INTELLIGENCE COMMUNITY DIRECTIVE 104

30 April 2013

National Intelligence Program (NIP) Budget Formulation and Justification, Execution, and Perfomance Evaluation

A. AUTHORITY: The National Security Act of 1947, as amended; Executive Order (EO) 12333, as amended; and other applicable provisions of law.

B. PURPOSE

1. This Intelligence Community Directive (ICD) establishes policy for the formulation, justification, execution, and performance evaluation of the National Intelligence Program (NIP) budget.

2. This Directive replaces ICD 104, *Budgeting for Intelligence Programs*, 17 May 2006.

3. This Directive rescinds ICD 901, *Program Management Posture Adjustment Notification*, 23 June 2008.

C. APPLICABILITY: This Directive applies to the Intelligence Community (IC) as defined by the National Security Act of 1947, as amended, and to such elements of any other department or agency as may be designated an element of the IC by the President, or jointly by the Director of National Intelligence (DNI) and the head of the department or agency concerned.

D. POLICY

1. The formulation, justification, execution, and performance evaluation of the NIP budget shall reflect national intelligence priorities and DNI goals, objectives, and priorities for the IC as identified in the National Intelligence Strategy.

2. The National Intelligence Strategy (NIS) is the foundation document for NIP budget decisions and is implemented through a series of initiatives, plans, and capabilities designed to make the IC more integrated and agile.

3. The formulation, justification, execution, and performance evaluation of the NIP budget shall be conducted through a deliberative process to ensure IC programs deliver the most effective results, and to reduce, restructure or terminate those programs that are not performing adequately. This process shall also enable the IC to evaluate progress regularly, address key intelligence gaps, and establish accountability for results. This process shall be conducted in accordance with ICD 116, *Intelligence Planning, Programming, Budgeting, and Evaluation System* and ICD 109, *Independent Cost Estimates*.

a. Budget Formulation and Justification:

(1) NIP budget formulation and justification shall align with NIS objectives, and respond to Consolidated Intelligence Guidance.

(2) NIP budget justification shall support the production of the annual Congressional Budget Justification Book (CBJB).

(3) NIP budget proposals shall be executable within fiscal guidance levels and be submitted within established timeframes.

b. Execution:

(1) After determining apportionment, the DNI will direct the allotment or allocation of NIP appropriations through the heads of departments containing IC elements, the Director of the Central Intelligence Agency (CIA), and the Office of the DNI (ODNI). The allotment and allocation of NIP appropriations shall be distributed in full and executed without change except in accordance with procedures published separately for reprogramming and transfer of funds. The distribution of NIP funds shall be made without delay.

(2) Programs funded within Department of Defense appropriations shall submit updated NIP budget execution reports monthly to the Assistant DNI/Chief Financial Officer (ADNI/CFO). The Departments of Energy, Homeland Security, Justice, State, and the Treasury shall submit updated NIP budget execution reports quarterly to the ADNI/CFO. These reports ensure that NIP resources are expended in a timely manner and toward the IC's highest priorities. Should higher priorities emerge, the appropriate NIP Program Managers must review their available budgets for possible realignment.

(3) Transparency in budget execution is important to the management of interdependent programs and to the integrity of the process. Therefore, NIP Program Managers shall inform the DNI and affected IC partners of major adjustments to, or realignments in, programs before implementation, as far in advance as possible. Also, the DNI shall be notified of any suspected Anti-Deficiency Act violations in a timely manner.

c. Performance Evaluation:

(1) The IC shall use performance-based budgeting to justify NIP resources, to enable the integration of annual performance plans across the NIP by the ADNI/CFO. Performance-based budgeting improves the efficiency and effectiveness of public expenditure by linking funding to expected outcomes.

(2) The NIS shall serve as the primary reference for evaluating NIP budget performance. NIP budget reviews shall be conducted twice a year by the ADNI/CFO to measure execution of resources and performance outcomes against NIS objectives. Results will be reflected in the DNI's annual performance report and inform DNI decisions to realign funds for higher priorities.

(3) Detailed, timely, and accurate quarterly performance results shall be collected by the ADNI/CFO and reviewed to evaluate compliance with the DNI's policies and priorities, and to provide a means for measuring progress toward meeting NIS objectives.

4. The following programs compose the NIP:

a. Central Intelligence Agency Program (CIAP);

b. Community Management Account (CMA);

c. Department of Defense Programs:

(1) Consolidated Cryptologic Program (CCP);

(2) General Defense Intelligence Program (GDIP);

(3) Foreign Counterintelligence Program (FCIP);

(4) National Geospatial-Intelligence Program (NGP);

(5) National Reconnaissance Program (NRP); and

(6) Specialized Reconnaissance Program (SRP).

d. Department of Energy Program;

e. Department of Homeland Security Program;

f. Department of Justice Programs;

g. Department of State Program; and

h. Department of Treasury Program.

E. ROLES AND RESPONSIBILITIES

1. The DNI will:

a. Lead, oversee, guide development, and monitor the implementation and execution of the NIP budget;

b. Designate NIP Program Managers;

c. Following consultation with heads of departments containing IC elements or with the Director, CIA, designate additional programs and adjust or eliminate existing programs, as required to satisfy national security requirements;

d. Provide guidance to IC elements on their input to the budget process;

e. Develop and determine the NIP budget taking into account the views of the heads of departments containing an element of the IC and of the Director, CIA; and

f. Manage appropriations for the NIP.

2. The ADNI/CFO shall:

a. Serve as the DNI's designee for managing NIP budget formulation and justification, execution, and performance evaluation activities identified in this Directive;

b. Present and justify the NIP budget proposal to the Office of Management and Budget (OMB);

c. Present the NIP budget proposal to Congress, in coordination with the ODNI Office of Legislative Affairs;

d. Prepare ODNI leadership for budget hearings and draft appeals to Congressional and OMB actions;

e. On behalf of the DNI, direct the allotment and allocation of NIP appropriations, prepare the reprogramming baseline, approve reprogramming requests, ensure the effective execution of the NIP budget, and grant funding waivers to independent cost estimates;

f. Provide guidance on and oversee all NIP budget financial management operations;

g. Conduct periodic evaluations of NIP budget execution and performance outcomes, working cooperatively with IC elements, to ensure appropriate and efficient expenditure of IC resources and to strengthen the linkage between strategic objectives, performance, and the budget;

h. Establish timelines for reporting significant adjustments or realignments as highlighted under Section D.3.b(3), based on program size or potential cost such that NIP Program Managers and IC elements have adequate opportunity to identify and implement mitigation strategies for changes to NIP intelligence production priorities and capabilities; and

i. Develop strategies to allocate resources to achieve NIS objectives and to address emerging requirements in the year of budget execution.

3. NIP Program Managers shall:

a. Provide the DNI, through the ADNI/CFO, any requested information necessary for developing or determining the NIP budget, monitoring the implementation and execution of the NIP, or supporting evaluation and assessment of IC programs, projects, and activities.

b. Keep the ODNI Office of Legislative Affairs and the ADNI/CFO informed of all congressional interest in their respective programs.

c. Submit all NIP budget-related materials to the ADNI/CFO for review and clearance prior to transmittal to OMB, congressional committees, individual members of Congress, congressional staffs, or the media. Budget-related materials include: correspondence to appropriations or authorization committees; testimony; congressional budget justification books; congressionally mandated reports; appropriations transfers and reprogramming actions; and OMB or congressional appeal materials.

d. Develop plans, policies, and procedures to ensure compliance with DNI guidance and this Directive.

e. Provide NIP monthly or quarterly budget execution reports to the ADNI/CFO in accordance with Section D.3.b(2).

f. Notify the DNI of proposed adjustments or realignments under Section D.3.b(3), above. The notification shall describe the proposed adjustments or realignments; the reasons for the proposed adjustments or realignments; and the expected impact on other IC elements or customers.

(1) Make the notification as soon as it is determined that a significant adjustment or realignment needs to be implemented.

(2) Where appropriate, collaborate and vet such decisions with affected IC elements as far in advance as possible.

(3) Where realignments trigger Congressional reporting requirements, provide such reports consistent with ICD 112, *Congressional Notification.*

g. Provide information to support quarterly performance assessments.

4. The Heads of IC Elements shall:

a. Participate in the deliberative process for NIP budget formulation and justification, execution, and performance evaluation;

b. Consult with National Intelligence Managers, as appropriate, while developing NIP budget activities for their areas of responsibility;

c. Align NIP budget activities with NIS objectives;

d. Oversee the obligation and expenditure of NIP funds;

e. Recommend to the DNI any NIP adjustments necessary to address emerging threats and new requirements, to improve programmatic effectiveness, or to increase efficiency; and

f. Provide the DNI, through the ADNI/CFO, any requested information necessary for developing or determining the NIP budget, monitoring the implementation and execution of the NIP, and supporting evaluation and assessment of IC programs, projects, and activities.

F. EFFECTIVE DATE: This Directive becomes effective on the date of signature.

James R. Clapper — 30 April 2013

Director of National Intelligence — Date