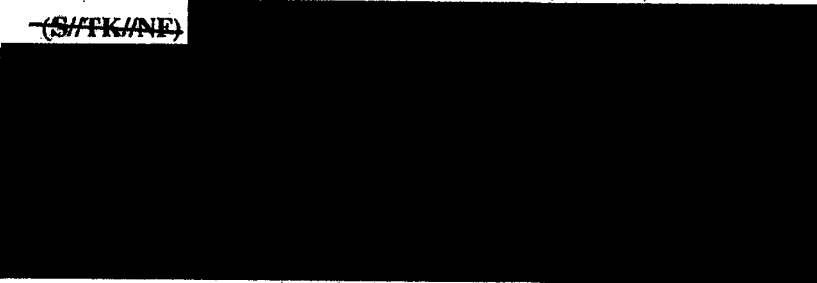
(U) Appropriation Type

(U) Capital Assets and Service Acquisition

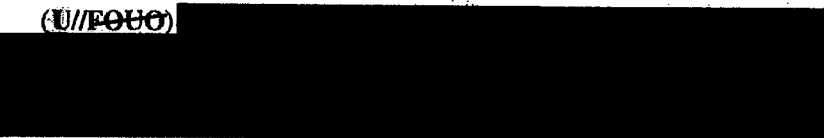
(U) Findings

(U) Finding 1: The purpose of the NRO Communications program is clear; it addresses current and relevant needs for communication and IT services; it is not duplicative of other public or private sector efforts; and its outputs reach the intended beneficiaries.

~~(S//FK//NF)~~



~~(U//FOUO)~~



measures of progress toward strategic plan objectives, annual schedule for meeting strategic plan objectives, and alignment of strategic plans, budgets and schedules.

(U//FOUO) Finding 4: The program has procedures in place to measure efficiency and demonstrates improved cost effectiveness in achieving program goals each year. It has established a clear measure of cost effectiveness: bits per second per dollar.

(U//FOUO) Finding 5: The space and terrestrial elements of the program collaborate and coordinate well with related programs, particularly in day-to-day operations.

(U//FOUO) Finding 6: Timely, quality independent reviews of the bulk of the program are available. Many of the reviews indicate that the program is performing its mission very well and provides excellent customer services; others identify issues that could affect, or have affected, customer satisfaction, network security, or other outcomes. In particular, the report on COMM Special Programs Group (SPG) (formally known as Mission Integration Office (MIO)) indicated substantial problems with that element of the program. However, the program has taken significant steps to correct strategic planning and management problems, including those identified in the IG report on MIO.

~~(S//FK//NF)~~



(U//~~FOUO~~) Finding 8: NRO COMM clearly defines deliverables and regularly collects and uses performance information. However, the IC needs to improve budget presentation such that resource needs are well understood and more clearly linked to performance.

(U//~~FOUO~~) Finding 9: NRO did not receive a clean audit opinion of its Financial Statements for the year ending in 2005. NRO is taking proactive steps to address the deficiencies noted in the FY 2005 Financial Statements Audit by implementing an aggressive remediation plan towards a clean audit opinion in FY 2008.

(S//~~TK~~)

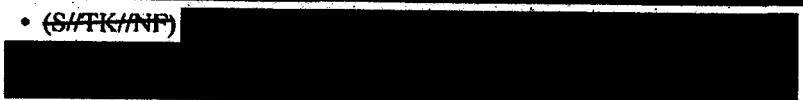


(U//~~FOUO~~) Finding 11: As of the 2006 evaluation, the COMM program has met most of its long-term and annual goals.

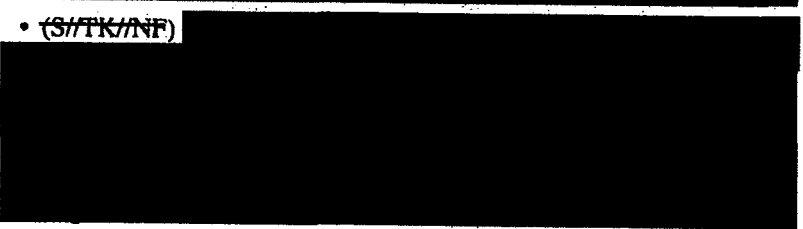
(S//~~TK/NF~~)



(S//~~TK/NF~~)



(S//~~TK/NF~~)



- (U//~~FOUO~~) The program is meeting annual goals and is on track to meet the long-term targets for terrestrial network capacity.
- (U//~~FOUO~~) The program is demonstrating efficiencies in achieving program goals each year.

(U//~~FOUO~~) Finding 12: NRO COMM has established the following additional measures, with baselines and targets, which are not reflected in the measures summary tables:

(S//~~TK~~)



- (U//~~FOUO~~) During FY 2004 - 2006, the program met its annual goals for operational availability for SPG activities. This measure includes number of operational windows available for transmission, total system operational availability and link availability.
- (U//~~FOUO~~) NRO COMM gathers PATRIOT contract metrics on a monthly basis to determine contractor performance, and holds the contractor accountable for falling below minimum acceptable objectives.

(U) Follow-Up Actions

(U) As a result of the PART evaluation the Communications program is initiating the following actions to improve the performance of the program.

(S//~~TK/NF~~)



(U//~~FOUO~~) Follow-Up Action 2: Developing and implementing methods to track and manage progress and performance on meeting goals & objectives established in strategic plans and business plans. Improving traceability between COMM-level strategic plans and higher-order plans at the NRO and DNI levels.

(U//~~FOUO~~) Follow-Up Action 3: Improving traceability between customer needs, strategic plans, business/operating plans, requirements, architecture, and budgets. This includes improving processes to assure

more timely updates of requirements and related planning documents (architectures, business plans, analyses of alternatives, etc) reflect evolving user needs (e.g. next generation IMINT requirements).

(U//FOUO) Follow-Up Action 4: Ensuring clear documentation of approved waivers to published availability goals.

(U//FOUO) Follow-Up Action 5: Improving coordination with stakeholders on programmatic decisions that affect communications system and service performance. This includes working to address SPG's issues related to SPG customer communications and collaboration such as those identified in the NRO IG report.

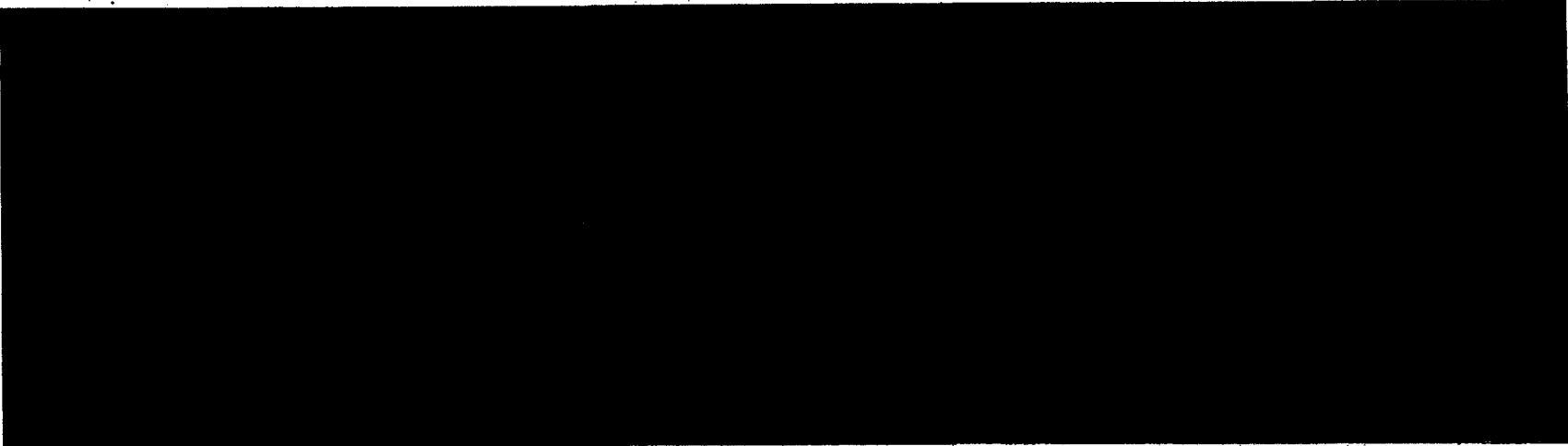
(S//TK)



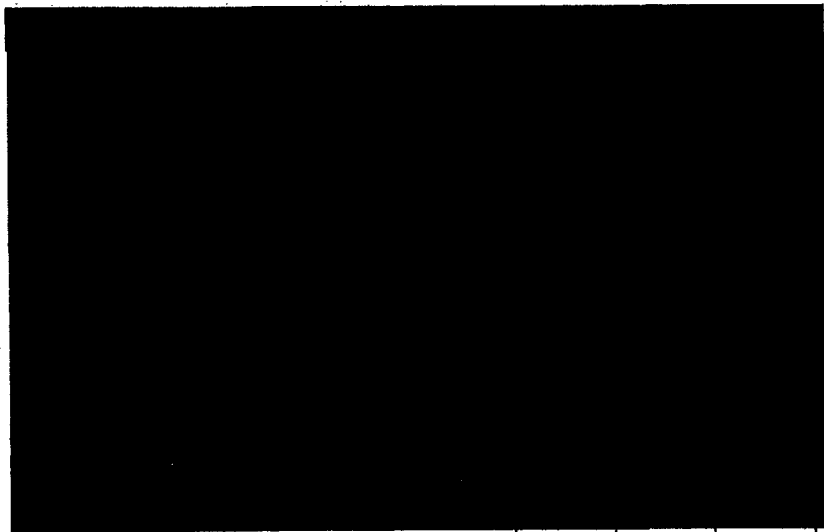
(U//FOUO) Follow-Up Action 7: Ensuring that acquisition baselines and performance are adequately and clearly documented in Baseline Agreement and Acquisition Reports (BAAR) where BAARS are required, and that BAARS are updated in a timely manner.

(U//FOUO) Follow-Up Action 8: Addressing material weaknesses and reportable conditions identified in FY 2005 independent financial audits, with a goal of a regaining an unqualified opinion in the FY 2008 audit.

(U//FOUO) Follow-Up Action 9: Using independent cost estimates (ICE) to help define program budgets.



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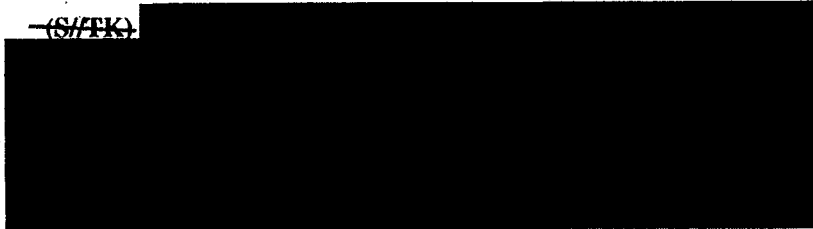


(U) Appropriation Type

(U) Capital Assets and Service Acquisition

(U) Findings

(U) Finding 1: The purpose of the NRO SIGINT program is clear: it addresses a current and relevant need; it is not duplicative of other public or private sector efforts; and its outputs reach the intended beneficiaries.



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[REDACTED]

~~(S//PK)~~

[REDACTED]

~~(S//PK)~~

[REDACTED]

~~(S)~~

[REDACTED]

~~(S)~~

[REDACTED]

~~(S//PK)~~

[REDACTED]

• (U) Long-term and annual operational goals:

— ~~(S//TK)~~

[REDACTED]

— ~~(S//PK)~~

[REDACTED]

• (U) Long-term acquisition goals:

— ~~(S//PK)~~

[REDACTED]

— ~~(S//PK)~~

[REDACTED]

— (U//~~EQUG~~) The program expects to meet its long-term technical performance goals.

• (U) Annual acquisition goals:

— ~~(S//PK)~~

[REDACTED]

[REDACTED]

~~(S//FK)~~

[REDACTED]

~~(S//FK)~~

[REDACTED]

(U) The SIGINT program has made significant changes. The SIGINT program continues to implement the following actions to improve the performance of the program.

(U) **Follow-Up Action 1:** Working to develop consensus on the SIGINT component of a resource constrained, integrated, collection architecture. Year Began: 2005.

~~(S//FK)~~

[REDACTED]

~~(S//FK)~~

[REDACTED]

~~(S//FK)~~

[REDACTED]

(U) **Follow-Up Action 3:** Ensuring that baselines and performance are adequately documented in BAARs. Year Began: 2005.

~~(S//FK)~~

[REDACTED]

~~(S//FK)~~

[REDACTED]

(U) *No action taken.*

(U) **Follow-Up Action 5:** Working to develop measures for end-to-end NRO/NSA and NRO/NGA operation. Year Began: 2005.

(U) *Action taken, but not completed.* The SIGINT program believes that this must be an action taken by the ODNI.

(U) **Follow-Up Action 6:** Improving coordination with stakeholders on programmatic decisions that affect performance. Year Began: 2005.

~~(S)~~

[REDACTED]

(U) Follow-Up Action 7: Addressing material weaknesses and reportable conditions identified in independent audits with a goal of regaining an unqualified opinion in the FY 2008 audit. Year Began: 2005.

(U) Action taken, but not completed: NRO has developed a remediation plan with milestones, and is on track to achieve an FY 2008 "clean audit" opinion.

(U) Follow-Up Action 8: Using independent cost estimates to help establish program budgets. Year Began: 2005.

~~(S//TK)~~



(U) Program/Activity Evaluated in 2004

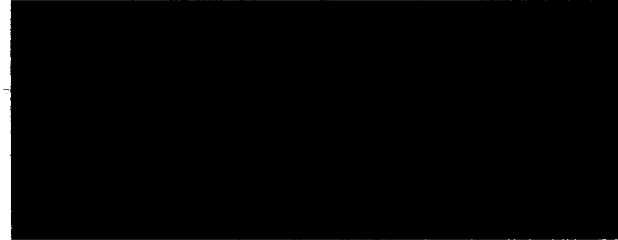
(U) Rating: Adequate

(U) Program: NRP and NRO MIP

(U) Imagery Intelligence (IMINT) Program

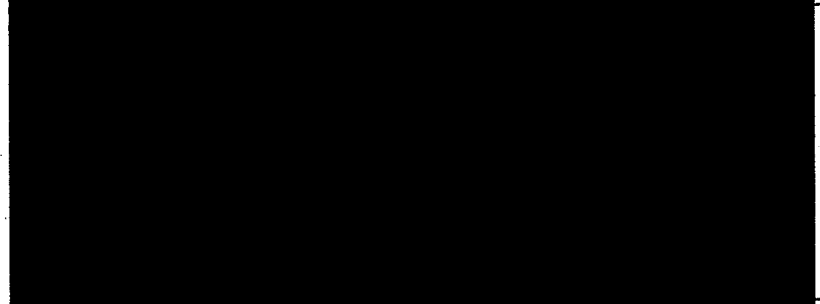
(U) Activity Summary/Description

~~(U//FOUO)~~ The NRO space-based IMINT program employs satellite assets to collect and process high value imagery to satisfy national and DoD intelligence requirements. To accomplish this, the NRO IMINT program develops and operates state-of-the-art, high-value space-based imaging systems, delivers innovative new sources and methods, and works with the NGA to deliver vital intelligence to IC and military customers. The program assessed in the PART evaluation encompasses the activities of the NRO IMINT Directorate and its joint responsibilities and interfaces with NGA, the Air Force Space Based Radar (SBR) program, oversight/policy organizations, and other program partners. It does not include functional management responsibilities for the total US Government IMINT enterprise, which are assigned to NGA.



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(U) Activity Funding Level:

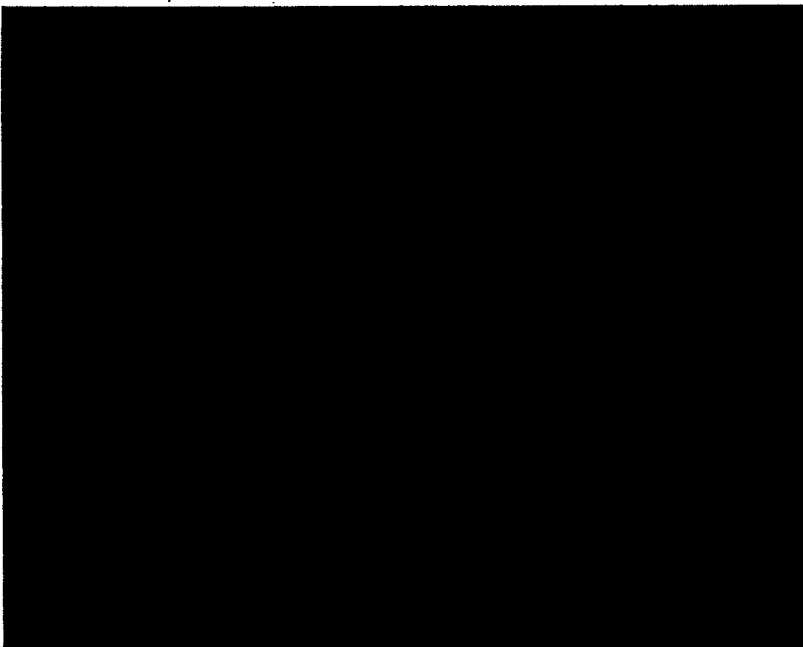


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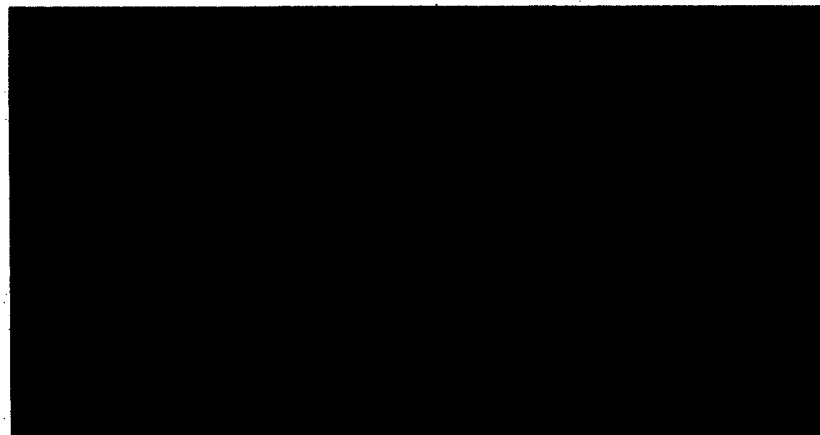
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(U) Performance Measures:



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NOTE: The IMINT program has been restructured and meaningful target and actual performance measures are not yet available.

(U) Appropriation Type

(U) Capital Assets and Service Acquisition

(U) Findings

(U) Finding 1: The purpose of the NRO IMINT program is clear; it addresses a current and relevant need; it is not duplicative of other public or private sector efforts; and its outputs reach the intended beneficiaries. However, evolving technologies and requirements threaten to blur the historic distinction between IMINT collection and DoD operational support missions. While the purpose and scope of the NRO IMINT program has been clear in the past, new IC and DoD space and airborne initiatives make this less certain in the future and increase the potential for duplicative capabilities.

(U) **Finding 2:** The program is hampered by a lack of consensus among key stakeholders on a future integrated, prioritized, resource-constrained vision and a capstone set of capability needs for the end-to-end space-based imagery enterprise. This leads to ambiguity in goals and priorities.

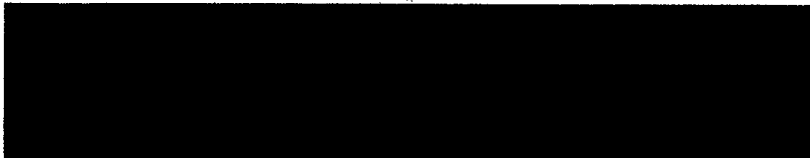
(U) **Finding 3:** The NRO IMINT program has established short- and long-term goals to measure and assess acquisition and operational programs. These include development-related cost, schedule, and performance specifications as well as on-orbit performance and system availability metrics. IMINT initiatives are vetted with, and reflect the needs identified by, the user community. However, the IMINT program would benefit from enterprise-wide measures for architectural-level performance.

(U) **Finding 4:** The program demonstrates strong financial management practices and regularly collects performance data. However, IMINT resource needs are not presented in a complete and transparent manner in the CBJB, in part due to the constraints inherent in the IC's standardized format.

(U) **Finding 5:** The NRO has a structured and integrated set of internal acquisition management processes, including regular independent evaluations that encompass all phases of the acquisition process from pre-acquisition through on-orbit operations. It also has a disciplined investment planning process that links IMINT and NRO resource planning activities with user requirements.

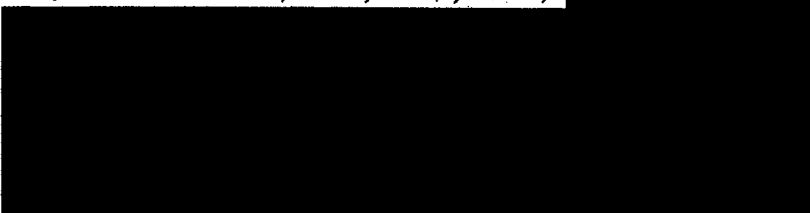
(U) **Finding 6:** The NRO takes meaningful steps to address planning and management deficiencies identified by internal and external reviews. In response to external recommendations, NRO has: strengthened its system engineering capabilities; improved cost estimating processes; established joint management processes with NGA; realigned the Future Imagery Architecture (FIA) program management structure and its associated cost/schedule baseline; and initiated a new effort designed to address many of the acquisition "reform" flaws instituted in the mid-1990s.

~~(S//TK//REL TO USA, AUS, CAN, GBR)~~



(U) **Finding 8:** In general, IMINT acquisition programs meet established performance requirements but are less successful in achieving cost and schedule goals. In part, this is due to the overly optimistic estimates used in the past and industry-wide problems with component quality control. However, once on orbit, most IMINT satellites perform well, and consistently exceed their specified design lives.

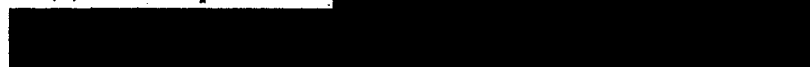
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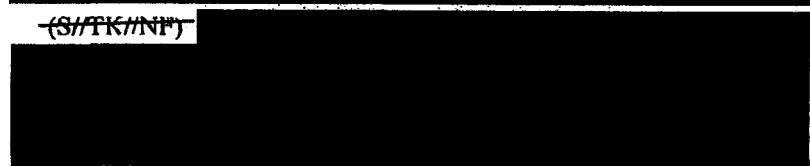
(U) Follow-Up Actions

(U) The IMINT program has made significant changes. A new PART evaluation will be needed in the future. The IMINT program continues to implement the following actions to improve the performance of the program:

(S) **Follow-Up Action 1:**



~~(S//TK//NF)~~



~~(S//TK//NF)~~

(U) *Completed.* IMINT leadership identified FIA lessons learned.

~~(S//TK)~~

~~(S)~~

(U) **Follow-Up Action 4:** Instituting more effective mechanisms to hold managers accountable for performance. Year Began: 2005.

~~(S//TK//REL TO USA, AUS, CAN, GBR)~~

(U) **Follow-Up Action 5:** Assure coordination with stakeholders on programmatic decision, Year Began: 2005.

(U) *Action taken, but not completed.* IMINT and NGA have established a joint budget crosswalk process to coordinate budget positions prior to submission.

(U) **Follow-Up Action 6:** Developing, by the end of 2006, new metrics to evaluate the sufficiency and effectiveness of organizational changes and new management practices. Year Began: 2005.

(U) *No action taken.* IMINT believes that the effectiveness of organizational change is best measured by assessing the program's performance against the existing acquisition cost, schedule, and performance goals.

(U) **Follow-Up Action 7:** Conducting an independent evaluation (i.e., outside the IMINT Directorate) of the effectiveness of organizational changes and new management practices. Year Began: 2005.

(U) *Action taken, but not completed.* In FY 2006 the IMINT Director commissioned a Technical Advisory Group to conduct independent evaluations of IMINT organizational and technical issues.

(U) **Follow-Up Action 8:** Developing an efficiency measure by the end of 2006. Year Began: 2004.

(U) *No action taken.* The IMINT program did not meet 2006 deadline.

(U) **Follow-Up Action 9:** Working with NGA to develop measures for end-to-end NRO/NGA operations. Year Began: 2005.

(U) *No action taken.* The IMINT program believes that this must be an action taken by the Office of the Director of National Intelligence.

(U) **Follow-Up Action 10:** Addressing material weaknesses and reportable conditions identified in independent audits with a goal of regaining an unqualified opinion in the FY 2008 audit. Year Began 2005.

(U) *Action taken, but not completed.* NRO has developed a remediation plan with milestones, and is on track to achieve an FY 2008 "clean audit" opinion.

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