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Defense Primer: Budgeting for National and Defense Intelligence

Introduction

Intelligence Community (IC) programs provide the resources (money and manpower) to accomplish IC goals and responsibilities as defined by the U.S. Code and Executive Order 12333. IC programs are funded under two programs: (1) the National Intelligence Program (NIP), which covers the programs, projects, and activities of the IC oriented towards the strategic requirements of policymakers, and (2) the Military Intelligence Program (MIP), which funds defense intelligence activities intended to support tactical military operations and priorities. The Director of National Intelligence (DNI) and the Under Secretary of Defense for Intelligence (USD(I)) manage the NIP and MIP, respectively, under different authorities.

The NIP and MIP

National Intelligence Program (NIP)

The origins of the intelligence budget, separate and distinct from the defense budget, date back to reforms initiated in the 1970s to improve oversight and accountability of the IC. At that time, the National Foreign Intelligence Program (NFIP) was managed by the Director of Central Intelligence (DCI), in consultation with the Secretary of Defense, and overseen by the National Security Council (NSC). The term “NIP” was created by the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 (P.L. 108-458 §1074). The IRTPA deleted “Foreign” from NFIP and created the position of DNI. The DNI was given greater budgetary authority over the NIP than the DCI had in conjunction with the NFIP. Intelligence Community Directive (ICD) 104 provides overall policy to include a description of the DNI’s roles and responsibilities as program executive of the NIP.

Military Intelligence Program (MIP)

Military-specific tactical and/or operational intelligence activities were not included in the NFIP. They were referred to as Tactical Intelligence and Related Activities (TIARA) and were managed separately by the Secretary of Defense. TIARA referred to the intelligence activities “of a single service” that were considered “organic” (meaning “to belong to”) military units. In 1994, a new category was created called the Joint Military Intelligence Program (JMIP) for defense-wide intelligence programs. A DOD memorandum signed by the Secretary of Defense in 2005 merged TIARA and JMIP to create the MIP. DOD Directive 5205.12, signed in November 2008, established policies and assigned responsibilities, to include the USD(I)’s role as program executive of the MIP, acting on behalf of the Secretary of Defense.

The IC has established organizing principles it calls “Rules of the Road” to loosely explain the programs’ different but

related structures. A program is primarily NIP if it funds an activity that supports more than one department or agency (such as satellite imagery), or provides a service of common concern for the IC (such as secure communications). The NIP funds the CIA and the *strategic-level* intelligence activities associated with the National Security Agency, Defense Intelligence Agency and National Geospatial-Intelligence Agency.

A program is primarily MIP if it funds an activity that addresses a *unique* DOD requirement. Additionally, MIP funds may be used to “sustain, enhance, or increase capacity/capability of NIP systems.” The DNI and USD(I) work together in a number of ways to facilitate the “seamless integration” of NIP and MIP intelligence efforts. Mutually beneficial programs may receive both NIP and MIP resources.

NIP and MIP Spending

At the present time only the NIP topline figure must be publicly disclosed based on a directive in statute. The DNI is not required to disclose any other information concerning the NIP budget, whether the information concerns particular intelligence agencies or particular intelligence programs. The Secretary of Defense also discloses annual MIP appropriations figures back to 2007. For Fiscal Year (FY) 2017, the aggregate appropriated for the NIP and MIP totaled \$73B (NIP \$54.6B, MIP \$18.4B). For FY2018, the aggregate amount appropriated for the NIP and MIP totaled \$81.5B (NIP \$59.4B, MIP \$22.1B). For FY2019, the aggregate amount requested for the NIP and MIP totals \$81.1 (NIP \$59.9B, MIP \$21.2B).

Two Budget Processes: IPPBE & PPBE

The IC’s Intelligence Planning, Programming, Budgeting and Evaluation (IPPBE) process allocates funding and personnel resources supporting IC-wide capabilities through the development and execution of the NIP and its associated budget. The NIP addresses priorities described in national security-related documents such as the National Intelligence Strategy. The IPPBE process applies to all 17 components of the IC. Program managers control NIP resources aligned with requirements for IC capabilities such as cryptology, reconnaissance, and signals collection—capabilities that may span several IC components.

The DOD’s Planning, Programming, Budgeting and Execution (PPBE) process provides the funding the service components and DOD intelligence agencies (DIA, NSA, NRO, and NGA) require to organize, train and equip military forces for combat, and to cover all necessary support missions. The senior leader for intelligence in each service – called the *Component Manager* – manages that

service’s MIP resources in accordance with USD(I) guidance and policy.

Each phase of the IPPBE and PPBE processes has leads on the ODNI and OUSD(I) staffs who work in concert to synchronize effort.

Planning Phase

The IC’s Assistant DNI for Systems and Resources Analysis (ADNI/SRA) and the DOD’s Under Secretary of Defense for Policy lead the IPPBE and PPBE planning phases, respectively. They analyze long-term trends, validate intelligence-related requirements, identify gaps and shortfalls, and prioritize needs as they relate to the DNI and USD(I) policy goals.

Programming Phase

During the programming phase, the IPPBE lead is the ADNI/SRA while the PPBE lead is the Director of Cost and Program Evaluation (CAPE). The primary objective of this phase is to provide analytically based, fiscally constrained options to frame resource decisions. Programming includes the following primary activities:

- Conducting major issue studies to analyze high-impact, cross-IC issues (such as a common need for data-mining technology);
- Developing independent total life-cycle cost estimates for major systems acquisitions and other programs of interest;
- Producing the final Consolidated Intelligence Guidance (CIG)—the joint DNI/USD(I) guidance used by NIP Program Managers and MIP Component Managers to finalize their program and budget submissions.

Budgeting (and Execution) Phase

In the IPPBE, budgeting and execution comprise one phase led by the ADNI/Chief Financial Officer (ADNI/CFO). The PPBE separates budgeting and execution into two separate phases. The ADNI/CFO’s counterpart is the USD Comptroller/Chief Financial Officer (USD(C)/CFO).

The ADNI/CFO is responsible for producing the Congressional Budget Justification Books (CJBs) and the accompanying NIP Summary of Performance and Financial Information Report. Together, these classified documents explain and justify the details associated with each of the NIP programs to the congressional intelligence committees. In contrast, the MIP programs are justified using Congressional Justification Books (CJBs) submitted to Congress as part of DOD’s PPBE process.

Once the budget is enacted by Congress, the two CFOs manage the NIP and MIP budget apportionment and reprogramming process. Execution and performance reviews are undertaken, so that funds are obligated in accord with DNI, USD(I), and legislative intent. Mid-year reviews may lead to decisions that require a redistribution of funds.

Evaluation is a Process not a Phase

The *E* in the IPPBE stands for *evaluation*, not execution. The PPBE also includes evaluation but it is not part of its acronym.

Evaluation is a continuous process with several periodic entry points throughout both the IPPBE and PPBE phases. Its primary objective is to assess the effectiveness of NIP and MIP programs, activities, major initiatives, and investments. Evaluations inform current and future planning, programming, budgeting and execution decisions.

Responsibility for the evaluation function is shared. For example, DOD and IC Policy and Strategy offices conduct the program-level and strategic assessments to inform the planning phase. CFOs are responsible for all budgeting and execution-related evaluations and performance measurement reports required for OMB and Congress.

IPPBE and PPBE Budget Cycles

The IPPBE and PPBE comprise at least four different fiscal year budget cycles *running simultaneously* at any given point in time, and are further complicated by numerous federal, department, and agency-specific timelines, missions and priorities.

(Note: This In Focus was originally written by former CRS Analyst Anne Daugherty Miles.)

Relevant Statutes
Title 10, U.S. Code, Chapter 9; Title 50, Chapter 44, Subchapter III
CRS Products
CRS In Focus IF10428, <i>Intelligence Planning, Programming, Budgeting and Evaluation Process (IPPBE)</i> , by Michael E. DeVine
CRS In Focus IF10429, <i>Defense Primer: Planning, Programming, Budgeting and Execution (PPBE) Process</i> , by Brendan W. McGarry and Heidi M. Peters
CRS In Focus IF10470, <i>The Director of National Intelligence (DNI)</i> , by Michael E. DeVine
CRS In Focus IF10523, <i>Defense Primer: Under Secretary of Defense (Intelligence)</i> , by Michael E. DeVine
CRS In Focus IF10525, <i>Defense Primer: National and Defense Intelligence</i> , by Michael E. DeVine
CRS Report R44381, <i>Intelligence Community Spending: Trends and Issues</i> , by Michael E. DeVine
Other Resources
DOD Directive 7045.14, <i>The Planning, Programming, Budgeting, and Execution (PPBE) Process</i> , January 25, 2013.
IC Directive 116, <i>Intelligence Planning, Programming, Budgeting, and Evaluation System</i> , September 14, 2011.

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