



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, D.C. 20350

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~~15 NOV 70~~  
*5 Jan 71*

IN REPLY REFER TO  
Op-092C/bjs  
Ser 1535P092

MEMORANDUM FOR THE CHIEF OF NAVAL OPERATIONS

Via: Vice Chief of Naval Operations

Subj: Status of Naval Investigative Service (NIS) Agents

Ref: (a) CNO/VCNO Action Sheet #646/70, same subj

1. The following information and recommendations are provided in response to reference (a), which noted that at the 22 October meeting of CNO with DCNO/SYSCOMS, the Chief of Naval Personnel commented on the adverse impact that reductions in the number of NIS agents would have on the timely investigation and disposition of drug abuse offenders in the Naval service.

2. Background to decline in NIS resources.

a. Since July 1969, NIS civilian strength has dropped by 249 personnel--a 14% personnel reduction while workload has risen 8%. More personnel reductions must be effected as a result of Congressional action on the FY 71 DOD Appropriations request. (The Congress has a consistent record over the past several years of close interest in, and some paring of, the budget items for intelligence.) The action this year was to reduce the amount for Intelligence, Security Group, and the Mapping and Charting functions of NavOceanO, by \$5.6 million--an amount which, through generally pro rata action, has reduced by \$926,000 the amount available for the NIS. This funds reduction will result in the loss of around 140 personnel, including over 100 investigators. (Figures are in round numbers due to the uncertainties of attrition, severance pay costs, etc.) The individual personnel loss will translate into around 60 man years investigative man years loss.

b. First-round RIF notices have been issued. More are in preparation. Drastic reductions in support funding (including that for operational travel of investigators) have been made. Morale in the investigator corps has declined seriously, and a very large percentage of the corps is seeking employment elsewhere and would continue such searching even if the RIF program might be curtailed. Current prospects are for a year-end strength greatly below the PBD authorized level for FY 72. (The necessary build-up to attain such authorized and needed level will require heavy investment in recruitment, training, and positioning costs of new personnel in FY 72.)

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3. Decline in NIS capability and impact on Navy.

a. The FY 70 manpower losses resulted in a marked decline in capability. The FY 71 losses (those in prospect plus the attrition that has already occurred) will impact as follows:

(1) Personnel Security Investigations. Production loss of 5,000 cases; increase in average completion time from 80 to 120 days (against an optimum of 60); manpower waste, training delays, disruption of normal personnel detailing, as individuals await necessary clearances. (By 30 June 1971, assuming 50% utilization of those personnel whose investigation, and, hence, clearance, is delinquent, and computing on the basis of average enlisted pay, the "dollar" waste of the NIS investigative backlog will be in excess of \$50,000 for each day in excess of 60 in average completion time. This daily cost will increase as long as intake exceeds production capability.)

(2) Criminal and counterintelligence matters. A general decline in counterintelligence collection and reporting will occur, as will a 5 to 10 day increase in completion time per average criminal case, while simultaneously investigative actions will be limited to only the most significant cases. It is not feasible to ascribe a "dollar" cost to this impact. However, attention is invited to paragraph 4 below.

4. Related data. In his reply to CNO Action Item #587-70, the CNP reported that certain procedural and investigative changes, if conjoined with an increase of 20 NIS agents, could reduce administrative discharge time by two-thirds, and save Navy around \$740,000 per year, in the cases of individuals who voluntarily assert they have engaged in drug abuse or sexually deviate activities. While the \$740,000 savings would be partially offset by the cost of the agent personnel (around \$280,000 per year), the relationship between NIS criminal investigative capability and expeditious and economic personnel administration is apparent in CNP's report. It is stressed, incidentally, that the aforementioned "increase of 20 NIS agents" relates to an increase over current manning levels, and not to a reduction of 20 from the prospective losses discussed in paragraph 2. above.

5. Efforts to remedy.

a. The NIC and the NSG sought to reclaim the several million dollar House budget reductions from the CCP and the GDIP budget requests. However, only about 20% of this reduction was in fact covered in Navy's reclaima. The Senate denied even this reclaima.

b. Efforts are being made to reduce the NIS investigative case intake and the scope of the cases handled. In the personnel security area, slight reductions are occurring (generally proportional to the drop in Navy manpower). In the narcotics area, MarCorps is instituting an investigative effort, which will be of some assistance in FY 71, but generally only to the extent of covering the rise in Marine per capita drug abuse involvement.

c. Op-01B (Rear Admiral Shupper) has advised that Navy is confronted with the requirement to eliminate over 14,000 more military billets, and, thus, it is not feasible to program military personnel for use as investigators.

6. Conclusion. The efforts listed in paragraph 5 can have only a marginal effect. A restoration of the full \$926,000 is needed if the NIS is to regain a truly effective counterintelligence and investigative posture. At this late date in the fiscal year, however, and considering the attrition impetus deriving from the RIF announcements to date, it is apparent that much of any additional funding that might be obtained, would need to be expended on an effort to recruit, train, and position replacements for individuals lost this year. Such an "investment" cost would necessarily detract from the ability to directly and promptly increase operational capability. Notwithstanding, the effort needs to be made or the situation will continue to deteriorate in FY 71 and FY 72.

7. Recommendation.

a. The adverse results of NIS underfunding impacts more directly on those Naval elements with heavy manpower responsibilities--CNP, CMC, and the Chief of Naval Material (in the industrial personnel security program). Under the principles of RMS, those agencies and commands most directly benefiting from a service would be the logical sources of funds to subsidize that service. It is recommended that an effort be made to reprogram \$926,000 from such beneficiaries to the NIS, under the following arrangement:

(1) An immediate granting to NIS of such additional funds as might be possible without violating any Congressional ceiling on expenditures in the Intelligence Program area;

(2) The remainder of the amount (and, possibly, the \$280,000 addressed in b. below), be the subject of a reprogramming request to the Congress early in 1971.

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b. Following resolution of the funding issue in a. preceding, BuPers further explore the question of whether \$280,000 additional might be made available from its O&MN resources for the specific purpose of addressing the problem set forth in paragraph 4 above.

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