

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2001

MAY 16, 2000.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. GOSS, from the Permanent Select Committee on Intelligence,
submitted the following

REPORT

[To accompany H.R. 4392]

[Including cost estimate of the Congressional Budget Office]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 4392) to authorize appropriations for fiscal year 2001 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Intelligence Authorization Act for Fiscal Year 2001”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

- Sec. 101. Authorization of appropriations.
- Sec. 102. Classified schedule of authorizations.
- Sec. 103. Personnel ceiling adjustments.
- Sec. 104. Intelligence community management account.
- Sec. 105. Transfer authority of the Director of Central Intelligence.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

- Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

- Sec. 301. Increase in employee compensation and benefits authorized by law.
- Sec. 302. Restriction on conduct of intelligence activities.
- Sec. 303. Sense of the Congress on intelligence community contracting.
- Sec. 304. Authorization for travel on any common carrier for certain intelligence collection personnel.
- Sec. 305. Reports on acquisition of technology relating to weapons of mass destruction and advanced conventional munitions.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

- Sec. 401. Modifications to Central Intelligence Agency's central services program.
- Sec. 402. Technical corrections.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

Sec. 501. Three-year extension of authority to engage in commercial activities as security for intelligence collection activities.

Sec. 502. Contracting authority for the National Reconnaissance Office.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 2001 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

- (1) The Central Intelligence Agency.
- (2) The Department of Defense.
- (3) The Defense Intelligence Agency.
- (4) The National Security Agency.
- (5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
- (6) The Department of State.
- (7) The Department of the Treasury.
- (8) The Department of Energy.
- (9) The Federal Bureau of Investigation.
- (10) The National Reconnaissance Office.
- (11) The National Imagery and Mapping Agency.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 2001, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the bill H.R. 4392 of the One Hundred Sixth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 2001 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever the Director exercises the authority granted by this section.

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 2001 the sum of \$144,231,000. Within such amount, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee shall remain available until September 30, 2002.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Intelligence Community Management Account of the Director of Central Intelligence are authorized 356 full-time personnel as of September 30, 2001. Personnel serving in such elements may be permanent employees of the Intelligence Community Management Account or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated for the Intelligence Community Management Account by sub-

section (a), there are also authorized to be appropriated for the Intelligence Community Management Account for fiscal year 2001 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a). Such additional amounts shall remain available until September 30, 2002.

(2) **AUTHORIZATION OF PERSONNEL.**—In addition to the personnel authorized by subsection (b) for elements of the Intelligence Community Management Account as of September 30, 2001, there are hereby authorized such additional personnel for such elements as of that date as are specified in the classified Schedule of Authorizations.

(d) **REIMBURSEMENT.**—Except as provided in section 113 of the National Security Act of 1947 (50 U.S.C. 404h), during fiscal year 2001, any officer or employee of the United States or a member of the Armed Forces who is detailed to the staff of the Intelligence Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(e) **NATIONAL DRUG INTELLIGENCE CENTER.**—

(1) **IN GENERAL.**—Of the amount authorized to be appropriated in subsection (a), \$28,000,000 shall be available for the National Drug Intelligence Center. Within such amount, funds provided for research, development, test, and evaluation purposes shall remain available until September 30, 2002, and funds provided for procurement purposes shall remain available until September 30, 2003.

(2) **TRANSFER OF FUNDS.**—The Director of Central Intelligence shall transfer to the Attorney General funds available for the National Drug Intelligence Center under paragraph (1). The Attorney General shall utilize funds so transferred for the activities of the National Drug Intelligence Center.

(3) **LIMITATION.**—Amounts available for the National Drug Intelligence Center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)).

(4) **AUTHORITY.**—Notwithstanding any other provision of law, the Attorney General shall retain full authority over the operations of the National Drug Intelligence Center.

SEC. 105. TRANSFER AUTHORITY OF THE DIRECTOR OF CENTRAL INTELLIGENCE.

(a) **LIMITATION ON DELEGATION OF AUTHORITY OF DEPARTMENTS TO OBJECT TO TRANSFERS.**—Section 104(d)(2) of the National Security Act of 1947 (50 U.S.C. 403–4(d)(2)) is amended—

(1) by inserting “(A)” after “(2)”;

(2) by redesignating subparagraphs (A), (B), (C), (D), and (E) as clauses (i), (ii), (iii), (iv), and (v), respectively;

(3) in clause (v), as so redesignated, by striking “the Secretary or head” and inserting “subject to subparagraph (B), the Secretary or head”; and

(4) by adding at the end the following new subparagraph:

“(B)(i) Except as provided in clause (ii), the authority to object to a transfer under subparagraph (A)(v) may not be delegated by the Secretary or head of the department involved.

“(ii) With respect to the Department of Defense, the authority to object to such a transfer may be delegated by the Secretary of Defense, but only to the Deputy Secretary of Defense.

“(iii) An objection to a transfer under subparagraph (A)(v) shall have no effect unless submitted to the Director of Central Intelligence in writing.”.

(b) **LIMITATION ON DELEGATION OF DUTIES OF DIRECTOR OF CENTRAL INTELLIGENCE.**—Section 104(d)(1) of such Act (50 U.S.C. 403–4(d)(1)) is amended—

(1) by inserting “(A)” after “(1)”;

(2) by adding at the end the following new subparagraph:

“(B) The Director may only delegate any duty or authority given the Director under this subsection to the Deputy Director of Central Intelligence for Community Management.”.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 2001 the sum of \$216,000,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. SENSE OF THE CONGRESS ON INTELLIGENCE COMMUNITY CONTRACTING.

It is the sense of the Congress that the Director of Central Intelligence should continue to direct that elements of the intelligence community, whenever compatible with the national security interests of the United States and consistent with operational and security concerns related to the conduct of intelligence activities, and where fiscally sound, should competitively award contracts in a manner that maximizes the procurement of products properly designated as having been made in the United States.

SEC. 304. AUTHORIZATION FOR TRAVEL ON ANY COMMON CARRIER FOR CERTAIN INTELLIGENCE COLLECTION PERSONNEL.

(a) IN GENERAL.—Title I of the National Security Act of 1947 (50 U.S.C. 402 et seq.) is amended by adding at the end the following new section:

“TRAVEL ON ANY COMMON CARRIER FOR CERTAIN INTELLIGENCE COLLECTION
PERSONNEL

“SEC. 116. (a) IN GENERAL.—Notwithstanding any other provision of law, the Director of Central Intelligence may authorize travel on any common carrier that, in the discretion of the Director, would by its use maintain or enhance the protection of sources or methods of intelligence collection or maintain or enhance the security of personnel of the intelligence community carrying out intelligence collection activities.

“(b) AUTHORIZED DELEGATION OF DUTY.—The Director may only delegate the authority granted by this section to the Deputy Director of Central Intelligence, or with respect to employees of the Central Intelligence Agency the Director may delegate such authority to the Deputy Director for Operations.”

(b) CLERICAL AMENDMENT.—The table of contents for the National Security Act of 1947 is amended by inserting after the item relating to section 115 the following new item:

“Sec. 116. Travel on any common carrier for certain intelligence collection personnel.”

SEC. 305. REPORTS ON ACQUISITION OF TECHNOLOGY RELATING TO WEAPONS OF MASS DESTRUCTION AND ADVANCED CONVENTIONAL MUNITIONS.

Section 721(a) of the Intelligence Authorization Act for Fiscal Year 1997 (50 U.S.C. 2366) (Public Law 104–293, 110 Stat. 3474) is amended—

(1) by striking “Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter,” and inserting “Not later than March 1, 2001, and every March 1 thereafter,”; and

(2) in paragraph (1), by striking “6 months” and inserting “year”.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. MODIFICATIONS TO CENTRAL INTELLIGENCE AGENCY'S CENTRAL SERVICES PROGRAM.

Section 21(c)(2) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403u(c)(2)) is amended—

- (1) by redesignating subparagraph (F) as subparagraph (G); and
- (2) by inserting after subparagraph (E) the following new subparagraph:
“(F) Receipts from miscellaneous reimbursements from individuals and receipts from the rental of property and equipment to employees and detailees.”.

SEC. 402. TECHNICAL CORRECTIONS.

(a) REPORTING REQUIREMENT.—Section 17(d)(1) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403q(d)(1)) is amended—

- (1) by adding “and” at the end of subparagraph (D);
- (2) by striking subparagraph (E); and
- (3) by redesignating subparagraph (F) as subparagraph (E).

(b) TERMINOLOGY WITH RESPECT TO GOVERNMENT AGENCIES.—Section 17(e)(8) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403q(e)(8)) is amended by striking “Federal” each place it appears and inserting “Government”.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. THREE-YEAR EXTENSION OF AUTHORITY TO ENGAGE IN COMMERCIAL ACTIVITIES AS SECURITY FOR INTELLIGENCE COLLECTION ACTIVITIES.

Section 431(a) of title 10, United States Code, is amended by striking “December 31, 2000” and inserting “December 31, 2003”.

SEC. 502. CONTRACTING AUTHORITY FOR THE NATIONAL RECONNAISSANCE OFFICE.

(a) IN GENERAL.—The National Reconnaissance Office (“NRO”) shall negotiate, write, and manage vehicle acquisition or launch contracts that affect or bind the NRO and to which the United States is a party.

(b) EFFECTIVE DATE.—This section shall apply to any contract for NRO vehicle acquisition or launch, as described in subsection (a), that is negotiated, written, or executed after the date of the enactment of this Act.

(c) RETROACTIVITY.—This section shall not apply to any contracts, as described in subsection (a), in effect as of the date of the enactment of this Act.

PURPOSE

The bill would:

(1) Authorize appropriations for fiscal year 2001 for (a) the intelligence and intelligence-related activities of the U.S. Government, (b) the Community Management Account, and (c) the Central Intelligence Agency Retirement and Disability System;

(2) Authorize the personnel ceilings on September 30, 2001 for the intelligence and intelligence-related activities of the U.S. Government and permit the Director of Central Intelligence to authorize personnel ceilings in Fiscal Year 2001 for any intelligence element up to two percent above the authorized levels, with the approval of the Director of the Office of Management and Budget;

(3) Authorize \$28 million for the National Drug Intelligence Center in Johnstown, Pennsylvania;

(4) Authorize intelligence collection personnel of the Intelligence Community to use any common carrier for travel during the course of their intelligence collection activities;

(5) Permit deposit of certain miscellaneous receipts into the Central Intelligence Agency's Working Capital Fund of the Central Services Program;

(6) Extend the Department of Defense's authority to engage in commercial activities as security for intelligence collection activities;

(7) Limit the authority of the National Reconnaissance Office to use external contracting offices to negotiate, write, and manage launch vehicle acquisition and launch services contracts.

OVERALL PERSPECTIVE ON THE INTELLIGENCE BUDGET AND COMMITTEE INTENT

The classified Annex to this public report includes the classified Schedule of Authorizations and its associated language. The committee views the classified Annex as an integral part of this legislation. The classified Annex contains a thorough discussion of all budget issues considered by the committee, which underlies the funding authorization found in the Schedule of Authorizations. The committee intends that all intelligence programs and intelligence-related activities discussed in the classified Annex to this report be conducted in accord with the guidance and limitations set forth as associate language therein. The classified Schedule is incorporated directly into this legislation by virtue of section 102 of the bill. The classified Annex is available for review by all Members of the House of Representatives, subject to the requirements of clause 13 of Rule XXIV of the House.

SCOPE OF COMMITTEE REVIEW

U.S. intelligence and intelligence-related activities under the jurisdiction of the committee include the National Foreign Intelligence Program (NFIP), and the Tactical Intelligence and Related Activities (TIARA) and the Joint Military Intelligence Program (JMIP) of the Department of Defense.

The NFIP consists of all programs of the Central Intelligence Agency, as well as those national foreign intelligence and/or counterintelligence programs conducted by: (1) the Department of Defense; (2) the Defense Intelligence Agency; (3) the National Security Agency; (4) the Departments of the Army, Navy, and Air Force; (5) the Department of State; (6) the Department of the Treasury; (7) the Department of Energy; (8) the Federal Bureau of Investigation; (9) the National Reconnaissance Office; and (10) the National Imagery and Mapping Agency.

The Department of Defense TIARA is a diverse array of reconnaissance and target acquisition programs that are a functional part of the basic military force structure and provide direct information support to military operations. TIARA, as defined by the Joint Chiefs of Staff and the Secretary of Defense, include those military intelligence activities outside the General Defense Intelligence Program that respond to the needs of military commanders for operational support information, as well as to national command, control, and intelligence requirements. The Armed Services

Committee in the House of Representatives has joint oversight and authorizing jurisdiction of the programs comprising TIARA.

The JMIP was established in 1995 to provide integrated program management of defense intelligence elements that support defense-wide or theater-level consumers. Included within JMIP are aggregations created for management efficiency and characterized by similarity, either in intelligence discipline (e.g., Signals Intelligence (SIGINT), Imagery Intelligence (IMINT)), or function (e.g., satellite support, aerial reconnaissance). The following aggregations are included in the JMIP: (1) the Defense Cryptologic Program (DCP); (2) the Defense Imagery and Mapping Program (DIMAP); (3) the Defense General Intelligence Applications Program (DGIAP), which itself includes (a) the Defense Airborne Reconnaissance Program (DARP), (b) the Defense Intelligence Tactical Program (DITP), (c) the Defense Intelligence Special Technologies Program (DISTP), (d) the Defense Intelligence Counterdrug Program (DICP), and (e) the Defense Space Reconnaissance Program (DSRP). As with TIARA programs, the Armed Services Committee in the House of Representatives has joint oversight and authorizing jurisdiction of the programs comprising the JMIP.

COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee completed its review of the President's fiscal year 2001 intelligence budget, carrying out its annual responsibility to prepare an authorization based on close examination of intelligence programs and proposed expenditures. The review reflected the Committee's continuing belief that intelligence activities must be examined by program, as well as by function. The committee held eleven committee budget-related hearings, principally on a program level, including Covert Action. A separate hearing was on support to military operations. Likewise, a hearing was held addressing the Director of Central Intelligence's (DCI) overall budget submission, the state of health of the Intelligence Community, and to examine the DCI's views and plans for the future of intelligence and the Intelligence Community. There were, in addition, numerous individual briefings of Members and over 200 staff briefings on programs, specific activities, and budget requests.

In the schedule of authorizations and the accompanying explanatory language, the Committee has discussed numerous specific matters related to the fiscal year 2001 budget. In the following section, the Committee addresses several issues that it believes are particularly important where it has been no direct budgetary action.

Taken as a whole, the Committee's budgetary actions and general provisions reflect the Committee's concern that the United States is placing undue risks on its armed forces and its national security interests by not redressing the many crucial problems facing the Intelligence Community.

- In the Human Intelligence (HUMINT) arena, poor planning, infrastructure problems, extended requirements for military force protection, and unexpected contingency operations have all worked to take money from the "front line" field officers, thus limiting our efforts to rebuild our "eyes and ears" around the globe.

- In the area of imagery intelligence (IMINT), despite the oversight committees' exhortations, we are still faced with totally inadequate systems planning and investment for the tasking, processing, exploitation, and dissemination (TPED) of the imagery collection capabilities we are building, let alone the capabilities of other future collectors.

- In the area of space-based collection, unanticipated technical problems with some satellite programs in development will likely cause scheduling delays and cost increases. Moreover, an insufficient priority on developing cutting-edge technologies ensures that the core mission of space intelligence—to collect secrets—will continue to languish and become increasingly limited.

- In the area of Intelligence, Surveillance and Reconnaissance (ISR) assets, we continue to see extensive over-utilization of very limited, but critical airborne assets, with little relief in sight. While planning for deployment of new ISR airborne capabilities into the theaters, the Department of Defense has taken money from existing, supposedly complementary, platforms to pay for future capabilities. The result: our overall ISR capabilities and resources are decreasing at a time when our military forces are relying on them more and more.

- The most serious, immediate problem is with signals intelligence (SIGINT) resources. The January "crash" of National Security Agency (NSA) computers was not the result of a terrorist attack or hacker gamesmanship. The problem resulted from NSA's lack of resources for new infrastructure needs, the mismanagement of outdated Information Technology (IT) resources, and the lack of sufficient acquisition processes and expertise. This should have come as a surprise to no one. Indeed, the Committee has, for at least three years, warned NSA and the Intelligence Community of concerns in these areas. The Director of NSA has begun efforts to address these issues, and his efforts have the Committee's support. Likewise, the Committee has taken specific actions within this bill to begin to address these issues.

The Committee's review of this year's budget request has included testimony from the Director of Central Intelligence (DCI), his senior leadership and the managers of individual programs and agencies, as well as leaders from the Department of Defense and the military services who use and rely on intelligence systems and information on a daily basis. Their message has been unanimous and crystal clear: there are not enough intelligence resources to meet the immediate needs of national security, let alone future needs.

For the past five years, the Committee and Congress have sought to increase the "top line," or overall funding level for the Intelligence Community. These increases have ranged from significant, to more modest amounts, such as that found in this year's recommended authorization. Although Congress has acted, it is the Administration's responsibility to build each year a healthy intelligence budget that meets national security needs. With this in mind, the Committee has also attempted to prod the President, the Director of Central Intelligence and the Secretary of Defense to re-examine the basic process used to put the yearly budget request together.

The United States cannot continue to use the same processes to build the intelligence budgets of the 21st century that were used in the Cold War. American interests have changed, new threats have evolved and the priority placed on intelligence and the role of the Intelligence Community has grown. For the President and senior policymakers, intelligence often forms the basis for key foreign policy strategies and decisions, and can provide insights as to the effect of such decisions. At its best, intelligence provides key indications and warning (I&W) information that can direct attention to issues and areas before crises occur, to allow for appropriate actions to provide stability and, hopefully, deter or avoid conflict. Yet, despite the need to supply this information, our intelligence resources are primarily directed toward the most important issues, leaving fewer resources for the critical I&W function, especially in areas of the world that could erupt overnight.

For the military, intelligence is now the basis for and organic to everything it does. HUMINT and SIGINT, in particular, provide direct and immediate threat data to personnel engaged in activities that risk their lives on a daily basis: our ground forces in Kosovo, our pilots conducting Northern and Southern Watch missions in Iraq, our troops on the border between North and South Korea, our forces engaged in counternarcotics operations in Latin America, and our Special Operations personnel who must enter an area unannounced and undetected, and require the friendly face of an intelligence officer to give them "ground truth."

As these critical requirements have grown at a rapid pace, the intelligence budget has become more and more inadequate, with existing resources increasingly drawn off to meet day-to-day tactical requirements. Global coverage and predictive, strategic intelligence have, as a result, suffered. This translates into the lack of warning of nuclear tests in India, our inability to monitor key facilities suspected of producing weapons of mass destruction because assets are focused on crisis areas, the bombing of the Chinese Embassy in Belgrade, the extreme shortage of ISR assets in key areas of the world.

Intelligence should be the first line of defense, yet, it is not treated as such. Remedying this situation, however, is not a task that Congress can, or should, take on alone. Along with a new approach to budgeting by the Administration, there also must be a Community-wide effort actually to work as a "community."

AREAS OF SPECIAL INTEREST

STATE DEPARTMENT SECURITY CONCERNS

The Committee is deeply disturbed over the loss of a laptop computer from the allegedly secure workspace of the Office of Strategic Proliferation and Military Affairs of the Bureau of Intelligence and Research of the Department of State (INR). The laptop contained highly classified compartmented information.

The State Department failed to notify the FBI about the loss of the computer until March 22, 2000. On April 17, 2000, an article appeared in the Washington Post detailing the disappearance of the laptop. Prior to the news story, neither the House, nor the Senate, intelligence committees were notified of the loss and the poten-

tial compromise of highly classified intelligence information, as required by § 502(1) of the National Security Act of 1947, as amended. The delayed notice (up to two months) to the FBI hindered the Bureau's investigation. The Committee does not believe that the failure by the Department of State and the Central Intelligence Agency to provide the required notification was justified.

The Committee is also troubled by a pattern of problems at the Department of State regarding matters of security.

In February 1998, an unknown man in a tweed sport coat was watched as he entered the "secure" area of the office of the Executive Secretary, which is physically located within the Secretary of State's office suite, and walked away with more than a few documents containing Sensitive Compartmented Information (SCI) material. Although the FBI was advised in a timely manner of that theft, the intelligence oversight committees were notified by INR of the matter only after news stories concerning the incident were published by Time magazine and the Washington Post.

In September 1998, the State Department's Inspector General documented a failure of the State Department to protect classified intelligence information. State Department officials have not responded fully to the Inspector General's recommendations. In the Intelligence Authorization Act for fiscal year 1999, Congress directed the Inspector General to perform a review of the Department's procedures for protecting intelligence information within headquarters. The Inspector General was also asked to make recommendations based on her findings to enhance security.

In September 1999, the intelligence committees received that report. The Inspector General concluded that "the Department of State is substantially not in compliance with the DCIDs (Director of Central Intelligence Directives) that govern the handling of SCI." The Inspector General described a situation where unescorted foreign visitors are permitted access to the Department. Uncleared maintenance, repair, and char force personnel were permitted unescorted access to areas where classified intelligence information is handled, processed, stored, and discussed.

Substantial security enhancements were recommended by the Inspector General. Most significantly, the Inspector General urged the implementation of a visitor escort policy. It was noted in the September 1999 audit that although the Bureau of Diplomatic Security published visitor escort requirements on November 17, 1998, these were rescinded on November 23, 1998, on the direct order of the Undersecretary of State for Political Affairs. By the time of the publication of the Inspector General report, a new escort policy was in effect, but the Committee has continuing concerns about its scope and enforcement. Additionally, the Inspector General called for better control mechanisms for intelligence information, noting that the State Department was not in full compliance with the applicable DCIDs regarding SCI material.

In December 1999, a Russian diplomat was arrested outside the State Department in connection with the discovery of a Russian bugging device in the chairrail of a seventh floor conference room in the Main State building.

Were intelligence information not so important for the State Department for the conduct of informed foreign policy, the Committee

would likely be advocating drastic measures cutting off access to highly classified materials. After all, the unauthorized disclosure of intelligence information jeopardizes lives of intelligence officers and assets and compromise multi-billion dollar secret intelligence capabilities. Nevertheless, the Committee is hopeful that measured responses can accomplish the objective of improving security practices at Main State and throughout the Department. Serious and meaningful action, however, must be taken and compliance with DCID procedures by State Department employees and officials must be verified. Moreover, accountability for security failures must be real.

In this regard, the Committee notes that on April 24, 2000, Secretary Albright transferred responsibility for protection of SCI material from INR to the Diplomatic Security Bureau, which was suggested by the State Inspector General in September 1999. This step, and others announced by the Secretary, may need to be reviewed, but they are at least a recognition that a serious situation exists at the State Department with respect to its cavalier attitude toward security generally and particularly toward intelligence information. It is unconscionable that, as the Inspector General found, security of intelligence information within INR was not a priority.

Although ample criticism can be directed toward State Department officials, the Committee also notes that the DCI has not exercised his authorities in this regard to his utmost. The Committee finds it necessary to emphasize again that the DCI is obligated under law to protect intelligence sources and methods from unauthorized disclosure (50 U.S.C. § 403–3(c)(6)) and, further, is responsible for ensuring the establishment of security and access standards for managing and handling foreign intelligence systems, information, and products (Exec. Order 12333 Part 1.5(g) and (h), respectively). In this regard, the Committee appreciates the DCI's recent commitment to form "an Agency task force to conduct a prompt and thorough inventory, review, and risk-assessment of the information resident on the missing laptop's hard-drive." (DCI letter to the Secretary of State, 2 May 2000). Additionally, the Committee looks forward to the DCI's evaluation of "the need for additional improvements in the handling and accountability for classified information, particularly Sensitive Compartmented Information, in the Intelligence Community." The Committee fully expects the DCI to focus considerable attention on the State Department, in this regard.

The Committee also expects the DCI, as part of this evaluation, to review and make recommendations about the number of positions at the State Department that require SCI-level clearances and the appropriate number of SCI facilities (SCIF) within the State Department. The Committee requests that the DCI submit these recommendations to the Committee prior to conference on this bill.

The Committee also requests that the DCI certify to the Committee, in writing, that the State Department is in full compliance with all of the DCIDs concerning information security, counter-intelligence measures, and personnel security, as well as any exec-

utive orders, regulations, or policy directives affecting the protection and handling of classified intelligence information.

Pending the receipt of the DCI's report, including the results of his review and recommendations, and receipt of the certification of compliance with the DCIDs, the Committee recommends a fence of a portion of those funds authorized to be appropriated for INR's activities in this bill, and a fence of a portion of those funds authorized to be appropriated by this bill to the Office of the DCI. The Committee, likewise, recommends that additional funding be transferred to the CIA to help fund infrastructure needs associated with the detailing of INR analysts to the Directorate of Intelligence of the CIA, and to reimburse the Department of State for such analysts who will be co-located at the CIA. For further elucidation of the issues relating to the detailing and colocation of INR analysts, see the budget language relating to the CIAP and the general provisions section, *supra*. Finally, because of the attitudes related to security procedures and awareness, as previously described, and based on several Committee inquiries while visiting diplomatic posts throughout the world, the Committee is also taking steps to reorganize the management, operations and security of diplomatic telecommunications. A discussion of these steps can be found within the classified annex.

It should be noted that the Committee will be conducting an investigation of security of classified intelligence information at the Department of State. Indeed, the Committee has engaged the services of a security and counter-intelligence expert to assist in this investigation. The consultant and other participants in the investigation will:

1. Undertake field inspection visits on behalf of the Committee to those State Department components responsible for counterintelligence, protection of intelligence sources and methods, and related security issues;
2. Review compliance by the State Department with applicable laws, regulations, executive orders, and policy guidance pertaining to counterintelligence, protection of intelligence sources and methods, and related security issues;
3. Interview personnel from the State Department and other intelligence community elements concerning the effectiveness of counterintelligence, protection of intelligence sources and methods, and related security issue reforms being implemented by the Department of State;
4. Provide a written report on the materials, measures, and capabilities currently available, and planned to be made available, to the State Department concerning counterintelligence, protection of intelligence sources and methods, and related security issues;
5. Provide a written report on the status of and implementation of reforms concerning counterintelligence, protection of intelligence sources and methods, and related security issues at the Department of State; and
6. Recommend to the Committee, in writing, any additional measures that would improve counterintelligence, protection of intelligence sources and methods, and related security issues at the State Department.

The Committee expects that the report of the investigation will consider whether an intelligence information security office (IISO) should be established within INR to manage intelligence information security practices. Such an office could perform the following functions: ensure compliance with the DCIDs and all other laws, regulations, and executive orders relating to the protection of intelligence information; implement and enforce necessary control mechanisms relating to access to classified intelligence information; undertake counterintelligence measures that enhance the protection of the intelligence information and the sources and methods of intelligence collection, such as the implementation of counterintelligence polygraph examinations; report in a timely fashion to the appropriate government entities, including the intelligence oversight committees, of any violation of security measures that are designed to protect SCI material and sources and methods. The office could report to the Secretary and the DCI through the Assistant Secretary for INR and be comprised of officers detailed from CIA, NSA, and the FBI, who are experienced professionals with significant backgrounds in security and counterintelligence matters.

The Committee looks forward to the conclusion in the report on whether the creation of an IISO is useful or wise, and whether, if created, it would be effective at improving what has been characterized by the DCI and Secretary of State as a “cultural attitude” of disinterest in security within the Department of State. Such an attitude has over time minimized the importance of security, which is “an inherent, inextricable, and indispensable component of all jobs” at the Department of State (Secretary Albright at DoS, 3 May 2000).

The Secretary of State declared to the employees of the Department of State on May 3, 2000, “If you are not a professional about security, you are a failure.” The Committee could not agree more strongly. Actions, however, will be the true test of the Department’s commitment to improve security, a commitment to which the Secretary has personally associated herself.

ANALYST COLLOCATION

All-source analysis is the sine qua non of intelligence production. This category includes intelligence products that have been written by analysts who have access to all available intelligence information collected on a particular issue or area, including human intelligence, imagery, signals intelligence, open-source information, and any other data collected through other specific technical programs or special platforms. All-source intelligence can provide the highest quality, most complete assessment of a situation for the military commanders and policy makers who face critical decisions.

Within the NFIP, all-source analysis is concentrated within the Defense Intelligence Agency and the Central Intelligence Agency, although the National Intelligence Council, the National Drug Intelligence Center, the State Department’s Bureau of Intelligence and Research, and the Department of Energy all maintain all-source analysis capabilities. In addition, many analysts at the so-called “stovepipe” agencies—such as the National Security Agency and the National Imagery and Mapping Agency—perform many all-

source analytical functions, even if they are not classified specifically as "all source analysts."

The Committee has for many years promoted the concept of Intelligence Community "corporateness." In the 1996 study IC21: Intelligence Community in the 21st Century, the Committee recommended a more corporate, consolidated approach to intelligence, and the reinforcement of the CIA's role as the premier all-source analytical agency.

In order to foster a more corporate approach to all-source analysis and to support the DCI's goals for developing new analytic methods and investing in people and knowledge, the Committee has transferred funds into the Central Intelligence Agency Program for the collocation of analysts from State/INR at CIA. These analysts are to be located within the CIA's DI on a reimbursable basis.

The Committee also believes that the Community's all-source capabilities and expertise may also be enhanced with the collocation of NSA SIGINT analysts within the CIA's DI, in a similar fashion to NIMA imagery analysts who are deployed there today. Therefore, the Committee directs the DCI and the Director, NSA, to study the concept of moving some NSA analysts to the CIA's DI and to report to the Committee, prior to the submission of the fiscal year 2002 budget request, on steps that can be taken to effect this. The Committee would prefer that such a program be implemented no later than in fiscal year 2002.

The Committee believes that all parties will benefit from this collocation. The CIA's DI will benefit from the expertise in SIGINT and diplomatic collection that the NSA and INR analysts will bring with them. Likewise, the NSA and INR analysts and analysis can draw upon the knowledge and resources of the DI.

OVERSIGHT OF NSA MODERNIZATION

As the Committee's own investigations clearly indicate, and as the analyses of the DCI's Senior Acquisition Executive (SAE), outside experts, and the new NSA Director confirm, NSA is in very serious need of acquisition reform. Acquisition problems, in fact, may prevent NSA from developing a good modernization plan, implementing, properly estimating the cost of modernization, and determining whether more money than currently programmed is needed for the Agency and, if so, how much.

NSA was obviously extremely successful for many decades against Cold War foes. The telecommunications sectors of these adversaries, however, tended to evolve relatively slowly, and older forms of communication were rarely, if ever, discarded altogether. The U.S. SIGINT enterprise successfully attacked these threats with a decentralized resource management and allocation process; decentralized, distributed tasking and processing; and sometimes with large development programs involving industry. During the 1980's budget increases, NSA decided to build up its in-house government scientists and engineers and the Agency now seems to believe that in-house talent can address the rapidly evolving signals environment better than outsiders can. Budget problems and processes also contributed to the proliferation of small independent activities, and this evolution accentuated the traditional high degree of local program autonomy, with virtually no effort to integrate sys-

tems across the SIGINT architecture. The culture demanded compartmentation, valued hands-on technical work, and encouraged in-house prototyping. It placed little value on program management, contracting development work to industry, and the associated systems engineering skills.

Today, an entirely new orientation is required. NSA now faces new, more robust challenges, thanks to the explosion of the technology and telecommunications industries. Each type of communication—radio, satellite, microwave, cellular, cable—is becoming connected to all the others. Each new type of traffic shows up on every type of communication. Unfortunately, as the global network has become more integrated, NSA's culture has evolved so that it is seemingly incapable of responding in an integrated fashion.

To tackle this target, NSA cannot remain split into multiple, separate collection "stovepipes." It cannot afford to allow multiple sub-components to decide what capabilities to build, because the result today can be wasteful duplication and crippling gaps in capability. NSA must be organized and operated as a single, cohesive enterprise, within a common tasking, processing, exploitation, and dissemination framework. Building this new system is, by definition, a major undertaking that requires careful preparation. NSA must overcome its instinct to try to solve all its problems at once, by launching out with a series of development efforts without first doing the laborious work of defining requirements and developing an architecture, end-to-end program planning, life-cycle costing, and developing an acquisition strategy. NSA's modernization must result in a highly integrated system, and will require a very sophisticated systems engineering and program management capability—the like of which NSA has not experienced in a very long time, if ever. The acquisition model used by NSA must include spiral development to manage risk and keep up with the rapidly changing signals environment. NSA must also take a hard look at the extent to which a relatively small number of government engineers, however talented, can be expected to keep up with the massive and dynamic commercial industry.

In summary, it seems clear to the Committee that NSA must prepare itself for complex, prioritized, carefully timed and integrated systems acquisitions that, in aggregate, rival the complexity of programs commonly managed by the NRO, the Defense Department, and commercial industry. NSA must quickly and effectively position itself to make ruthlessly honest assessments about in-house development versus contracting out. This effort will require a very well thought out acquisition plan, so that capabilities can be developed, delivered, and integrated as quickly and effectively as possible. The Agency must rapidly enhance its program management and systems engineering skills and heed the dictates of these disciplines, including looking at options to contract out for these skills.

The Committee believes that the NSA Director and other elements of the Agency grasp these imperatives. General Hayden has already taken some initial but important steps to implement them. The Committee does not underestimate the complexity and sheer magnitude of the problems involved in remaking an insular institu-

tion that has always prided itself, with reason, on its ability to get the job done its own way.

Due to the formidable nature of this problem and the potential costs required, and given the stakes involved for the nation's security, the Committee believes that a structure of competent external oversight must be brought to bear on NSA's modernization program. The Committee requests that the DCI's SAE prepare and report to the congressional intelligence and defense committees, a plan for review, approval and continued monitoring of NSA's integrated modernization program. This plan should incorporate the views and recommendations of the Independent Architecture Panel, which should advise on the appropriate acquisition model, and the SAE should participate in relevant panel deliberations. The Committee expects this oversight to include review of requirements definition, architecture, cost estimates, acquisition strategy (including the role of industry), and program milestones. The Committee believes that such standing oversight should be tailored to NSA's needs and should be streamlined to a degree commensurate with NSA's demonstrated competence and internal controls. The acquisition model selected should enable rapid, perhaps sequential, fielding of the integrated architecture, bearing in mind the shortcomings in NSA's current development methodology. Given the fast turnover in technology, the Committee believes that proven commercial model could provide the basis for NSA's approach. This report is requested by November 1, 2000.

This external oversight serves two major purposes. One, it can help to force NSA to come to grips with its challenges and actually make the reforms that most agree are necessary.

And two, with such an oversight structure in place, Congress and the Executive Branch leadership can allocate scarce resources to NSA with more confidence that funds will be expended effectively.

COLLABORATION

The Committee is frustrated with the Intelligence Community's funereal pace in the area of electronic collaboration. In startling testimony, the DCI stated flatly that collaboration, which is one of the major thrusts of his strategic intent, is being stymied by the parochial interests of the intelligence agencies.

The Committee understands that there are real security issues that must be resolved before the DCI's goal of unfettered collaboration across the Intelligence Community can be achieved. However, the Committee agrees with the DCI and his senior advisor for intelligence production, that these security issues are being used as an excuse for inaction. In fact, the agencies' torpor seems to be due more to fears about sharing information and the possibility of relinquishing some bureaucratic control over the intelligence production process. In all probability, another factor is the disregard organizations habitually display for techniques and systems that were invented or sponsored by others.

The Committee notes that DIA has a very successful and capable collaboration system embedded in the Joint Intelligence Virtual Architecture (JIVA) that is being fielded within the defense intelligence community. A National Intelligence Council study from two years ago all but endorsed this system as a Community standard,

and all analyses since clearly indicate that JIVA is the best of breed and mature and affordable enough for proliferation across the rest of the Intelligence Community. JIVA is based on COTS tools, and is structured to ensure that the government can always shift to the best commercial product and reap the benefits of commercial investment and competition.

The Committee does not have confidence that the current approach of attempting to engineer “interoperability” between disparate systems will produce more than minimal capabilities. In fact, the Community’s current concept of waiting and working towards a “standard-based interoperability,” in the Committee’s view, ignores the realities of commercial technology and its pace of development. As a result of these attitudes, the Committee doubts that universal standards can be developed using the current approach.

The Committee is even less impressed with arguments promoting long-term operational use of the CVW system built upon tools developed by the Mitre Corporation. Its president has indicated clearly that Mitre’s product is not suitable for an operational capability, certainly not on an enterprise-wide basis.

Based on these factors, the Committee has taken specific actions that can be found in the classified annex. The JIVA program manager is encouraged to pursue all reasonable means to meet the special needs of each customer, based on these actions, and to explore all avenues for incorporating all the best commercial tools within the JIVA suite, to provide customers, on a cost-effective basis, with as many choices as possible for collaboration tools to meet their needs, and to seek every possible means to reduce the cost of virtual collaboration. The JIVA program manager also needs to explore with industry ideas to overcome legitimate security issues and to enable management to retain appropriate control over the activities of subordinates and the quality of products. In this regard, the Committee notes that new business models, such as so-called application service provider schemes, might indeed provide means to allow users to use multiple tools, as they see fit, while at the same time greatly reducing enterprise-wide costs, security risks, and the erosion of management controls over analyst interactions.

TASKING, PROCESSING, EXPLOITATION, AND DISSEMINATION

The Intelligence Authorization Act for Fiscal Year 2000 directed the DCI and the Secretary of Defense to restructure the Future Imagery Architecture (FIA) satellite program by reducing the number of satellites in the planned constellation. Congress directed this action because ample testimony, briefings, and reports showed that current plans for improving imagery tasking, processing, exploitation, and dissemination (TPED) fell far short of the planned expansion of collection capacity, from both aircraft and satellites. The report accompanying the Act pointed out that it would be a waste of the taxpayers’ money to buy expensive satellites whose product could not be fully utilized. The report indicated that the intelligence committees would reconsider the requirement to restructure the FIA program based on the administration’s budget planning for TPED as reflected in the fiscal year 2001 amendment to the fiscal

year 2000 Future Years Defense Program (FYDP), and in preliminary plans for the new fiscal year 2002 FYDP.

The administration has, indeed, added funding to the current FYDP in the fiscal year 2001 budget request. The Committee agrees that this figure represents a substantial investment. However, it is well short of the range of necessary investment reported to Congress by the administration both last year and in testimony this year. Moreover, the Deputy Secretary of Defense testified that, despite general acknowledgment of the need for greater TPED investment, it will be difficult for the administration to come up with the money, owing to competing priorities within the military services and the Intelligence Community. In addition, the Deputy Secretary noted that the last budget of an outgoing administration can be expected to lack some rigor, and that in the last analysis it will be up to the new President and his team to resolve difficult issues. A final complicating factor is the DCI's reticence about additional major investment in imagery TPED. The DCI and his senior staff have expressed concern about competing priorities, NIMA's ability to manage a large and complex systems acquisition, the share of the TPED funding burden that should be assigned to the intelligence community vice the rest of the defense budget, and whether the TPED requirements are, as yet, adequately defined.

With respect to NIMA's acquisition management capabilities, the DCI's Senior Acquisition Executive, in conjunction with staff from the Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, have concluded that NIMA has a solid plan and foundation in place to remedy its weaknesses, and that, if this plan is faithfully executed, NIMA should be able to manage the TPED modernization program effectively. Executing such a plan, however, is no small task as NIMA does not now have the expertise required, and hiring this expertise will require significant effort and some changes to legislation.

The Committee expects that the DCI and the Secretary of Defense will ensure that imagery TPED funding requirements will be a priority issue for their joint review in the IPRG and EDRB processes. The Committee expects also to be informed of the administration's intentions with respect to TPED funding in the fiscal year 2002 FYDP prior to conference. Finally, the Committee hopes that the new administration will take note of the seriousness of the TPED issue, and will place a priority on increased investments in this, and other, areas.

IC COMMUNICATIONS ARCHITECT/ARCHITECTURE

The Committee continues to be frustrated by the lack of a coherent, cohesive, and productive approach to solving the Intelligence Community's (IC) systems interoperability and communications problems. It is clear that the IC's office of Chief Information Officer has not been able to force the disparate IC organizations to work together to develop a communications architecture plan that provides for a truly integrated communications network that relies on commercial industry infrastructure, protocols and enforced standards.

The Committee believes the importance of a networked and interoperable IC cannot be overstated. Every function of intel-

ligence tasking, processing, exploitation and dissemination (TPED) relies on communications. The IC must have a communications architecture that provides the basis for inter-IC collaboration and the framework from which intelligence consumers, such as the Department of Defense, can seamlessly “reach into” the community for intelligence support to their missions. The Committee believes that the IC must rapidly adopt commercial systems and technologies to create a common interoperable wide-area information transport network to meet all Community needs.

Clearly, before the Community can bring together the various IC organizations into such a network, a professional communications architect must be designated and assigned. This architect must be provided with the necessary resources and authorities to design, construct and enforce the standards of an IC communications network. Such an architect’s responsibilities should include providing the Community with a detailed communications architecture plan, complete with transmission and interoperability standards, within which each IC organization must operate.

The Committee believes that the resulting network must integrate all IC organizations and provide the physical and virtual framework for the IC to conduct its various intelligence missions and interface with its external customers. The Committee further believes that the architect should determine whether the existing Advanced Telecommunications Network (ATN) is compatible with the future network architecture and whether it should be established quickly as a common initial communications baseline for all National Foreign Intelligence Program (NFIP) agencies. However, the Committee believes that the Intelligence Community Communications Architect (ICCA) should devise the most cost and performance effective communications network possible, using commercial telecommunications infrastructures where possible and logical. In this regard, the Committee urges the ICCA to examine outsourcing the ATN network.

The Committee’s recommendations are based on the impressive work done by the Defense Science Board task force on DoD communications. Their report of February 2000, concludes that existing and future military communications will be incapable of meeting DoD customer needs and makes a case that the government should rapidly and competitively outsource its communications to commercial service providers, laying the foundation for full interoperability and improving capabilities enormously. The task force report contends that the commercial sector is rapidly converging to a fully integrated, interoperable, multi-media (voice, data, video, etc.) network based on Internet Protocols (IP). The implication is that packet-switching technology and protocols will soon enable high-quality real-time services (such as voice and video) and thereby eliminate the need for any vestiges of point-to-point circuit-switched technology. In the words of the task force, “the shift from a point-to-point to a common-user infrastructure has become more aggressive. As the Internet provides services to support both real-time and non-real-time applications, the convergence of our national and international telecommunications infrastructure to a common-user, packet-switched, dynamically shared network of networks will accelerate.”

The task force argues that this single dominant internet is robust and redundant, and that adequate security can be achieved through the application of modern information security technology and the use of virtual private networks.

Therefore, the Committee directs the DCI to create and staff the position of IC Communications Architect (ICCA), providing this individual direction to determine whether and how the IC should implement the DSB's commercial communications recommendations. The DCI is to provide the necessary formal governance authorities to the ICCA to plan the IC communications network and its associated commercially based standards and protocols. The ICCA is authorized to create a professional communications team.

No later than six months after the enactment of this act, no funds for wide area communications shall be obligated or expended by any program manager without the approval of the ICCA. A formal IC network design and plan to achieve such will be provided to the Congress not later than February 1, 2002.

Although the Committee is not prepared, at this time, to direct the DCI to empower the ICCA with specific responsibilities and authorities, it requests the DCI to provide the Committee with his recommendations for such, prior to conference on the fiscal year 2001 bill. The Committee believes the ICCA, at a minimum, should:

1. Have complete authority and control over expenditures for any and all NFIP communications infrastructures to ensure the coordinated development and maintenance of an integrated IC communications network. The ICCA should, to the maximum extent possible, work with and include all tactical intelligence entities in the development of the IC communications infrastructure.

2. Have complete authority and control over policies for any and all Intelligence Community information management policies, relating to the wide area network.

3. Maintain and update the IC's communications architectural plan. The Architect should direct the commercial teams to develop the initial architecture in close coordination with the NIMA TPED Pre-Acquisition activities and with the CIA (see related text in the classified annex), but should ensure the network solution satisfies the broader SIGINT, MASINT, and other intelligence related communications requirements.

4. Address the Information Management requirements for the community and include a plan for implementation.

5. Develop and implement central control authorities, management structures, processes, and mechanisms that ensure authorities and control can be effectively maintained. This should include execution of commercial communications contracts for the common good of the community.

6. Develop governing policies, promulgate guidance, and ensure compliance with an IC Information Management System. The Architect should have the requisite authorities to carry out these duties for all aspects of Information Management for the network and should ensure information can be efficiently exchanged and that collaboration is enabled, etc.

7. Establish a senior advisory board that includes representatives of ASD/C3I, CMS, CIO Executive Council, NSSA, NRO, NIMA,

NSA, DIA, and CIA to ensure all communications network requirements are considered.

8. Establish a team to review expenditures for communications between and among all intelligence community facilities. These funds will be identified for consolidation and centralized execution.

9. Develop a centralized process for requirements development and programmatic planning for the community.

The Committee believes this issue is a critical one and will monitor efforts in this area closely. Additional details related to this issue can be found in the classified annex.

STATE OF DEFENSE HUMAN INTELLIGENCE

The Defense HUMINT Service was established in 1995, consolidating almost all Department of Defense human intelligence activities—both clandestine and overt—into a single service. Five years later, DHS has progressed beyond the “growing pains” stage and can be considered an established, if not yet mature, organization.

Overall, the Committee finds that the state of defense HUMINT is “acceptable” and improving. The Committee agrees with the authors of the recently released “Clapper Study”^{*} that DHS has overcome many organizational and resource-related hurdles to become greater than the sum of its parts—although there are still many problems and challenges facing defense HUMINT that the Intelligence Community must address.

On the positive side, DHS has provided a single point of planning and coordination for almost all clandestine defense HUMINT. Several years ago, the Committee issued a study (IC21: Intelligence Community in the 21st Century) that included a recommendation to consolidate all U.S. clandestine human intelligence—including clandestine defense HUMINT—into a single Clandestine Service. Neither CIA nor DoD has taken the initiative to create such an organization, but the Committee has noticed a gradually improving level of cooperation between the operational elements of CIA and DHS—particularly among officers in the field.

The Committee believes, however, that in order to maintain a viable defense human intelligence collection activity (not to mention improve its performance), a host of current and future problems must be resolved. Included in this list are issues specific to DHS and DoD that were addressed in the Clapper Study—the Committee believes that these are currently being addressed by the appropriate elements within DoD—and the Committee will continue to follow the progress made on the 75 individual recommendations.

Further, the Committee believes there are several issues falling outside the sole jurisdiction of DHS and DoD that the Intelligence Community must address in order to ensure defense HUMINT viability.

The first of these is the level of support defense HUMINT provides to the military. As the testimony of the unified command J-2's before the Committee earlier this year indicates, human intelligence is highly valued, but HUMINT coverage is nonexistent or

^{*}Office of the Secretary of Defense, Command, Control, Communications and Intelligence (OSD/C31) Review of Defense Human Intelligence, March 2000. Lt. Gen. James R. Clapper (USAF, Ret.) led the study team.

in short supply in many areas of the world where the United States may find it necessary to deploy troops.

Efforts to enhance HUMINT coverage are steps in the right direction, but, as testimony demonstrates, it's just a start. The Committee believes that the need for additional DHS resources can be better articulated and defended. At a time when some in Congress are questioning the need for new DAOs and the coverage they will provide, the Director of Central Intelligence, the Secretary of Defense, and other seniors in the Intelligence Community must provide the leadership that has been lacking to this point.

Finally, the Committee believes that there needs to be a long-term strategic plan for defense human intelligence, and that this must be part of the overall Intelligence Community strategic plan for HUMINT. On one level, this involves DHS and DIA working with the Secretary of Defense, the unified commands, and the Joint Chiefs of Staff. But the Director of Central Intelligence and the CIA's Deputy Director for Operations must fulfill their own responsibilities for leadership of the Intelligence Community and U.S. HUMINT, respectively, and working with the Director of DHS develop a strategic plan for HUMINT that fully incorporates the requirements and collection capabilities of defense human intelligence.

MILITARY PAY AND CIVILIAN PAY

The fiscal year 2001 budget request for the NFIP includes requests for military and civilian pay that are grossly misleading.

Military pay costs are based on a specific authorized strength. However, the actual fill rate of these billets has reached unacceptable levels, and the forecast is for continued decline. The Committee has examined in detail the fill rates in two accounts: the General Defense Intelligence Program (GDIP), and the Consolidated Cryptographic Program (CCP). In the GDIP, the March 2000 reported fill rate was 85.6 percent—a significant decline from the 1998 level (94.2 percent). In the CCP, the March 2000 reported fill rate was 88 percent, and the actual assigned rate was 81 percent. The costs to the programs of these empty billets—which must still be paid for—is significant.

In both accounts, the percentage of filled billets will continue to decline due to decisions by the services to fill joint billets at substantially the same level as regular service positions. National-level intelligence agencies draw a significant portion of their military support from joint billets—billets the services had previously filled at a higher level. The Committee is under no illusions that the intelligence community is alone in bearing the impact of hollow personnel authorizations—finding the Army, Navy, Marine Corps and Air Force personnel to staff authorized positions is a serious problem for the services themselves and all of the defense-related organizations they support.

The Committee can accept—has accepted in the past—that authorized military positions within the NFIP will always outnumber the actual personnel that fill them. An average fill rate of 90 percent or above is a risk that can be managed. The Committee will not accept fill rates that are moving to the 75 percent level, or lower, across the Intelligence Community.

In response to the current problem (and the future trend) in this area, the Director of Central Intelligence has directed those intelligence programs with large numbers of military personnel to look at converting military billets into civilian billets where that is feasible. Although this action may be necessary to address the immediate crisis, the Committee is concerned about its long-term impact on the Intelligence Community.

One problem associated with lowering the percentage of military positions within the NFIP is the resulting loss of military knowledge and lines of communication (both official and unofficial). Any erosion in these areas will only lead to intelligence gaps and future failures.

A second problem with the proposed remedy is the civilian system itself. The Department of Defense and the Intelligence Community are finding it increasingly difficult to recruit and retain civilian personnel—especially in this economy. Add to this the fact that the existing intelligence workforce is now crowded at the top of the government grade scale, the rising costs of the Federal Employee Retirement System (FERS) and health insurance—and the result is a bill for civilian pay that is approaching (or in some cases, exceeding) 50 percent of the total budget. This trend in civilian pay is not sustainable.

The Committee believes that a long-term effort is required to address this problem. Therefore, in order to assist its oversight in this area the Committee has requested a report from the Deputy Director of Central Intelligence for Community Management on: (1) the scope of the current problems in the NFIP associated with military and civilian personnel structures; (2) the future trends for both; (3) all possible remedies; and (4) the pros and cons of each. This report is due no later than 1 January 2001.

NFIP CONGRESSIONAL BUDGET JUSTIFICATION BOOKS (CBJBs)

The Committee has become increasingly frustrated with the lack of detail provided in the project descriptions in the National Foreign Intelligence Program (NFIP) CJBs. Further, the Committee believes that the financial management practices at some NFIP agencies are so inadequate that specific project-level financial information is not even well known corporately. For example, in preparation for the budget authorization, the Committee had to, once again ask representatives from CIA and NSA to provide additional programmatic information on their systems development activities—basic information that apparently was not readily available.

If NFIP agencies are unable to provide detailed financial data for the congressional oversight process, the Committee questions whether they have the detail necessary to make sound investment decisions. Clearly, the NFIP agencies need greater insight into their financial obligations and the capabilities that they are developing. NSA's baseline activity, for example, identified many areas of duplicative development, as well as lack of investment in key strategic areas. Yet, due to the lack of detail, the CJB did not provide this information. The Committee notes that, at least at some agencies, internal financial management practices seriously complicate this process (see item on Reprogramming and Transfers). Yearly submission of a more detailed description of systems devel-

opment activities and their associated budget will benefit congressional oversight, the DCI budget management process, and internal agency investment processes. The Committee believes the NFIP CJBs should more closely mirror the level of detail provided in the Joint Military Intelligence Program Congressional Justification Books and in the Department of Defense Justification of Estimates documents.

The Committee, therefore, expects a change to the format and content of the NFIP budget submission. Specifically, the Committee wants all future NFIP CJBs to provide the following information on each project valued at \$1.0 million or more (including systems developed by government personnel):

- project mission description and budget item justification;
- key performance characteristics and requirements;
- organizations providing management oversight;
- customers and products associated with the project;
- contract information;
- budget breakout by program element number (RDT&E, Procurement, O&M) for the two preceding fiscal years, the budget year, the FYDP, and cost to complete;
- civilian and military manpower numbers and costs;
- program highlights/planned program by type of funding (RDT&E, Procurement, O&M) for the two preceding years, the budget year, and one year beyond the budget year;
- project budgetary change summary and explanation;
- related program funding summary; and,
- the project milestone schedule.

REPROGRAMMING AND TRANSFERS WITHIN CIA

This year, during the course of the Committee's oversight of CIA stations and bases overseas, significant and deleterious movements of money from activities at stations and bases for initiatives at CIA headquarters were discovered. The cumulative impact of these actions substantially changed the intent and the effect of the budget for fiscal year 2000 as enacted.

The National Security Act of 1947 (50 U.S.C. 401 et seq.), which created CIA, imposed restrictions upon the movement of appropriated funds within and between intelligence accounts. The Committee is concerned that the practices of CIA may not comply with the letter or the spirit of the Act. The Committee notes that similar problems also are evident in other NFIP programs; however, the impact seems to be most pervasive within the CIA, especially in terms of the effect on "core" mission.

Reprogramming

For movement of funds from one intelligence activity to another within an account, section 504(a)(3) (50 U.S.C. 414(a)(3)) of the National Security Act requires that:

- (A) the activity to be funded is a higher priority intelligence or intelligence-related activity;
- (B) the need for funds for such activity is based on unforeseen requirements; and
- (C) the Director of Central Intelligence, the Secretary of Defense, or the Attorney General, as appropriate, has notified the

appropriate congressional committees of the intent to make such funds available for such activity.

The movement of money from one activity to another within an intelligence account has been made subject to some accommodation between the agencies and Congress. Heretofore, for example, Congress has allowed the reprogramming of money below a certain dollar threshold to proceed without formal notification to Congress. The agencies, in turn, have solicited the approval of Congress for certain reprogrammings that involve matters of specific congressional interest. On occasion, furthermore, Congress has exercised its discretion to approve the reprogramming of funds under circumstances that do not meet the strict requirements of section 504. Unlike the agencies, which are bound by the terms of that section, Congress has constitutional authority for exercising such discretion.

This year, unfortunately, various CIA officials have attempted to assert that the substantive requirements of section 504 may not apply to reprogrammings below the monetary threshold for notification to Congress; that the exercise of congressional discretion in certain reprogrammings has somehow excused CIA from compliance with section 504 in its own movements of money; and that the plain meaning of the terms "unforeseen requirements" and "higher priority" is beyond the ken of those in CIA charged with moving money. These assertions threaten to disrupt the system for compliance with section 504 that, until recently, had appeared to work easily and well. These assertions also challenge the ability of Congress to oversee the execution of an intelligence budget as enacted. They invite a strong, corrective response.

The Committee has asked CIA's Inspector General to investigate whether CIA has complied with section 504 in its reprogramming practices and procedures. In the meantime, to provide additional clarification in this matter, the Committee notes that (a) at no time has Congress authorized the CIA or any other intelligence agency to ignore the requirements of section 504 that a reprogramming be for a higher priority activity and that it be based upon unforeseen requirements; (b) at no time has Congress designated the movement of money within the agencies as an "internal" matter beyond congressional oversight authority; and (c) Congress remains responsible for ensuring that appropriated funds are executed by the intelligence agencies in a manner that is effective and lawful.

Transfers

The National Security Act also restricts the movement of appropriated funds between intelligence accounts. To transfer funds between accounts within the National Foreign Intelligence Program, section 104(d) of that Act requires, among other things, that

(A) the funds * * * are being transferred to an activity that is a higher priority intelligence activity; and

(B) the need for funds * * * for such activity is based on unforeseen requirements * * *.

Like reprogramming under section 504, transfers also require notice to Congress. The requirements for transfers, like those for reprogramming, provide some check on the movement of money and some means of ensuring that Congress is aware of what move-

ments take place. The procedures for transfers under section 104(d) have, until recently, worked easily and well.

This year, the Intelligence Community attempted to transfer funds to CIA and to another agency under standards other than those of section 104(d). The Committee received first notice of the proposed transfer as a part of the general budget request for fiscal year 2001. In a subsequent letter, the Community Management Staff described the transfers as necessary for various "high priority" activities and requested that the Committee "formally endorse" the transfer in its report on the authorization bill for fiscal year 2001. Nowhere in these communications, or in briefings on the transfer, was there a basis provided for concluding, as required under section 104(d), that these transfers are in response to unforeseen requirements. There was also no evidence provided that the additional, procedural requirements of section 104(d) have been satisfied.

The circumstances of this particular transfer are complicated and unique. Some of this movement of money, for example, may actually be a reprogramming under section 504 and not a transfer. As already noted, however, the National Security Act provides standards for the movement of funds within and between intelligence accounts. The standards for transfer, like those for reprogramming, facilitate congressional oversight. Their abrogation in this case is unjustified. For these reasons, and on substantive grounds, the Committee has not approved this movement of money.

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY (DARPA)

In response to a question from the Committee, the Department of Defense stated "it may be appropriate to reexamine the reporting of selected DARPA projects under JMIP or TIARA, so as to gain a better understanding of impending technologies and their possible impacts on current programs. We would need to do an evaluation to see what has changed and whether this would be beneficial to all users."

The Committee agrees with this position and requests the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) to conduct such an evaluation and report back to the defense and intelligence committees no later than December 1, 2000. If the Department decides that it is appropriate to report DARPA intelligence-related projects within the JMIP or TIARA accounts, the Committee asks these be appropriately identified in the fiscal year 2002 intelligence budget request.

JOINT MILITARY INTELLIGENCE PROGRAM

RC-135 and U-2 operations and maintenance: No budgetary change

The budget request contained a total of \$373.1 million for operations and maintenance of the RC-135 and U-2 aircraft fleets.

The committee is concerned that funding for many Intelligence Community programs, including intelligence surveillance and reconnaissance (ISR) aircraft are regularly transferred from the programs for which funds were authorized and appropriated to fund shortfalls in other programs, often not related to ISR requirements.

The committee understands the theater and functional Commanders in Chief have stated that their number one shortfall is in ISR aircraft and systems. The committee is concerned that transferring funding, particularly O&M funding, from ISR aircraft to fund non-intelligence programs exacerbates the CINCs' ISR shortfalls.

Therefore the committee designates the RC-135 and U-2 programs as congressional interest items.

Commercial off-the-shelf-receiver development: +\$1.0 million

The budget request included \$95.7 million in PE 35885G for development of tactical cryptologic systems.

The committee is concerned by the lack of a true commercial off-the-shelf (COTS) signals intelligence (SIGINT) receiver that is based on open-architecture standards established by the American National Standards Institute (ANSI) and the 6U Versa Module Europa (VME) backplane. The Department of Defense has stated that all future signals intelligence systems will be COTS based. However, most SIGINT developments the Department is pursuing are based wholly, or in part, on custom approaches that are not interchangeable at the board level. The committee is further concerned that use of these customized approaches discourages competition, minimizes the impetus to utilize the COTS marketplace, reduces the industrial base and forces more expensive solutions.

The committee is aware of a small business development that has produced a true COTS receiver solution for several Defense Cryptologic Program needs. The committee notes that this solution is cost-effective and based completely on ANSI and VME standards, thereby allowing for true "plug and play" use between systems. The committee also notes that the Joint SIGINT Avionics Program Office has sought to use this technology as a commercial replacement for one of its custom applications. However, there is no funding in the budget request to pursue or procure this commercial solution.

The committee is aware of another innovative small business development using emerging commercial silicon germanium technology and supports rapid application of this leading-edge commercial technology for defense applications.

Therefore, the committee recommends an authorization of \$97.7 million in PE 35885G, an increase of \$1.0 million for development of the COTS VME receiver technology for SIGINT applications, and an increase of \$1.0 million for development of commercial silicon germanium integrated circuits for defense and intelligence applications.

Eagle vision commercial imagery: +\$6.0 million

The budget request contained \$10.0 million in operations and maintenance, defense-wide, for the National Imagery and Mapping Agency (NIMA) to purchase commercial data.

The committee notes the successful Air Force operation of the Eagle Vision commercial imagery ground station, which has resulted in timely, unclassified imagery support to the theater commanders-in-chief (CINCs). Much of this imagery has been unique and could not be provided by other technical means due to higher priorities. The committee believes that there are insufficient funds

to meet the CINCs' commercial image and mapping needs and, therefore, recommends \$16.0 million in operations and maintenance, defense-wide, an increase of \$6.0 million, for purchasing Eagle Vision commercial imagery.

Defense airborne reconnaissance program (DARP), line 56: +\$78.1 million

The budget request contained \$165.5 million for various RC-135 and U-2 aircraft modifications but included no funds for RC-135 trainer aircraft, an updated C-135 operational flight trainer, RC-135 global air traffic management (GATM) upgrades, or the theater airborne warning system (TAWS) for the RC-135 Rivet Joint (RJ).

The committee notes that the theater and functional commanders-in-chief (CINCs) have repeatedly testified that their intelligence, surveillance and reconnaissance (ISR) requirements, particularly those met by ISR aircraft such as the RC-135 and U-2, are not being satisfied due to the limited number of these aircraft. The committee understands that the Air Force does not have a dedicated RC-135 aircrew training aircraft and that this deficiency contributes to the limited number of aircraft available to meet CINC requirements. To increase the availability of RC-135 mission aircraft to the CINCs, the committee recommends an increase of \$44.0 million to modify two C-135 aircraft into an RC-135 trainer aircraft configuration.

The current C-135 operational flight trainer (OFT I) is the aircraft simulation training device for the RC-, OC-, WC-, and TC-135 pilots at Offutt Air Force Base. The committee understands that OFT I is obsolete due to its outdated engine and aircraft avionics configurations, and that an OFT II would provide training for aircrews to operate the re-engined and updated avionics C-135 model aircraft. The committee notes that the Air Force Chief of Staff has included the procurement of OFT II among his top five unfunded requirements for fiscal year 2001. Therefore, the committee recommends an increase of \$6.5 million for OFT II and \$2.5 million to equip OFT II with motion simulation thereby improving aircrew training and readiness on the various C-135 aircraft models.

RC-135 GATM upgrades include: interference resistant navigational receivers, global positioning system upgrades, a traffic collision and avoidance system, radios to permit reduced vertical separation between aircraft during Atlantic Ocean transit, cockpit voice recorders, and flight management system upgrades. The committee understands that, without these upgrades, RC-135 aircraft will be restricted from flying the most direct and fuel-efficient ocean routes and altitudes, will be subject to critical landing-phase navigational radio interference, and will not be equipped with the Secretary of Defense-directed safety modifications until after fiscal year 2005. To meet these vital needs, the committee notes that the Air Force Chief of Staff has included RC-135 GATM upgrades among his unfunded requirements for fiscal year 2001, and consequently, recommends an increase of \$28.4 million for this purpose.

The TAWS significantly improves the accuracy of ballistic missile warning on RC-135 RJ, a tactical reconnaissance aircraft. In its report on H.R. 1401 (H. Rept. 106-162) for fiscal year 2000, the committee recommended an increase of \$17.3 million for the RC-135

RJ TAWS and believes that continued integration of these suites is critical to tactical missile defense warning. Therefore, the committee recommends an increase of \$10.0 million for continued procurement and installation of TAWS suites on the RC-135 RJ aircraft.

To consolidate RC-135 modifications in DARP, line 56, and U-2 modifications in DARP, line 80, the committee recommends a transfer of the \$5.1 million budgeted for RC-135 aircraft modifications in DARP, line 80 into this budget line; and a transfer of the \$18.3 million budgeted for U-2 aircraft modifications in this line into DARP, line 80. This transfer results in a \$13.2 million decrease to this line and an increase of \$13.2 million in DARP, line 80.

In total, the committee recommends \$243.7 million for DARP, line 56, an increase of \$78.1 million for RC-135 modifications.

Finally, the committee is concerned about the Department of the Air Force's budget plan for the RC-135's joint signals intelligence avionics family (JSAF) upgrades and notes that the request would budget for a single JSAF suite for the RC-135 but that additional suites are not planned until fiscal year 2005. Without full and continuous funding for this upgrade, the committee understands the first system, if installed onto the RC-135, would result in a unique RC-135 aircraft configuration which would increase unit support costs for that aircraft. Accordingly, the committee believes the new JSAF system should continue development and testing in the RC-135 systems integration laboratory and on the U-2 aircraft until the Department of the Air Force budgets to upgrade all 16 RC-135 aircraft.

Rivet joint mission trainer: +\$15.5 million

The budget request contained \$12.8 million for RC-135 equipment procurement but included no funds to provide an enhanced field exportable training system (EFETS). The committee understands that the procurement of an EFETS would improve training and readiness by allowing RC-135 crews at forward operating bases to use existing post-mission ground data processing system equipment to function as a Rivet Joint Missions Trainer (RJMT). Since procurement of an additional RJMT for these forward locations would not be required, the committee notes that EFETS would save the Air Force \$27.4 million. The committee notes that the Air Force Chief of Staff has included \$15.5 million for the EFETS among his top five unfunded requirements for fiscal year 2001.

Consequently, the committee recommends \$28.3 million, an increase of \$15.5 million for procurement of an EFETS.

Army tactical unmanned aerial vehicles: +\$4.0 million

The budget request contained \$29.4 million in PE 35204A for tactical unmanned aerial vehicles (TUAV).

The committee notes that the Army just completed a successful competitive selection for an off-the-shelf TUAV. The committee notes that the Army will place increasing reliance on its TUAV and needs to field the best possible system including sensors.

The committee recommends authorization of \$33.4 million in PE 35204A, an increase of \$4.0 million for preplanned product improvements and sensor development.

Marine corps dragon warrior unmanned aerial vehicle: +\$5.0 million

The budget request contained no funding in PE 35204M for Marine Corps close range tactical unmanned aerial vehicles (UAV).

The committee notes that the Marine Corps Warfighting Laboratory (MCWL) is developing the Dragon Warrior, a low cost, small UAV that combines the speed of a fixed-wing UAV with some operational characteristics of a rotary wing UAV. The committee is aware that Dragon Warrior is being developed to carry a variety of payloads that are currently being examined by the MCWL to provide the Marine Corps with a highly flexible, close range reconnaissance capability that will enlarge the area of influence of a small expeditionary force.

The committee recommends authorization of \$5.0 million in PE 35204M, an increase of \$5.0 million, for Dragon Warrior.

Manned reconnaissance systems: +\$8.0 million

The budget request contained \$27.5 million in PE 35207N for manned reconnaissance systems, including \$25.3 million for the development of the Shared airborne reconnaissance pod (SHARP) electro-optic system and technologies.

The committee has fully supported the SHARP program to dramatically increase real-time tactical reconnaissance capabilities. The committee is aware of commercial developments in large focal length optics that will increase standoff ranges for tactical reconnaissance systems and developments in EO framing processing techniques that will provide for real-time precision strike targeting. The committee is also aware that emerging solid-state shutter technology can replace existing mechanical focal plane shutters to increase further existing and future EO camera performance and reliability while reducing operations and maintenance costs. The committee believes this technology should be incorporated into all SHARP camera applications.

Therefore, the committee recommends \$35.5 million in PE 35207N, an increase of \$5.0 million for long-range optical sensor technology and precision strike improvements, and \$3.0 million for development of a solid-state shutter mechanism that can be retrofitted on current and built into future framing array cameras.

F-18 Shared airborne reconnaissance pod: +\$18.0 million

The budget request contained \$248.1 million in PE 24136N for continued development of capabilities for the F/A-18 aircraft.

The committee has supported the Shared Airborne Reconnaissance Pod (SHARP) efforts to provide the F/A-18 aircraft with an enhanced tactical reconnaissance capability that will also be applicable to other combat aircraft. The committee notes the recent successful demonstration of the SHARP risk-mitigation project for the F-14 Tactical Airborne Reconnaissance Podded System (TARPS) Completely Digital (CD) system that was employed by the battle group U.S.S. John F. Kennedy. This demonstration clearly indi-

cated the force multiplying capability provided by real-time imagery system and the committee supports continuation of this effort.

The committee is concerned, however, that the funding requested for SHARP is insufficient to support completion of sensors for the fiscal year 2003 initial operational capability (IOC). The committee notes that this shortfall in funding results in an increase in cost of tactical reconnaissance support by extending use of the less capable F-14 TARPS.

Therefore, the committee recommends authorization of \$266.1 million in PE 24136N, an increase of \$18.0 million for the development of the SHARP F-18 tactical reconnaissance capability to maintain the current IOC.

Global hawk: \$12.0 million tuck

The budget request contained \$109.2 million in PE 35205F for endurance unmanned aerial vehicles (UAV), including \$103.2 for continued development of the Global Hawk UAV.

The committee supports the Global Hawk development and believes that this air vehicle has the potential for providing intelligence, surveillance and reconnaissance support to military customers, complementing the current U-2 operations.

The committee notes that due to a crash of one air vehicle, and a runway accident of another, there are no electro-optic/infrared (EO/IR) sensors to continue test and evaluation of the UAV. The committee believes it is important to procure sensor sets to replace those lost to the accidents. Further, the committee is aware of unobligated and unexpended funding from prior year endurance UAV appropriations that can be used to purchase replacement sensors and continue the Global Hawk engineering and development in fiscal year 2001.

Further, the committee is aware of new generation radar technologies that could vastly increase Global Hawk synthetic aperture radar (SAR) imaging and moving target indicator (MTI) capabilities at comparable costs to the current sensors. The committee is also aware of digital recording devices that offer superior performance and reliability over current devices. With respect to SAR and MTI capabilities, current state-of-the-art active electronically steered array (AESA) antenna developments offer a two-fold increase in range, resolution, and revisit performance over the current Global Hawk radar. Further, the cost of these new radars appears to be comparable to the current phased array radars. In terms of recording systems for high volume imagery sensors such as those on the Global Hawk, solid state devices have a major reliability advantage over current tape recording devices. They have no moving parts, nor do they require a tape that must be threaded around capstans. The cost of solid state recording devices is dramatically decreasing while the data recording rates and density are increasing. The committee believes that such devices should be integrated into the Global Hawk at the earliest opportunity.

Therefore, the committee recommends authorization of \$109.2 million in PE 35205F for endurance UAVs. Of the amount authorized, the committee directs the \$12.0 million be used specifically for purchasing two EO/IR replacement sensors for the Global Hawk

aircraft. Further, the committee directs that the Assistant Secretary of Defense for Command, Control, Communications and Intelligence provide a report to the defense and intelligence committees assessing the utility of developing and integrating modular AESA radars and solid state recording devices on the Global Hawk. This report should be provided no later than 1 February 2001.

Multifunction self-aligned gate active array antenna: +\$7.0 million

The budget request contained \$113.1 million in PE 35204N for tactical unmanned aerial vehicles, but included no funding to continue development of the multi-function self-aligned gate (MSAG).

The committee is aware that the MSAG technology successfully demonstrated ability to transmit and receive full-motion video and communication. This new form of antenna, with no moving parts, offers reduced life-cycle costs and enables production of light, conformal, multi-beam antennas for tactical unmanned aerial vehicles (TUAV) and associated systems.

The committee recommends authorization of \$126.1 million, an increase of \$7.0 million to construct and test a line-of-sight array for the tactical control system.

Multi-link antenna system: +\$2.0 million

The budget request contained no funding in PE 35207F for manned reconnaissance systems, including exploitation technologies for RC-135 aircraft.

In the "National Defense Authorization Act for Fiscal Year 2000," Congress provided funding for development and evaluation of the multi-function, self-aligned gate (MSAG) active array antenna technology on the RC-135 aircraft. The conferees were convinced that an MSAG application, called Multi-link Active System (MLAS), has the potential for satisfying several RC-135 antenna deficiencies, and also has the potential for reducing the size and number of antennas for many other applications. In fact, the committee is aware that the Department of Defense has determined that the potential for this technology has merited funding through an advanced concept technology demonstration.

The committee is aware that the fiscal year 2000 funding was insufficient to complete the fabrication, installation and evaluation of an MLAS antenna on an RC-135. Therefore, the committee recommends an authorization of \$2.0 million in PE 35207F for this purpose.

Defense airborne reconnaissance program (DARP), line 80: +\$34.2 million

The budget request contained \$98.4 million in DARP, line 80, for various U-2 and RC-135 aircraft modifications, including \$1.8 million for Senior Year Electro-optic Reconnaissance System (SYERS) spares and \$17.0 million for a Joint Signals Intelligence Avionics Family (JSAF) suite for the U-2. The request did not include any funds for additional U-2ST trainer aircraft.

SYERS is an electro-optic camera system that provides real-time imagery to national decision-makers and tactical forces. The committee understands that initial deployment spares for the SYERS

upgrade are underfunded in the budget request by \$3.0 million, and recommends an increase of this amount.

The JSAF provides an upgraded collection capability for the U-2S. The committee understands that the budget request is insufficient to procure an entire JSAF suite and required spares and cabling. Accordingly, the committee recommends an increase of \$8.0 million for this purpose.

The U-2ST is a two-seat trainer version of the single-seat U-2S reconnaissance aircraft. The committee understands that there are only four U-2STs, and that without an additional U-2ST, the U-2S pilot production rate does not meet requirements to solve an existing U-2S pilot shortage. The committee notes that the Air Force Chief of Staff has included an additional U-2ST among his top five unfunded requirements in fiscal year 2001, and accordingly, recommends an increase of \$10.0 million to convert a U-2S into a U-2ST aircraft.

Including transfers between DARP lines 56 and 80 for the RC-135 and U-2 respectively, the committee recommends \$132.6 million, an increase of \$34.2 million, for U-2 modifications.

Predator: +\$12.0 million

The budget request contained \$22.1 million for procurement of the Predator unmanned aerial vehicle (UAV) system.

The committee understands that the Air Force is experiencing vanishing vendor problems with some of the current hardware in the Predator ground station and that there is a requirement to control multiple Predator aircraft simultaneously from a single ground station. The committee is also aware that there are required air vehicle reliability and maintainability upgrades that have not been funded.

Consequently, the committee recommends \$32.1 million for the Predator, an increase of \$12.0 million for upgrading the current ground stations with commercial hardware, for integrating the capability to control multiple UAVs simultaneously and for improving air vehicle reliability and maintainability.

Finally, the committee is aware that a jointly funded effort between the contractor and NASA has developed a turbo-prop variant of the Predator, to be followed by a jet-powered variant. Both of these Predator-B variants use the current Predator ground station, avionics, datalink, and control software, but provide major performance improvements over the current aircraft, including a maximum speed in excess of 200 knots, and a service ceiling to 45,000 feet. While the current Predator has clearly proven its military worth, given these performance factors, a Predator-B would appear to satisfy many niche missions for which the current vehicle is not well-suited. The committee believes that a Predator-B would be a valuable addition to the Predator fleet, and that a mix of Predator-A and -B aircraft would cost effectively satisfy all Predator mission requirements. Therefore, the committee requests the Secretary of the Air Force to conduct an assessment of the utility of a Predator-B aircraft, including the benefits or problems of operating a mixed Predator fleet. The committee requests the Secretary report his findings to the defense and intelligence committees before the submission of the fiscal year 2002 budget request.

Defense space reconnaissance program: –\$7.1 million

The budget requested contained \$45.1 million in PE 35159F for various projects within the Defense Space Reconnaissance program (DSRP).

The committee recommends an authorization of \$38.0 million, a decrease of \$7.1 million. This reduction is taken without prejudice.

TACTICAL INTELLIGENCE AND RELATED ACTIVITIES

Cryptologic skills training: +\$4.0 million

The budget request contained \$1.3 million in operations and maintenance, Army, for conducting cryptologic and language skills training at the U.S. Army Intelligence Center (USAIC).

The committee is aware of a unique Korean language training program developed in-house at the USAIC. The committee believes this computer-based tool has the potential of providing critical language maintenance training for many language specialists, and it believes this effort should be expanded to other languages.

Consequently, the committee recommends \$5.3 million in operations and maintenance, Army, an increase of \$4.0 million, for continued development of this language training program into the service's seven core language requirements. The committee also recommends that this program be provided to the other services for language training maintenance.

Common ground station: –\$7.9 million

The budget request contained \$17.9 million in PE 64770A for continued development of the Army's Joint Surveillance and Target Attack Radar System (JSTARS) Common Ground Station, including \$2.0 million to develop the Army's Distributed Common Ground Station (DCGS–A) and \$5.9 million to develop a next generation wide-band datalink to provide connectivity to the JSTARS.

The committee notes that the DCGS–A development effort duplicates a similar effort being conducted within the Army's Tactical Exploitation of National Systems program, a funded program. Further, the committee notes the Air Force has not yet determined the next generation JSTARS datalink and will not do so until at least fiscal year 2002, thus making the Army's development activities for such communications connectivity premature.

For these reasons, the committee recommends \$10.0 million in PE 64770A, a decrease of \$7.9 million, to the common ground station program.

Guardrail common sensor: +\$2.0 million

The budget request contained \$11.3 million in PE 23744A for continued development and modification of the Army's Guardrail Common Sensor aircraft and ground stations.

The committee notes that the Guardrail System 2 was recently delivered to the Army after nearly ten years of modification. Unfortunately, this system was returned without being upgraded with the ability to disseminate tactical intelligence information via the Tactical Information Broadcast Service (TIBS). TIBS is the baseline for the Integrated Broadcast Service that is the DoD-mandated world-wide tactical intelligence dissemination service.

The committee recommends \$13.3 million in PE 23744A, an increase of \$2.0 million to install the TIBS capability in this Guard-rail system.

Semi-automated imagery processor: +\$4.0 million

The budget request contained \$57.4 million in PE 64766A, including funding for development of the Semi-automated imagery processor (SAIP).

The SAIP will provide imagery analysts with an automated target recognition assistance capability, providing critical relief for a low-density imagery analyst resources.

The committee recommends authorization of \$61.4 million in PE 64766A, an increase of \$4.0 million for continued development and fielding of the SAIP.

Defense foreign language program: +\$3.0 million

The budget request contained \$61.9 million in operations and maintenance, Army, for the Defense Language Institute (DLI).

The committee is very supportive of the DLI training efforts to provide high quality linguists for the growing requirement of many agencies and services but believes that its language laboratories are in need of technical upgrades, to include new equipment and access to the internet. The committee is aware of local area Marine Corps self-help efforts that have done similar upgrades very cost effectively. The committee believes the Army should call on this USMC self-help assistance to upgrade the DLI language laboratories.

Further, the committee is aware of an unfunded DLI initiative to provide better language training by issuing laptop computers to students. These computers would be used to provide language laboratory access to on-line language training materials, allow "after hours" access from the institute's dormitories, and access to "live" world-wide foreign training materials. The committee believes this is a worthwhile effort that should be properly funded.

Therefore, the committee recommends \$64.9 million in operations and maintenance, Army, an increase of \$3.0 million, for the Defense Foreign Language Program. Of this amount, \$1.0 million is for self-help upgrade of the language laboratories and \$2.0 million is for the laptop computer initiative.

Naval space surveillance: -\$600 thousand

The budget request included \$2.0 million in PE 35972N for the Navy Space Surveillance network life extension activities.

The committee is aware of an accounting error that resulted in a request for design concept activities that were actually funded in fiscal year 2000. Therefore the committee recommends 1.4 million in PE 35972N, a decrement of \$600,000.

Joint tactical terminal: +\$ 6.0 million

The budget request contained \$32 thousand for the Joint Tactical Terminal (JTT).

The committee is fully supportive of the Navy's efforts to field the JTT but is aware that the Navy has a shortfall in purchasing the required number of terminals.

Accordingly, the committee recommends \$6.0 million, an increase of \$6.0 million, to correct this deficiency.

F/A-18 reconnaissance capable: -\$23.8 million

The budget request contained \$212.6 million for F-18 series aircraft, including \$24.5 million for the procurement of the Advanced Tactical Air Reconnaissance System (ATARS).

The committee is aware that 14 of the currently planned 18-19 ATARS systems were purchased under low rate initial production and that the remaining systems were to be purchased with fiscal year 2000 funds after the completion of the operational evaluation and milestone III decision. The committee is also aware that ATARS did not pass its operational evaluation and understands that this will preclude a procurement of the final ATARS systems. This frees up the unobligated and unexpended FY2000 funding.

Therefore, the committee recommends \$185.1 million, a decrease of \$23.8 million, to be taken only from ATARS procurement.

Tactical air reconnaissance podded system: +\$7.0 million

The budget request contained \$37.1 million in other production charges, including \$2.6 million for continuation of the F-14 Tactical Air Reconnaissance Podded System (TARPS) camera system.

The committee is aware of the recent successful deployment of the TARPS Completely Digital (CD) system with the U.S.S. John F. Kennedy battle group. TARPS CD is being employed as a risk mitigation effort for the Shared Airborne Reconnaissance Pod (SHARP) development. SHARP is the future non-dedicated reconnaissance system for naval tactical reconnaissance. The committee commends the Navy for its successful integration of TARPS CD and the demonstration of the force enhancement capabilities of this a real-time tactical system.

The committee believes the Navy's successful risk-mitigation efforts for electro-optical sensors provides a sufficient confidence level to take the next step and move toward integration of a commercial off-the-shelf synthetic aperture radar (SAR) sensor to provide all-weather reconnaissance. The committee is aware that several, small, very high resolution SAR sensors are available to do non-developmental test on TARPS CD. Since an all-weather reconnaissance is a requirement for SHARP, the committee believes completing risk mitigation on the TARPS CD is appropriate and will not affect the current schedule for fielding SHARP with an EO-only capability.

Therefore, the committee recommends \$44.1 million, an increase of \$7.0 million for integrating and demonstrating commercial SAR solutions into the TARPS CD.

Mobile electronic warfare support system: +\$8.5 million

The budget request contained \$96.2 million in PE 26313M, including \$449 thousand for improvements to the Marine Corps' mobile electronic warfare support system (MEWSS).

The committee notes that the Marine Corps' MEWSS tactical reconnaissance system was a cooperative effort with the U.S. Army's ground based common sensor (GBCS) program. GBCS was terminated for lack of performance and all residual equipment was

transferred to the Marine Corps for use in the MEWSS. However, no funding was provided to cross-deck and integrate GBCS components into the MEWSS vehicles or to maintain the limited rate initial procurement items.

Therefore, the committee recommends authorization of \$104.7 million in PE 26313, an addition of \$8.5 million specifically for the purposes of transferring, integrating and maintaining the equipment gained from GBCS.

Hyper-spectral imagery system: +\$4.0 million

The budget request contained \$9.8 million in PE 27247F for Air Force tactical exploitation of national capabilities (TENCAP) projects.

Congress provides additional funding in fiscal year 2000 for continuing development of a hyper-spectral sensor for application on Navy P-3 and Air Force unmanned aerial vehicles (UAV). The committee is aware that this initiative has resulted in a joint effort to integrate and demonstrate a real-time hyper-spectral sensor on a Predator UAV. The committee notes that no funding was provided in the budget request to continue this effort through demonstration. The committee believes that a hyper-spectral sensor will drastically mitigate the problems of detecting and targeting camouflaged targets that hampered aerial targeting in past operations.

Therefore, the committee recommends an authorization of \$13.8 million in PE 27247F, an addition of \$4.0 million to continue this demonstration with the goal of producing an operational real-time hyper-spectral sensing system on UAVs and other intelligence, surveillance and reconnaissance aircraft.

Senior scout: +\$8.2 million

The budget request contained \$5.5 million for procurement of intelligence communications equipment, including \$2.0 million for procurement of spares and replacement equipment for the Senior Scout tactical reconnaissance aircraft.

The committee is pleased that the Air Force has decided to retain the Senior Scout reconnaissance capability to augment the high demand/low density airborne intelligence, surveillance, and reconnaissance (ISR) fleets in the reserve component. However, the committee is disturbed that the Air Force has not added funding to upgrade the Senior Scout to more effectively interoperate with other ISR aircraft and, more importantly, the combat aircraft it supports.

Therefore, the committee recommends \$13.7 million for intelligence communications equipment, an increase of \$8.2 million for Senior Scout collection and dissemination upgrades and for the addition of a deployable ground data reduction system.

Air force/national reconnaissance office (NRO) partnership: -\$2.0 million

The budget request contained \$3.4 million in PE 63856F for the Air Force/NRO partnership.

The committee understands that \$2.0 million of the funding requested would be used for studies and analysis of synergies between the Air Force and the NRO. The committee notes that the Assistant Secretary of the Air Force, Space, also serves as the di-

rector of the NRO. The committee believes that coordination between the two organizations is inherently institutionalized, and should be a matter of routine.

The committee recommends \$1.4 million in PE 63856F, a reduction of \$2.0 million.

Eagle vision: +\$9.5 million

The budget request included no funds for procuring the processing hardware necessary to complete the Eagle Vision 4 imagery system or to improve the Eagle Vision imagery ground station's capability to receive and process new commercial imagery sources.

Eagle Vision is a ground station that receives and processes imagery from commercial remote sensing satellites. The committee fully supports the Eagle Vision commercial imagery initiative, which has provided unique, unclassified imagery support to meet theater and service requirements that, due to higher priorities, cannot be met by other technical means. The committee believes that this initiative needs to be fully funded to continue such support. Further, the committee notes the recent successful launch and initial operations of Ikonos II, the first high-resolution U.S. commercial imagery satellite, and that two other U.S. firms are soon to launch their own high-resolution imagery satellites. The committee understands that the Eagle Vision ground station is currently capable of receiving and processing relatively low-resolution imagery from Canadian and French commercial satellites. It is, however, not able to process imagery from the higher-resolution U.S. systems in, or soon to be in orbit.

Therefore, the committee recommends an increase of \$5.0 million in other procurement, Air Force, line 39A, for completing the Eagle Vision 4 processor installation and an increase of \$4.5 million in PE 27277F to integrate into the Eagle Vision ground stations a receive and processing capability necessary to exploit current and future U.S. commercial satellite imaging systems.

Special operations tactical video system: +\$2.0 million

The budget request contained \$3.0 million in PE 116405BB for Special Operations Forces (SOF) intelligence system developments, including \$100,000 for continued development of the Special Operations Tactical Video System (SOTVS).

SOTVS is a congressional interest item funded in the fiscal year 2000 budget. The committee notes that no commercial solution to the SOF underwater camera requirements exists, and that a dedicated research and development program is necessary to satisfy this critical mission requirement. Therefore, the committee is dismayed that the budget request is insufficient to develop and procure a replacement to the aging cameras currently in the inventory.

The committee recommends an authorization of \$5.0 million in this PE, an increase of \$2.0 million to expedite the development of the SOTVS camera.

SECTION-BY-SECTION OF THE BILL

TITLE I.—INTELLIGENCE ACTIVITIES

Section 101—authorization of appropriations

Section 101 lists those elements of the United States Government for whose intelligence and intelligence-related activities the Act authorizes appropriations for fiscal year 2001.

Section 102—classified schedule of authorizations

Section 102 incorporates by reference the classified Schedule of Authorizations. That schedule sets forth the specific amounts authorized to be appropriated for specific intelligence and intelligence-related activities and personnel ceilings for fiscal year 2001 for those United States government elements listed in section 101. The details of the Schedule are explained in the classified annex to this report. The Schedule of Authorizations correlates to the President's budget request, which was submitted to Congress in classified form.

Section 103—personnel ceiling adjustments

Section 103 authorizes the Director of Central Intelligence, with the approval of the Director of the Office of Management and Budget, in fiscal year 2001, to exceed the personnel ceilings applicable to the components of the intelligence community under section 102 by an amount not to exceed two percent of the total of the ceilings otherwise applicable under section 102. The Director may exercise this authority only when necessary to the performance of important intelligence functions. Any exercise of this authority must be reported to the two intelligence committees of the Congress.

The committee emphasizes that the authority conferred by section 103 is not intended to permit the wholesale raising of personnel strength in any intelligence component. Rather, the section provides the Director of Central Intelligence with flexibility to adjust personnel levels temporarily for contingencies, and for overages caused by an imbalance between hiring of new employees and attrition of current employees. The committee does not expect the Director of Central Intelligence to allow heads of intelligence components to plan to exceed levels set in the Schedule of Authorizations, except for the satisfaction of clearly identified hiring needs that are consistent with the authorization of personnel strengths in this legislation. In no case is this authority to be used to provide for positions otherwise denied by Congress.

Section 104—intelligence community management account

Section 104 details the amount and composition of the Community Management Account ("CMA") of the Director of Central Intelligence.

Subsection (a) of section 104 authorizes appropriations in the amount of \$144,231,000 for fiscal year 2001 for the staffing and administration of various components under the CMA. Subsection (a) also authorizes funds identified for the Advanced Research and De-

velopment Committee and the Environmental Intelligence and Applications Program to remain available for two years.

Subsection (b) authorizes 356 full-time personnel for elements within the CMA for fiscal year 2001 and provides that such personnel may be permanent employees of the CMA element or detailed from other elements of the United States Government.

Subsection (c) explicitly authorizes the classified portion of the CMA.

Subsection (d) requires that personnel be detailed on a reimbursable basis, with certain exceptions.

Subsection (e) authorizes \$28,000,000 of the amount authorized for the CMA under subsection (a) to be made available to the Attorney General through the DCI for the National Drug Intelligence Center ("NDIC") in Johnstown, Pennsylvania. Subsection (e) requires the Director of Central Intelligence to transfer the \$28,000,000 to the Department of Justice to be used for NDIC activities under the authority of the Attorney General, and subject to section 103(d)(1) of the National Security Act. The NDIC is authorized \$1,000,000 more than the amount authorized for the funding of the NDIC for FY 2000. The Committee of Conference on the Intelligence Authorization Act for Fiscal Year 2000 directed that \$1,000,000 of the funds authorized to be appropriated to the Attorney General by the Act be made available to the Judicial Review Commission on Foreign Asset Control, which was established in section 810 of that Act. (P.L. 106-120). The additional \$1,000,000 authorized for Fiscal Year 2001 is intended to replenish NDIC funding made available to the Commission.

Section 105—transfer authority of the Director of Central Intelligence

Section 105 amends section 104(d)(1) of the National Security Act of 1947 to authorize the Director of Central Intelligence (DCI) to transfer funds appropriated for a program within the National Foreign Intelligence Program (NFIP) to another such program within the NFIP, with the approval of the Director of the Office of Management and Budget, unless the Secretary of Defense, or other cabinet Secretary who has an affected Intelligence Community element within his or her department, submits a written objection to the transfer. The Secretary of Defense may only delegate responsibility under this provision to the Deputy Secretary of Defense. The other department heads are not authorized under this provision to delegate the authority to object to any such transfer sought by the DCI.

The current section 104(d)(1) limits the DCI's authority to transfer funds and personnel to transfers where the Secretary or head of the affected department does not object to such transfer. The committee understands that in practice Defense Department officials below the level of Secretary have taken action to block transfers within the NFIP sought by the DCI. The committee intends to end this practice and require higher-level involvement in decisions that countermand the DCI's judgment on funding requirements of NFIP programs. Just as the Secretary of Defense is limited in delegating any authority to object to these transfers to the Deputy Secretary of Defense, the DCI is limited in his authority to delegate

the transfer request authority only to the Deputy Director of Central Intelligence for Community Management.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Section 201—authorization of appropriations

Section 201 authorizes appropriations in the amount of \$216,000,000 for fiscal year 2001 for the Central Intelligence Agency Retirement and Disability Fund.

TITLE III—GENERAL PROVISIONS

Section 301—increase in employee compensation and benefits authorized by law

Section 301 provides that appropriations authorized by this Act for salary, pay, retirement and other benefits for federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

Section 302—restriction on conduct of intelligence activities

Section 302 provides that the authorization of appropriations within the Act does not constitute authority for the conduct of any intelligence activity that is precluded by the Constitution or other laws of the United States.

Section 303—Sense of the Congress regarding intelligence community contracting

Section 303 expresses the sense of Congress that the DCI should continue to direct elements of the intelligence community to award contracts in a manner that would maximize the procurement of products produced in the United States, when such action is compatible with the national security interests of the United States, consistent with operational and security concerns, and fiscally sound.

Section 304—authorization for travel on any common carrier for certain intelligence collection personnel

Section 304 authorizes the DCI to permit intelligence community employees, officers, or agents, carrying out intelligence collection activities to utilize any common carrier, either foreign or domestically owned or operated, in limited circumstances, when flying directly to or from the United States on official business. The federal government currently requires, to the extent practicable, government employees, officers, or agents, travelling directly to or from the United States to utilize U.S. owned or operated common carriers for such travel. The committee has found, however, that from time to time it would reduce the risk of disclosure of sources and methods of intelligence collection if the DCI were authorized some flexibility with respect to this otherwise well-founded requirement. The committee notes that situations arise where the current requirement, and its inflexible application, create unnecessary risks for intelligence collection activities, including the risk of com-

promise of sources and methods. The committee believes that the DCI should be given some latitude to maintain or enhance the security of intelligence collection operations and of the intelligence collectors by waiving the requirement, on an as needed basis. The committee expects that such a waiver will not be routine, but that this provision will be invoked from time to time with positive results.

Section 305—reports on acquisition of technology relating to weapons of mass destruction and advanced conventional munitions

Section 305 amends section 721(a) of the Intelligence Authorization Act for Fiscal Year 1997 (P.L. 104–293, 110 Stat. 3474). Section 721(a) required that an unclassified report on the acquisition of technology relating to weapons of mass destruction and advanced conventional munitions be submitted to Congress every 6 months. This section would require a report to be submitted on an annual basis. This will give the public the benefit of a full year of substantive reporting, rather than a half year, which sometimes can result in an incomplete view of the activity. The committee will continue to receive classified briefings and intelligence reporting on an on-going basis.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Section 401—modifications to Central Intelligence Agency's Central Services Program

Section 401 permits the deposit into the Central Service Program's Working Capital Fund of the receipts from the miscellaneous reimbursements of individuals and the rental of property and equipment to employees and detailees.

Section 402—technical corrections

Section 402 makes technical amendments to section 17 of the Central Intelligence Agency Act of 1949. Section 402(a) strikes subparagraph (E) of section 17(d)(1), which directs the CIA Inspector General to report to the intelligence committees those occasions where his office was constrained from obtaining documentary evidence during the course of a CIA IG investigation due to the lack of subpoena authority. The CIA IG was granted subpoena authority to obtain documentary evidence in the Intelligence Authorization Act for Fiscal Year 1998 (P.L. 105–107). Thus, the reporting requirement in subparagraph (E) has been superceded by subsequent legislation.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

Section 501—three year extension of authority to engage in commercial activities as security for intelligence collection activities

This section amends section 431(a) of title 10, United States Code, which expire on December 31, 2000. Section 431(a) permits the Department of Defense to engage in commercial activities as security for intelligence collection activities. This section extends this authority until December 31, 2003.

Section 502—contracting authority for the National Reconnaissance Office

Section 502 directs the National Reconnaissance Office (NRO) to negotiate, write, and manage all future vehicle acquisition or launch contracts that affect or bind the NRO and to which the United States is a party.

The committee has been very frustrated with aspects of the NRO's launch program, particularly with Titan IV production. Consistently, this program has been excessively over-funded and has resulted in large amounts of funds available for reprogramming. The committee has had considerable difficulty holding the organization accountable for better program planning because the NRO has had launch vehicle and launch services contracts written and managed by non-NRO contracting offices. As a result, the NRO does not have sufficient management responsibility for those contracts to be responsive to congressional concerns, or to take necessary corrective actions.

The NRO IG recently completed an investigation that identified the vehicle acquisition and launch services type of contract, and the relationship between the external contracting office and the NRO, as the main factors contributing to the over-funding problem. The committee notes that a re-negotiation of the contract structure is being considered that would remove a penalty for future launch failures, despite the NRO IG's recommendation.

Section 502 will require that the NRO contract for vehicle acquisition and launch services directly with launch service providers. The committee recognizes the need for the NRO to work closely with outside contracting offices in many areas, for example, to develop standard interfaces and quality control process procedures. The committee believes that NRO's use of external contracting offices to negotiate, write, and manage vehicle acquisition and launch contracts does not provide the NRO, nor the committee sufficient insight into the contracting process. Additionally, more direct control by the NRO over its vehicle acquisition and launch contracts is expected to increase the accountability for such projects within the NRO.

COMMITTEE POSITION AND RECORD VOTES TAKEN

On May 10, 2000, in open session, a quorum being present, the Permanent Select Committee on Intelligence, by a recorded vote of 12 ayes to 0 noes, approved the bill, H.R. 4392, as amended by an amendment in the nature of a substitute offered by Chairman Goss. By that vote, the committee ordered the bill reported favorably to the House, with an amendment. On that vote, the Members present recorded their votes as follows: Mr. Goss (Chairman)—aye; Mr. McCollum—aye; Mr. Castle—aye; Mr. Boehlert—aye; Mr. Bass—aye; Mr. Gibbons—aye; Mr. LaHood—aye; Ms. Wilson—aye; Mr. Dixon—aye; Ms. Pelosi—aye; Mr. Condit—aye; Mr. Roemer—aye.

During consideration of the bill, Mr. Roemer offered an amendment to the legislative provisions. The amendment would have directed the President to disclose annually the aggregate appropriation for the Intelligence Community for the previous fiscal year.

The Permanent Select Committee on Intelligence rejected Mr. Roemer's amendment by a vote of 5 ayes to 11 noes, a quorum being present. On that vote, the Members present recorded their votes as follows: Mr. Goss (Chairman)—no; Mr. Lewis—no; McCollum—no; Mr. Castle—no; Mr. Boehlert—no; Mr. Bass—no; Mr. Gibbons—no; Mr. LaHood—no; Ms. Wilson—no; Mr. Dixon—aye; Ms. Pelosi—aye; Mr. Bishop—no; Mr. Sisisky—no; Mr. Condit—aye; Mr. Roemer—aye; Mr. Hastings—aye.

FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM

With respect to clause 3(c)(4) of rule XIII of the House of Representatives, the committee is not subject to this requirement; therefore, the committee has not received a report from the Committee on Government Reform and Oversight pertaining to the subject of this bill.

OVERSIGHT FINDINGS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the committee held eleven hearings on the classified budgetary issues raised by H.R. 4392. Testimony was taken from the Director of Central Intelligence; the Deputy Director of Central Intelligence for Community Management; the Director of the National Security Agency; the Director of the Federal Bureau of Investigation; the Director of the Defense Intelligence Agency; the Executive Director, and the Deputy Directors of the Operations, Intelligence, Administration, Science and Technology Directorates of the Central Intelligence Agency; the Director of the National Reconnaissance Office; and the Director of the National Imagery and Mapping Agency; and various other knowledgeable witnesses from the Department of Defense, the Department of Justice, and the Department of State regarding the activities and plans of the intelligence community covered by the provisions and authorizations, both classified and unclassified, of the Intelligence Authorization Act for Fiscal Year 2001. The bill, as reported by the committee, reflects conclusions reached by the committee in light of this oversight activity.

FISCAL YEAR COST PROJECTIONS

The committee has attempted, pursuant to clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, to ascertain the outlays that will occur in fiscal year 2001 and the five years following, if the amounts authorized are appropriated. These estimates are contained in the classified annex and are in accordance with those of the executive branch.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

In compliance with clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives, and pursuant to sections 308 and 402 of the Congressional Budget Act of 1974, the committee submits the following estimate prepared by the Congressional Budget Office:

U.S. HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, May 11, 2000.

Mr. DAN L. CRIPPEN,
*Director Congressional Budget Office,
Ford House Office Building, Washington, DC.*

DEAR MR. CRIPPEN: In compliance with the Rules of the House of Representatives, I am writing to request a cost estimate of H.R. 4392, the "Intelligence Authorization Act for Fiscal Year 2001," pursuant to sections 308 and 403 of the Congressional Budget Act of 1974. I have attached a copy of the bill as approved by the House Permanent Select Committee on Intelligence on May 10, 2000.

As I hope to bring this legislation to the House floor in the very near term, I would very much appreciate an expedited response to this request by the CBO's staff. Should you have any questions related to this request, please contact Patrick B. Murray, the Committee's Chief Counsel. Thank you in advance for your assistance with this request.

Sincerely,

PORTER J. GOSS, *Chairman.*

Attachment.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 12, 2000.

Hon. PORTER J. GOSS,
*Chairman, Permanent Select Committee on Intelligence, House of
Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4392, the Intelligence Authorization Act for Fiscal Year 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Suinta D'Monte.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 4392—Intelligence Authorization Act for Fiscal Year 2001

Summary: H.R. 4392 would authorize appropriations for fiscal year 2001 for intelligence activities of the United States government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that implementing the bill would cost \$144 million over the 2001–2005 period, assuming appropriation of the authorized amounts. The bill would affect direct spending by insignificant amounts; thus, pay-as-you-go procedures would apply. H.R. 4392 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act

(UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of the unclassified portions of H.R. 4392 is shown in the following table. CBO cannot obtain the necessary information to estimate the costs for the entire bill because parts are classified as a level above clearances held by CBO employees. For purposes of this estimate, CBO assumes that the bill will be enacted by October 1, 2000, and that the authorized amounts will be appropriated for fiscal year 2001. Estimated outlays are based on historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

	By fiscal year, in millions of dollars—					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Intelligence Community Management:						
Budget Authority ¹	157	0	0	0	0	0
Estimated Outlays	135	47	9	3	0	0
Proposed Changes:						
Authorization Level	0	144	0	0	0	0
Estimated Outlays	0	89	43	9	3	0
Spending Under H.R. 4392 for Intelligence Community Management:						
Authorization Level ¹	157	144	0	0	0	0
Estimated Outlays	135	136	53	12	3	0

¹ The 2000 level is the amount appropriated for that year.

Spending subject to appropriation

The bill would authorize appropriations of \$144 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies. Section 501 would extend through December 31, 2003, a program that allows the Central Intelligence Agency (CIA) to engage in commercial activities as security for intelligence collection. CBO does not have the necessary information to estimate the budgetary impact of this provision.

Direct spending

The bill would authorize \$216 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The payment to CIARDS is considered mandatory, and the authorization under this bill would be the same as assumed in the CBO baseline. Section 401 would expand a program that authorizes the CIA to provide goods and services on a reimbursable basis by allowing the agency to rent property and equipment to its employees and those on detail from other agencies. CBO estimates that the costs of providing those services would be offset by the reimbursement and that this provision would have an insignificant net impact each year and no net budgetary impact over the long run.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that the net change in outlays that are subject to pay-as-you-go procedures would be insignificant for each year.

Intergovernmental and private-sector impact: H.R. 4392 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Sunita D'Monte; Impact on State, Local, and Tribal Governments: Leo Lex; and Impact on the Private Sector: Eric Labs.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMMITTEE COST ESTIMATES

The committee agrees with the estimate of the Congressional Budget Office.

SPECIFIC CONSTITUTIONAL AUTHORITY FOR CONGRESSIONAL ENACTMENT OF THIS LEGISLATION

The intelligence and intelligence-related activities of the United States government are carried out to support the national security interests of the United States, to support and assist the armed forces of the United States, and to support the President in the execution of the foreign policy of the United States. Article I, section 8, of the Constitution of the United States provides, in pertinent part, that "Congress shall have power * * * to pay the debts and provide for the common defence and general welfare of the United States; * * *"; "to raise and support Armies, * * *" "to provide and maintain a Navy; * * *" and "to make all laws which shall be necessary and proper for carrying into execution * * * all other powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof." Therefore, pursuant to such authority, Congress is empowered to enact this legislation.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL SECURITY ACT OF 1947

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* * * * *

TITLE I—COORDINATION FOR NATIONAL SECURITY

Sec. 101. National Security Council.

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Sec. 116. *Travel on any common carrier for certain intelligence collection personnel.*

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TITLE I—COORDINATION FOR NATIONAL SECURITY

* * * * *

AUTHORITIES OF THE DIRECTOR OF CENTRAL INTELLIGENCE

SEC. 104. (a) * * *

* * * * *

(d) TRANSFER OF FUNDS OR PERSONNEL WITHIN THE NATIONAL FOREIGN INTELLIGENCE PROGRAM.—(1)(A) In addition to any other authorities available under law for such purposes, the Director of Central Intelligence, with the approval of the Director of the Office of Management and Budget, may transfer funds appropriated for a program within the National Foreign Intelligence Program to another such program and, in accordance with procedures to be developed by the Director and the heads of affected departments and agencies, may transfer personnel authorized for an element of the intelligence community to another such element for periods up to a year.

(B) *The Director may only delegate any duty or authority given the Director under this subsection to the Deputy Director of Central Intelligence for Community Management.*

(2)(A) A transfer of funds or personnel may be made under this subsection only if—

[(A)] (i) the funds or personnel are being transferred to an activity that is a higher priority intelligence activity;

[(B)] (ii) the need for funds or personnel for such activity is based on unforeseen requirements;

[(C)] (iii) the transfer does not involve a transfer of funds to the Reserve for Contingencies of the Central Intelligence Agency;

[(D)] (iv) the transfer does not involve a transfer of funds or personnel from the Federal Bureau of Investigation; and

[(E)] (v) [the Secretary or head] *subject to subparagraph (B), the Secretary or head* of the department which contains the affected element or elements of the intelligence community does not object to such transfer.

(B)(i) *Except as provided in clause (ii), the authority to object to a transfer under subparagraph (A)(v) may not be delegated by the Secretary or head of the department involved.*

(ii) *With respect to the Department of Defense, the authority to object to such a transfer may be delegated by the Secretary of Defense, but only to the Deputy Secretary of Defense.*

(iii) *An objection to a transfer under subparagraph (A)(v) shall have no effect unless submitted to the Director of Central Intelligence in writing.*

* * * * *

TRAVEL ON ANY COMMON CARRIER FOR CERTAIN INTELLIGENCE
COLLECTION PERSONNEL

SEC. 116. (a) IN GENERAL.—*Notwithstanding any other provision of law, the Director of Central Intelligence may authorize travel on any common carrier that, in the discretion of the Director, would by its use maintain or enhance the protection of sources or methods of intelligence collection or maintain or enhance the security of personnel of the intelligence community carrying out intelligence collection activities.*

(b) *AUTHORIZED DELEGATION OF DUTY.*—*The Director may only delegate the authority granted by this section to the Deputy Director of Central Intelligence, or with respect to employees of the Central Intelligence Agency the Director may delegate such authority to the Deputy Director for Operations.*

* * * * *

SECTION 721 OF THE INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1997

SEC. 721. REPORTS ON ACQUISITION OF TECHNOLOGY RELATING TO WEAPONS OF MASS DESTRUCTION AND ADVANCED CON- VENTIONAL MUNITIONS.

(a) *REPORTS.*—[Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter,] *Not later than March 1, 2001, and every March 1 thereafter,* the Director of Central Intelligence shall submit to Congress a report on—

(1) the acquisition by foreign countries during the preceding [6 months] *year* of dual-use and other technology useful for the development or production of weapons of mass destruction (including nuclear weapons, chemical weapons, and biological weapons) and advanced conventional munitions; and

(2) trends in the acquisition of such technology by such countries.

* * * * *

CENTRAL INTELLIGENCE AGENCY ACT OF 1949

* * * * *

SEC. 17. INSPECTOR GENERAL FOR THE AGENCY.

(a) * * *

* * * * *

(d) *SEMIANNUAL REPORTS; IMMEDIATE REPORTS OF SERIOUS OR FLAGRANT PROBLEMS; REPORTS OF FUNCTIONAL PROBLEMS; REPORTS TO CONGRESS ON URGENT CONCERNS.*—(1) The Inspector General shall, not later than January 31 and July 31 of each year, prepare and submit to the Director of Central Intelligence a classified semiannual report summarizing the activities of the Office during the immediately preceding six-month periods ending December 31 (of the preceding year) and June 30, respectively. Within thirty days of receipt of such reports, the Director shall transmit such reports to the intelligence committees with any comments he may deem appropriate. Such reports shall, at a minimum, include a list of the title or subject of each inspection, investigation, or audit conducted during the reporting period and—

(A) * * *

* * * * *

(D) a certification that the Inspector General has had full and direct access to all information relevant to the performance of his functions; *and*

[(E)] a description of all cases occurring during the reporting period where the Inspector General could not obtain documentary evidence relevant to any inspection, audit, or investigation due to his lack of authority to subpoena such information; and]

[(F)] (E) such recommendations as the Inspector General may wish to make concerning legislation to promote economy and efficiency in the administration of programs and operations undertaken by the Agency, and to detect and eliminate fraud and abuse in such programs and operations.

* * * * *

(e) AUTHORITIES OF THE INSPECTOR GENERAL.—(1) * * *

* * * * *

(8) Subject to the concurrence of the Director, the Inspector General may request such information or assistance as may be necessary for carrying out his duties and responsibilities from any [Federal] Government agency. Upon request of the Inspector General for such information or assistance, the head of the [Federal] Government agency involved shall, insofar as is practicable and not in contravention of any existing statutory restriction or regulation of the [Federal] Government agency concerned, furnish to the Inspector General, or to an authorized designee, such information or assistance.

* * * * *

CENTRAL SERVICES PROGRAM

SEC. 21. (a) * * *

* * * * *

(c) CENTRAL SERVICES WORKING CAPITAL FUND.—(1) There is established a fund to be known as the Central Services Working Capital Fund (in this section referred to as the “Fund”). The purpose of the Fund is to provide sums for activities under the program.

(2) There shall be deposited in the Fund the following:

(A) * * *

* * * * *

(F) Receipts from miscellaneous reimbursements from individuals and receipts from the rental of property and equipment to employees and detailees.

[(F)] (G) Such other amounts as the Director is authorized to deposit in or transfer to the Fund.

* * * * *

SECTION 431 OF TITLE 10, UNITED STATES CODE

§ 431. Authority to engage in commercial activities as security for intelligence collection activities

(a) AUTHORITY.—The Secretary of Defense, subject to the provisions of this subchapter, may authorize the conduct of those commercial activities necessary to provide security for authorized intelligence collection activities abroad undertaken by the Department

of Defense. No commercial activity may be initiated pursuant to this subchapter after **December 31, 2000** *December 31, 2003*.

* * * * *

