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Lane-Gansler Luncheon 03/10/99

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

MEETING WITH
DR. JACQUES S. GANSLER
UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY

Date: March 8, 1999

Time: 12 Noon

Location: 3E933 (River Entrance), Pentagon

From: Bruce W. MacDonald *BWM*

I. Objectives

Dr. Gansler has invited you to lunch. This provides a useful opportunity to establish a dialogue with him on several issues of mutual interest: DOD S&T funding, critical infrastructure protection (CIP) R&D, our chem/bio preparedness and CIP R&D interagency working groups, the Committee on National Security, and national missile defense.

II. Background

This lunch comes about as a result of your note to Gansler after the FY2000 R&D budget rollout. Gansler's office tells us that he has no particular agenda for this lunch. You will meet Gansler in his office, and you and he will walk to lunch in the Blue Room nearby.

III. Participants

Office of the Secretary of Defense Dr. Jacques ("Jack") S. Gansler

Attachments

Tab A Background/Talking Points

Tab B Bio of Dr. Gansler

March 2, 1999

DOD S&T STEWARDSHIP

Objective: to get Dr. Gansler's agreement to take proactive steps to block Air Force attempts to cut its S&T funding in FY2001.

Background

The Air Force has tried to cut its S&T funding in the past two years. The Air Force proposed major R&D funding cuts to pay other bills in both years. Under OSD pressure, the Air Force relented for FY1999 but changed course again in FY2000, keeping 6.1 funding constant, substantially decreased 6.2 funding, and compensated for the decrease by increasing the 6.3 account. However, most of the 6.3 increase comes from relabeling two 6.4 programs (Space Based Laser and the Discoverer II satellite) as 6.3. The Navy and Army reportedly were prepared to slash their budgets if they perceived the Air Force as "getting away with" its proposed reductions. DDR&E budget people tell us the situation will likely repeat itself for FY2001. Further S&T funding cuts would seriously erode our national security S&T base and harm the broader national S&T enterprise, including academic training and developing the future U.S. S&T workforce.

Agency and Category	FY1999 Submitted	FY1999 Enacted	FY2000 Submitted	FY2001 Projected
Air Force 6.1	209.4	209.7	209.5	177.5
Air Force 6.2	582.0	592.3	507.6	536.9
Air Force 6.3	379.3	465.6	465.7	509.0
Total:	1,170.7	1,267.6	1,182.8	1,223.4
Army 6.1	200.8	183.7	186.9	191.1
Army 6.2	511.3	628.1	555.3	563.4
Army 6.3	483.6	653.0	524.9	494.1
Total:	1,195.6	1,464.8	1,267.1	1,248.6
Navy 6.1	362.7	361.5	376.7	391.5
Navy 6.2	524.7	566.8	523.8	538.5
Navy 6.3	460.7	593.2	519.5	536.1
Total:	1,348.1	1,521.5	1,420.1	1,465.9
Defense Wide 6.1	338.4	353.0	340.0	338.3
Defense Wide 6.2	1,401.8	1,363.6	1,372.3	1,310.0
Defense Wide 6.3	1,720.6	1,820.6	1,804.0	1,727.8
Total:	3,460.9	3,537.2	3,516.3	3,376.2
DOD 6.1	1,111.2	1,107.9	1,113.1	1,098.4
DOD 6.2	3,019.9	3,150.7	2,959.0	2,948.8
DOD 6.3	3,050.0	3,532.4	3,314.1	3,266.9
Total:	7,181.1	7,791.1	7,386.3	7,314.1

Figures in \$ millions; from DDR&E.

Talking Points

- I am concerned by Air Force attempts during the last two years to reduce its S&T funding. According to figures I've seen, the Air Force is trying to do it again for FY2001: both the Army and Navy are planning 6.1 increases, but the Air Force is planning a 15+% cut in 6.1.
- I understand the Army and Navy were closely watching and were poised to cut their S&T budgets if the Air Force succeeded in getting its proposed cuts.
- These proposed, substantial reductions are alarming for several reasons:
 - Today's R&D supports tomorrow's weapon systems. Reductions today eat the seedcorn that will provide the advanced weapon systems and technological edge upon which our military -- and its warfighting strategies -- have come to depend.
 - Reductions to university programs supported by defense S&T dollars hurt DOD doubly -- not only do you lose the fruits of the research but you also lose the training and education of tomorrow's DOD -- and national -- S&T workforce.
 - 6.1 and 6.2 funding supports not only the defense S&T base but the broader S&T base that is driving our economic security and prosperity and which has helped make possible increases in the defense budget for the first time in 15 years.
- DOD has played a major, historic stewardship role with the nation's S&T. If DOD does not continue to provide its traditionally strong support for this role, then the broader national S&T enterprise will suffer substantially.
- If DOD is not willing to continue in this stewardship role, then we should consider shifting it to other agencies within the government.
- What can you and I, working together, do now to ensure that the services, especially the Air Force, continue their historical support of S&T?

WEAPONS OF MASS DESTRUCTION PREPAREDNESS AND CRITICAL INFRASTRUCTURE PROTECTION INTERAGENCY R&D WORKING GROUPS

Objective: to let Dr. Gansler know that OSTP is moving forward with both working groups, and that we have revised procedures in place to assure that there are no funding recommendations surprises for agencies this year.

Background

OSTP chairs research and development subgroups under two parallel NSC-chaired committees – the Weapons of Mass Destruction Preparedness group, concerned with defending against/mitigating terrorist use of weapons of mass destruction, and the Critical Infrastructure Coordination Group, concerned with cyber or physical attacks or other failures of our critical infrastructures. DOD conducts a substantial part of the R&D in both these areas.

Due to a serious failure of communication within Dr. Gansler's shop last year (confirmed to us by several DOD parties involved), he and his deputies were unaware of the funding recommendations that the Critical Infrastructure Protection R&D IWG made last year. Gansler and Etter both voiced displeasure on the "lack of interagency clearance" in the Committees on National Security and Technology late last year.

Talking Points:

- We look forward to working with the Department in R&D working groups for both Weapons of Mass Destruction Preparedness and the Critical Infrastructure Protection.
- We made a good start in developing an interagency process to track the R&D needed under these initiatives last year
- Bruce MacDonald has already met with Delores Etter to preview how OSTP will be working with OMB and the agencies for the FY 2001 budget cycle in both these areas. They agreed on the importance of making sure that information is shared within and between agencies.
- We are also committed to ensuring that there is full interagency awareness at all levels of the work of both these R&D working groups. We have spoken with the Executive Secretaries of both CNS and CT, and the agency representatives, to make sure that we accomplish this in 1999.

CRITICAL INFRASTRUCTURE PROTECTION R&D

Objective: Ask Gansler for his intervention with his people to provide the CIP IWG with the data necessary to build the FY2001 proposed CIP R&D agenda.

Background

DOD is the heavyweight funding agency for CIP R&D, with much of its funding coming from DARPA and the National Security Agency (NSA). DOD funds about 80% of federal CIP R&D in FY2000, at \$408M. Much of this has gone toward information assurance, information security, and defensive information warfare.

At last October's CNS meeting, Gansler was somewhat critical of the incomplete job the CIP R&D IWG did in comparing its proposed FY2000 R&D agenda to the existing baseline CIP R&D program. (We did the best we could with the data at hand, but agencies were not very forthcoming with data that they had never collected before.) Also in October, OMB asked agencies to provide data on their CIP R&D programs. To date, DOD has not responded to the OMB request, nor to repeated IWG requests for the same data, though they have provided the \$408M total. Given DOD's preponderant role in CIP R&D, it is crucial that DOD provide this data so the IWG can do its job for the FY2001 budget – and respond to the very criticism that Gansler leveled at last year's IWG work.

Talking Points

- Critical infrastructure protection is a major Administration initiative, and I appreciate the strong support DOD provides for R&D in this area.
- One of my goals for this year is to ensure that the interagency process for developing the proposed critical infrastructure protection R&D agenda is closely tied to agency budget processes.
 - This will help ensure the interagency working group's recommendations can be considered by the agencies as they develop their budgets.
 - We have strongly encouraged the agency representatives to the interagency working group to coordinate closely with their agency leadership.
- At October's Committee on National Security meeting, you asked the Critical Infrastructure Protection R&D IWG to compare its recommended R&D program to the existing baseline R&D program.
 - I agree with you that this analysis is important – it will help us determine if we are making appropriate and balanced investments in new R&D.

- Unfortunately, we are still awaiting the breakout of DOD's investments in critical infrastructure protection R&D for FY99/00 – this information is crucial to the IWG's analysis and our understanding of the overall R&D investment portfolio.
- I would appreciate your support in ensuring that DOD provides this information, so the interagency process can develop solid R&D recommendations for all the agencies for the FY2001 budget.

Steve Rinaldi 3/2/99

NSTC COMMITTEE ON NATIONAL SECURITY

Objective: To let Dr. Gansler know that you value CNS as a vehicle for ensuring a continuing dialogue among national security S&T principals, and to inform him that Bruce MacDonald will be the temporary OSTP co-chair.

Background

CNS working groups are studying International Technology Transfer, Nonproliferation and Arms Control Technology, and Critical Infrastructure Protection Research and Development. The working group on Weapons of Mass Destruction Preparedness R&D is not formally chartered under CNS, but periodically reports to CNS. Weapons of Mass Destruction Preparedness and Critical Infrastructure Protection are addressed separately. The International Technology Transfer Working Group (ITTWG) is analyzing cases of international technology transfer and extracting lessons learned that might lead to better policy or administrative procedures. The ITTWG has almost completed case studies in the following areas:

- International Technology Transfer and the Federal Laboratories
- Treatment of Government Supported Research Results and International SEMATECH
- The Decisionmaking Process in the Case of Rocket Motor Casing Export Controls

In addition, they will be undertaking cases in:

- Technology Transfer and the M-109 Howitzer
- The Decisionmaking Process in the Case of Night Vision Goggles

Talking Points

- I value the work of the Committee on National Security in maintaining a dialogue among national security S&T principals.
- We certainly miss Kerri-Ann Jones, but we intend to press forward with the important work before CNS.
- I have asked Bruce MacDonald, my Assistant Director for National Security, to serve as the OSTP co-chair and to work with you on International Technology Transfer, Critical Infrastructure Protection, Nonproliferation and Arms Control Technology, and other issues as they arise until we have a new Associate Director in place.

NATIONAL MISSILE DEFENSE

Objective: To open up a dialogue with Dr. Gansler on missile defense technology issues, and to let him know that this is an area of interest to you in terms of the technology issues involved.

Background

National missile defense is a timely issue because of advances that missile programs in North Korea, Iran, and Pakistan have made in the past year and because of the Administration's decision to reserve a funding wedge in the "out years" for a possible national missile defense deployment. Although the technical advances the North Koreans have made are often exaggerated in policy discussions, their recent test of a 2-stage missile – and partial demonstration of a rudimentary "third stage" – does show continued progress towards long-range missile development. Along with the recent publication of the high-level Rumsfeld Commission report, which concluded that U.S. intelligence has underestimated the proliferant missile threat, these North Korean advances have meant a missile defense deployment decision will likely be dominated more by effectiveness/cost-effectiveness factors than threat estimates. OSTP will want to remain closely involved in this issue to ensure any deployment decision is based on sound technical understanding of the missile defense's capabilities and its ability to overcome likely countermeasures an attacker might use.

Talking Points

- National missile defense will be a key issue for the Administration this year and next as we approach the June 2000 date at which we decide whether or not to begin deploying such a system.
- Any deployment decision will clearly involve a wide range of factors – foreign policy, arms control, economics/budget, opportunity cost, and nonproliferation. The part of most interest to me, of course, is the science and technology – in terms of the threat, the defensive capability, the offensive countermeasures, the counter-countermeasures, and so on.
- My people have received a preliminary brief from the Ballistic Missile Defense Organization, and I am looking forward to receiving my own brief on the technology of national missile defense before too long. I appreciate their willingness to keep us informed.
- I look forward to working with you and the Department on this issue and hope that we can maintain a dialogue on the issue. I also hope your people will be able to provide us update briefings as the program evolves.

DR. JACQUES S. GANSLER

Under Secretary of Defense for Acquisition and Technology

The Honorable Jacques S. Gansler was confirmed as the Under Secretary of Defense for Acquisition and Technology on November 5, 1997. In this position, he is responsible for all matters relating to Department of Defense acquisition, research and development, logistics, acquisition reform, advanced technology, international programs, environmental security, nuclear, chemical, and biological programs, and the defense technology and industrial base.

Prior to his appointment by President Clinton, Dr. Gansler was Executive Vice President and Director for TASC, Incorporated, an applied information technology company, in Arlington, Virginia. Prior to 1977, he was Deputy Assistant Secretary of Defense (Materiel Acquisition); Assistant Director of Defense Research and Engineering (Electronics); Vice President, I.T.T.; Program Management, Singer Corporation; and Engineering Management, Raytheon Corporation.

Previously, Dr. Gansler served on numerous special committees and advisory boards to include Vice Chairman, Defense Science Board; Chairman, Board of Visitors, Defense Acquisition University; Director, Procurement Round Table; Chairman, Industry Advisory Board of Visitors, University of Virginia; Chairman, Board of Visitors, University of Maryland, School of Public Affairs; member of the FAA Blue Ribbon Panel on Acquisition Reform; and senior consultant to the "Packard Commission" on Defense Acquisition Reform.

From 1984 to 1997, Dr. Gansler was also a Visiting Scholar at the Kennedy School of Government, Harvard University. He is an Honorary Professor, Industrial College of the Armed Forces; and formerly was a Visiting Professor at the University of Virginia.

Dr. Gansler graduated from Yale University (BE); Northeastern University (MSIEE); New School for Social Research (MA/Political Economy) American University (Ph.D/Economics). Dr. Gansler is the author of Defense Conversion: Transforming the Arsenal of Democracy; Affording Defense; and The Defense Industry. He is also a contributing author on 12 books on national security, research and development management, and public administration, as well as numerous journal papers, newspaper articles, and Congressional testimony.