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105TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 105–508

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1999

MAY 5, 1998.—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. 3694]

[Including cost estimate of the Congressional Budget Office]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 3694) to authorize appropriations for fiscal year 1999 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 1999".

(b) TABLE OF CONTENTS.—The table of contents for 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. Community management account.

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. Application of sanctions laws to intelligence activities.
Sec. 304. Sense of Congress on intelligence community contracting.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Sec. 401. Extension of the CIA Voluntary Separation Pay Act.
Sec. 402. Enhanced protective authority for CIA personnel and family members.
Sec. 403. Technical amendments.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

Sec. 501. Extension of authority to engage in commercial activities as security for intelligence collection activities.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1999 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, 1999, 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. 3694 of the 105th 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 1999 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 he exercises the authority granted by this section.

SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Community Management Account of the Director of Central Intelligence for fiscal year 1999 the sum of $139,123,000. 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, 2000.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Community Management Account of the Director of Central Intelligence is authorized 283 full-time personnel as of September 30, 1999. Personnel serving in such elements may be permanent employees of the Community Management Staff 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 Community Management Account by subsection (a), there is also authorized to be appropriated for the Community Management Account for fiscal year 1999 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a).

(2) AUTHORIZATION OF PERSONNEL.—In addition to the personnel authorized by subsection (b) for elements of the Community Management Account as of

September 30, 1999, there is authorized such additional personnel for such elements as of that date as is specified in the classified Schedule of Authorizations.

(d) REIMBURSEMENT.—Except as provided in section 113 of the National Security Act of 1947, during fiscal year 1999, any officer or employee of the United States or a member of the Armed Forces who is detailed to the staff of the 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 appropriated pursuant to the authorization in subsection (a), the amount of $27,000,000 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, 2000, and funds provided for procurement purposes shall remain available until September 30, 2001.

(2) TRANSFER OF FUNDS.—The Director of Central Intelligence shall transfer to the Attorney General of the United States 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.

(f) TRANSFER AUTHORITY FOR FUNDS FOR SECURITY REQUIREMENTS AT OVERSEAS LOCATIONS.—

(1) IN GENERAL.—Of the amount appropriated pursuant to the authorization in subsection (a), the Director of Central Intelligence may transfer funds to departments or other agencies for the sole purpose of supporting certain intelligence community security requirements at overseas locations, as specified by the Director.

(2) LIMITATION.—Amounts made available for departments or agencies under paragraph (1) shall be—

(A) transferred to the specific appropriation;

(B) allocated to the specific account in the specific amount, as determined by the Director;

(C) merged with funds in such account that are available for architectural and engineering support expenses at overseas locations; and

(D) available only for the same purposes, and subject to the same terms and conditions, as the funds described in subparagraph (C).

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 1999 the sum of $201,500,000.

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. APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking out "January 6, 1999" and inserting in lieu thereof "January 6, 2000".

SEC. 304. SENSE OF CONGRESS ON INTELLIGENCE COMMUNITY CONTRACTING.

It is the sense of 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.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. EXTENSION OF THE CIA VOLUNTARY SEPARATION PAY ACT.

Section 2(f) of the Central Intelligence Agency Voluntary Separation Pay Act (Public Law 103–36, 50 U.S.C. 403–4 note) is amended by striking out "September 30, 1999" and inserting in lieu thereof "September 30, 2001".

SEC. 402. ENHANCED PROTECTIVE AUTHORITY FOR CIA PERSONNEL AND FAMILY MEMBERS.

Section 5(a)(4) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f(a)(4)) is amended by striking out "and the protection of Agency personnel and of defectors, their families" and inserting in lieu thereof "and the protection of current and former Agency personnel and their immediate families, and defectors and their immediate families".

SEC. 403. TECHNICAL AMENDMENTS.

(a) CENTRAL INTELLIGENCE AGENCY ACT OF 1949.—(1) Section 5(a)(1) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f(a)(1)) is amended—

(A) by striking out "subparagraphs (B) and (C) of section 102(a)(2)" and inserting in lieu thereof "paragraphs (2) and (3) of section 102(a)";

(B) by striking out "(c)(5)" and inserting in lieu thereof "(c)(6)";

(C) by inserting "(3)," after "403(a)(2),";

(D) by inserting "(c)(6), (d)" after "403–3"; and

(E) by inserting "(a), (g)" after "403–4".

(2) Section 6 of such Act (50 U.S.C. 403g) is amended by striking out "(c)(5)" each place it appears and inserting in lieu thereof "(c)(6)".

(b) CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT.—Section 201(c) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2011(c)) is amended by striking out "(c)(5)" each place it appears and inserting in lieu thereof "(c)(6)".

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. 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 out "December 31, 1998" and inserting in lieu thereof "December 31, 2001".

PURPOSE

The bill would:

(1) Authorize appropriations for fiscal year 1999 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, 1999 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 1999 for any intelligence element up to two percent above the author-

ized levels, with the approval of the Director of the Office of Management and Budget;

(3) Authorize $27 million for the National Drug Intelligence Center in Johnstown, Pennsylvania;

(4) Extend the authority of the President to defer the imposition of sanctions through January 6, 2000, when to proceed without delay would seriously risk the compromise of an intelligence source or method, or an ongoing criminal investigation;

(5) Extend the CIA's authority to offer "early out" incentives to employees to enable the CIA to meet the intelligence personnel needs of the next century;

(6) Enhance the CIA's ability to provide personal protection to its employees and defectors and the families of such protectees in situations presenting specific or credible threats of physical harm; and

(7) Extend the current Department of Defense authority to engage in commercial activities as security for intelligence collection.

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 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. The classified Annex is available for review by all Members of the House of Representatives, subject to the requirements of clause 13 of rule XLIII 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 are a diverse array of reconnaissance and target acquisition programs that are a functional part of the basic military force structure and provide direct infor-

mation 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 Committee on National Security 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).

COMMITTEE FINDINGS AND RECOMMENDATIONS

The committee completed its review of the President's fiscal year 1999 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 function as well as by program. Thus, the committee's review was structured across program lines and intelligence disciplines and themes. The committee held seven full committee budget-related hearings on budgetary issues, including: acquisition of overhead collection systems, SIGINT issues, IMINT issues, Human Intelligence (HUMINT) issues, Analysis and Production, and Covert Action. A specific hearing was also held that dealt with the Future Imagery Architecture, and two hearings were held at which the Director of Central Intelligence (DCI) testified, in order to understand his views and plans for the future of intelligence and the Intelligence Community (IC). The committee also held six full-committee briefings on areas such as commercial mapping technology, collection management, and the status of the space reconnaissance programs, in particular, and the status of IC acquisition processes, in general. There were, in addition, numerous individual briefings of Members and over 100 staff briefings on programs, specific activities, and budget requests.

The committee continued to place heavy emphasis on understanding and addressing the future needs of the IC, and the several distinct roles that it plays in national security. For the past three years, the committee has discussed the fact that our national security is affected by a set of issues more broad than those emphasized for the past 50 years. Heretofore, some of these issues have not

been identified so readily with our global interests. Throughout our continuing review, there has been a constant theme: the threats that face our nation demand that the IC be vigilant on both the strategic and tactical levels and the IC must maintain a world-wide view, with a highly flexible set of resources.

The committee is struck by what can be characterized as a growing sense of apathy toward our national security and intelligence. Because the threats are less obvious and untraditional, many inside and outside of government believe that our nation has fewer worries and is somehow safer. That we can dramatically reduce our intelligence and defense resources, because we are at peace, is a concept that many endorse, especially when weighing such expenditures against those needed domestically. Unfortunately, our nation is no less at risk now than during the Cold War. What has changed is the nature of the threat. The likelihood of a major nuclear confrontation has receded. But other aspects of our security are at greater risk, including the growing possibility that a rogue nation will attack United States' interests, or even the United States itself, with a nuclear device or some other weapon of mass destruction.

Two specific incidents occurred recently that have shown light on how much at risk, and how ill-prepared, we are. First is the most recent confrontation with Iraq. Yet again, the United States faced a dilemma in how to deal with Saddam Hussein, a dictator possessing weapons of mass destruction and a demonstrated will to use them, who has consistently threatened stability of a critically important, strategic region. The real issues in this situation could be boiled down to two—did we have a policy, and did we have the intelligence that would not only support a policy decision and its implementation, but would also provide the information necessary to develop options? Regarding the latter, the answer was a resounding "no."

The second incident is related to our nation's vulnerability to technological attack. In February 1998, Department of Defense computer systems fell victim to systematic, coordinated attacks by individuals who, luckily, appeared to be driven by the challenge of conducting such attacks rather than by malicious intent. Regardless of intent, the attack again demonstrates that information technology has become this nation's strength as well as its Achilles' heel. Consequently, high priority must be placed on developing our abilities to warn, detect and defend against such attacks, as well as to be positioned to conduct such attacks when necessary. The committee stresses that this is a national security issue that encompasses the entirety of our nation's infrastructure, not just that of Defense or of the government. Likewise, this issue must be faced in terms of threat and attack, not just in terms of law enforcement. At the end of the day, we must be vigilant in ensuring that the IC is positioned to address this new challenge.

Our intelligence capabilities have dwindled since the breakup of the Soviet Union, and we have failed to build new capabilities that will become increasingly critical. This is especially true in the areas of espionage, covert action, and in our toughest SIGINT activities. We, as a nation, cannot continue this course. The world is such that individuals and groups will continue to disrupt our foreign pol-

icy objectives and threaten our national security. The only thing that will change will be that their resources will increase and their capabilities will grow ever more fearsome. We must be prepared, by having the intelligence resources we need, well before a crisis occurs, and preferably in a fashion that might allow us to preempt it. We can do no less.

As a result of these demands, the committee evaluated the budget submission with an eye toward looking at future needs and capabilities. Specifically, five major themes came out of this evaluation:

We must invest in a recapitalization and modernization of our SIGINT capabilities;

We must invest in re-establishing and rebuilding our clandestine espionage or HUMINT infrastructure;

We must continue to invest in all-source analysis, establishing a "global," strategic outlook that will allow for proper indications and warning for the policymakers and key decision makers throughout government;

We must rebuild covert action capabilities; and,

We must invest in advanced research and development in all programs within the IC.

Likewise, the committee's review brought to light some fundamental questions that are partially addressed in this budget, and will be specifically pursued over the next year. These include:

Will the growing cost of the National Reconnaissance Program (NRP) continue unabated, and how is this affecting the other programs within the NFIP?

Are we placing the proper requirements on the development of our future overhead systems? In essence, are we structuring it only to monitor and surveil known targets, or do we want to develop systems that focus on reconnaissance and uncovering truly secret information?

Is financial management within the IC, specifically within the NRP and the National Imagery and Mapping Program, rigorous enough that the DCI can make needed tradeoffs?

Is the balance of investment between overhead systems and other methods of collection correct, given the types of information that is needed for national security and foreign policy planning?

Are we properly emphasizing and investing in areas such as processing, analysis and distribution, the activities that make useful the massive amounts of data that is anticipated with new technical collection systems?

Is the IC approaching information operations in a fashion that properly positions us to face the future challenges?

Are we investing properly in the right types of research and fully exploiting commercially available technologies?

These are questions that must be addressed. They will be the focus of the committee's future oversight and actions.

AREAS OF SPECIAL INTEREST

THE NATIONAL SECURITY AGENCY BUDGET, CULTURE, METHOD OF OPERATION

The committee has concluded that very large changes in the National Security Agency's culture and method of operations need to

take place, including changes in its budget methodology. NSA should be given credit for many changes already introduced, but the committee believes that the results have not gone far enough, and that NSA will not meet its Unified Cryptologic Architecture (UCA) goals without tackling head-on some very fundamental internal obstacles.

Additions to the Consolidated Cryptologic Program (CCP) budget are being used as leverage to effect some of the internal reforms urgently needed. This is being done in several ways. First, the committee is funding and mandating external management reviews. Second, the committee is attempting to infuse fresh thought, needed expertise (especially in systems engineering), and greater fairness by insisting that significant portions of certain categories be contracted out and that outside proposals and expertise be solicited, notably in systems engineering, advanced research and development, and in development activities conducted by the Advanced Technology Centers. Third, fences have been placed on portions of the budget, with the prospect that a considerable amount of money could be reprogrammed for other IC needs if NSA does not develop detailed strategic and business planning.

These steps are taken partially because the committee has been frustrated in attempts to start needed reforms during fiscal year 1998. Outside management reviews, budget cuts and adds to reduce acquisition cycle time, plus cuts to lower the budget percentage allocated to support, were initiated in the fiscal year 1998 authorization process, but all have met resistance and have been deflected from their intended purpose. Subsequently, the committee also found unreceptiveness to development of cost effectiveness analyses that could direct the agency's and SIGINT community's investment priorities. It also found that fiscal year 1998 and fiscal year 1999 investments of money and personnel in categories critical to the future, continue to be minimized, at best, and that NSA often cannot track allocations for critical functions that cross the old program and bureaucratic lines, much less enforce implementation of DIRNSA policy priorities.

Therefore, the committee concludes that a far more radical revision of the budget process than presently contemplated is necessary. Just as the military must train the way it will fight, NSA must budget according to the critical categories of a new and completely different architecture and mode of operations. Further, the old budget categories have provided little insight into and fulfillment of the old architecture.

Most difficult of all, NSA must develop a new culture in which all team together on a new architecture, rather than bubbling up disparate ideas and programs from across NSA and expending much of its energy on probable duplication. This challenge cannot be minimized, because much of NSA's past strength has come from its localized creativity and quick-reaction capability, which enabled it to rise when necessary to overcome the stultifying effect that the bureaucracy of such a large organization can have.

It has often been said, by both Congress and the administration, that the IC neglects processing and the entire "downstream" area in favor of more exotic and interesting collection programs, and that this trend has worsened in recent years. The committee re-

quests that, after receiving this bill, the Community Management Staff (CMS) organize an effort to provide statistics on trends for investment in collection as opposed to processing or downstream areas. Even if comparable data cannot be found to document the balance over the past ten years, we should establish a 1997 baseline, if practicable, and keep track thereafter. Eventually, we may be able to establish some rule of thumb for the amount of downstream investment required to use efficiently our investments in collection, although this could be subject to changing technology and the effect on costs at either end. The CMS is asked to explore this possible system for tracking SIGINT investment, in conjunction with NSA, which has thought about potential methodologies. CMS participation appears necessary because much SIGINT collection and processing crosses program boundaries and accumulation of the data would require access to information outside NSA, as well as the presence of an objective arbiter.

For the same reasons, CMS is also asked to undertake immediately the establishment of meaningful metrics to evaluate henceforth the cost effectiveness of various SIGINT collection programs. NSA has resisted this on grounds that meaningful metrics cannot be found, but the committee believes they must be found and that NSA and other community programs must be run more like a corporation that systematically evaluates the productivity of various lines of operation, terminates or downgrades some accordingly, and switches available dollars to those that produce the most return or have the greatest promise. Such data is needed across the IC to determine where our funds should be placed, and should have been developed to help guide the UCA deliberations. It can still have a major impact on UCA implementation plans. There are many other potential uses, including for decisions on the elimination of legacy systems within NSA and for DCI and DoD consideration of cross-program trades.

Finally, the committee has requested that an independent panel assess community-wide Electronic Intelligence (ELINT) planning and budgeting.

NATIONAL RECONNAISSANCE PROGRAM

For several years, the committee has been concerned with the increasing costs of several major National Reconnaissance Office (NRO) programs and the NRP's growing share of the NFIP budget. Not seeing any relief from the tight fiscal environment, the committee has sought to find technological innovations and managerial reforms in the NRP that could reduce costs. This goal lay behind the committee's push to shift to larger numbers of smaller satellites, which the committee thought also would provide better performance against hard targets, reduce satellite vulnerability, and help to counter foreign denial and deception practices.

The committee had hoped that acquisition reform and a shift in strategy to smaller satellites would control if not reduce costs in the near-term, and enable the DCI to increase investment elsewhere in the NFIP and the NRO to invest new technologies, in support of new or higher priority missions, like counter-proliferation. So far, however, this hope has not been fulfilled, but the committee still believes that this strategy, if properly enforced, will produce

results in time. The committee is now exploring also the benefits of cost caps, believing with the DCI that they may help to discipline the acquisition system.

The committee, in summary, is not satisfied that all appropriate measures have been taken to reduce or control costs in the NRP or to adequately measure the cost-effectiveness of all overhead collection activities. The committee believes that the DCI needs to exercise much more knowledgeable and diligent oversight of NRO programs, with an eye to freeing up funds for investment elsewhere, wherever possible. This oversight must extend from requirements tradeoffs, to cost estimating, to acquisition oversight. The DCI also needs to acquire the expertise necessary to make tradeoffs across the major NFIP programs. The DCI can no longer afford to rely on the major program managers to police their organizations and budgets. The committee has recommended additional funds for the DCI to accelerate the development of these capabilities.

THE NATIONAL IMAGERY AND MAPPING AGENCY (NIMA)

The committee is very concerned about incidents which cause it to question the adequacy of financial management at NIMA. Although the committee appreciates the extra information given in the CBJB addenda and found the data to be helpful in tracking general costs, it has been almost impossible to get consistent budget information from NIMA on detailed questions. There have been numerous instances over the past few months where NIMA has provided conflicting data on major programs and has been unable to reconcile the different numbers. Committee inquiries aside, these are basic questions that NIMA must be able to answer internally in order to function.

Of further concern, the committee learned the evening before the committee mark that NIMA is facing a shortfall in fiscal year 1999 in its civilian pay, similar to that faced last year. Although the committee understands the difficulty in forecasting civilian pay, most agencies' problems occur during a fiscal year when promotions or new hiring outpaces attrition. The committee does not understand why NIMA is already forecasting a shortfall for fiscal year 1999, especially since the agency lost hundreds of employees in fiscal year 1998.

The committee is also concerned about the internal reallocation of funds that NIMA has implemented, thus far, in fiscal year 1998. Although the committee understands that NIMA took its share of unallocated cuts, this does not fully explain the movement of money between programs, nor why reprogramming requests were not received. Further, the apparent ambiguity associated with these actions, the apparent fungibility of the accounts, and the fact that, on occasion, NIMA had difficulty explaining such actions, draws into question whether the management at NIMA has the ability or desire to force analytic rigor over the budget process.

The committee is concerned that NIMA either simply does not want to tell Congress of its dealings, or it simply doesn't know how money is being spent and managed. Neither option is good. Generally, the committee is skeptical regarding whether NIMA has the ability to forecast, manage, and execute its budget.

Two factors weigh in NIMA's favor, however. First, the new Director of NIMA has indicated his understanding that changes, and some difficult decisions, must be made. He has also indicated his willingness and desire to work with the committee to take on these challenges. Second, the committee is aware of the DCI's budget task force on NIMA (within the Community Management Staff) and strongly supports this effort. The committee encourages the Director of NIMA to fully utilize the task force resources to provide concrete steps in getting NIMA on track. Put simply, NIMA must make significant changes in the way it executes and manages its budget, and relates this information to Congress, in order to establish any credibility.

IMAGERY ARCHIVING

The committee believes there is a need for a long-term, cohesive strategy for preserving the Nation's investment in space and airborne reconnaissance imagery (including all formats: film-based, electro-optic, infrared, radar and video). Currently, the responsibility of archiving imagery belongs to various organizations, including the NIMA, the Defense Intelligence Agency (DIA), and the National Archives. Each maintains literally millions of images in various formats.

The committee is concerned that these archiving efforts are disjointed and do not provide an indefinite, cost-effective retention solution. Although much of the value associated with investments in imagery relates to short-term, national defense requirements, the future value to scientific and domestic requirements cannot be adequately estimated. The life expectancy of archived imagery, however, is dependent on the various storage media; some of these media may not survive even for longer-term national defense use. The committee believes recent technological developments in the commercial sector can provide economical and extremely long-life mass imagery storage. These technologies also provide an opportunity for developing and instituting a cohesive long-term strategy for archiving imagery.

The committee directs the Secretary of Defense and the DCI to develop, and report to the congressional defense and intelligence committees not later than February 28, 1999, a cohesive and coordinated set of practices and procedures for storing and archiving all imagery—both U.S. reconnaissance and, to the extent necessary, commercially-procured imagery. This report will include a recommendation for consolidating these responsibilities under a single organization. Further, the report will include the new processes and technologies necessary for maintaining imagery "on-line" for national and military use and the processes for subsequently archiving all U.S. government imagery indefinitely and at the lowest cost. The committee recommends that the Administration investigate the latest data storage technologies that are capable of indefinitely maintaining data quality to determine whether their application will decrease archival costs by allowing, among other things, higher density storage, longer-term (hundreds of years) storage between restorations, and less stringent storage-environment requirements.

AUTOMATED INTELLIGENCE DATA FUSION

The committee is disturbed by the number of requests in the Congressional Justification Books (CJBs) that are justified by the development and fielding of data "fusion" algorithms, systems, and processes. Although the committee fully supports the need to assist human analytical processes with automated capabilities, the committee believes there is no intelligence community leadership coordinating these various developments and activities to ensure that the proper fusion efforts are being undertaken and that there are no, or at least minimal, duplications of effort.

Further, the committee notes that the very notion of data fusion is enigmatic to the point that "correlation" and "fusion" become interchangeable, and the very definitions preclude a holistic view of the issue. There have been no agreed goals regarding what fusion is to provide, what it is to accomplish or what products it is to create. Simply put, there is no way the Congress can fully understand the issues of intelligence data fusion because the IC does not seem to understand it.

The committee believes that community-wide emphasis is necessary to address the many issues surrounding "fusion." Therefore, the committee requests that the Deputy Director of Central Intelligence for Community Management (DDCI/CM) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)(ASD(C^3I)) provide the intelligence committees with a long-term strategy and plan for coordinating and developing the various intelligence data fusion efforts. The committee believes that this plan should include the establishment of community-wide definitions, required products and services of fusion developments, a highly visible insight as to the numerous projects to promote interoperability and coordination of developments, and a detailed funding plan for community-wide fusion needs. The committee requests this plan be provided no later than April 15, 1999.

IMAGERY SERVER SYSTEMS

In response to a critical need for imagery dissemination, the Office of Special Technologies, ASD (C^3I), sponsored a U.S. Pacific Command project to put digitized imagery on a server-based network. This project became known as the Demand Driven Direct Digital Dissemination System, or 5D. This system was meant as an interim solution, to eventually be incorporated into NIMA's Imagery Product Archive/Imagery Product Library (IPA/IPL) server system.

The committee understands that, despite expectations, the 5D imagery server system will not be replaced soon by NIMA's libraries program. The reasons for this are numerous, and range from slow software development for the IPA and the initial version of the IPL, to obsolete 5D hardware that cannot run the new IPL software. This latter issue is particularly problematic since it means that replacement of 5D systems requires new hardware procurement that is not funded in NIMA's current Libraries budget. In fact, there are many 5D terminals not included in the IPL systems currently funded in NIMA's budget.

The committee notes that NIMA will soon field the national-level Library and expects that 5D users will want to be able to interface with it immediately. As stated before, this may not be possible with current 5D hardware. The committee believes that 5D systems should be replaced as soon as possible, but that current users cannot afford a lapse in image product availability. Finally, the committee notes that NIMA funds the maintenance of the 5D but that the ASD(C^3I) sponsors the system, and that both have informed the committee that there are limited funds available to keep 5D fully functional. These problems must be solved.

The committee requests that ASD(C^3I) and the Director of NIMA provide the committee a report on the background, status, direction, and cost of both the 5D and IPL systems. Further, the committee requests that during the preparation of the fiscal year 2000 budget request, a plan be prepared for correcting the funding and system fielding problems outlined above.

DEFENSE COUNTERINTELLIGENCE

For several years, the committee has raised concerns about downsizing Department of Defense Counterintelligence (CI) personnel and funding at the same time that Defense CI is being asked to take on additional responsibilities and cope with an unprecedented increase in operations tempo. For example, the FCIP has been challenged to improve its counterterrorism and force protection capabilities. The revised DoD CI strategic plan suggests that future FCIP budgets may reflect further shifts in resources to support military commanders in these areas. At the same time, the FCIP must continue its traditional counterespionage activities, provide protection to U.S. military acquisition activities, better analyze and detect anomalies that might detect espionage activities and, most recently, develop a computer intrusion investigations capability and training regimen. The downsizing of CI seems to take place almost absent analysis of the importance of the CI contribution, for example, to the intelligence effort supporting deployed commanders. Feedback from recent deployments indicates that CI and HUMINT have been preeminent intelligence disciplines and, in fact, have been described by G2s and commanders as the disciplines of choice within the Defense Department. Yet, in the competition for funding within the Defense Department and across the National Foreign Intelligence Program, the FCIP's resource needs, in the committee's opinion, are frequently shortchanged.

The program elements that fund counterintelligence within the Defense Department are complex and spread across the Department. In addition to the FCIP, CI programs can be found in the Tactical Intelligence and Related Activities budget. Dispersed CI funding has value in that tactical CI elements maintain close operational relationships with their assigned units, both in terms of presence and resources. Totally centralized management of CI might diminish these operational relationships and the responsiveness of the elements to unique Service requirements. However, the limited authority that the Office of the Secretary of Defense (OSD) focal point for CI has to oversee and evaluate the various CI programs within the Department has made it difficult to develop or sustain a comprehensive CI capability for Defense. This is particu-

larly evident in the apparently limited ability of OSD to influence resource allocation decisions concerning the Department's aggregate CI capabilities.

The committee understands that efforts are underway to centralize and improve OSD's focus on significant CI activities government-wide which have an impact on the Department. This is a step in the right direction. Yet, there may be need for more to be done. For example, many have been concerned that limited procurement dollars in the FCIP and other CI programs can make even modest equipment acquisition or modernization programs almost impossible. Repeatedly, Congress has had to increase funding lines so that reasonable levels of modernization or equipment purchases could occur. The intelligence committees have acted to repair shortages in funding for operational and investigative activities in the last few FCIP budget submissions, and they have expressed concern about the impact of continued manpower downsizing on the CI program.

INTELLIGENCE CONGRESSIONAL JUSTIFICATION BOOKS

In the committee report on H.R. 1119 (H. Rept. 105–132), the committee directed that the Congressional Justification Books (CJB) and the Congressional Budget Justification Books (CBJB) accompanying the intelligence budget request must contain all direct costs of a program, including the costs of operating and maintaining the systems or project. The committee notes the very good progress the Intelligence Community made in this respect with the fiscal year 1999 CBJBs, but that the materials received were still not complete with the information required. For example, in the CJBs, the operations and maintenance costs of some intelligence aircraft systems show the direct operating costs, but do not reflect the direct depot maintenance costs. Numerous service systems show procurement costs, but do not reflect the operations costs for fielded systems nor the personnel required to man them. In the CBJBs, there were large gaps in necessary budget crosswalks from past years to the current year. In fact, some of the fiscal year 1999 CBJBs had less budget information on programs than was available in the fiscal year 1998 CBJB. At best, these gaps make understanding the total costs of a program difficult; at worst, this is suggestive of an attempt to hide total program costs.

The committee directs, beginning with the fiscal year 2000 budget request that the Secretary of Defense and the Director of Central Intelligence include all associated costs of an intelligence program or project within the justification materials. The committee will monitor progress carefully over the next year and will consider stronger measures as necessary.

JOINT MILITARY INTELLIGENCE PROGRAM

ES–3A, – $3.2 million

The budget request contained $3.2 million in research and development, Defense-Wide, for continued upgrade of the SIGINT systems on the ES–3A aircraft.

The committee has been informed that the Navy has decided to terminate this aircraft. The committee, therefore, recommends no funding for the requested upgrades.

Tactical Control and Analysis Center, Transfer $800,000

The budget request included $800,000 in research and development, Defense-Wide, for continued development of the Marine Corps Tactical Control and Analysis Center (TCAC).

The committee believes the development of an analytical center for Marine Corps tactical operations is more appropriately a Marine Corps responsibility rather than a National Security Agency, Defense Cryptologic Program activity. Therefore, the committee recommends the budget request in research and development, Marine Corps, line 170.

Information production, −$10.0 million

The committee understands that NIMA is testing and evaluating COTS applications as part of the USIGS migration and firmly approves of this approach. However, it also appears that NIMA continues to do a substantial amount of proprietary development. Therefore, the committee authorizes a reduction to this account by $10.0 million and recommends that NIMA decrease its development of proprietary applications.

Information production: Product generation, −$15.0 million

Information production: Product outsourcing, +$15.0 million

Information production: Integrated product cells, +$5.0 million

The budget request contains $740.6 million for National Imagery and Mapping Agency (NIMA) operations, including $391.5 million for geospatial information production.

The committee is very supportive of NIMA's efforts to outsource the acquisition of a global feature foundation database. Because of this, the committee believes that NIMA should not wait to develop the most manpower intensive of the production functions—NIMA's standard products—within the private sector. The committee authorizes an additional $15 million to the geospatial information production request to be used to begin demonstrations with industry similar to the process whereby NIMA-qualified contractors produce its feature foundation data.

The committee has also been impressed with the efficiencies gained in NIMA's integrated production cells, now called NIMA Production Cells. NIMA is only projecting an increase of about five new cells per year over the FYDP. The committee authorizes an additional $5.0 million over the budget request, to allow NIMA to acquire more cells in fiscal year 1999.

As indicated above, the committee is interested in seeing NIMA's efficiencies increase through the use of more modern technologies and outsourcing. NIMA faces a funding shortfall in its civilian pay accounts and also must modernize its infrastructure to effectively produce products in a timely fashion. NIMA can no longer afford a disproportionate portion of its budget going to civilian pay and maintenance of legacy systems. NIMA must move more of its funds to investment. By outsourcing, NIMA will be able to leverage lead-

ing-edge commercial imaging and mapping technologies and production capabilities. To further encourage NIMA to address this issue in the near term, the committee decreases the overall amount requested in operations and maintenance by $15.0 million. This decrease may be applied as NIMA judges most appropriate, except that no reductions should be made to the funds authorized and appropriated for outsourcing or for NIMA Production Cells, and no more than half of the decrease may be applied to personnel. The committee will evaluate any potential impacts this reduction may have on NIMA as it prepares for conference. NIMA is encouraged to develop options and impact assessments for this purpose.

Information Applications & Systems/National Technology Alliance (NTA), +$5.0 million

The committee continues to believe that NIMA must pursue commercial alternatives to its legacy systems. The National Technology Alliance (NTA) has developed an alternative approach to the Defense Dissemination System (DDS) and the Enhanced Processing Segment (EPS) in response to the Navy's concern over high operations and maintenance costs for the DDS system. Therefore, the committee authorizes $5.0 million within the US Imagery and Geospatial Information System line for the NTA to demonstrate this capability with the Navy. The committee requests a progress report on this activity by January 31, 1999, including an evaluation by the Navy's N6 organization and NIMA.

Sustaining capabilities, −$14.0 million

The committee does not understand why the Joint Military Intelligence Program (JMIP) portion of sustaining capabilities is only reduced by $4.2 million between fiscal years 1998 and 1999. NIMA lost the lease on the old DMA headquarters building when it consolidated at the Bethesda facility. Also, the Philadelphia distribution center is being closed as well as other Washington, DC facilities as described in the Congressional Justification Book. Further, the committee is confused as to why this activity has increased its personnel by 65 people (all in the civilian workforce) during this same period, when NIMA lost about 800 people in fiscal year 1998. The committee assumes that, with less people in the workforce, corporate affairs, and management and administration would also need less personnel and should see a corresponding reduction, not an increase. Finally, the committee assumes, with the implementation of the Peoplesoft software that automates many of the functions of the human resources (HR) area, NIMA would be able to downsize its HR department. Given all of this, the committee would expect to see a larger reduction in the O&M of NIMA's sustaining capabilities segment and, therefore, recommend a reduction to this account of $14.0 million.

Geospatial database integration and display, no budgetary change

In two studies, NIMA has concluded that the commercial sector has already developed innovative, high quality, affordable software products to integrate and display NIMA's digital geospatial databases. However, the services and defense agencies continue to invest substantial funds in government-developed, custom products

that cost the government more than they should, inhibit achieving a common operating picture, and complicate training. The committee is particularly concerned that the Defense Information Systems Agency (DISA) is funding a custom software development program for the Joint Mapping Tool Kit (JMTK) module of the Global Command and Control System (GCCS), even though commercial products already exist that can meet the need and even though NIMA, the functional manager with expertise in this area, has recommended against this acquisition strategy.

The committee notes that NIMA is trying again to convince DISA of the wisdom of a commercial procurement. The committee recommends that no funds authorized and appropriated to NIMA be made available for the JMTK module for GCCS until the Assistant Secretary of Defense for Command, Control, Communications and Intelligence certifies that DISA will procure this module commercially, or reports to the Congressional intelligence and defense committees as to why a commercial procurement does not make sense. The committee requests that the Assistant Secretary also establish a defense-wide policy for acquiring geospatial database integration, display, and visualization capabilities. As part of this policy review, the Assistant Secretary should examine individual service and defense agency acquisition programs to ensure that they are cost-effective, and not duplicative.

In addition, although NIMA is itself utilizing commercial visualization tools internally, the committee is concerned that NIMA is not aggressively taking steps to ensure that such database integration and display capabilities are available for procurement, or licensing, by its customers, apart from the JMTK module in GCCS. These capabilities, after all, are a central part of NIMA's mission and provide a primary means by which NIMA's customers can understand and exploit the underlying data and products that NIMA provides. The committee notes that the recent Defense Science Board study of DoD mapping urged that NIMA rapidly develop or acquire such capabilities. The committee recommends that NIMA begin to acquire the ability to make these products available to its customers in fiscal year 1999 from within available resources, and develop a plan to expand and sustain this effort in fiscal year 2000 and beyond.

Geospatial database production, no budgetary change

The mapping strategy of the Defense Mapping Agency had been to meet as many of its customers' requirements for detailed, comprehensive mapping products in as many areas of the world as possible. Since resources were quite limited, however, this strategy meant that only a small portion of overall requirements could be met, and large parts of the world were not mapped at all or the products that were available were terribly out of date.

NIMA's strategy is to try to produce a minimal set of mapping data for the world, or most of it, and enhance that data as rapidly as need arises. This strategy requires NIMA's customers to accept less detail and comprehensiveness in some geographic areas—presumably high priority ones—in exchange for a higher overall readiness level in much larger geographic areas.

The key issues facing NIMA as it tries to implement this strategy are these:

Will NIMA require additional funding up front to create the foundation level data base, or can it generate the necessary resources through internal reforms, competitive outsourcing, process modernization, and shifts in priorities?

Once created, is this data base inexpensive to keep current, since it is less detailed than the standard products NIMA produces today and since much of it is automated? In other words, would the investment needed to create the data base above NIMA's planned budgets truly be a non-recurring expense?

If additional funding is required, will the Defense Department agree that the requirement competes favorably with other defense priorities?

If not, could less than global coverage for the foundation level data base be acceptable? Alternatively, is it acceptable for NIMA to achieve the desired level of geographic coverage for its foundation level data base over a longer period of time, without causing the data base to become stale?

At what pace will NIMA's customers allow it to cut back on the production of standard products now to shift resources to building the foundation level data base? How far can NIMA go in the near-term in shifting resources to this function, given that NIMA will have to retain the ability to surge to enhance the foundation data base to support ongoing operations, potential major and minor contingencies, and other crises (since the commercial sector does not yet possess much capacity for this function)?

How much efficiency will NIMA gain by modernizing its production processes under the so-called "USIGS Migration" program? Can these gains be realized in time to help with the near-term creation of the foundation level data base?

How much will NIMA be able to reduce the time required to enhance the foundation data base to support crises, through equipment and process modernization and through outsourcing? Will it be enough to support the overall strategy?

The answers to these questions will determine the pace by which NIMA can competitively procure a foundation level data base. The committee believes that these issues must be addressed as part of the preparation of the fiscal year 2000 Future Years Defense Program budget. The committee requests the DCI and the Deputy Secretary of Defense assign these issues to the Intelligence Program Review Group and Expanded Defense Resources Board, or some other suitable forum, for resolution. In any event, the committee requests the NIMA Director to prepare answers to these questions and report to the Congressional intelligence and defense committees by March 1, 1999.

Endurance unmanned aerial vehicle, No budgetary change

The budget request contained $178.7 million in PE 35205D8Z for endurance unmanned aerial vehicles, and included $40.6 million for the Dark Star stealthy high altitude endurance (HAE) unmanned aerial vehicle (UAV), $90.1 million for Global Hawk HAE UAV, and $48.0 million for the common ground segment.

The committee is aware that Global Hawk has made its first flight, but that continuing problems with the Dark Star development has prevented its continued flight test. The committee is concerned by continuing delays in the Dark Star testing, reportedly caused by a lack of redundancy of the aircraft's systems and a continuing series of hardware and software failures. Further, the committee is aware that there has been a tendency to describe existing advanced concept technology demonstration (ACTD) aircraft such as Dark Star and Global Hawk as systems that may, in part, replace manned reconnaissance aircraft. Though noting that ACTD aircraft may form the basis for a future capability, the committee has been informed by operational users that the new HAE UAVs must undergo a thorough user evaluation to determine military utility. Such demonstration aircraft are not, nor were they designed to be, operational aircraft. Potential users note that subsequent to evaluation, the ACTD aircraft design must be modified, as necessary, based on information gathered, to meet an operational requirement. Based on service requirements, they then must be procured using the established acquisition process. Predator, the first ACTD UAV to transition to production has followed this process. The committee reminds the Secretary of Defense that the ACTD program is not to be used to circumvent established acquisition procedures.

The committee strongly supports continued development of HAE UAVs as potential replacements for manned reconnaissance aircraft, and recommends $178.7 million only for HAE UAV and common ground segment development.

Joint signals intelligence avionics family, No budgetary change

The budget request contained $80.4 million in PE 35206D8Z for the joint signals intelligence avionics family (JSAF).

The committee continues to be concerned by problems with JSAF developments. While the committee is encouraged by progress in design of the low band subsystem (LBSS), it is concerned by schedule delays and cost increases that have forced reduction of system performance to remain within budget. Further, the committee remains doubtful that the high band subsystem (HBSS) development can successfully meet its cost and performance goals. The committee's concerns are heightened by the fact that the JSAF development is the only planned upgrade for future airborne SIGINT reconnaissance. If JSAF fails to provide the needed capabilities, users ranging from theater tactical forces to national policy makers will be severely impacted.

Executive Order 12333 charges the Director of the National Security Agency (NSA) to conduct "research and development to meet the needs of the United States for signals intelligence * * *". To ensure proper joint oversight of JSAF development, the committee recommends the budget request be authorized in PE 35885G, the Defense Cryptologic Program. The committee believes this will allow the Air Force, as the executive agent for JSAF, to continue to execute the program, while providing joint oversight by NSA.

Tactical unmanned aerial vehicles, Funding transfers

The budget request contained $75.6 million in PE 35204A and $37.2 million in PE 35204D8Z for tactical unmanned aerial vehicles (UAV).

The committee notes that the Under Secretary of Defense for Acquisition and Technology recently provided the Congressional defense and intelligence committees with the Department's plan to implement legislative direction included in the National Defense Authorization Act for Fiscal Year 1998 (P.L. 105–85) for reorganization of the Defense Airborne Reconnaissance Office (DARO) and commends the Department for its prompt response. The National Defense Authorization Act for Fiscal Year 1998 (P.L. 105–85) contained further direction that the Department of Defense review commercial solutions for the various UAV requirements. The committee notes that the Navy is now conducting a three-phase competitive demonstration of vertical takeoff or landing (VTOL) UAVs to meet the Navy and Marine Corps VTAL UAV requirements. The committee continues to support this approach and urges the Navy to continue the multiple-participant competitive demonstration through the shipboard phase prior to final selection using the funds provided.

The committee notes the proposed plan for transfer of DARO funding included in the fiscal year 1999 request to appropriate service accounts and recommends the following adjustments: $49.6 million in PE 35204A for Army tactical UAV, a decrease of $26.0 million; $18.0 million in PE 35204N for VTOL UAV; $37.2 million in PE 35204N for ongoing common tactical control system development previously managed by the Joint Program Office; and $8.0 million in PE 35204M for the Marine Corps' close range tactical UAV.

Defense airborne reconnaissance program management, −$4.7 million

The budget request contained $15.7 million for Defense Airborne Reconnaissance Program (DARP) integration and support in PE 35209D8Z.

The committee notes that, subsequent to development of this year's budget request, the Defense Airborne Reconnaissance Office (DARO) has been eliminated and its functions absorbed within the reorganized office of the Deputy Assistant Secretary of Defense for Command, Control, Communications, Intelligence, Surveillance, and Reconnaissance and within the military services. The committee supports actions that adhere to the Department's stated objective of maintaining a very small cadre oversight organizations within the Office of the Secretary of Defense (OSD), focused solely on policy level guidance to ensure reconnaissance system interoperability and architectural compliance. The Department has indicated that it plans to request reprogramming authority to shift DARO funding for DARP integration and support from PE 35209D8Z to program elements within the Air Force and other DoD agencies, as well as Defense-wide operations and maintenance.

The committee supports this transfer of funding, and, therefore recommends $7.0 million in Operations & Maintenance, Defense-wide, $1.0 million in PE 35208F, $1.0 million in PE 35208BQ, $1.0

million in 35208G, and $1.0 million in PE 35208L, a total decrease of $4.7 million.

F–18 reconnaissance capable, −$1.0 million, transfer $42.4 million

The budget request included $43.4 million for developing the Super Hornet Advanced Reconnaissance Pod (SHARP).

The committee continues to fully support the development of a podded tactical reconnaissance capability for use by fighter aircraft and has supported the concept that a podded reconnaissance capability should not be focused strictly on the E/F–18 aircraft. The Navy has agreed with this broader concept and has decided to change the name SHARP to the Shared Reconnaissance Pod to reflect the change in approach.

Due to this decision, the committee believes the funds should be more appropriately reflected in the Joint Military Intelligence Program, within the Navy's Manned Reconnaissance line. Therefore, the committee recommends $42.4 million in P.E. 35207N for this purpose.

Advanced synthetic aperture radar system improvement program, +$8.0 million

The budget request contained $5.0 million in PE 35207D8Z for the Advanced Synthetic Aperture Radar System (ASARS) Improvement Program (AIP) for the U–2 aircraft. As a result of the termination of the Defense Airborne Reconnaissance Office, the Deputy Secretary of Defense for Acquisition and Technology sent a letter to the Congress recommending specific redistribution of Defense Airborne Reconnaissance Program funding in fiscal year 1999. Included in this recommendation was an additional $2.5 million for AIP research and development. Further, the Air Force has requested a transfer of AIP procurement funding into the research and development account.

The AIP program will dramatically increase the U–2's radar system with significantly improved synthetic aperture radar imagery, a highly capable moving target indicator tracking capability, and integral onboard processing functions. Unfortunately, the AIP has suffered cost growth and has a fiscal year 1999 shortfall of over $18.0 million. Some of this growth is due to contractor overruns and schedule slips caused by late deliveries of commercial processors. Some of this growth is due to a decision to postpone certain Global Hawk High Altitude Unmanned Aerial Vehicle radar developments that were cost sharing with AIP. This growth has forced the Air Force to make decisions to slip the AIP, thereby further increasing costs. In order to deliver the AIP when required, the Air Force has stated a need to reprogram funding from procurement to research and development in fiscal year 1999. However, such a step would have a significant procurement funding impact in fiscal year 2000.

The committee recommends an authorization of $13.0 million, an increase of $8.0 million for AIP development.

Electro-optic framing technologies, +$8.0 million

The budget request contained $5.4 million in PE 35207D8Z for electro-optic (EO) framing technology.

The committee continues to support the state-of-the-art EO framing with on-chip forward motion compensation (FMC). This technology is proving itself in operationally deployed systems.

The committee recommends $13.4 million, an increase of $8.0 million in PE 35206N for the purposes of furthering the EO with on-chip FMC technologies. Specifically, these additional funds are to be used for continued development of the ultra-high resolution focal plane array and conformance with JPEG 2000 compression standards. These developments should produce form/fit operational insertions into currently deployed CA–260 framing cameras. Further, these funds are to be used to develop infra-red EO framing technologies and image intensified EO framing sensors with FMC for operational insertion into existing Air National Guard tactical reconnaissance aircraft and other aircraft as appropriate.

Unmanned aerial vehicle systems integration laboratory, No budgetary change

The budget request contained $5.0 million in PE 35204D8Z for the U.S. Army's Unmanned Aerial Vehicle (UAV) Systems Integration Laboratory (SIL), and included $3.0 million for continued development of the Multiple UAV Simulation Environment (MUSE).

The committee supports the SIL's joint UAV developmental work and it is concerned that the reorganization of Defense Airborne Reconnaissance Program will leave the SIL without a sponsor, thereby possibly losing a valuable joint UAV integration organization and jeopardizing continued evolution and improvement of the MUSE tool. While SIL is clearly a service organization, it provides joint support that may well be overseen directly by the new Deputy Assistant Secretary of Defense (DASD) for Command, Control, Communications, and Intelligence, Surveillance and Reconnaissance.

Therefore, the committee directs the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) to provide the congressional defense and intelligence committees a plan, which includes a funding profile, for the continued operation of the SIL, no later than March 31, 1999.

Multi-function self aligned gate technology, +$4.0 million

The budget request contained $32.1 million for continued development of the unmanned aerial vehicle (UAV) tactical control system (TCS).

The committee notes that the TCS will provide interoperability and commonality for mission planning, command and control, communications, and data dissemination for the current and future family of tactical and medium altitude endurance UAVS. The multi-function self aligned gate (MSAG) technology developed as part of the TCS development has been successfully demonstrated and is now ready for larger scale testing. The committee supports MSAG and recommends $36.1 million, an increase of $4.0 million for fabrication and testing of prototype MSAG active array antennae for TCS UAVS.

Finally, the committee is aware that after the field tests of the AAA in fiscal year 1998, there are no plans to continue to develop, produce or test this technology. The committee believes this tech-

nology has the potential for many applications, including use as highly reliable satellite communications antennas with no mechanical parts. Therefore, committee requests the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) to provide the defense and intelligence committees a plan for moving forward with, and possibly fielding, this technology. This plan should include a spend plan for the fiscal year 1999 funding, potential users—including National Foreign Intelligence Program users—and schedule. The committee requests the plan be provided no later than 31 January 1999.

Integrated imagery planning, No budgetary change

The committee believes that the numerous, but separate, Department of Defense and Intelligence Community (IC) imagery programs should be closely coordinated and integrated to maximize their collective capabilities. Better planning of visible and multispectral imagery, synthetic aperture radar (SAR), moving target indicator (MTI) radar, and video collection could improve support to military operations and save resources.

Moving target indicator (MTI) radar provides a real-time acquisition and can provide continuous tracking capability, but has limited abilities for target identification. Electro-optic (EO) and SAR imagery, in contrast, are excellent for target classification and identification, but are exploited by humans and do not provide a continuous tracking capability. It would appear that the two types of imagery are highly complementary, and that their individual strengths offset their individual deficiencies. For example, if proper MTI coverage of an area could be maintained, EO or SAR imagery, even with significant latencies, could be used to identify immediate targets without additional imaging. Logically, the need for repeatedly imaging those targets with high resolution sensors might be reduced, as would associated communications requirements. Unfortunately, these complementary types of imagery have been managed, and moreover, tasked, in isolation.

DoD is, for example, acquiring a host of unrelated MTI capable systems. With few exceptions, these systems are not interoperable. If adequate numbers of systems could be fielded and their data streams integrated, however, overall performance could be far greater than the sum of their parts, improving the chances for continuous and precise tracking. Similarly, the DoD and IC are operating and acquiring a host of imagery systems. Although the products may be interoperable in many cases, there is reason for concern that we have not yet determined the right relationship and balance between these systems to best combine their total capabilities.

Finally, every imagery requirements analysis has concluded that two foot resolution is necessary for imagery analysts conducting wide-area search. Many sensors do not meet this standard—particularly those being planned for the unmanned aerial vehicles. Meeting such requirements, and absorbing the costs associated, may not be necessary if the various forms of "imagery" can be combined into a holistic information effort.

The committee believes that there is a compelling need to carefully examine ways to integrate imagery and MTI systems to not only make requirements, cost and capability tradeoffs across pro-

grams, but, moreover, to take fullest advantage of the totality of all our information capabilities. This will require better mission planning and tasking, more robust connectivity between sensors, fusion developments, and analysis interactions. Further, it will require a removal of stovepiped management processes.

The committee directs DoD and the IC to conduct a study on the issues discussed above, using the study of MTI technical issues and requirements mandated by Congress last year as a model. The committee expects the technical assessment portion of the study to be led jointly by ASD(C3I) in coordination and the Community Management Staff, with appropriate participation of NIMA, NRO, DARPA, the services, and the joint staff. The committee directs that this study be completed and the results conveyed to the congressional defense and intelligence committees no later than March 1, 1999.

Defense imagery program, Funding transfers

The budget request included $29.4 million in research and development, defense-wide, line 150 for the Common Imagery Ground/Surface Station (CIGSS) and $1.9 million for development of the standards for the Distributed Common Ground Station (DCGS). The committee believes there is a need for the National Imagery and Mapping Agency (NIMA) to create from within existing resources a management structure analogous to the National Security Agency's Defense Cryptologic Program (DCP). The DCP is responsible for coordinating and providing funding for advanced research and development of signals intelligence capabilities that have applicability across all services. This structure requires close coordination with the services as they develop, field, and evolve tactical systems, with the service needs driving the leading edge developments. The committee believes that, just as the Director, NSA is responsible for coordinating research and development to meet the tactical needs of the U.S. Cryptologic System, so should the Director, NIMA for the U.S. Imagery System.

Therefore, the committee recommends these funding requests be authorized in research and development, defense-wide, line 138A. Further, the committee directs NIMA to create a management structure to provide a Defense Imagery Program within the Defense Imagery and Mapping Agency Program of the Joint Military Intelligence Program. No additional billets are authorized for this management.

Integrated architecture plan, +$3.0 million

The budget request contained $6.1 million for the Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) Integrated Architecture Plan (CIAP).

CIAP has been strongly endorsed by the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence as well as the commanders-in-chief of the nine unified commands. The CIAP developments have included the highly successful C4ISR Architecture Framework for the Department of Defense, the Command C4ISR Architectures for the regional Commanders in Chief, and the initiation of the C4ISR Architectures for the Warfighter

(CAW) effort at selected unified commands. The committee believes this later effort should be extended to all nine unified commands.

The committee believes these architectural developments will provide a cohesive and more cost effective strategy for developing and procuring the proper intelligence support systems for the users. The committee recommends $9.1 million for the continuation of these efforts and extension of the CAW to all unified commands.

Joint reserve intelligence program, +$3.0 million

The budget request contained $9.4 million in operations and maintenance, defense-wide, for continued reserve component man days for the conduct of the Joint Reserve Intelligence Program (JRIP).

The committee is favorably impressed by the intelligence production mission load the JRIP has been able to accommodate in support of the active forces. This has been particularly true of the JRIP support to the European Joint Analysis Center (JAC) from the Fort Sheridan, Illinois, Joint Reserve Intelligence Center. This world-wide support has included direct personnel support via temporary duty assignments as well as support from the continental United States via virtual connectivity whereby reservists can drill with their gaining units without having to leave their home area. Further, this support, in excess of 34,000 man days, has provided the active components with critical intelligence augmentation to conduct collection operations, process backlogs, and produce targeting materials, final reports and studies—all without having to use the presidential selected reserve call-up authority.

The committee believes this program should be expanded and its benefits maximized to the extent possible. The committee recommends $12.6 million, an increase of $3 million for these purposes.

Joint inter-agency task force west, −$3.5 million

The budget request included $4.2 million for operating an all-source intelligence analysis cell for the Joint Inter-Agency Task Force (JIATF) West. This cell is focused on coordinating tactical and operational intelligence support to U.S. Embassy Country Teams performing counter-drug operations in the Southeast Asia and Southwest Asia areas.

The committee notes that JIATF-West is attached to PACOM, but appears to have little command support. Further, the Drug Enforcement Agency, the Crime and Narcotics Center, and other JIATFs have indicated to the committee that this cell offers little value for the funds expended and has not produced any actionable tactical intelligence or strategic analysis. Therefore the committee recommends an authorization of $700,000 for this intelligence function, and recommends an evaluation to terminate it altogether.

Defense support program office training and exercise, −$7.8 million

The budget request contained $7.8 million for Defense Support Program Office (DSPO) training and exercise support.

The Secretary of Defense has informed the committee that the DSPO is being abolished and its functions consolidated within the National Reconnaissance Office (NRO). The committee understands

that the National Military and Operations Support Office within the NRO is also charged with, and funded for, training and exercise support. Therefore, the committee believes the DSPO training and exercise support funding is no longer required and recommends no authorization for this purpose.

TACTICAL INTELLIGENCE AND RELATED ACTIVITIES

Tactical exploitation of national capabilities, −$4.6 million

The budget request contained $44.7 million in PE 64766A for Army tactical exploitation of national capabilities (TENCAP).

The committee notes that the amount requested represents nearly a $26.0 million increase from the level approved for fiscal year 1998. The committee is concerned that the Army may be using the TENCAP program as a means for bypassing the "normal" acquisition process allowing it to procure and operate combat systems associated with space sensors. The committee is supportive of TENCAP efforts for short-term, high-pay concepts and initiatives that improve the use of national space sensors and systems. The committee will not, however, support TENCAP funded development and production of entire weapons systems. Therefore, the committee directs that future TENCAP requests be limited to space exploitation initiatives and projects that are of short-duration and high payoff.

The committee recommends $40.1 million for the Army's TENCAP program in fiscal year 1999, a reduction of 4.6 million in PE 64766A.

Ground based common sensor (GBCS), −$9.7 million

The budget request contained $25.4 million for the GBCS-Light system, of which $1.5 million is for the Common Module Electronics Intelligence System (CMES).

The committee notes that $1.5 million for CMES procurement is requested twice. Consequently, the committee recommends a reduction of $1.5 million.

Additionally, the committee notes that the GBCS-L system has had numerous technical difficulties and experienced a fielding delay as a result of a two-year slip in initial operational test and evaluation (IOT&E). This delay has resulted in the Department twice having used GBCS as a source of funds for reprogramming requests.

Just as the committee was marking up the fiscal year 1999 request, it learned that, due to continuing integration problems, the GBCS-L IOT&E will not be conducted again in fiscal year 1998. This third and latest slip is very disturbing and signals to the committee that there are more problems with this system than the Army is admitting. As a result of the program's past and current performance, it believes that all of the requested funding will not be executable in fiscal year 1999 and it recommends a reduction of $9.7 million for GBCS-L hardware. Finally, the committee notes that the Department of Defense has requested nearly $500 million for this relatively small and low complexity program. This committee finds this cost excessive for the capability required, and therefore requests the Secretary of Defense to conduct an Inspector Gen-

eral audit of the GBCS program; its costs, its technical approach, and management.

All source analysis system (ASAS), +$2.0 million

The budget request contained $28.1 million in PE 64321A for the ASAS intelligence support system.

The committee recommends $30.1 million, an increase of $2.0 million in PE 64321A, to continue the development of situation display fusion algorithms, to transfer these algorithms to the other service intelligence support systems, and to achieve ASAS Block II interoperability with the Defense Intelligence Agency's Modernized Integrated Data Base.

Distributed surveillance system, +$6.7 million

The budget request contained $42.0 million in PE 64784N for advanced deployable system (ADS) engineering and manufacturing development.

The committee recommends $48.7 million, including an increase of $6.7 million to continue the planned introduction of automation and data fusion capability for the ADS demonstration system.

Navy joint surveillance and target attack radar system (JSTARS), +$3.0 million

The budget request included no funding for completing the developments for integrating a capability on U.S. Navy surface vessels to receive processed JSTARS MTI data over UHF satellite communications and Link 16.

In the National Defense Authorization Act for Fiscal Year 1998, Congress provided $5.0 million for the Navy to begin integrating the Link 16 data into the Joint Maritime Command and Control System (JMCIS) and the Global Command and Control System (GCCS). The committee has learned that the Link 16 integration into GCCS will satisfy many DoD data dissemination requirements, including the JSTARS. Therefore, the committee recommends an additional $3 million for these purposes within the Navy's JMCIS line.

Also, as noted elsewhere in this report, the committee is convinced that the Navy will require access to the full range of JSTARS' capabilities to support Navy targeting requirements. Such full access will require a wide-band data link capability between the aircraft and the surface vessels. The wide-band Common Data Link (CDL) is DoD's standard, high-rate data link that will be installed on nearly thirty Navy aircraft carriers, amphibious, and command ships early in the next decade. The committee believes that it would be illogical for the Navy to install another expensive, unique data link such as the low data rate Secure Common Data Link (SCDL), currently employed on the JSTARS, on its major combatants. Instead, the committee believes it is necessary to add as soon as possible a data broadcast capability based on the CDL standard to the JSTARS fleet. Also as noted elsewhere, the Navy clearly needs a CDL capability on the P-3 fleet to take full advantage of the range of radar, SIGINT, and imagery capabilities planned or programmed for the various elements of that fleet.

If the Navy's requirement for CDL-compatible wide-band airborne data links turns out to be the recently demonstrated Tactical CDL (TCDL), the committee believes it would be wise for the Navy to consider modifying its currently planned CDL installations, to be compatible with both the CDL and TCDL, before or as they are installed. The committee will be reluctant to approve purchase of TCDL ground stations without first receiving a solid Navy commitment to modify all of its shipboard CDL systems to be compatible with both.

Based on the above, the committee directs the Secretary of the Navy to report to the congressional defense and intelligence committees, by March 1, 1999, on the Navy's requirements and plans for CDL/TCDL-compatible data links.

Fleet air reconnaissance, −$5.2 million

The budget request contained $5.2 million for ES–3A modification kits.

The Navy has informed the committee that it intends to terminate the ES–3 program in fiscal year 2000. Based on this decision, the committee sees no need for modifying these aircraft prior to their removal from the fleet. The committee, therefore, recommends no funding for these modifications.

Marine Corps electronic warfare support system, Fence $16.4 million

The budget request contained $16.4 million for acquiring two Marine Corps Electronic Warfare Support Systems (MEWSS).

The committee directs that none of the authorized and appropriated funding be obligated or expended until completion of a successful initial operational test and evaluation (IOT&E). The committee understands the development and IOT&E of the MEWSS is directly tied to the Army' Ground-Based Common Sensor (GBCS) system. The committee believes, however, that IOT&E success or failure, and, therefore, subsequent procurement decisions, should be based on the individual system merits based on their operational concepts. Therefore, the committee does not see a specific need to make a successful IOT&E of MEWSS contingent on a successful IOT&E of GBCS.

Marine Corps tactical intelligence equipment, +$1.0 million

The budget request contained no funds for purchasing and evaluating commercial imagery display tools, or modern printer technologies.

The committee is aware of the highly successful Marine Corps use of the Remote Replication System (RRS). The RRS allows the Marine Expeditionary Force (MEF) to deploy with automated equipment that provides the capability to "reach back" to National Imagery and Mapping Agency data bases and "pull forward" data in order to construct mapping and imagery products. The committee believes this concept has the potential to reduce drastically the paper products with which the MEF currently deploys. Despite the success of the RRS concept, however, the committee understands that there has been little attention paid to providing modern display and printing technologies. Therefore, the committee rec-

ommends $1.0 million in procurement, Marine Corps, for purchasing and evaluating commercial imagery manipulation tools, state-of-the-art display devices, and high quality large format printers for field use.

Air Force/NRO partnership, −$2.6 million

The budget request contained $17.6 million in research and development, Air Force, for the joint Air Force, National Reconnaissance Office, and Defense Advanced Research Projects Agency advanced space technology demonstrator.

The partnership funding for this demonstration is an equal share of one third each. The fiscal year 1999 Air Force request exceeds its share. Therefore, the committee recommends an authorization of $15 million, or a reduction of $2.6 million.

Joint tactical terminal, +$8.0 million

The budget request contained $6.5 million in other procurement, Army, and $4.2 million in other procurement, Air Force, for the Joint Tactical Terminal intelligence broadcast transceivers.

These radios are an integral part of the Integrated Broadcast Service that the committee fully supports. The committee is concerned that, because of contract protests that have resulted in delays in final contract award, the fielding of these radios has slipped, leaving operational users without the ability to receive tactical intelligence data broadcasts. In order to correct this problem, the committee recommends $11.5 million and $7.2 million, an increase of $5.0 million for the Army and $3.0 million for the Air Force, respectively, for accelerating the purchase and fielding of these radios.

"Senior Scout," No budgetary change

The budget request contained $14.3 million in operations and maintenance, Air National Guard, partially for the continued operation of the Senior Scout tactical reconnaissance system. Senior Scout is a C–130-employed, roll-on/roll-off, reconnaissance capability operated by the Air National Guard. It provides an airborne reconnaissance collection capability that is complementary to other airborne collection systems operated by the active component.

The committee perceives a lack of direction and support for Senior Scout, noting that on several occasions, the Air Force has nearly terminated the program, that the system has not been well supported in terms of upgrades or sensor improvements, and that it has certainly not maintained technological pace with the RC–135 Rivet Joint aircraft or other similar reconnaissance platforms. Consequently, the committee does not believe continuing the Senior Scout to be either cost or mission effective. The committee believes, however, that the Air National Guard linguists currently operating the Senior Scout are vital to the overall national reconnaissance effort. The committee perceives a critical need to retain these Guard reconnaissance personnel and training them on more modern equipment.

In fiscal year 1997, Congress authorized and appropriated funding for two additional RC–135 Rivet Joint aircraft. The committee has learned that the Air Force is having difficulty fully manning

these aircraft. The committee believes that since the Guard personnel are currently tasked to supplement active component RC–135 operations, providing at least one of these aircraft on a rotational basis to the Air National Guard would both resolve the manpower problem and take greater advantage of an available resource.

Therefore, the committee directs the Secretary of the Air Force to provide the congressional defense and intelligence committees a plan for phasing out the Senior Scout reconnaissance system and replacing it with an RC–135 alternative no later than October 1, 1999.

"Pacer Coin," −$2.4 million

The budget request contained $2.4 million in aircraft spares and repair parts for the transfer of mission equipment from retiring Pacer Coin aircraft to the non-dedicated, follow-on C–130 reconnaissance aircraft. The committee notes that a fiscal year 1998 reprogramming action stated that all funds for the C–130 follow-on program were included in that request.

Furthermore, the committee does not agree that $2.4 million of procurement funding is required to transfer equipment from one aircraft to another. Therefore, the committee recommends no funding for this purpose.

Joint surveillance and target attack system, Fence $40.2 million

The budget request included $123.8 million in research and development for the Joint Surveillance and Target Attack System (JSTARS), including $5.6 million for studies and miscellaneous efforts. The committee recommends a total of $118.2 million for these purposes.

The committee is concerned by the extraordinary costs of the JSTARS program. The committee understands each aircraft must undergo a forty-one month, $110 million, refurbishment effort to restore the old 707-based airframes to flying condition before the aircraft begins its modification to JSTARS configuration. This is more than triple what the aircraft cost new, and is more expensive than purchasing a new 757 aircraft. Further, current projections show that the JSTARS latest improvement program will cost the U.S. taxpayer well in excess of a billion dollars to upgrade only a limited number of the thirteen JSTARS aircraft. While the committee may fully support necessary upgrades to this important system, there needs to be a significant effort to curb costs.

Therefore, the committee requests the Secretary of the Air Force to provide a report of audit on the costs of the JSTARS aircraft: the basic airframe costs, the modification costs, and the costs of the upgrade programs. This audit should be provided to the defense and intelligence committees no later than 31 March 1999.

Finally, the committee has been asked in the President's budget request to authorize the full request of the radar technology improvement program. The Department of Defense has not agreed to brief Members of the committee on all aspects of this upgrade, or even on how the requested funding will be spent. Therefore, the committee directs that no funding for the RTIP upgrade be obligated or expended until the committee is fully briefed on this program.

Special operations intelligence systems, +$5.0 million

The budget request contained $1.8 million in PE 1160405BB for the special operations systems development.

The committee notes that the special operations forces intelligence vehicle (SOF IV) is an evolutionary ongoing effort that requires additional funding to complete development. The committee recommends $6.8 million, an increase of $5.0 million for SOF IV in PE 1160405BB.

SECTION-BY-SECTION ANALYSIS OF THE BILL AS REPORTED

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1999

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 1999.

The Drug Enforcement Administration (DEA) has been listed in section 101 of past Intelligence Authorization Acts. The DEA, however, does not receive appropriations authorized by this legislation. Thus, the committee does not include DEA in section 101.

The fact that DEA is no longer included, however, should not be understood by either the DEA or any element of the intelligence community as a reason to reduce the level of cooperation that currently exists between the DEA and the various elements of the community. The committee expects and demands a continuation of the very beneficial working relationship that has developed between the community and the DEA. The committee recognizes the efficacy of the DEA's partnership with the intelligence community on the extremely serious national security issue of international drug trafficking. It is the committee's expectation, in spite of the removal of the DEA from section 101 of the Intelligence Authorization Act for Fiscal Year 1999, that this partnership will remain solid and continue to develop in the best interests of the people of the United States.

The committee similarly insists upon a continuation of the level of close communication between the committee and the DEA, with respect to notification of developments, successes, failures, or compromises of the foreign counternarcotics activities of the United States. The committee will not countenance any attenuation of its ability to ensure that the intelligence community is working together with law enforcement, where necessary and appropriate, to advance our national security interests.

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 1999 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, and remains, 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 (OMB), in fiscal year 1999, 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—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 $139,123,000 for fiscal year 1999 for the staffing and administration of various components under the CMA. Subsection (a) also authorizes funds identified for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program to remain available for two years.

Subsection (b) authorizes a total of 283 full-time personnel for elements within the CMA for fiscal year 1999 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 $27,000,000 of the amount authorized for the CMA under subsection (a) to be made available for the National Drug Intelligence Center (NDIC) in Johnstown, Pennsylvania. Subsection (e) requires the Director of Central Intelligence to transfer the $27,000,000 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.

Subsection (f) earmarks funds that are allocated for the CMA under subsection (a) and authorizes those funds to be made immediately available to the Department of State for the express purpose of supporting intelligence community requirements related to the security of overseas facilities. This subsection authorizes a one-time-only immediate transfer of funds by the Director of Central Intelligence from the CMA's Center for Security Evaluation to the Department of State to ensure that architectural and engineering services related to several overseas locations in fiscal year 1999 can begin immediately. These funds shall only be available for the same purposes, and subject to the same terms and conditions, as the funds in the appropriation accounts to which these funds will be transferred.

The committee understands that an agreement among the departments or agencies affected has been reached with respect to the specific amounts and locations involved.

Title II: Central Intelligence Agency retirement and disability system

Section 201—Authorization of appropriations

Section 201 authorizes appropriations in the amount of $201,500,000 for fiscal year 1999 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—Extension of application of sanctions laws to intelligence activities

Section 303 amends section 905 of the National Security Act of 1947, which authorizes the President to delay the imposition of an economic, cultural, diplomatic, or other sanction upon a foreign government based on his determination that proceeding with such sanction could compromise an ongoing criminal investigation or an intelligence source or method. Section 905 was first enacted as part of the Intelligence Authorization Act for Fiscal Year 1996. This authority has been extended every year since for one year intervals.

Section 303 extends this authority until January 6, 2000. The committee finds that there is a continuing need for this authority because the immediate imposition of sanctions, without some delay,

could, in particular cases, seriously jeopardize a criminal investigation or sources and methods of intelligence collection.

The committee reaffirms, without restating here, the position asserted in its report accompanying the Intelligence Authorization Act for Fiscal Year 1998 (Rpt. No. 105–135, part I), with respect to this section.

Section 304—Sense of Congress regarding intelligence community contracting

Section 304 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.

Title IV: Central Intelligence Agency

Section 401—Extension of the CIA Voluntary Separation of Pay Act provisions

Section 401 amends section 2(f) of the Central Intelligence Agency Voluntary Separation Pay Act (P.L. 103–36)(50 U.S.C. § 403–4 note) to extend the Agency's authority to offer "early-out" incentives until September 30, 2001. Without this amendment, the Agency's authority to offer such incentives would expire on September 30, 1999.

Although, CIA's "early out" incentive has been an effective workforce reduction tool, the Agency must continue to address skills mix issues, and ensure that personnel reductions are not undertaken simply for the sake of reduction. The net impact of the six CIA early-out exercises thus far, along with normal attrition and reduced hiring, has been a significant drop in the Agency's on-duty strength since the separation incentive program began in fiscal year 1993. The committee is concerned that such reductions could result in gaps of coverage, especially in critical areas.

The committee acknowledges that the CIA has worked hard over the past decade to streamline and refocus its workforce to address critical, cutting-edge national security issues. The Agency should be commended for its efforts to reengineer its business processes, hire personnel with new and vital skills, expand the capabilities and experiences within the Agency workforce, and acquire new technologies to meet the demands of today's collection requirements.

Voluntary Separation Incentive Pay authority should only be used for specific, targeted populations and is intended to help the CIA achieve its skill mix goals without resorting to involuntary separations in certain occupational categories.

The committee believes that without this continued authority separation rates would decline. This would limit the Agency's ability to keep pace with rapidly expanding technologies and the dynamic geopolitical realities that we face. The ability to adapt to such dynamic changes is central to the Agency's mission.

Section 402—Enhanced protective authority for CIA personnel and family members

Section 402 of the Act amends section 5(a)(4) of the Central Intelligence Agency Act of 1949 ("CIA Act"). This provision will enable the Agency to use firearms to protect current and former Agency personnel and their immediate families, as well as defectors and their immediate families, who are in the United States. This authority is granted for those situations when the Director of Central Intelligence determines such protection is necessary for the performance of the authorized functions of the Central Intelligence Agency.

Current Section 5(a)(4) of the CIA Act permits the CIA to use firearms within the United States to protect only certain categories of individuals limited to Agency personnel, defectors, and the families of defectors, and other persons in the United States under Agency auspices. This provision does not limit or amend any aspect of this authority.

Protection may sometimes be appropriate for former Agency personnel because the distinction between former and current CIA personnel will be of little consequence to terrorists seeking to harm CIA. In addition, prudence dictates that if former or current CIA personnel are threatened with harm, the protection provided to them should, in appropriate circumstances, be extended to their immediate families as well. The committee intends that the authority provided by this amendment will be used only when the Director determines that there are specific and credible threats to the protectees while in the United States and that those threats arise from the protectee's affiliation with the CIA. The committee expects that the Director will advise the intelligence committees when this authority is exercised.

Similarly, the committee believes the Agency must advise the Attorney General when such specific and credible threats against a protected individual occurs. In this way, the United States government's prosecutorial rights that could result from such criminal activity will be protected.

The committee does not anticipate that the authority provided by section 402 will be used to provide protectees with armed security protection when threatened with harm that arises for reasons unrelated to an individual's current or former affiliation with CIA (e.g., domestic violence or general threat of criminal violence in the area of a CIA employee's residence in the United States).

In the wake of the 1993 assassination of CIA employees, the CIA discussed the protection issue with local jurisdictions. These local law enforcement agencies indicated that they did not have the resources, training, or charter to provide such protection. More recently during and after the trial of Mir Aimal Kasi, the need for this enhanced authority was established. The immediate families of those killed or injured provided a target for threats, causing additional anguish for them.

The committee notes that this additional grant of protective authority is not without precedent. The United States Marshals Service (USMS) provides protection to the families of certain personnel under certain circumstances. The USMS has the authority to provide protection to any USMS employee, officer, or witness or any-

one involved in judicial process who is deemed by the USMS Director to be under threat. Such examples include federal judges, prosecutors, witnesses, jurors, and any of their family members against whom a threat has been directed.

The committee understands that the CIA is a target or recipient of a large volume of unsolicited calls, letters, and visits by potentially hostile individuals. Many of these contacts are the work of disturbed individuals, some of whom make threats and then "close the gap", actually appearing at the CIA Headquarters compound (or other Agency facilities). Implicit in this kind of potential threat is the chance that hostile or aggressive behavior may be directed against the families of CIA personnel.

The amendment made by section 402 would not extend or expand, in any way, the carefully limited law enforcement authority and jurisdiction provided to the Agency in section 15 of the CIA Act. Simply put, it authorizes the Agency to protect Agency employees, current and former, and their families, in the United States, in the same manner as they are authorized to protect defectors in the United States.

Section 403—Technical corrections

Section 403 makes technical corrections to section 5(a)(1) and section 6 of the Central Intelligence Agency (CIA) Act of 1949 and section 201(c) of the CIA Retirement Act. The cross-reference in section 5(a)(1) of the CIA Act to subparagraphs (B) and (C) of section 102(a)(2) of the National Security Act is no longer current or accurate, and should cite instead to subsections (a)(2) and (a)(3) of section 102. Section 805(a) of the Intelligence Authorization Act for Fiscal Year 1997 (P.L. No. 104–293) changed what had been sections 102(a)(2) (B) and (C) of the National Security Act to sections 102(a)(2) and (a)(3) of that Act. Similarly, the cross-references in section 5(a)(1) and section 6 of the CIA Act to "subsection (c)(5) of section 103" and to "section 103(c)(5) of the National Security Act of 1947 (50 U.S.C. 403–3(c)(5))", respectively, are no longer current or accurate. The cross-reference in section 201(c) of the CIA Retirement Act to that same provision of the National Security Act is also outdated. Section 807(a)(2) of the Intelligence Authorization Act for Fiscal Year 1997 changed what had been section 103(c)(5) of the National Security Act (50 U.S.C. 403–3(c)(5)) to section 103(c)(6) (50 U.S.C. 403–3(c)(6)). Section 401 of the present legislation simply updates the cross-references in section 5(a)(1) and section 6 of the CIA Act and section 201(c) of the CIA Retirement Act to the pertinent provision of the National Security Act.

Title V: Department of Defense

Section 501— Extension of authority to engage in commercial activities as security for intelligence collection activities

Section 501 amends section 431(a) of title 10 to continue current Department of Defense authority to engage in commercial activities as security for intelligence collection activities beyond December 31, 1999, which is the date on which the current statutory authorization expires. The Committee has extended this provision for an additional three years through and until December 31, 2002.

COMMITTEE POSITION

On April 29, 1998, 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. 3694, as amended by an amendment in the nature of a substitute. By that vote, the committee ordered the bill, as amended, reported favorably to the House. On that vote, the Members present recorded their votes as follows:

Mr. Goss (Chairman)—aye; Mr. Shuster—aye; Mr. McCollum—aye; Mr. Castle—aye; Mr. Boehlert—aye; Mr. Bass—aye; Mr. Gibbons—aye; Mr. Dicks—aye; Mr. Skaggs—aye; Ms. Harman—aye; Mr. Skelton—aye; Mr. Bishop—aye.

FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

With respect to clause 2(l)(3)(A) of rule XI of the House of Representatives, 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 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the committee held seven full-committee hearings, as well as six full-committee briefings, on the classified budgetary issues raised by H.R. 3694. Testimony was taken from the Director of Central Intelligence, the Director of the National Security Agency, the Director of the Defense Intelligence Agency, the Deputy Director of Central Intelligence, the Deputy Directors for Operations and Intelligence, numerous program managers, and various other knowledgeable witnesses on 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 1999. The bill, as reported by the committee, reflects conclusions reached by the committee in light of that oversight activity.

FISCAL YEAR COST PROJECTIONS

The committee has attempted, pursuant to clause 7(a) of rule XIII of the Rules of the House of Representatives, to ascertain the outlays that will occur in fiscal year 1999 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 2(l)(3)(B) and (C) of rule XI of the Rules of the House of Representatives, and pursuant to sections 308 and 403 of the Congressional Budget Act of 1974, the committee submits the following estimate prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 5, 1998.

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. 3694, the Intelligence Authorization Act for Fiscal Year 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Dawn Sauter.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

H.R. 3694—Intelligence Authorization Act for Fiscal Year 1999

Summary: H.R. 3694 would authorize appropriations for fiscal year 1999 for intelligence activities of the United States government, the 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 enacting H.R. 3694 would result in additional spending of $139 million over the 1999–2003 period, assuming appropriation of the authorized amounts. CBO believes that section 401 of the bill, which would extend the authority of the CIA to offer incentive payments to employees who voluntarily retire or resign, would increase direct spending by $1 million or more in at least one year during the 2000–2003 period. However, CBO cannot give a precise estimate of the increase in spending because data to support a cost estimate are classified. Because the bill would raise direct spending, pay-as-you-go procedures would apply.

The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of the act legislative provisions that are necessary for the national security. CBO has determined that all of the provisions of this bill either fit within that exclusion or do not contain intergovernmental or private-sector mandates as defined by UMRA.

Estimated cost to the Federal Government: The estimated budgetary impact of the unclassified portions of H.R. 3694 is shown in the following table. CBO is unable to obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances held by CBO employees. The costs of this legislation fall within budget function 050 (national defense).

The bill would authorize appropriations of $139 million for the Community Management Account. In addition, the bill would authorize $202 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.

CBO believes that section 401 of the bill would increase direct spending by $1 million or more in at least one year during the

2000–2003 period. Section 401 would extend the authority of the CIA to offer incentive payments to employees who voluntarily retire or resign. Under current law this authority expires on September 30, 1999. Section 401 would extend this authority starting in fiscal year 2000 until September 30, 2001. This extension would induce some employees to retire earlier than under current law, thereby increasing federal outlays for retirement benefits. CBO cannot give a precise estimate of the increase in spending because data to support a cost estimate are classified.

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law for the community management account:						
Budget authority	94	0	0	0	0	0
Estimated outlays	104	36	7	2	0	0
Proposed changes:						
Authorization level	0	139	0	0	0	0
Estimated outlays	0	86	42	8	3	0
Spending under H.R. 3694 for the community management account:						
Authorization level [1]	94	139	0	0	0	0
Estimated outlays	104	122	49	10	3	0
CHANGES IN DIRECT SPENDING						
Estimated budget authority	0	0	(2)	(2)	(2)	(2)
Estimated outlays	0	0	(2)	(2)	(2)	(2)

[1] The 1998 level is the amount appropriated for that year.

[2] CBO believes that H.R. 3694 would increase direct spending by $1 million or more in at least one year over the 2000–2003 period. However, CBO cannot give a precise estimate because data to support a cost estimate are classified.

For purposes of this estimate, CBO assumes that H.R. 3694 will be enacted by October 1, 1998, and that the full amounts authorized will be appropriated for fiscal year 1999. Outlays are estimated according to historical spending patterns for intelligence programs.

Pay-as-you-go considerations: Section 401 of the bill would affect direct spending, and therefore the bill would be subject to pay-as-you-go procedures. The estimated pay-as-you-go impact would be $1 million or more in at least one year over the 2000–2003 period.

Intergovernmental and private-sector impact: The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of the act legislative provisions that are necessary for the national security. CBO has determined that all of the provisions of this bill either fit within that exclusion or do not contain intergovernmental or private-sector mandates as defined by UMRA.

Estimate prepared by: Federal costs: Dawn Sauter; Impact on State, local and tribal governments: Teri Gullo; Impact on the private sector: Bill Thomas.

Estimate approved by: Robert A. Sunshine, 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 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):

SECTION 905 NATIONAL SECURITY ACT OF 1947

APPLICATION

SEC. 905. This title shall cease to be effective on [January 6, 1999] *January 6, 2000*.

SECTION 2 OF THE CENTRAL INTELLIGENCE AGENCY VOLUNTARY SEPARATION PAY ACT

SEC. 2. SEPARATION PAY.

(a) * * *

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(f) TERMINATION.—No amount shall be payable under this section based on any separation occurring after [September 30, 1999] *September 30, 2001*.

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CENTRAL INTELLIGENCE AGENCY ACT OF 1949

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GENERAL AUTHORITIES

SEC. 5. (a) In the performance of its functions, the Central Intelligence Agency is authorized to—

(1) Transfer to and receive from other Government agencies such sums as may be approved by the Office of Management

and Budget, for the performance of any of the functions or activities authorized under [subparagraphs (B) and (C) of section 102(a)(2)] *paragraphs (2) and (3) of section 102(a)*, subsections [(c)(5)] *(c)(6)* and (d) of section 103, subsections (a) and (g) of section 104, and section 303 of the National Security Act of 1947 (50 U.S.C. 403(a)(2), *(3),* 403–3*(c)(6), (d)*, 403–4*(a), (g)*, and 405), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred;

* * * * * * *

(4) Authorize personnel designated by the Director to carry firearms to the extent necessary for the performance of the Agency's authorized functions, except that, within the United States, such authority shall be limited to the purposes of protection of classified materials and information, the training of Agency personnel and other authorized persons in the use of firearms, the protection of Agency installations and property, [and the protection of Agency personnel and of defectors, their families] *and the protection of current and former Agency personnel and their immediate families, and defectors and their immediate families*, and other persons in the United States under Agency auspices;

* * * * * * *

SEC. 6. In the interests of the security of the foreign intelligence activities of the United States and in order further to implement section 103[(c)(5)] *(c)(6)* of the National Security Act of 1947 (50 U.S.C. 403–3[(c)(5)] *(c)(6)*) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of sections 1 and 2, chapter 795 of the Act of August 28, 1935 (49 Stat. 956, 957; 5 U.S.C. 654), and the provisions of any other laws which require the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency: *Provided,* That in furtherance of this section, the Director of the Office of Management and Budget shall make no reports to the Congress in connection with the Agency under section 607, title VI, chapter 212 of the Act of June 30, 1945, as amended (5 U.S.C. 947(b)).

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SECTION 201 OF THE CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT

SEC. 201. THE CIARDS SYSTEM.

(a) * * *

* * * * * * *

(c) FINALITY OF DECISIONS OF DCI.—In the interests of the security of the foreign intelligence activities of the United States and in order further to implement section 103[(c)(5)] *(c)(6)* of the National Security Act of 1947 (50 U.S.C. 403–3[(c)(5)] *(c)(6)*) that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, and notwithstanding the provisions of chapter 7 of title 5, United States Code, or any other provision of law (except section 305(b) of this Act), any determination by the Director authorized by this Act shall be final and conclusive and shall not be subject to review by any court.

SECTION 413 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, 1998] *December 31, 2001.*

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