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INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1998

JUNE 18, 1997.—Ordered to be printed

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

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 1775]

[Including cost estimate of the Congressional Budget Office]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 1775) to authorize appropriations for fiscal year 1998 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.

This Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1998".

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1998 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 Drug Enforcement Administration.
(11) The National Reconnaissance Office.
(12) 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, 1998, 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. 1775 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 1998 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 1998 the sum of $147,588,000. Within such amount, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program shall remain available until September 30, 1999.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Community Management Account of the Director of Central Intelligence are authorized a total of 313 full-time personnel as of September 30, 1998. Such personnel may be permanent employees of the Community Management Account elements or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—In addition to amounts authorized to be appropriated by subsection (a) and the personnel authorized by subsection (b)—

(1) there is authorized to be appropriated for fiscal year 1998 such amounts, and
(2) there is authorized such personnel as of September 30, 1998,

for the Community Management Account, as are specified in the classified Schedule of Authorizations referred to in section 102(a).

(d) REIMBURSEMENT.—Except as provided in section 113 of the National Security Act of 1947 (as added by section 304 of this Act), during fiscal year 1998 any officer or employee of the United States or member of the Armed Forces who is detailed to an element 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 authorized to be appropriated 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 engineering purposes shall remain available until September 30, 1999, and funds provided for procurement purposes shall remain available until September 30, 2000.

(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 Center.

(3) LIMITATION.—Amounts available for the 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 Center.

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 1998 the sum of $196,900,000.

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. ADMINISTRATION OF THE OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE.

Subsection (e) of section 102 of the National Security Act of 1947 (50 U.S.C. 403) is amended by adding at the end the following new paragraph:

"(4) The Office of the Director of Central Intelligence shall, for administrative purposes, be within the Central Intelligence Agency.".

SEC. 304. DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL—INTELLIGENCE COMMUNITY ASSIGNMENT PROGRAM.

(a) IN GENERAL.—Title I of the National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end the following new section:

"DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL—INTELLIGENCE COMMUNITY ASSIGNMENT PROGRAM

"SEC. 113. (a) DETAIL.—(1) Notwithstanding any other provision of law, the head of a department with an element in the intelligence community or the head of an intelligence community agency or element may detail any employee within that department, agency, or element to serve in any position in the Intelligence Community Assignment Program on a reimbursable or a nonreimbursable basis.

"(2) Nonreimbursable details may be for such periods as are agreed to between the heads of the parent and host agencies, up to a maximum of three years, except

that such details may be extended for a period not to exceed 1 year when the heads of the parent and host agencies determine that such extension is in the public interest.

"(b) BENEFITS, ALLOWANCES, TRAVEL, INCENTIVES.—An employee detailed under subsection (a) may be authorized any benefit, allowance, travel, or incentive otherwise provided to enhance staffing by the organization from which they are being detailed.

"(c) ANNUAL REPORT.—(1) Not later than March 1 of each year, the Director of the Central Intelligence Agency shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a report describing the detail of intelligence community personnel pursuant to subsection (a) for the previous 12–month period, including the number of employees detailed, the identity of parent and host agencies or elements, and an analysis of the benefits of the program.

"(2) The Director shall submit the first of such reports not later than March 1, 1999.

"(d) TERMINATION.—The authority to make details under this section terminates on September 30, 2002.".

(b) TECHNICAL AMENDMENT.—Sections 120, 121, and 110 of the National Security Act of 1947 are hereby redesignated as sections 110, 111, and 112, respectively.

(c) CLERICAL AMENDMENT.—The table of contents contained in the first section of such Act is amended by striking the items relating to sections 120, 121, and 110 and inserting the following:

"Sec. 110. National mission of National Imagery and Mapping Agency.
"Sec. 111. Collection tasking authority.
"Sec. 112. Restrictions on intelligence sharing with the United Nations.
"Sec. 113. Detail of intelligence community personnel—intelligence community assignment program.".

(d) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall apply to an employee on detail on or after January 1, 1997.

SEC. 305. 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 "1998" and inserting "1999".

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. MULTIYEAR LEASING AUTHORITY.

(a) IN GENERAL.—Section 5 of the Central Intelligence Agency Act of 1949 is amended—

(1) by redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively;

(2) by inserting "(a)" after "SEC. 5.";

(3) by striking "and" at the end of paragraph (5), as so redesignated;

(4) by striking the period at the end of paragraph (6), as so redesignated, and inserting "; and";

(5) by inserting after paragraph (6) the following new paragraph:

"(7) Notwithstanding section 1341(a)(1) of title 31, United States Code, enter into multiyear leases for up to 15 years that are not otherwise authorized pursuant to section 8 of this Act."; and

(6) by inserting at the end the following new subsection:

"(b)(1) The authority to enter into a multiyear lease under subsection (a)(7) shall be subject to appropriations provided in advance for (A) the entire lease, or (B) the first 12 months of the lease and the Government's estimated termination liability.

"(2) In the case of any such lease entered into under clause (B) of paragraph (1)—

"(A) such lease shall include a clause that provides that the contract shall be terminated if budget authority (as defined by section 3(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(2))) is not provided specifically for that project in an appropriations Act in advance of an obligation of funds in respect thereto;

"(B) notwithstanding section 1552 of title 31, United States Code, amounts obligated for paying termination costs in respect of such lease shall remain available until the costs associated with termination of such lease are paid;

"(C) funds available for termination liability shall remain available to satisfy rental obligations in respect of such lease in subsequent fiscal years in the event such lease is not terminated early, but only to the extent those funds are in excess of the amount of termination liability in that subsequent year; and

"(D) annual funds made available in any fiscal year may be used to make payments on such lease for a maximum of 12 months beginning any time during the fiscal year.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to multiyear leases entered into pursuant to section 5 of the Central Intelligence Agency Act of 1949, as amended by subsection (a), on or after October 1, 1997.

SEC. 402. CIA CENTRAL SERVICES PROGRAM.

The Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) is amended by adding at the end the following new section:

"CENTRAL SERVICES PROGRAM

"SEC. 21. (a) ESTABLISHMENT.—The Director may—

"(1) establish a program to provide the central services described in subsection (b)(2); and

"(2) make transfers to and expenditures from the working capital fund established under subsection (b)(1).

"(b) ESTABLISHMENT AND PURPOSES OF CENTRAL SERVICES WORKING CAPITAL FUND.—(1) There is established a central services working capital fund. The Fund shall be available until expended for the purposes described in paragraph (2), subject to subsection (j).

"(2) The purposes of the Fund are to pay for equipment, salaries, maintenance, operation and other expenses for such services as the Director, subject to paragraph (3), determines to be central services that are appropriate and advantageous to provide to the Agency or to other Federal agencies on a reimbursable basis.

"(3) The determination and provision of central services by the Director of Central Intelligence under paragraph (2) shall be subject to the prior approval of the Director of the Office of Management and Budget.

"(c) ASSETS IN FUND.—The Fund shall consist of money and assets, as follows:

"(1) Amounts appropriated to the Fund for its initial monetary capitalization.

"(2) Appropriations available to the Agency under law for the purpose of supplementing the Fund.

"(3) Such inventories, equipment, and other assets, including inventories and equipment on order, pertaining to the services to be carried on by the central services program.

"(4) Such other funds as the Director is authorized to transfer to the Fund.

"(d) LIMITATIONS.—(1) The total value of orders for services described in subsection (b)(2) from the central services program at any time shall not exceed an annual amount approved in advance by the Director of the Office of Management and Budget.

"(2) No goods or services may be provided to any non-Federal entity by the central services program.

"(e) REIMBURSEMENTS TO FUND.—Notwithstanding any other provision of law, the Fund shall be—

"(1) reimbursed, or credited with advance payments, from applicable appropriations and funds of the Agency, other Intelligence Community agencies, or other Federal agencies, for the central services performed by the central services program, at rates that will recover the full cost of operations paid for from the Fund, including accrual of annual leave, workers' compensation, depreciation of capitalized plant and equipment, and amortization of automated data processing software; and

"(2) if applicable credited with the receipts from sale or exchange of property, including any real property, or in payment for loss or damage to property, held by the central services program as assets of the Fund.

"(f) RETENTION OF PORTION OF FUND INCOME.—(1) The Director may impose a fee for central services provided from the Fund. The fee for any item or service provided under the central services program may not exceed four percent of the cost of such item or service.

"(2) As needed for the continued self-sustaining operation of the Fund, an amount not to exceed four percent of the net receipts of the Fund in fiscal year 1998 and each fiscal year thereafter may be retained, subject to subsection (j), for the acquisition of capital equipment and for the improvement and implementation of the Agency's information management systems (including financial management, payroll, and personnel information systems). Any proposed use of the retained income in fiscal years 1998, 1999, and 2000, shall only be made with the approval of the Director of the Office of Management and Budget and after notification to the Permanent

Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

"(3) Not later than 30 days after the close of each fiscal year, amounts in excess of the amount retained under paragraph (2) shall be transferred to the United States Treasury.

"(g) AUDIT.—(1) The Inspector General of the Central Intelligence Agency shall conduct and complete an audit of the Fund within three months after the close of each fiscal year. The Director of the Office of Management and Budget shall determine the form and content of the audit, which shall include at least an itemized accounting of the central services provided, the cost of each service, the total receipts received, the agencies or departments serviced, and the amount returned to the United States Treasury.

"(2) Not later than 30 days after the completion of the audit, the Inspector General shall submit a copy of the audit to the Director of the Office of Management and Budget, the Director of Central Intelligence, the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

"(h) DEFINITIONS.—For purposes of this section—

"(1) the term 'central services program' means the program established under subsection (a); and

"(2) the term 'Fund' means the central services working capital fund established under subsection (b)(1).

"(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund $5,000,000 for the purposes specified in subsection (b)(2).

"(j) TERMINATION.—(1) The Fund shall terminate on March 31, 2000, unless otherwise reauthorized by an Act of Congress prior to that date.

"(2) Subject to paragraph (1) and after providing notice to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, the Director of Central Intelligence and the Director of the Office of Management and Budget—

"(A) may terminate the central services program and the Fund at any time; and

"(B) upon any such termination, shall provide for dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such Fund, as may be necessary.".

SEC. 403. PROTECTION OF CIA FACILITIES.

Subsection (a) of section 15 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403o(a)) is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking "powers only within Agency installations," and all that follows through the end, and inserting the following: "powers—

"(A) within the Agency Headquarters Compound and the property controlled and occupied by the Federal Highway Administration located immediately adjacent to such Compound and in the streets, sidewalks, and the open areas within the zone beginning at the outside boundary of such Compound and property and extending outward 500 feet; and

"(B) within any other Agency installation and in the streets, sidewalks, and open areas within the zone beginning at the outside boundary of any such installation and extending outward 500 feet."; and

(3) by adding at the end the following new paragraphs:

"(2) The performance of functions and exercise of powers under paragraph (1) shall be limited to those circumstances where such personnel can identify specific and articulable facts giving such personnel reason to believe that their performance of such functions and exercise of such powers is reasonable to protect against physical attack or threats of attack upon the Agency installations, property, or employees.

"(3) Nothing in this subsection shall be construed to preclude, or limit in any way, the authority of any Federal, State, or local law enforcement agency or of any other Federal police or Federal protective service.

"(4) The rules and regulations enforced by such personnel shall be the rules and regulations promulgated by the Director and shall only be applicable to the areas referred to in paragraph (1).

"(5) On December 1, 1998, and annually thereafter, the Director shall submit a report to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate that describes

in detail the exercise of the authority granted by this subsection, and the underlying facts supporting the exercise of such authority, during the preceding fiscal year. The Director shall make such report available to the Inspector General of the Agency.".

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. AUTHORITY TO AWARD ACADEMIC DEGREE OF BACHELOR OF SCIENCE IN INTELLIGENCE.

(a) AUTHORITY FOR NEW BACHELOR'S DEGREE.—Section 2161 of title 10, United States Code, is amended to read as follows:

"§ 2161. Joint Military Intelligence College: academic degrees

"Under regulations prescribed by the Secretary of Defense, the president of the Joint Military Intelligence College may, upon recommendation by the faculty of the college, confer upon a graduate of the college who has fulfilled the requirements for the degree the following:

"(1) The degree of Master of Science of Strategic Intelligence (MSSI).

"(2) The degree of Bachelor of Science in Intelligence (BSI).".

(b) CLERICAL AMENDMENT.—The item relating to that section in the table of sections at the beginning of chapter 108 of such title is amended to read as follows:

"2161. Joint Military Intelligence College: academic degrees.".

SEC. 502. UNAUTHORIZED USE OF NAME, INITIALS, OR SEAL OF NATIONAL RECONNAISSANCE OFFICE.

(a) EXTENSION, REORGANIZATION, AND CONSOLIDATION OF AUTHORITIES.—Subchapter I of chapter 21 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies

"(a) PROHIBITION.—Except with the written permission of the Secretary of Defense, no person may knowingly use, in connection with any merchandise, retail product, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary of Defense, any of the following (or any colorable imitation thereof):

"(1) The words 'Defense Intelligence Agency', the initials 'DIA', or the seal of the Defense Intelligence Agency.

"(2) The words 'National Reconnaissance Office', the initials 'NRO', or the seal of the National Reconnaissance Office.

"(3) The words 'National Imagery and Mapping Agency', the initials 'NIMA', or the seal of the National Imagery and Mapping Agency.

"(4) The words 'Defense Mapping Agency', the initials 'DMA', or the seal of the Defense Mapping Agency.".

(b) TRANSFER OF ENFORCEMENT AUTHORITY.—Subsection (b) of section 202 of title 10, United States Code, is transferred to the end of section 425 of such title, as added by subsection (a), and is amended by inserting "AUTHORITY TO ENJOIN VIOLATIONS.—" after "(b)".

(c) REPEAL OF REORGANIZED PROVISIONS.—Sections 202 and 445 of title 10, United States Code, are repealed.

(d) CLERICAL AMENDMENTS.—

(1) The table of sections at the beginning of subchapter II of chapter 8 of title 10, United States Code, is amended by striking out the item relating to section 202.

(2) The table of sections at the beginning of subchapter I of chapter 21 of title 10, United States Code, is amended by striking out the items relating to sections 424 and 425 and inserting in lieu thereof the following:

"424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency, National Reconnaissance Office, and National Imagery and Mapping Agency.
"425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies.".

(3) The table of sections at the beginning of subchapter I of chapter 22 of title 10, United States Code, is amended by striking out the item relating to section 445.

SEC. 503. EXTENSION OF AUTHORITY FOR ENHANCEMENT OF CAPABILITIES OF CERTAIN ARMY FACILITIES.

Effective October 1, 1997, section 506(b) of the Intelligence Authorization Act for Fiscal Year 1996 (Public Law 104–93; 109 Stat. 974) is amended by striking out "fiscal years 1996 and 1997" and inserting in lieu thereof "fiscal years 1998 and 1999".

TITLE VI—MISCELLANEOUS COMMUNITY PROGRAM ADJUSTMENTS

SEC. 601. COORDINATION OF ARMED FORCES INFORMATION SECURITY PROGRAMS.

(a) PROGRAM EXECUTION COORDINATION.—The Secretary of a military department or the head of a defense agency may not obligate or expend funds for any information security program of that military department without the concurrence of the Director of the National Security Agency.

(b) EFFECTIVE DATE.—This section takes effect on October 1, 1997.

SEC. 602. AUTHORITY OF EXECUTIVE AGENT OF INTEGRATED BROADCAST SERVICE.

All amounts appropriated for any fiscal year for intelligence information data broadcast systems may be obligated or expended by an intelligence element of the Department of Defense only with the concurrence of the official in the Department of Defense designated as the executive agent of the Integrated Broadcast Service.

SEC. 603. PREDATOR UNMANNED AERIAL VEHICLE.

(a) TRANSFER OF FUNCTIONS.—Effective October 1, 1997, the functions described in subsection (b) with respect to the Predator Unmanned Aerial Vehicle are transferred to the Secretary of the Air Force.

(b) FUNCTIONS TO BE TRANSFERRED.—Subsection (a) applies to those functions performed as of June 1, 1997, by the organization within the Department of Defense known as the Unmanned Aerial Joint Program Office with respect to the Predator Unmanned Aerial Vehicle.

(c) TRANSFER OF FUNDS.—Effective October 1, 1997, all unexpended funds appropriated for the Predator Unmanned Aerial Vehicle that are within the Defense-Wide Program Element number 0305205D are transferred to Air Force Program Element number 0305154F.

SEC. 604. U–2 SENSOR PROGRAM.

(a) REQUIREMENT FOR MINIMUM NUMBER OF AIRCRAFT.—The Secretary of Defense shall ensure—

(1) that not less than 11 U–2 reconnaissance aircraft are equipped with RAS–1 sensor suites; and

(2) that each such aircraft that is so equipped is maintained in a manner necessary to counter available threat technologies until the aircraft is retired or until a successor sensor suite is developed and fielded.

(b) EFFECTIVE DATE.—Subsection (a) takes effect on October 1, 1997.

SEC. 605. REQUIREMENTS RELATING TO CONGRESSIONAL BUDGET JUSTIFICATION BOOKS.

(a) IN GENERAL.—The congressional budget justification books for any element of the intelligence community submitted to Congress in support of the budget of the President for any fiscal year shall include, at a minimum, the following:

(1) For each program for which appropriations are requested for that element of the intelligence community in that budget—

(A) specification of the program, including the program element number for the program;

(B) the specific dollar amount requested for the program;

(C) the appropriation account within which funding for the program is placed;

(D) the budget line item that applies to the program;

(E) specification of whether the program is a research and development program or otherwise involves research and development;

(F) identification of the total cost for the program; and

(G) information relating to all direct and associated costs in each appropriations account for the program.

(2) A detailed accounting of all reprogramming or reallocation actions and the status of those actions at the time of submission of those materials.

(3) Information relating to any unallocated cuts or taxes.

(b) DEFINITIONS.—For purposes of this section:

(1) The term "intelligence community" has the meaning given that term in section 3 of the National Security Act of 1947 (50 U.S.C. 401a).

(2) The term "congressional budget justification books" means the budget justification materials submitted to Congress for any fiscal year in support of the budget for that fiscal year for any element of the intelligence community (as contained in the budget of the President submitted to Congress for that fiscal year pursuant to section 1105 of title 31, United States Code).

(c) EFFECTIVE DATE.—Subsection (a) shall take effect with respect to fiscal year 1999.

SEC. 606. COORDINATION OF AIR FORCE JOINT SIGINT PROGRAM OFFICE ACTIVITIES WITH OTHER MILITARY DEPARTMENTS.

(a) CONTRACTS.—The Secretary of the Air Force, acting through the Air Force Joint Airborne Signals Intelligence Program Office, may not modify, amend, or alter a JSAF program contract without coordinating with the Secretary of any other military department that would be affected by the modification, amendment, alteration.

(b) NEW DEVELOPMENTS AFFECTING OPERATIONAL MILITARY REQUIREMENTS.—(1) The Secretary of the Air Force, acting through the Air Force Joint Airborne Signals Intelligence Program Office, may not enter into a contract described in paragraph (2) without coordinating with the Secretary of the military department concerned.

(2) Paragraph (1) applies to a contract for development relating to a JSAF program that may directly affect the operational requirements of one of the Armed Forces (other than the Air Force) for the satisfaction of intelligence requirements.

(c) JSAF PROGRAM DEFINED.—For purposes of this section, the term "JSAF program" means a program within the Joint Signals Intelligence Avionics Family of programs administered by the Air Force Joint Airborne Signals Intelligence Program Office.

(d) EFFECTIVE DATE.—This section takes effect on October 1, 1997.

SEC. 607. DISCONTINUATION OF THE DEFENSE SPACE RECONNAISSANCE PROGRAM.

Not later than October 1, 1999, the Secretary of Defense shall—

(1) discontinue the Defense Space Reconnaissance Program (a program within the Joint Military Intelligence Program); and

(2) close the organization within the Department of Defense known as the Defense Space Program Office (the management office for that program).

SEC. 608. TERMINATION OF DEFENSE AIRBORNE RECONNAISSANCE OFFICE.

(a) TERMINATION OF OFFICE.—The organization within the Department of Defense known as the Defense Airborne Reconnaissance Office is terminated. No funds available for the Department of Defense may be used for the operation of that Office after the date specified in subsection (d).

(b) TRANSFER OF FUNCTIONS.—(1) Subject to paragraphs (3) and (4), the Secretary of Defense shall transfer to the Defense Intelligence Agency those functions performed on the day before the date of the enactment this Act by the Defense Airborne Reconnaissance Office that are specified in paragraph (2).

(2) The functions transferred by the Secretary to the Defense Intelligence Agency under paragraph (1) shall include functions of the Defense Airborne Reconnaissance Office relating to its responsibilities for management oversight and coordination of defense airborne reconnaissance capabilities (other than any responsibilities for acquisition of systems).

(3) The Secretary shall determine which specific functions are appropriate for transfer under paragraph (1). In making that determination, the Secretary shall ensure that responsibility for individual airborne reconnaissance programs with respect to program management, for research, development, test, and evaluation, for acquisition, and for operations and related line management remain with the respective Secretaries of the military departments.

(4) Any function transferred to the Defense Intelligence Agency under this subsection is subject to the authority, direction, and control of the Secretary of Defense.

(c) REPORT.—(1) Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the committees named in paragraph (2) a report containing the Secretary's plan for terminating the Defense Airborne Reconnaissance Office and transferring the functions of that office.

(2) The committees referred to in paragraph (1) are—

(A) the Committee on Armed Services and the Select Committee on Intelligence of the Senate; and

(B) the Permanent Select Committee on Intelligence and the Committee on National Security of the House of Representatives.

(d) EFFECTIVE DATE.—Subsection (a) shall take effect at the end of the 120-day period beginning on the date of the enactment of this Act.

PURPOSE

The bill would:

(1) Authorize appropriations for fiscal year 1997 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, 1998 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 1998 for any Intelligence element up to two percent above the authorized levels, with the approval of the Director of the Office of Management and Budget;

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

(4) Authorize the Intelligence Community Assignment Program, which is intended to develop a "corporate" perspective among senior Intelligence Community employees participating in the program;

(5) Extend the authority of the President to defer the imposition of sanctions through January 6, 1999, when to proceed without delay would seriously risk the compromise of an intelligence source or method, or an ongoing criminal investigation;

(6) Provide the Central Intelligence Agency with multiyear leasing authority;

(7) Authorize the establishment of a "Central Services Program" within the Central Intelligence Agency that will help reduce costs and streamline operations within the Intelligence Community, and authorize the obligation of $5 million from among the funds authorized to be appropriated to the CIA, which will be utilized to cover management and overhead costs of the Central Services Program, with reporting requirements to both the Director of the Office of Management and Budget and the oversight committees of Congress;

(8) Provide the CIA with additional authority to protect its facilities and employees from criminal and terrorist threats;

(9) Authorize the Joint Military Intelligence College to award Bachelor of Science in Intelligence and Masters of Science of Strategic Intelligence degrees, pursuant to regulations prescribed by the Secretary of Defense;

(10) Prohibit the unauthorized use of the name, initials, or seal of the National Reconnaissance Office;

(11) Extend the Army's flexible transfer and reprogramming authority to rectify infrastructure and quality of life problems at Bad Aibling and Menwith Hill Stations;

(12) Require the coordination of all defense and military information security systems programs by the National Security Agency;

(13) Allow the obligation of funds for intelligence and intelligence-related data broadcast systems only with the concurrence of the Integrated Broadcast Service Executive Agent:

(14) Transfer those functions relating to the Predator unmanned aerial vehicle to the Air Force;

(15) Require the maintenance of a specific number of U–2 Reconnaissance Aircraft with sensor suites;

(16) Require that the Congressional Budget Justification Books for the National Foreign Intelligence Program and the Congressional Justification Books for the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities of the Department of Defense supply more detail to Congress than is currently provided;

(17) Discontinue the Defense Space Reconnaissance Program; and

(18) Abolish the Defense Airborne Reconnaissance Office and transfer its current functions to the Director, Defense Intelligence Agency.

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. It is the intent of the Committee 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"), the Tactical Intelligence and Related Activities of the Department of Defense ("TIARA"), and the Joint Military Intelligence Program ("JMIP").

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 Drug Enforcement Administration; (10) the National Reconnaissance Office; and (11) the National Imagery and Mapping Agency.

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

prising TIARA also fall within the jurisdiction of the Committee on National Security in the House of Representatives.

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, Imagery Intelligence), 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 1998 budget, carrying out its annual responsibility to prepare an authorization based on close examination of intelligence programs and proposed expenditures. The review continued to reflect the Committee's belief that intelligence activities must be examined by function as well as by program, thus, was structured across program lines and intelligence disciplines and themes. The Committee held seven full Committee budget-related hearings and two Subcommittee budget hearings on the following issues: Intelligence Requirements; Airborne Reconnaissance; Technical Intelligence; Overhead Collection; Human Intelligence; Covert Action; Analysis and Production; Counterintelligence; and Personnel and Legislative Issues. The Committee also held full Committee briefings on subjects such as the Future Imagery Architecture, Unconventional SIGNINT Capabilities, and some selected sensitive DoD collection platforms. There were, in addition, 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 Intelligence Community, and the several distinct roles that it plays in national security. At the national level, the goal of intelligence is to make the national-level policy maker and decision maker aware of impending events so that appropriate actions are taken, especially those than might avoid or contain conflict. At the other end of the spectrum, intelligence is now incorporated into the very fiber of tactical military operational activities, whether forces are being utilized to conduct humanitarian missions or are engaged in full-scale conflict. To serve national security objectives, the Intelligence Community must act throughout the spectrum. Too often, however, the Intelligence Community has not maintained a balance between the diverse strategic and tactical demands it now faces and will face in the future. Specifically, in recent years, the Community has emphasized fleeting current intelligence issues, often at the expense of keeping a watchful eye on those areas that are likely to be to-

morrow crises. The Committee believes that a balance must be reached and maintained.

The value and necessity of intelligent are such now that intelligence plays much more than a support role. Whether a decision maker is planning policy or responding to a fast-breaking situation, intelligence is now regularly a part of the debate, often a prerequisite. Whether that response involves law enforcement, diplomacy or military forces, or even if the issue involves our nation's commercial or trade interests, intelligence data are the bedrock on which such a response is built. Moreover, in an era that is leading to the "digitization" of the armed forces, intelligence will be as much a part of operations as firing a weapon.

Techology enhances intelligence capabilities as well as provides new intelligence challenges. As suggested previously, information technology has created new areas of opportunity in intelligence operations. It also greatly facilitates intelligence exploitation, analysis and dissemination. But, the fact that access to and understanding of various technologies are expanding on a world-wide basis, is creating an era in which the United States may not enjoy the exclusive technological edge that it once had. It also is clear that in-depth knowledge and usage of technology no longer applies exclusively to governments, but is present in organizations and individuals as well, some who would do harm to the U.S. or its interests. Consequently, although intelligence opportunities are enhanced, so too are the threats to our own technology-based infrastructures. Our ability to protect U.S. systems, detect attempts to affect those systems and respond to such threats, also rely on an active, strong intelligence capability.

Likewise, our national security is affected by a broader set of issues, that, heretofore, have not been so readily identified with our global interests. These issues range from economics to environmental concerns, and to the mass migration of people. Developments in these areas greatly expand the universe of problems with which the Community must grapple—problems than demand a world-wide view and a highly flexible set of resource.

The types of threats that face our nation demand that the Intelligence Community be ever vigilant on both the strategic and tactical levels. Countering the proliferation of weapons of mass destruction, narcotics trafficking, terrorism, and the activities of international organized crime, by definition, call for the types of intelligence collection, analysis and reporting that emphasize the need to produce the hardest information—intentions, for example—and that substantiates the need for a dynamic intelligence capability. In short, in the world we face today and tomorrow, the United States must have its "eyes and ears" more than ever before to protect its freedom—politically, economically and militarily.

With these points in mind, the Committee review was guided by two key questions. First, what programs are properly structured and sufficiently prepared for future needs and requirements, such that we can feel confident about our preparedness? And, second, what are our unmet needs? Unfortunately, the Committee review suggested a paucity of areas where the Intelligence Community is well situated for the future and an overabundance of unmet needs. Clearly, there are specific areas within specific programs where the

Intelligence Community is functioning well and is ready for the future. But, by and large, the Committee finds several large areas of concern. Principal among these are:

The Community's very limited analytical capabilities to meet the myriad challenges ahead, especially to be more strategic and predictive in viewpoint;

the uncertain commitment and capability to collect "human intelligence" on a world-wide basis, through espionage;

the growing capabilities of other nations and groups to deny information, especially from our overhead sensors, by employing "denial and deception" techniques, and the Community's slow realization and limited ability to recognize and overcome these efforts; and

the ever-growing demand for detailed, actionable intelligence to law enforcement to support prosecutions, while still protecting intelligence sources and methods.

Therefore, the Committee encourages the Director of Central Intelligence to work rapidly toward alleviating these concerns during this period when the nation is less at risk, in the physical sense, than during the Cold War. This Committee is prepared to assist in this effort. To that end, the Committee examined the Community's most immediate unmet needs, and has begun a process to address them. The basis for many of the Committee's decisions was formulated not only from examining these needs, but also from a set of themes that are important to establishing the type of Community that is vital to our future national security. These themes are basically included within the first five Areas of Special Interest of this report, and will be used to help focus the Committee's activities in the future.

AREAS OF SPECIAL INTEREST

SHORTFALLS IN ALL-SOURCE ANALYSIS

The Committee is concerned that the Intelligence Community (IC) lacks the analytic depth, breadth and expertise to monitor political, military, and economic developments worldwide while maintaining in-depth expertise on critical countries and issues. Problems associated with analytic shortfalls include: a largely inexperienced workforce; lack of foreign language skills and limited in-country familiarity among all-source analysts; and a predominant focus on current intelligence that is eroding the IC's ability to conduct comprehensive strategic analysis.

The Committee believes that the IC must make a concerted effort to enhance both substantive and linguistic expertise among its analytic corps. Moreover, the IC must maintain a basic level of knowledge about trends and developments worldwide, while maintaining the capability to warn of impending crises and "surge" resources during such crises. In addition, the IC must find ways to augment its analytic capability during crises without diminishing the ability to monitor other areas of the world.

The Committee is very concerned with the fact that over the past several years, the IC has shifted analytic production to focus on short-term, event-driven analysis. While such a shift provides strong analytic coverage of day-to-day events, it comes at the ex-

pense of basic research and analysis. Not only does basic research and analysis provide the foundation for short-term, event-driven analysis, it also is critical to producing in-depth, long-term/strategic analysis of issues that will pose challenges to U.S. national security in the future.

The Committee believes that the ability to process and analyze all-source information is crucial to the quality and utility of all-source analytic products. Unfortunately, the IC's ability to do thorough, truly all-source analysis may be hampered by the difficulties associated with prioritizing, processing, and analyzing the vast amounts of open source data available to analysts. Another area of concern in this regard is the ability of the IC's all-source analysts truly to have access to all sources of information. Bureaucratic barriers have been erected that have prevented access by all-source analysts to information from other departments, from other agencies within the IC and, in some cases, from other offices within the same agency. The Committee will continue to monitor initiatives to improve the IC's ability to collect, process, and analyze open source information, and of the ability of IC all-source analysts to gain sufficient access to all sources of information.

Given the fact that resources for the IC are unlikely to increase significantly in the future, the Committee believes that the IC must find other ways to address shortfalls in analytic depth and breadth. The IC must examine the importance of all-source analysis relative to the importance of collection and support activities. The Committee is particularly concerned about the imbalance between collection and "downstream" processing of intelligence. Expending resources to collect intelligence that is not being analyzed is simply a waste of money.

In order to enhance analytic expertise, the IC must improve training and better target its recruitment efforts. In addition, the IC must identify ways to fill analytic gaps and surge analytic resources without creating gaps elsewhere in the process. For the past several years, the Committee has strongly urged the IC to develop a "civilian" reserve capability that would tap into the expertise of former IC employees, non-IC experts, and linguists. Certain elements within the IC already have taken steps to augment analytic capabilities; the IC as a whole must do the same. In the fiscal year 1998 intelligence authorization bill, the Committee again has provided funds for the establishment of a pilot civilian reserve program. The Committee will closely scrutinize progress made in this area.

Several new initiatives already are underway that will help the IC to maintain a worldwide information "base" and to augment existing analytic efforts. The Committee supports efforts to create "knowledge databases," including the nascent World Basic Information Library (WBIL). Such efforts will help to ensure that the IC retains a baseline of knowledge on countries that often receive little attention until a crisis arises. The Committee also supports the Joint Reserve Intelligence Program (JRIP), a cost-effective program that utilizes the substantive and linguistic expertise of military reservists to augment the IC's analytic efforts.

The Committee strongly believes that the IC must restore its capability to conduct long-term predictive analysis and warning. Core

groups of analysts should be dedicated to doing research-oriented projects aimed at assessing strategic issues. In addition, the IC must educate its customers about the importance of long-term analysis. If the focus on near-term analysis is maintained at the expense of long-term analysis and research, the ability of policymakers and military commanders to deal effectively with future crises will be severely diminished. The main function of the IC is to provide its customers with predictive analysis and warning; if the IC loses the capability to do so, it will fail to meet its most basic mission.

"DOWNSTREAM" INTELLIGENCE ACTIVITIES

For the past several years, the Committee has expressed concern about the imbalance between intelligence collection and related "downstream" intelligence activities. The Committee is disturbed by the fact that the IC continues to spend billions on high-tech collection platforms without allocating adequate resources to those who review the raw product, analyze it, and put it before policymakers and military commanders in a useable format. This is not to say that there should be no funding for new collection systems (see the Areas of Special Interest item on Technical Investments), and this year's authorization provides for such investments. But to do so without also planning investment for processing, exploitation, analysis and dissemination, serves to diminish the purpose and utility of the collection.

The emphasis on collection at the expense of downstream activities permeates the IC at all levels and in most collection disciplines. The Defense Science Board, for one, has noted the fact that collection platforms have performed extremely well in Bosnia but that the "warfighter" has been overwhelmed by the amount of collected raw data, much of which remains unprocessed. In the Committee's analysis and production budget hearing, witnesses testified that the IC is "binning" (i.e., not exploiting) much of the broad-area search imagery that is collected. In addition, hard target analytic depth studies by the National Intelligence Council (NIC) conclude that the IC is "awash" in unexploited open source information. Finally, program managers consistently budget for satellite and launch requirements for new overhead collection systems, but largely ignore the need for funding sufficient ground processing capabilities.

The Committee's fiscal year 1998 budget authorization emphasizes, among other things, the need to address processing, analysis and dissemination activities. For example, the Committee authorizes funds to create an open source requirements management system, enhance Measurement and Signatures Intelligence (MASINT) processing and exploitation, and advance the acquisition and fielding of analytic tools. These efforts, which are important first steps for addressing the collection-downstream imbalance, are only a small part of the solution.

The Committee believes that the IC no longer needs, nor can it afford, to continue pouring vast amounts of money into expensive, high-tech collection platforms if the collected data is not exploited. Put simply, collecting information that is not processed and analyzed is simply a waste of taxpayer dollars. In the future, the Com-

mittee expects to see greater effort and resources placed on downstream activities and a more rational approach to collection activities. Requirements must be clearly and precisely articulated and collection decisions must be coordinated across the collection "stovepipes." The Committee urges the Director of Central Intelligence (DCI), in concern with IC managers, to address the collection-downstream imbalance in future budget submissions.

CLANDESTINE HUMINT FUNDING

The Committee is concerned about the apparently ad hoc nature of annual funding for clandestine Human Intelligence (HUMINT). We believe that such funding should, instead, reflect a periodically adjusted and refined projection of the long-term needs of analysts and consumers for the product of clandestine HUMINT collection. To tie the funding of clandestine HUMINT to these long-term needs, the Committee recommends that the DCI establish an interagency task force to assess long-term collection needs and from that assessment, define the role of the clandestine service in the future and the funding profile necessary to build and sustain its capabilities.

Present funding of clandestine HUMINT

The Committee is aware of three attempts by analysts in recent years to quantify the importance of the types of intelligence collection: A survey of the January 1993 National Intelligence Daily (NID), the 1994 Strategic Intelligence Review (SIR) process, and the 1995 Comprehensive Capabilities Review (CCR). In all three studies, clandestine HUMINT made a surprisingly strong showing, considering the small part of the intelligence budget that it consumes. In the NID survey, CIA/DO reporting was the dominant source cited for covertly acquired intelligence. In the 1994 SIR process, HUMINT was, in aggregate, the most important source of intelligence for the 376 intelligence needs evaluated. In the CCR, clandestine HUMINT and SIGINT were found to be roughly of the same value in pursuing the various top-tier issues of Presidential Decision Directive 35. Uncounted in any of these studies, and adding enormously to the value of clandestine HUMINT, is its contribution to clandestine technical operations and in compromising foreign cryptographic materials.

The importance of the clandestine service in the future has not been lost on those looking at the future of the IC as a whole. Studies undertaken in the last two years by the "Aspin-Brown" Commission, the Council on Foreign Relations, and this Committee have all emphasized that the intelligence targets of the future will be such that clandestine HUMINT will be even more important than it is today. The likely rapid spread of encryption technologies and the move towards declassifying imagery capabilities will only accelerate the reliance on clandestine human sources to crack the hardest targets.

Yet, the cost of clandestine HUMINT remains a single digit percentage of the National Foreign Intelligence Program budget and has dropped in real dollar terms. As our actions in the authorization for the CIAP demonstrate, this Committee questions whether the annual funding requests for clandestine HUMINT collection are

sufficiently grounded in the long-term needs of policymakers and in the operational requisites for satisfying those requirements. We have, for example, made recommendations for augmenting support for clandestine HUMINT collection that we understand will be necessary for collecting in the new environments of the post-Cold War. Underlying these recommendations, and others, is a concern that funding for the clandestine service enable it to begin to develop operational capabilities and techniques now that it will need to deploy in the future in order to meet the evolving needs of policymakers in changing technical and political environments.

Budgeting for the future

To achieve a less ad hoc and more forward-looking budget request for clandestine HUMINT collection, we recommend that the DCI appoint a task force to project the needs of policymakers for clandestine HUMINT collection over the next two decades and report its findings to, inter alia, this Committee. Because of the evolving needs of policymakers since the end of the Cold War, the advance of information technologies, and the explosion of open source information, this Committee believes that the all-source analyst is in the best position to predict what information gaps may exist in the future and which gaps cannot be filled except by clandestine HUMINT collection. Accordingly, we recommend the task force be chaired by the Chairman of the NIC with the Deputy Director of Intelligence of the CIA and the Deputy Director for Intelligence Production of the DIA as Vice-Chairs.

With these findings in hand, the DDO, as the National HUMINT Collection Manager, should be in the best position to predict what capabilities, techniques, and operational profiles in the clandestine service will best fulfill the needs identified by the all-source analysts. On these bases, the DDO should prepare a long-term fiscal program and strategic plan—perhaps building on the DO's internally prepared strategic plan of 1995—in consultation with the DS&T, the Defense HUMINT Service, and other operational partners in the Intelligence Community. This program and strategic plan, as validated by the DCI and shared with the CIA Comptroller and this Committee, should then become the program of record for clandestine HUMINT within the Intelligence Community and a major premise for the annual funding request for clandestine HUMINT collection.

TECHNICAL INVESTMENTS

The impact of technology—including both commercial and government investments—on the IC has had a dramatic effect in almost all intelligence activities and operations, and the potential for future effects is even greater. The Committee has taken a position in previous authorization bills that technology, and more appropriately, the application of new technologies, are becoming key to the enhancement of all intelligence activities, whether in the form of analytic tool development or technical collection support to clandestine operations. Indeed, the Committee believes the world-wide proliferation of technologies presents new opportunities—and challenges—for intelligence collection operations. Moreover, with the Department of Defense's move toward a "digitized" force, the IC

must become more adept at not only collecting, analyzing and reporting tactical information, but must do so within a time frame and in a digital form that is usable to the military. The use of advanced, and in many cases, commercial, technologies is the key to doing this.

One of the more substantial areas that can benefit from modern technologies is overhead collection. Although heavily influenced by leading-edge technologies already, those who manage current and future overhead collection programs must deal with new, again, often commercial, technologies that are rapidly developed, made readily available and, in equally rapid fashion, are eclipsed and outdated by even more modern technologies. Those who remain comfortable with unjustifiably long development and procurement times will fail.

It should also be noted that the current broad base of technological development expands the commercial availability of many of these evolving technologies. For example, technologies used in overhead imagery, once the sole purview of the Intelligence and Defense communities of the U.S. and only a handful of other nations, are now either verging on, or are already being employed by commercial entities worldwide.

Moreover, there are several areas where such technologies are having a definite impact on overhead collection. Technology is allowing for the development of smaller and less costly satellites, which some believe will match, if not surpass, current capabilities. The effective use of these technologies will require increased innovation by the intelligence program managers to ensure that the nation maintains a technological edge over potential foes. At the same time, the availability, and indeed the proliferation of such technologies should allow for streamlined acquisition and significant cost savings.

The worldwide development and availability of new technologies, combined with the continuous increase in knowledge and understanding of U.S. collection systems and their capabilities, also will affect how the IC collects information and on what "targets" remain viable. The Committee believes the Community must invest in new and sometimes unanticipated collection areas/techniques to remain viable.

In this year's authorization, the Committee is continuing its support for more flexible systems that address the future challenges technology is forcing on the Community. These investments include promoting smaller systems and ensuring that larger systems are technologically and financially justifiable. This also includes investments in a variety of research and development programs, and the Committee hopes the Administration will bring forward its own new ideas in the future. The Committee acknowledges the successes of past overhead collection programs and hopes that the initial steps shown in new efforts such as the Future Imagery Architecture signal recognition of the need for new and innovative approaches to address the challenges of the future.

A CORPORATE AND FLEXIBLE COMMUNITY

For the past several years, the Committee has emphasized the need for the IC to be more flexible and function as a "corporate"

whole. In today's complex world, the IC must have the capability to address many issues simultaneously anywhere in the world. With fewer resources and a more diverse set of challenges, the IC must be able to work across programmatic and "stovepipe" boundaries and be flexible enough to ensure that resources can be shifted or augmented throughout the IC when necessary.

The Committee is encouraged by progress toward improving coordination across IC agencies and across collection and analytic disciplines. The DCI's Hard Target working groups have proven that a coherent, multidisciplinary, coordinated approach to collection is an excellent way to identify and address collection gaps. The Committee strongly urges the DCI to consider applying such a "cross-INT" approach to the process of determining collection and production strategies for lower-tier countries.

The Committee is less satisfied with the IC's progress in addressing "surge" issues. The Committee believes there are several problems associated with the current method of surging resources. First, when resources are shifted to cover a crisis, collection and analytic gaps may be created elsewhere. Second, it is exceedingly difficult for analysts and some collectors—particularly HUMINT—to became instant experts on an area in which they have little experience or background. The Committee believes that although the IC should maintain global coverage, agencies do not need in-house expertise on all topics. Intelligence agencies must, however, be able to determine where expertise resides within the IC and be able to tap that expertise, wherever it exists, when the need arises. In addition, as discussed elsewhere in this report, the IC must consider creating a civilian intelligence reserve capability to augment existing analytic and linguistic expertise.

The Committee strongly encourages the IC to continue and expand efforts to work across traditional bureaucratic boundaries and to implement measures to enhance flexibility. The Committee believes that such efforts are absolutely essential if the IC is to succeed in dealing with increasingly complex and diverse threats to U.S. national interests.

QUADRENNIAL DEFENSE REVIEW OF INTELLIGENCE

The Committee is concerned on several accounts about the handling of intelligence in the 1997 Quadrennial Defense Review (QDR). The Chairman of the Joint Chiefs of Staff (CJCS) has promulgated a set of new operational concepts known as Joint Vision 2010. As the QDR report and the CJCS's congressional testimony stress, information superiority or "dominant battlefield awareness" is the underpinning for the CJCS's concepts. The QDR, however, made almost no changes in the Department's plans for intelligence, the notable exception being the reduction of the planned procurement of Joint Surveillance and Target Attack Radar System (JSTARS) aircraft. This recommendation prompted the National Defense Panel (NDP) to suggest that the Department's investment decisions were not fully in keeping with its emphasis on improving intelligence and surveillance support. The other intelligence issues that the QDR raised were deferred to the normal internal summer budget review process.

The QDR was focused, to a large extent, on finding ways to enhance the Department's investment budget. It has been reported that DoD intends to increase the amount of procurement funding steadily over the future years defense play (FYDP), until the level reaches approximately $68 billion in 2003, an increase of over $25 billion over the fiscal year 1997 dollar levels. Yet, intelligence spending is to remain essentially flat. Again, this does not seem to be in synchronization with the Chairman's "dominant battlefield awareness" vision.

The Secretary of Defense recently announced the creation of a special task force to find ways to reduce the costs of the Department's infrastructure and support systems, with an emphasis on defense agencies. Since defense agencies make up the overwhelming majority of the National Foreign Intelligence Program, if the task force generates substantial savings, much of these could come from the intelligence budget. Given the need to "rebuild" our intelligence resources to ensure that they can meet future needs, especially within Defense, the Committee believes that such a step could well be disastrous in terms of our military's abilities to engage in whatever situation there might be. The Committee will observe carefully the direction of this effort, with an eye toward examining the long-term effects on the Community and weighing them against the short term gains.

Finally, the Committee is very much aware that the aggregate intelligence budget generally increased at a quicker pace than the overall national defense budget during the high-growth period of the 1980s, and that it declined more modestly than the overall defense budget in the years since. Intelligence has clearly received some preferential budgetary consideration, reflecting an appreciation that intelligence plays an increasingly important role in military effectiveness. Therefore, it seems, given the CJCS's focus on information dominance and the increased role of intelligence in military operations, that intelligence programs should continue to be specifically and staunchly supported as the Administration carries out its renewed and appropriate commitment to increase funding for modernization. Therefore, again, the Committee will closely watch these budgeting developments.

INTELLIGENCE SYSTEM INTEROPERABILITY

The President's fiscal year 1998 budget request included significant funding for Command, Control, Communications, Computer and Intelligence (C4I) support, system development and interoperability, and for establishing a virtual intelligence analysis environment. The systems included the following programs:

1. The Joint Intelligence Virtual Architecture (JIVA);
2. The Joint Deployable Intelligence Support System (JDISS);
3. The All Source Analysis System (ASAS);
4. The Joint Maritime Communications Information System (JMCIS);
5. The Combat Intelligence System (CIS);
6. The Intelligence Analysis System (IAS);
7. The JDISS—Special Operations Command Research, Analysis, and Threat Evaluation System (SOCRATES).

The Committee supports the Department's efforts to provide an interoperable intelligence dissemination architecture and a "virtual" analytic environment with which analysts world-wide can collaborate. The Committee believes, however, that the various projects reflected in the President's request do not have the necessary direction and control to require the sharing of developments and to ensure that duplication of effort is minimized. This is easily determined by a thorough review of the various budget request documents.

Further, the Committee believes that these systems, can be broken down into the basic components of (1) a high powered workstation with communications; (2) an operating environment that, by direction of the Assistant Secretary of Defense (C3I) must be Defense Intelligence Infrastructure (DII) Common Operating Environment (COE) compliant; and (3) a set of applications software. Although a common stated goal of the above systems is to provide support to analysts and operators, the program managers of these separate systems rarely, if ever, work together to achieve the common goals by sharing ideas and developments.

The Committee is convinced there is a need to establish a management structure and focal point within the Department that would include representation from each of the service and agency system program offices. The mission of this organization would be to provide oversight, integration and development of collaborative applications for the associated C4I systems. The function of this organization would not be to dictate specific service/agency hardware solutions or unique software applications, but to provide for the development of common applications, act as a conduit for sharing analytical ideas and processes, and to ensure world-wide interoperability via standards. The Committee does not support the concept of centralizing funding for these efforts, since these systems are the responsibilities of the various services and agencies. The Committee would however, support the ability of such a coordinating organization to be an approval authority for expending service/agency funds. The Committee believes both the JDISS program office and, particularly, the Joint Reserve Intelligence Program have been at the forefront of C41 system collaboration, and would be good candidates to be chartered with this integration.

Therefore the Committee is fencing 50 percent of all authorized and appropriated fiscal year 1998 funding for the above systems, until the Assistant Secretary of Defense (C3I) provides to the defense and intelligence authorizing committees a plan for creating a management structure and focal point within the Department with a charter encompassing the goals outlined above.

FBIS REORGANIZATION

The Committee supports the further establishment and maintenance of a strong open source capability within the IC. A comprehensive open source collection, translation, and analytic effort is crucial to the IC's ability to maintain global coverage and to understand developments both in "lower" and "higher" tier countries. Not only do open sources provide insight into open societies, careful scrutiny of "closed society" media (e.g., Iran, North Korea) can also

reveal valuable information on trends, new developments, and leadership plans and intentions.

The Foreign Broadcast Information Service (FBIS) re-engineering strategy calls for using more modern and commercially available technologies as FBIS's operational linchpin and to transition from traditional large-scale, static collection and processing centers toward a more agile and less expensive architecture. The Committee applauds CIA's efforts to adapt FBIS's infrastructure and operating practices to incorporate new technologies and to meet intelligence requirements more efficiently. The Committee has several concerns, however, about the current FBIS re-engineering plan.

First, the Committee is concerned that important resource allocation decisions are being made without fully taking into consideration "customer" requirements; there currently is no formal, direct open source requirements system that can be tapped to help translate requirements into rational resource allocation decisions. In addition, it is unclear to many FBIS customers what regions of the world will be affected by significant decreases in collection, translation an analytical activities. The Committee believes that open source customers must be kept fully informed of what changes in services they will see as a result of the re-engineering. The Committee also believes that open source collection should be driven by the direct input of major customers, particularly the all-source analysts who best understand where their information gaps lie.

It should be noted that the Committee will closely scrutinize any fiscal year 1997 FBIS reprogramming request to determine whether the request fits into the overall reengineering strategy. The Committee requests that it be kept fully and currently informed of the plans and implementation of the re-engineering effort. In addition, the Committee requests that the DCI submit a report on the FBIS re-engineering plan to the intelligence oversight Committees by 1 September 1997. The report should include the following information:

What is the timeline for implementing the re-engineering plan?

What is the mechanism for reviewing the progress and effects of the re-engineering plan?

For what countries/regions/issues will FBIS reduce its coverage (collection, translation, analysis)?

What countries/regions/issues will FBIS no longer cover?

How will the "new way" of doing business be managed (i.e., telecommuting employees, regional hubs, etc.)?

What disruptions in service are anticipated? and

How will FBIS work with "customers" to ensure their requirements are being met?

DCI NONPROLIFERATION CENTER

Collecting against, analyzing, preventing and countering the proliferation of weapons of mass destruction present some of the most difficult challenges facing the IC today. Nonproliferation-related intelligence programs and personnel are numerous and widely dispersed throughout the IC and the Defense Department. When the DCI's Nonproliferation Center (NPC) was established in 1991, one of its core missions was to coordinate the disparate IC nonprolifera-

tion activities, improve communication between programs and eliminate duplication of effort. As coordinator of IC assessments on proliferation topics, but not an analytic group per se, the NPC was to serve as a one-stop nonproliferation information shop for policy makers.

After its formation, the NPC took on a number of additional responsibilities. It developed strategic plans to help guide the U.S. Government's response to the proliferation problem and provided support to CIA's Operations Directorate (DO), as well as other collectors and law enforcement agencies. The NPC also worked on collection deck development and produced a "gaps" study that identified deficiencies in proliferation-related collection activities. The NPC was also chartered to review the IC's performance on proliferation activities and to make relevant budget recommendations. In addition, the NPC Director was designated the issue manager for nonproliferation activities. With these and other responsibilities, the NPC has made numerous contributions to the IC's nonproliferation effort.

The NPC has attempted to bring a Community focus to the proliferation issue, but has been thwarted in these efforts by internal (CIA) and external turf battles. Because of this, the NPC has not been able to position itself as the focal point for IC-wide nonproliferation activities. Nonetheless, the NPC has several successes of which to be proud. For example, the NPC review of the IC's proliferation budget gave this Committee insight into how proliferation resources were obligated within the Community. This budget review function should be continued, fully endorsed by the DCI, and done much earlier in the budget process to make it more useful to this Committee in its annual budget review process. In addition, the NPC has promoted or sponsored several new biological and chemical weapons research and development efforts that are successful because of the concentrated focus NPC brings to these issues.

In the past, the Committee has noted that there were serious questions regarding the NPC that pertained less toward its contributions—which have been significant—than to its future form and function. In recent years, the NPC has been reorganized. For example, the operational support section was relocated to the DO, within the newly created Counterproliferation Division, that brought centralized management to the DO's counterproliferation activities. In addition, NPC authority, personnel and budgets have been affected by downsizing. Moreover, the NPC Director is no longer the nonproliferation issue manager. Some question the appropriateness of the reductions, reorganizations and changes; others maintain that the NPC still has too many resources compared to other intelligence programs.

In 1992, the Committee conducted a detailed study of NFIP proliferation programs, with a specific focus on the new NPC. This year, the Committee plans to conduct a follow-up study on this topic. The Committee assessment will involve a thorough, top-down review of the NPC organization, mission and activities. The Committee will: review the NPC's efficacy as coordinator of nonproliferation programs; review NPC funding levels and staffing assignments; consider where the NPC should be located within the

IC; examine NPC's relationship with the CIA's Directorates of Intelligence (DI) and Operations (DO); and examine the NPC's role in the collection and issue manager processes. Likewise, the Committee will review other proliferation-related programs throughout the IC, including within the DI and DO, with an eye toward recommending a logical construct to the Intelligence Community's efforts on the proliferation issue.

The Committee believes that additional support for the NPC and its objectives is warranted, and remains concerned about future commitment to the NPC. The Acting DCI's (ADCI's) suggestion that better coordination of IC and Defense proliferation efforts might be obtained through National Security Council (NSC) control is highly debatable. Regardless, the Committee believes that NSC control over this issue may not adequately address the management of critical interagency nonproliferation requirements that must be satisfied. Although the Committee firmly believes that the NPC's roles and missions need to be evaluated further, it continues to see utility in NPC's existence and its efforts.

DECLASSIFICATION

The Committee has authorized additional resources in the fiscal year 1998 budget for CIA classification management, including declassification activities in support of Executive Order 12958. It should be noted, however, that the Committee is highly skeptical that the true costs of declassification have been determined accurately. It is possible that additional resources for declassification may be required to ensure that it is accomplished without compromise of intelligence sources and methods. In addition, the Committee is very concerned about the criteria and techniques used in the process of declassifying intelligence documents. Over the next year, the Committee will study carefully a range of declassification and collateral intelligence sharing activities across the NFIP to determine what resources are needed for these efforts and whether current declassification and intelligence sharing activities adequately protect sources and methods.

Specifically, the Committee will examine the declassification programs of various intelligence agencies, including issues relating to personnel qualifications, contractor support and training in declassification methodologies. As part of this review, the Committee will examine the implementation of bulk declassification techniques—that may be used in lieu of page-by-page review—and consider the applicability of both methods for declassifying documents with differing classification levels. In addition, the Committee will review specific declassification case histories to assess the performance of the "risk management" approach to declassification. Furthermore, the review will examine the process and progress of Community-wide efforts to declassify archival records. Any lessons learned from problems and successes related to current declassification activities should be used to redirect present day information handling and storage policies and make future declassification efforts less problematic.

The Committee also will examine the Community's processes for sharing intelligence with military consumers and allied partners. The Committee also believes that in the area of intelligence infor-

mation management, there is a need for improved security controls and audit capabilities. Likewise, the Committee will examine issues relating to risk management, personnel training and qualifications, accountability, and record keeping.

Finally, the Committee will focus in detail on the GULFLINK case. The recent GULFLINK damage assessment report concluded that the declassification process associated with Gulf War intelligence documents resulted in serious damage to intelligence sources and methods. Those working on declassifying Gulf War intelligence documents were directed to declassify an enormous amount of documents in a relatively short amount of time. Furthermore, the Department of Defense directed those declassifying these documents to err on the side of declassification and post documents on the GULFLINK Internet site unless instructed otherwise on a case-by-case basis, by officials at the highest levels of the Department of Defense. Clearly, the reported damage done to intelligence sources and methods in the case of GULFLINK are directly due to these declassification criteria. The Committee will closely examine the declassification processes and requirements used in the GULFLINK project to ensure that such mistakes are not made in future declassification projects.

REVIEW OF NATIONAL DRUG INTELLIGENCE ARCHITECTURE

Given the magnitude of the illicit drug problem and the threat that it poses to the national security of the United States, many believe that the IC should become even more actively involved in the effort to "combat illicit" international drug trafficking. Before any changes are undertaken in this area, however, there should be an assessment of structure and performance of the existing drug intelligence collection and analysis activities. Moreover, since the establishment of the Office of National Drug Control Policy in 1988 and the creation of the CIA's Counternarcotics Center in 1989, there has never been a comprehensive effort by the executive branch to evaluate the effectiveness of the national security and law enforcement drug intelligence systems—the drug intelligence architecture.

The Committee recommends that the Office of National Drug Control Policy, in coordination with the DCI's Crime and Narcotics Center (CNC) and the Community Management Staff, undertake a study of current drug intelligence programs, with the view toward developing an architecture for a national drug intelligence system to provide the best possible support to all levels of the international counternarcotics effort: policy development, strategic and operational planning, targeting, tactical execution, and information dissemination. The recommended architecture would include suggestions for clear and specific mission statements for each drug-control entity (including principal support roles), an articulation of the relationships among the centers and activities and an ADP/communications plan that will facilitate processing of appropriate drug intelligence information at all levels. The report, which would be furnished to the President and the two intelligence oversight Committees, is due on March 31, 1998.

JOINT MILITARY INTELLIGENCE PROGRAM

National Imagery and Mapping Agency civilian personnel, −$15.0 million

The budget request contained $680.3 million for in Operations and Maintenance, Defense-wide, running the National Imagery and Mapping Agency's (NIMA) mapping and geospatial information operations, including funding for 6,389 civilian personnel positions.

The Director of NIMA has stated that NIMA's Digital Production System (DPS) will no longer be operational by the year 2000, and that NIMA's primary role in mapping will evolve to that of maintaining information databases instead of producing imagery and other intelligence products. If realized, this approach should result in a greater decline in required personnel over the current mandatory downsizing reductions, since the majority of NIMA personnel currently support the development of intelligence products. The Committee supports the effort to move away from DPS. The Committee believes, however, that NIMA has failed to properly take into account the effect this plan will have on personnel. Therefore, the Committee recommends a decrease of $15.0 million in civilian personnel funds to accelerate the downsizing of NIMA's personnel consistent with the DPS phase out.

Further, personnel costs account for more than half of NIMA's operations and maintenance request and consequently, more than half of its budget. The Committee believes that NIMA must drastically reduce its workforce and become more efficient if it is to be able to fulfill its mission in the information age. Therefore, the Committee directs the Director of NIMA to submit a personnel plan to the Congressional defense and intelligence committees. This plan should include an assessment of the types of skills required in the future versus what NIMA now possesses, a breakdown per year of the types of personnel slots that shows how NIMA's demographics will change as NIMA moves to its required skill mix, an assessment of whether cartographer personnel slots can be transformed into imagery analyst slots and the potential for retaining cartographers into imagery analysts, and an assessment of the challenges and obstacles facing the agency in achieving the necessary personnel reductions, including suggested remedies for such obstacles. An interim response is requested by August 31, 1997 with a final report due by December 1, 1997.

U.S. imagery and geospatial system production, −$40.0 million

The budget request contained $541.8 million for continued operations of National Imagery and Mapping Agency's (NIMA) Geospatial System Production and Customer support.

The Director of NIMA has officially stated that, because of the large operations and maintenance cost of older production equipment, the Agency will completely phase out the legacy Digital Production System (DPS) by the year 2000. Although the overall NIMA operations and maintenance budget decreases slightly in fiscal year 1998, very little of this decrease is due to a reduction in legacy system funding. The committee notes that migration away from DPS began in fiscal year 1997, and a more significant decline in O&M should have resulted in fiscal year 1998.

Therefore, the Committee recommends an authorization of $501.4 million for this activity, a decrease of $40.0 million.

Mission support, −$10.0 million

The budget request included $147.6 million for National Imagery and Mapping Agency (NIMA) facilities management.

As NIMA consolidates facilities, the Committee expects to see a marked decline in mission support costs. Such a decline is not apparent in the budget request documentation. Therefore, the Committee recommends a decrease of $10.0 million. Further, the Committee requests that the Director of NIMA submit a facilities plan that lays out locations and functions of all current facilities, and describes NIMA's strategy to consolidate and reduce its facility holdings. The Committee requests this plan be submitted to the defense and intelligence committees no later than August 31, 1997.

Synthetic aperture radar for mapping, +$10.0 million

The budget request included $109.4 million in program element 0305102BQ, line 130, partially to develop the capability to use synthetic aperture radar (SAR) data for providing geospatial information for customers.

The Committee believes that the National Imagery and Mapping Agency (NIMA) specifically, and the intelligence community generally, has focused insufficient attention on the use of SAR data for geospatial product development. The Committee believes this technology can provide critical data, in all weather conditions, and that it should be exploited more extensively than it has been in the past.

Therefore, the Committee recommends an additional $10.0 million in this program element to improve current, limited NIMA capabilities to use SAR data to provide geospatial information.

Cancellation of interferometric synthetic aperture radar, −$23.2 million

The budget request included $23.2 million to continue development of the Interferometric Synthetic Aperture Radar (IFSAR) mission to collect Digital Terrain Elevation Data (DTED) level 2 information. The IFSAR mission is scheduled to fly on the Space Shuttle in the 2000 timeframe. The IFSAR mission itself will cost $163.3 million, with $98.4 million remaining to be spent through fiscal year 2000.

The Committee continues to believe that there are other, more cost-effective alternatives to the IFSAR mission for collecting DTED level 2 data. One such alternative appears to be an algorithm developed by commercial industry that allows DTED level 2 data to be derived from the European Resource Satellites (ERS–1 and ERS–2). The Canadian RADARSAT also appears to be able to satisfy this requirement. Additionally, new processes for aircraft with SAR capabilities hold great potential. Therefore, the committee recommends cancellation of the IFSAR mission and corresponding reduction of $23.2 million in the National Imagery and Mapping Agency budget.

U.S. imagery and geospatial system improvements, +$15 million

The budget request included $109.4 million in Research and Development, Defense-wide, for National Imagery and Mapping Agency's (NIMA) development, procurement and integration of an end-to-end imagery production capability for geospatial information.

The Director of NIMA has officially embraced the Defense Science Board's (DSB) direction to move NIMA from production of products to the maintenance of geospatial information, a move the committee strongly supports. One of the DSB's recommendation included trading off production of lower priority products and less critical functions in order to fund NIMA's more pressing technical needs, thereby allowing it to move quickly to its future technical capabilities. Based on NIMA's request, the committee does not believe NIMA's technology investment is sufficient to efficiently and effectively move to this new leading-edge technological capability.

Therefore, the Committee recommends a total of $124.4 million in this account for developing and fielding the modern imagery and mapping technologies. The Committee believes this increase of $150.0 million will provide needed capital that will effectively reduce NIMA operating costs in the near-term.

Predator unmanned aerial vehicle, transfer $15 million

The budget request included $15.0 million in program element 0305205D, line 138, for modifications to the Predator unmanned aerial vehicle (UAV).

The Committee is concerned by the overly bureaucratic management and acquisition structure the Department of Defense has put in place for the Predator. The Committee believes the DoD's efforts to maximize UAV "jointness," by directing all tactical UAV development and procurement through the Navy-led UAV Joint Program Office (JPO), has had the unintended consequences of forcing funding transfers between services, slowing Predator procurement and minimizing contracting flexibility. It appears that, even though Predator is owned and operated by a single service, the basic management concept of unity of control has been violated.

The Committee believes the management and control of all aspects of Predator funding, contracting, procurement and operation need to be with the Air Force. Therefore, section 603 directs all Predator functions currently maintained within the UAV JPO be transferred to the Air Force. It also directs that all Predator funding within the Defense-wide program element 0305205D be transferred to the Air Force program element 0305154F.

Further, the Committee is aware of the Air Force's "Lightning bolt" acquisition initiatives in general, and the Big Safari streamlined acquisition program, specifically. The Committee has been keenly interested in the rapid, flexible, and innovative acquisition approaches that hallmark Big Safari, and it strongly urges the Assistant Secretary of the Air Force (Acquisition) to consider using the Big Safari streamlined acquisition and management program for Predator.

Finally, the Committee is aware of a past demonstration wherein the Predator UAV was launched via the land-based ground control station and handed off to a submarine-based mini-control station. This demonstration unquestionably proved the flexibility of, and

the potential need to have, a down-sized portable ground station that can be forward deployed. Such a ground station could be used to take direct control of a Predator UAV for those missions (special operations, for example) where an Air Force forward control element that has been physically deployed with a Navy (or other Service/Agency) element is the best possible mode of operation. The Committee firmly believes that, as the Air Force brings the Predator forward into the operational realm, such unconventional missions will dictate the need for a deployable control capability. Therefore, the Committee strongly urges the Air Force to consider such a capability when planning for future multi-service support with Predator.

Tactical unmanned aerial vehicle, −$57.5 million

The budget request contained $122.0 million for Tactical Unmanned Aerial Vehicles (TUAV) in program element 0305204D, including $87.5 million for the Outrider Advanced Concept Technology Demonstration (ACTD) program and $34.5 million for the Tactical Control Station.

The Committee understands that the purpose of the Outrider ACTD is to assemble and demonstrate a significant new tactical reconnaissance capability that is based on mature technology. The Defense Airborne Reconnaissance Office (DARO) established the Joint Tactical Unmanned Aerial Vehicle (JTUAV) program from two previously unsuccessful programs, the close range and the maneuver UAVs. In May 1996, the DARO conducted a competitive selection that evaluated nine candidate air vehicles, chose the Hellfox TUAV and awarded a twenty-four month contract for the Outrider JTUAV. The "best value" selection was based on the Hellfox's superior aircraft design and capabilities and the winning contractor's presumed ability to successfully develop and deliver, within the 24 months, six ACTD Outrider UAV systems, each consisting of four air vehicles, a ground control station and associated equipment. The Committee is informed that Outrider ACTD is well behind schedule and experiencing serious performance problems. In fact, its first flight, scheduled for November 1996, did not occur until March 1997.

The Committee supports efforts to streamline the acquisition process and enable demonstrated capabilities to transition quickly to production and operation. However, the Committee is extremely concerned that the Outrider ACTD appears to have circumvented important acquisition criteria and milestones, including the need for the program to address a validated military requirement. The Joint Chiefs of Staff Joint Requirements Oversight Council (JROC) has failed to formally validate a joint operational requirement for the JTUAV. Therefore, the JTUAV ACTD appears to contradict the Department's own guidance that ACTDs must address validated user requirements clearly enough to be able to firmly establish operational utility and system integrity.

The Committee is fully aware of the technical problems that have plagued development of the Outrider UAV. The ACTD is experiencing serious shortcomings that indicate that the joint Outrider program is not using mature technologies, despite being based on the successful Hellfox UAV technologies demonstrated in the competi-

tion phase. The Committee understands that the program is under special review by the Under Secretary of Defense for Acquisition and Technology, and is being considered for cancellation by the Department. This, coupled with the Outrider's technical problems and recent observations/statements by the Director, DARO, that the Department was "going to cut its losses" on the program, appear to lend credibility to this notion.

The Committee therefore recommends an authorization of $64.5 million for TUAV, with no funding authorized for continuation of the Outrider ACTD. The Committee recommends that of the funds authorized, $10.0 million be provided to support a vertical takeoff and landing UAV competition that was recently initiated by the DARO. The Committee recommends $11.5 million be made available to provide a dedicated Predator UAV system and associated equipment, including at least two aircraft equipped with synthetic aperture radar and Ku-band link, for operational experimentation and testing of the common UAV Tactical Control System (TCS). To ensure a viable transition from the Outrider ACTD, elsewhere in the report the Committee recommends an additional $10.0 million in operations and maintenance, Army, for operating currently owned Hunter UAV systems. The Committee does not authorize additional or attrition Hunter air vehicle purchases, nor does it authorize technical improvements to the air vehicle or its electronic systems. The Committee notes that this is a Congressional interest item and directs that the Army receive prior defense and intelligence Committee approval before redistributing these funds for any purpose other than that authorized above.

Finally, the Committee believes there are a number of existing tactical UAVs, including the Hellfox, the Prowler, and others, that could satisfy the Army TUAV requirements. Therefore, the Committee recommends $20.0 million in aircraft procurement, Army, for purchasing an "off-the shelf" tactical UAV. The Committee requires the Army to provide a purchase plan before any of these funds can be obligated or expended.

Airborne reconnaissance advanced development, −$3.0 million

The budget request for Airborne Reconnaissance Advanced Development in program element 0305206D included $4.5 million for continuing refinement of the Joint Airborne Reconnaissance Architecture (JASA) standards. Included in this amount was funding for verifying compliance and interoperability of new upgrades and developments.

The Committee recommends a total of $1.5 million for this effort, a decrease of $3.0 million.

Airborne reconnaissance advanced development, −$3.0 million

The budget request for Airborne Reconnaissance Advanced Development in program element 0305206D included $3.0 million for initiating development of a heavy fuel engine for the tactical UAV.

Department of Defense budget documentation shows justification for developing an HFE both within this program element and within program element 03035204D. Additionally, the Committee is aware that previous authorizations and appropriations for this effort have not been fully obligated or expended. Therefore, the Com-

mittee recommends a decrease in program element 0305206D of $3.0 million.

Senior year electro-optical system, +$5.0 million

The budget request included $136.7 million in aircraft procurement, Air Force, line 73 for continued procurement of spares and repair parts for the U–2 aircraft and sensors. The Committee understands the request does not adequately fund upgrades and spare parts for the Senior Year Electro-Optic System (SYERS).

U–2 SYERS imagery satisfies a large percentage of theater commanders' imagery requirements, and the Committee is committed to ensuring the availability of this aircraft and the viability of its sensors. Further, Congress initiated and sustained for several years an upgrade to the SYERS imaging sensor that, among other things, would allow the sensor to be carried in the 'Q-bay' of the aircraft such that a radar sensor and the SYERS sensor could be flown simultaneously. In wartime, this dual capability could free up an entire orbit's worth of U–2 aircraft. This appeared to Congress to be well worth the small investment in the SYERS system.

The Committee has now learned that the aircraft fuselage may have to be modified in order to carry SYERS in the Q-bay. Specifically, a "canoe" would have to be added to allow the camera to image out beyond about 45 degrees. The Committee is more than a little irritated to learn of this constraint at this late juncture. Also, it has been suggested to the Committee that the Air Force is, at a minimum, reluctant to undertake any modification to the U–2 airframe, no matter how small, aside from issues relating to safety or flight, in anticipation of the replacement of the U–2 by platforms such as Global Hawk. The Committee does not believe the U–2 will be fully replaced or retired for many years and is not willing to forego improvements to this workhorse aircraft.

Based on the above, the Committee recommends an authorization of $141.7 million, an increase of $5.0 million for the upgrade and procurement of additional spares for the SYERS.

Further, the Committee directs the Secretary of the Air Force to provide a report to the congressional defense and intelligence committees by March 15, 1998, on the need and the costs to design and procure the number of "canoes" necessary to allow SYERS and ASARS to be flown simultaneously. The report shall include a statement of DoD policy regarding modifications of the U–2.

Airborne information transmission, +$3.0 million

The budget request included $10.8 million in program element 0305206D to continue testing and evaluation of the Airborne Information Transmission (ABIT) system.

The Committee believes that all major airborne reconnaissance systems should have the ability to communicate and cooperatively operate sensor systems using widebandwidth, high data rate communications. Such a capability would allow real-time database sharing, cooperative target location, a long haul "reach back" capability to national processing facilities, and use/control of collection systems from platform to platform (i.e., control of UAVs from manned reconnaissance aircraft, remote operation of collection sys-

tems, etc.). To that end, the Committee is pleased with the Department's Common Data Link (CDL) and ABIT efforts.

Accordingly, the Committee requests the Department to conduct a study on the costs, requirements, and benefits of adding wideband data links (both for air-to-air and air-to-ground applications, and point-to-point and broadcast modes) on all major airborne reconnaissance/surveillance aircraft. Specifically, this study should examine the benefits of:

providing a capability to route signals that cannot be processed tactically directly from the collection platforms to national processing sites in the CONUS:

allowing split basing of assets;

maximizing intelligence community collection and analysis potential by providing a capability to route excess raw data collection to other processing/analysis platforms or ground sites;

providing the ability to complete high speed data base transfers from aircraft departing station to aircraft coming on to station;

allowing precision target location via cooperation direction finding and correlation of multiple intelligence disciplines; and

allowing cooperative remote system operation;

The study should also provide the costs for developing and installing this capability on the various aircraft. The Committee requests the results of this study be provided to the defense and intelligence authorization committees by March 1998.

The Committee notes, and applauds, the ongoing USAF efforts to integrate CDL/ABIT capabilities on the RC–135 reconnaissance aircraft, and believes this effort should be basis for all future manned reconnaissance interoperability efforts, including an ABIT capability on the Joint Surveillance Target Attack Radar System (JSTARS) aircraft. The Committee recommends an increase of $3.0 million for the USAF to lead this effort.

Further, specifically with respect to JSTARS program, elsewhere in this report the Committee raised the issue of whether the Navy requires unprocessed data from JSTARS and other platforms that collect moving target indicator (MTI) and synthetic aperture radar (SAR), in addition to processed tracks transmitted via the narrow band Link 16. If DoD decides that there is such a requirement, and the Committee considers that to be likely, the Navy and DoD generally will need to decide whether the existing JSTARS wide bank link, the Secure Common Data Link (SCDL), is a practical choice for the Navy and other potential users. First, all other MTI and SAR platforms (the U–2, the endurance UAVs, and the Army ARL) are or likely will be equipped with a wide band common data link (CDL), and the CDL is already the Navy's standard and will be widely fielded on large ships. It may not be feasible or practical to outfit these ships with the SCDL, which is unique to JSTARS. It might make sense to add CDL to JSTARS, or even to replace SCDL with CDL.

The Committee appreciates fully that SCDL provides excellent anti-jam capabilities and has a very large ground footprint, which is essential to support widespread Army ground stations. However, DoD is developing a CDL broadcast capability, which might be sufficient for the Army in light of the changed threat situation and the

increased emphasis on commonality and interoperability. The Committee believes that the Army needs to consider also that shifting from SCDL to CDL would enable the Army common ground stations to receive MTI and SAR data from the U–2, the Army's own ARL platform (assuming it is equipped with a downlink at all), and any future UAVs.

In addition, as discussed elsewhere in this report, in connection with the proposed Joint Mobile Target Engagement ACTD, centralized processing of MTI data from all possible sources (U–2s, Airborne Reconnaissance Low, UAVs. etc.), and merging the correlated results with target identification information, might be extremely important to battlefield awareness and targeting. These processes might be greatly facilitated by common use of CDL. Adding CDL to JSTARS would enable any appropriately equipped ground site to perform the MTI correlation and target identification function, including Navy ships. A CDL capability on JSTARS that could operate in an air-to-air mode as well would enable JSTARS aircraft to transfer MTI track histories and other databases as they are relieved from station, and conceivably also to act as a central MTI processing and correlation site—for situations where there is no ground presence established.

The Committee directs the USD(A&T) to submit the report requested above to the congressional intelligence and defense committees by January 15, 1998. The Committee believes that the USD(A&T) study effort should be coordinated with all the services, the JROC, DARPA, and the JMTE ACTD program office.

Endurance unmanned aerial vehicles, +$3.0 million

The budget request contained $282.1 million for endurance unmanned aerial vehicles (EUAV). The research and development request for high altitude endurance (HAE) UAVs contained $96.0 million for Global Hawk and $54.6 million for DarkStar, while $116.5 million was requested for procuring the medium altitude endurance (MAE) UAV Predator.

The Committee notes that, in 1995, the Department initiated two Advanced Concept Technology Demonstrations (ACTD) to develop and demonstrate HAE UAVs at a cost estimate of approximately $900 million. The purpose of these ACTDs was to permit the rapid and affordable evaluation of advanced capabilities resulting in air vehicles that could provide military utility. The HAE ACTDs also included the specific requirement that the air vehicles have a unit fly away cost of $10.0 million in fiscal year 1994 dollars.

The Committee supports the need for determining the military utility of the two long-dwell HAE UAVs for broad area coverage. The Committee notes that OSD has unilaterally determined to, at this time, scale back the number of air vehicles, the number of ground stations and the length of the user demonstration period. The Committee understands this is due to cost growth and the desire to fly successfully and to prove design configurations before producing more flight vehicles. The cost growth, due to developmental problems, is troublesome and lends support to the DoD Inspector General conclusion that the technologies were not, in fact, fully mature and ready for demonstration. While the ACTD model may not have been the best approach for these programs,

the Committee supports the development and evaluation of these systems. However, the Committee does not see the need to rush these programs to the point where their success is imperiled.

The Committee strongly recommends that the Department complete the ACTDs, including the complete user evaluation with the Air Force's Air Combat Command over the period first proposed, before authorizing a follow-on HAE UAV acquisition program.

Due to the Department's reduction in Global Hawk air vehicles from eight to five, the Committee believes there should be a corresponding reduction in funds required for long lead item purchases, and recommends a $22.0 million reduction in this line.

The MAE UAV, the Predator, was established as an ACTD in response to an urgent requirement identified by the Joint Chiefs of Staff (JCS) in 1993. The Committee notes that while there have been some operational issues with this system, it is the first ACTD to make the transition to a production program. The success of the Predator in a number of continental United States exercises and two operational deployments to Bosnia has prompted the Joint Chiefs of Staff to seek additional funding for Predator, including a number of pre-planned product improvement (P3I) upgrades to be included with production systems. The Committee has learned, however, that as result of this vehicle's success, the amount of spare parts and attrition vehicles available appears to be insufficient. Therefore, the Committee recommends an increase of $25.0 million to purchase spare parts and attrition air vehicles for the operators.

High altitude endurance unmanned aerial vehicle, common ground segment, −$9.0 million

The budget request included $51.1 million in program element 0305205D, line 138, for the high altitude endurance (HAE) unmanned aerial vehicle (UAV) common ground segment (CGS). Of this, $9.0 million was for testing purposes.

The Committee understands that $10.0 million of fiscal year 1997 funds were authorized and appropriated for this same testing. The Committee also understands that such testing was not completed due to the delay in both HAE advanced concept technologies demonstrations.

Therefore, the Committee recommends an authorization of $42.1 million, a reduction of $9.0 million.

Defense airborne reconnaissance office, −$14.0 million

The budget request included $21.5 million in program element 0305209D, line 142, and 31 billets for operation of the Defense Airborne Reconnaissance Office (DARO). Section 608 directs abolishment of this defense organization office chartered under the Under Secretary of Defense (Acquisition and Technology).

The Defense Authorization Act of 1994 directed the development of an organization to oversee and coordinate the activities of the military Services with respect to the development of airborne reconnaissance systems. The intent of this law was to ensure the most effective expenditure of defense funds within this mission area by forcing the services to work closely together in the development and upgrades of airborne reconnaissance systems.

The Committee notes the positive influence the Defense Airborne Reconnaissance Program (DARP) has had on the various service and agency airborne reconnaissance programs. However, the Committee has not been comfortable with the management structure the Department of Defense put in place to manage the DARP, nor with the extent to which the DARO has assumed authority over service reconnaissance system acquisition equities.

The Committee totally agrees with the founding concept of the DARP, including the need to have a coordinating entity for ensuring the service acquisition authorities have insight into each others developments in order to maximize sharing of capabilities and to reduce redundancies. The Committee also supports the need to coordinate these service efforts from a programmatic perspective. However, the Committee believes such a coordinating function is more appropriately accomplished by an intelligence organization vice an acquisition organization. Therefore, section 608 also transfers the responsibilities of the DARP to the Director, Defense Intelligence Agency, under his authorities as the Director of Military Intelligence (DMI). The Committee authorizes $7.8 million, and 15 billets for DIA, for this purpose. Elsewhere in this report, the remaining personnel billets are redistributed to other JMIP programs.

The Committee's intent is to protect service acquisition equities while providing an intelligence community-based, and intelligence mission-focused, coordination authority. The Committee believes transferring the DARP management to DIA, coupled with the technical and operational standards authorities vested in the National Security Agency, the National Imagery and Mapping Agency, and the Central MASINT Office, will ensure the proper levels of authority over investments and ensure system interoperability. Further, the Committee expects the DIA responsibilities to be limited to establishing joint reconnaissance policies and standards, coordinating service efforts, including DARP budget developments, and ensuring theater CinC and joint service reconnaissance needs are addressed through interoperable systems. Therefore, the Committee believes the services should retain all funding and execution responsibilities over their reconnaissance platforms, subject to a "seal of approval" from the DMI. The Committee does not see the need for the DMI to execute research and development programs.

To accomplish the above, the Committee directs the Director, DIA, to provide a transition plan, with a draft DMI DARP charter, to the defense and intelligence committees before conference on the fiscal year 1998 Defense Authorization bill.

RC–135 Rivet Joint reengining, +$52.0 million

The budget request did not include funding in aircraft procurement, Air Force, for reengining the RC–135 reconnaissance fleet.

The Committee remains convinced the RC–135 aircraft will continue to be the workhorse of manned special reconnaissance well beyond the year 2020. In previous years, the Committee has fully supported and added funding for this important re-engining effort to ensure the long term viability of this fleet. This support has been unwavering, in part, due to Air Force assurances that, once begun, the Department would fully fund this re-engining effort.

This promise remains unfulfilled. The Committee believes the Air Force and DoD handling of this program has been woefully negligent.

The Committee is swayed by the General Accounting Office's report on re-engining that states the Department would realize a cost savings over the expected life of these aircraft in excess of $1.5 billion over the cost of maintaining the current TF–33 engines. The Committee further is impressed by the mission enhancements made possible by these new engines.

Therefore, the Committee recommends an authorization of $52 million for re-engining two RC–135 with the CFM–56 engines. Further, the Committee expects the Department to request funds for this program within the Air Force's Defense Airborne Reconnaissance Program in future years.

Joint mobile target engagement, advanced concept technology demonstration, +$10.0 million

The budget request included no funding in P.E. 305206D for the reconnaissance portion of the proposed joint mobile target engagement (JMTE) advance concept technology demonstration (ACTD). The Committee strongly supports the goals of this ACTD to correlate moving target indicator (MTI) data streams from varied systems such as the Joint Surveillance and Targeting System (JSTARS), the U–2, the Airborne Reconnaissance Low (ARL), unmanned aerial vehicles, and others. Also, the ACTD would focus on the concept of automatically tracking targets of interest based on disparate intelligence inputs.

The benefits from correlating muliple moving target indicator (MTI) radar data streams appear to be enormous, particularly when coupled to new auto-tracking algorithms and when the resulting track files are stored and available for replay. This ACTD will determine the feasibility of combining current and historical target identification information, such as imagery taken hours before the exploited product becomes available, to make positive target identifications. Currently, delays typically experienced in exploiting and disseminating traditional imagery collection often preclude such data from being used in engaging mobile targets. The Auto-tracking and automated weapon-target pairing algorithms developed in this ACTD should eliminate two large bottlenecks that currently would prevent efficient use of wide-area sensors like JSTARS, and the inherent attack capabilities of U.S. tactical-air and ground-attack missiles. Also, correlating multiple MTI data streams should enable precise target location even with radars with poor azimuth resolution.

The Committee notes that DoD underestimated the cost of this ACTD at the time the budget was formulated. The Committee recommends authorizing $10 million above the request for this program but directs that none of these funds be obligated until the Air Force or other organizations provide the balance of funding required in fiscal year 1998. The Committee expects that, as part of the ACTD, DoD will examine the costs and benefits of adding a moving target indicator (MTI) mode to all the endurance UAVs; the need for correlation, auto-tracking, and weapon-target pairing capabilities in airborne platforms (such as JSTARS), on Navy ships,

and, in a scaleable fashion, in Army common ground stations; and the need for wideband datalinks on the collection platforms. The Committee recommends further that this ACTD be coordinated with the arsenal ship demonstration, as appropriate, and the Navy's efforts to integrate JSTARS into Navy deep-attack capabilities.

Electro-optic framing technologies, +15.0 million

The budget request included $7.0 million in program element 0303526D, line 139, for electro-optic (EO) framing technologies.

The Committee has been very supportive of efforts to further the EO framing with on-chip forward motion compensation (FMC) technologies, and has been very pleased with the efforts to develop high resolution and ultra-high resolution EO backplanes. The Committee understands the fiscal year 1998 request does not reflect efforts to push this technology beyond the visible spectra, nor does it sufficiently fund the ultra-high resolution (UHR), 100 mega-pixel, focal plane array (FPA) developments. The latter capability is necessary to increase the instantaneous field of view to the equivalent of current wet film cameras.

Therefore, the Committee recommends an additional $15 million in this program element for the following purposes:

$8.0 million for continued development of the UHR FPA, including modular, miniaturized electronics, and conformance with JPEG 2000 wavelet compression standards. This development should result in a form/fit operational insertion into currently deployed CA–260 framing cameras.

$3.5 million for operational insertion of tactical infra-red EO framing technologies and image intensified EO framing sensors with on-chip FMC. This should result in form fit replacements for evaluation in the Richmond Air National Guard reconnaissance pods.

$3.5 million for developing an infra-red module into the existing EO framing sensor on the Darkstar unmanned aerial vehicle.

Theater airborne warning system, +20.0 million

The budget request did not include funding for the Theater Airborne Warning System (TAWS), a medium-wave infrared (MWIR) sensor system capable of tracking and calculating the launch points of tactical ballistic missiles.

In the fiscal year 1997 Defense Authorization, the conferees encouraged the Department of Defense to move forward with a near-term, cost effective program to transfer the mature TAWS MWIR technology from the RC–135 Cobra Ball aircraft to the RC–135 Rivet Joint aircraft. The Department's response was to determine whether the TAWS or the 'Eagle' system installed on the Airborne Warning and Control System (AWACS) aircraft, would provide the most effective theater missile defense collection, analysis and warning capability. A resulting decision selected neither, and, instead, recommended such a capability be installed on the Airborne Laser (ABL) aircraft.

The Committee understands that if the ABL goes into full production, only a hand-full of aircraft will be built with an initial op-

erating capability in 2006. This does not appear to be the near-term solution the conferees were hoping for. Additionally, the committee questions where these limited number of aircraft will be assigned and whether they can provide the theater collection and warning missions that TAWS or EAGLE would.

The Committee believes a near-term theater TBM analysis and warning capability is needed. Further, the Committee believes this mission is best satisfied by a reconnaissance aircraft. Therefore, the Committee recommends $20.0 million in Aircraft Procurement, Air Force, line 60, for migrating the TAWS MWIR technology from the Cobra Ball to the Rivet Joint aircraft.

Digital terrain elevation data, +$2.0 million

The budget request included no funding in program element 0305206D for developing a digital terrain elevation data (DTED) collection capability for aircraft.

The stated requirements for DTED are very stringent and may cost the Department of Defense more than it can afford using current and planning collection methods. There are also indications that the Joint Warfare Capabilities Assessment for intelligence and reconnaissance casts doubt on the need for worldwide DTED at the currently required levels (levels 3, 4, and 5). Instead, the Committee believes it may be sufficient to have the surge capability to collect such data only when needed with an airborne system. However, no such DTED collection capability currently exists.

The Committee therefore recommends an authorization of $2 million in this program element for the Department to conduct an analysis to determine design trades from which to choose a airborne platform to perform such fine DTED data collection. This analysis should determine whether an embedded system or a "remove and replace" configuration that could be installed as necessary on an airframe of opportunity makes the most sense. The Committee requests the results of this analysis be provided to the defense and intelligence committees no later than April 1, 1998.

Predator unmanned aerial vehicle, no budgetary action

The Committee is concerned about the manning of the Predator unmanned aerial vehicle (UAV). Specifically, the Committee has informally inquired about the morale and motivation of rated Air Force officer pilots flying the Predator. The Committee has also questioned the costs of flight qualifying a pilot in high performance jet aircraft, then to send them to fly the Predator, a low performance aircraft. The Committee has questioned whether enlisted personnel could be flight qualified in low performance commercial aircraft, certified and licensed by the Federal Aviation Administration and given a specialty code of Predator pilot. The Committee firmly believes the costs associated with such training would be dramatically lower than that of rated officers. The Committee also believes the morale and motivations of enlisted pilots would be extremely high, possibly higher than that of rated pilots taken from their cockpits. Finally, the Committee believes the high quality of the Air Force's enlisted personnel is, without question, a factor that would safely and effectively allow such pilots.

Therefore, the Committee requests the Air Force to conduct a study of creating an enlisted pilot specialty code for the Predator UAV. The study should review the feasibility of training, employing, and maintaining enlisted pilots. It should compare the costs of training, the career salary costs, and the retirement cost projections of enlist pilots versus rated pilots. Finally, the study should carefully explore the morale and motivational issues. The Committee requests the results of this study be provided to the defense and intelligence committees by February 1, 1998.

Darkstar, no budgetary action

The investigation of the crash last year of the first Darkstar unmanned aerial vehicle (UAV) and the experience of trying to field the Predator after its successful demonstration have revealed that reliability is an important issue for these advanced concept technology demonstrations (ACTDs). In principle, an ACTD is to demonstrate technology and need not—perhaps should not—expend many resources to ensure that the demonstrated system is ready for serial production. However, in practice, the Department of Defense has demonstrated a proclivity to move directly into production with ACTD configurations immediately after successful demonstrations. Taking production issues into account in designing systems for ACTDs, therefore, would appear to be prudent, especially in cases (such as the endurance UAVs) where a unit price cap is a determining factor in the success of the program. The Darkstar program office is currently examining high-payoff reliability improvement measures for the system. The Committee directs Department to provide the results of this review and any actions taken as a result by February 15, 1998.

The Committee also requests the Department to sponsor a study of the operational benefits of adding a moving target indicator (MTI) radar capability to the Darkstar, and the costs of doing so. This study should be coordinated with the program office of the Joint Mobile Target Engagement ACTD, assuming it gets underway in fiscal year 1998. The study should be submitted to the congressional defense and intelligence committees by April 1, 1998.

Joint planning and program review, fence $2.0 million

The budget request included $6.6 million for Defense Intelligence Agency (DIA) general support to the defense community. Based on anti-terrorism and force protection directives from the Office of the Secretary of Defense, this request included funding for moving DIA elements within the Pentagon and to leased spaces.

The Committee supports new DIA efforts, within this project, to provide intelligence assessments, intelligence inputs to Defense Planning Guidance, and other intelligence support functions. The Committee hopes that these efforts are indeed having an impact on defense planning and programming. The Committee further notes that the budget justification materials assert that these DIA assessments have "determined shortfalls in current high-cost reconnaissance and surveillance programs and identified/prioritized specific near-term solutions, which resulted in great savings across Future Year Defense Plan (FYDP)." Therefore, the Committee requests that the Director of DIA provide the defense and intelligence

committees a report on these assessments before the fiscal year 1998 conference.

Further, the Committee does not believe there is inadequate justification in the request for a 35 percent increase in funding for moving personnel. Therefore, the Committee recommends a limitation on the obligation of $2.0 million of the request until the Department provides the Committee with a detailed explanation and rationale for the increased costs incurred by the DIA for these forced moves.

Tactical support, −$1.2 million

The budget request included $9.9 million for continued support to the Tactical Exploitation of National Capabilities (TENCAP) programs, to provide management support to intelligence processes, and for funding contingency operations for Operation Southern Watch.

Elsewhere in this report, the Committee has recommended reductions to the TENCAP programs, as it believes the utilization of space has become more commonplace, and therefore requires less specialized management support. Additionally, the Committee does not believe a funding increase for Operation Southern Watch is justified. Therefore, the Committee recommends an authorization of $8.7 million for the OSD Tactical Support effort, a reduction of $1.2 million.

Joint reserve intelligence program, +$2.1 million

The Joint Reserve Intelligence Program (JRIP) is a new initiative designed to improve a structure wherein military reserve units can actively engage in direct, operational support to CinCs and the services, thus, promoting the DoD Total Force concept. The Committee fully supports the JRIP and believes that utilizing military reservists in a virtual analytic environment, particularly for analysis against lower tier countries, is critical if the Intelligence Community is to have flexible and global coverage. Therefore, the Committee authorizes $2.1 million for use in purchasing/leasing computers, facilities, programs and personnel (reserve man-days) as deemed appropriate by the Deputy Assistant Secretary of Defense (Intelligence and Security).

Foreign instrumentation intelligence, no budgetary action

The budget request contained no funding or personnel billets in the Joint Military Intelligence Program (JMIP) for Foreign Instrumentation Intelligence (FISINT) analysis.

The Committee is concerned about the significant reduction in the number of weapons-specific FISINT analysts. While some decline in this capacity may have been justified following a decline in certain missile test activities, it is not consistent with the corresponding increase in other missile developments and testing. Numerous countries that did not retain such weapons capabilities during the bi-polar Cold War era are now able to obtain or indigenously develop high technology missiles and components. Many of these weapons could be used to threaten U.S. and allied forces. The Committee is convinced that weapons FISINT analyst levels have

dropped too far, postponing important analysis of weapons systems and increasing gaps in U.S. understanding of new weapon systems.

Therefore, the Committee recommends that of the positions realized as result of the abolishment of the Defense Airborne Reconnaissance Office directed elsewhere in this report, eight personnel billets should be made available to the Director, Defense Intelligence Agency, under his authorities as the Defense General Intelligence Applications Program Coordinator, to rebuild weapons FISINT analysis capabilities. The Director, DIA will allocate these billets to the National Security Agency, the National Aerospace Intelligence Center, the Missiles and Space Intelligence Center, and the Office of Naval Intelligence as required.

Special technology support, −$2.0 million

The budget request included $11.7 million in program element 0603704D, line 36, for various Deputy Assistant Secretary of Defense (Intelligence and Security) quick reaction intelligence support projects.

The Committee fully supports funding for the Department's efforts to quickly respond to unforeseen theater and unified command technical requirements. However, the Committee believes the justifications provided for fiscal year 1998 indicate that much of the activities in this program do not fall within this category and ought to be pursued, if at all, by Services or other DoD technology development agencies.

Therefore, the Committee recommends an authorization of $9.8 million for this project, a decrease of $2.0 million.

Command and control, communications, computers and intelligence integrated architecture plan, +$5.7 million

The budget request included $3.6 million for the Command and Control, Communications, Computers and Intelligence (C41) Integrated Architecture Plan (CIAP).

CIAP provides the Commanders in Chief (CINC) in-depth analysis of regioncentric intelligence issues resulting in regional intelligence support plan, resource programming and operational architecture design. The Committee has been very supportive of this effort, and is concerned that it is once again underfunded jeopardizing the completion of CIAP plans for several of the regional CINCs. The Committee believes these plans provide a unique analytical basis for future intelligence decisions, and that intelligence funding will be most effectively programmed and expended with such analysis.

Therefore, the Committee recommends a total of $9.3 million in this P.E. for the CIAP efforts, an increase of $5.7 million.

Optionally piloted aircraft, +$2.5 million

The budget request included no funding for the "Owl" Optionally Piloted Air Vehicle (OPV).

The Committee firmly believes development of this multi-functional aircraft will produce a unique, low-profile, airborne observation platform, providing an inexpensive, long-dwell reconnaissance capability for counter-drug, law enforcement and other agencies. The Committee understands that U.S. Government funding for this

aircraft would provide the basis for a federal/private industry partnership, with the majority of funding to be provided by the private industry partners.

Therefore, the Committee recommends $2.5 million for this project in program element 0305889D. These funds will remain fenced pending the private industry funding.

NAASW REPORT LANGUAGE

The Congress has repeatedly addressed the need to maintain two separate, independent but coordinated non-acoustic anti-submarine warfare (NAASW) programs within the Department of Defense. The Congress has also addressed the need for adequate and stable funding and for a stable management environment for both programs.

Funding for NAASW has been reduced in recent years, and the Department's efforts have been reduced to three continuing efforts: the Navy's SSBN Security Program, the Office of Naval Research's (ONR) long-term science and technology efforts, and the OSD/C31 Advanced Sensor Applications Program (ASAP).

Because of the degraded acoustic environment and smaller areas, the committee believes that today's emphasis on littoral warfare substantiates the need for research and development in NAASW technologies. The committee understands that the Navy currently assesses that no NAASW technology available today or in the foreseeable future threatens deep submarines in the open ocean. However, some of these technologies might prove to be effective ASW tools in the confined, shallow waters of the littoral.

The committee expects that the SSBN Security Program will remain the Navy focal point for evaluating technical concepts to determine their possible threat to the SSBN force, and the potential for ASW utility. The ONR should continue to support advanced technology developments which have strong potential to improve our NAASW posture. The ASAP is expected to continue investigating advanced technology in NAASW. The committee believes that a senior oversight group needs to be maintained to provide technical and policy direction and to ensure the coordination and integration of ASAP and the Navy program.

The Secretary of Defense is directed to address the Department's NAASW program as an area of special interest to be included in the Secretary's detailed ASW report when that report is submitted to the Congress with the submission of the fiscal year 1999 budget request.

Mapping, charting and geodesy, −$0.8 million

The budget request included $8.4 million in Operations and Maintenance, Defense-wide, for continued National Imagery and Mapping Agency (NIMA) support to the Defense Intelligence Counter-Drug's (DICP) mapping, charting and geodesy (MC&G) requirements.

The Committee has taken action elsewhere in this report to modernize and streamline NIMA MC&G operations. This action forces NIMA to move toward privatization and use of geospatial data maintenance rather than developing products. The Committee believes the DICP will benefit from these changes.

Therefore, the Committee recommends an authorization of $7.6 million for this effort, a decrease of $0.8 million.

TACTICAL INTELLIGENCE AND RELATED ACTIVITIES

Satellite communications radios, +$3.6 million

The budget request did not provide funds for fielding or operating satellite communications (SATCOM) radios at remote Army Counterintelligence (CI) units in Korea.

The Committee is aware that communications shortfalls exist to fully support CI units deployed throughout Korea and that a recent study identified a requirement to provide SATCOM capabilities to these units to ensure reliable connectivity with them.

The Committee recommends $2.8 million in Other Procurement, Army, line 63 for purchasing SATCOM radios for CI units in Korea to correct this shortfall. The Committee also recommends $0.8 million in Operations and Maintenance, Army to operate these radios.

Airborne reconnaissance low, no budgetary change

The Committee notes that the U.S. Army redirected fiscal year 1996 funding, authorized and appropriated to convert Airborne Reconnaissance Low (ARL)–I and ARL–C aircraft into the multi-intelligence ARL–M configuration, into developments for a Moving Target Indication (MTI) Synthetic Aperture Radar (SAR). While this capability was required, Congress was not properly notified and did not authorize this shift of funding. Report language in the fiscal year 1997 bill stated congressional concern for the Army's actions.

The Committee has now learned, again after the fact, that the Army has redirected fiscal year 1997 funding from the ARL–M conversions to acquire two additional ARL aircraft. Once again, the congressional oversight Committees were not properly notified before the Army completed its actions, nor did they formally agree to this action. While the Committee now agrees with the rationale for the decisions, the Army's process leading to these actions is not acceptable. The Committee does not condone the Army's purchase of two new aircraft without specific congressional authorization.

Because of the Army's actions, the Committee directs the ARL program be identified as a Congressional interest item. The Army should not redirect any funding exceeding $2 million that has been specifically authorized and appropriated for projects in this program without prior formal approval from the defense and intelligence committees. This restriction applies to fiscal year 1998 and future year funding.

Join tactical terminal, no budgetary change

The Committee is aware that the Department of Defense is attempting to move to the Joint Tactical Terminal (JTT) to receive the intelligence data broadcasts such as the Integrated Broadcast Service and its antecedent datalinks. However, an ongoing protest has delayed contract award and subsequent start of engineering and production of the JTT. This will negatively impact operational users who have an immediate need to receive the current data broadcasts.

Therefore, the Committee supports the Services and Agencies procuring available transceivers to serve these immediate needs with funding requested for the JTT. However, the committee directs that only the two radios, determined by the Assistant Secretary of Defense (Command and Control, Communications and Intelligence) as migration systems, the Commander's Tactical Terminal and the Multi-mission Advanced Tactical Terminal, be procured for this purpose.

Tactical air reconnaissance pod system, +$5.0 million

The budget request included no funding for development of the F–18 Tactical Air Reconnaissance Pod System (TARPS) Completely Digital (CD) capability.

The Committee has followed the TARPS digital (DI) electro-optical (EO) improvements and is very pleased with the results of this interim, but limited, capability. However, the Committee believes there is a need to move to a production EO capability with a larger format back plane that provides a larger target area field-of-view. The Committee understands the TARPS CD development would provide such a capability at significantly less cost than a Navy purchase of the Advanced Tactical Airborne Reconnaissance System (ATARS). In the fiscal year 1997 Defense Authorization Act, Congress provided 45.0 million for the TARPS CD effort. As of this writing, the Committee understands this funding had not been released to the program office. The Committee also understands a total of $10.0 million is necessary to complete all the non-recurring engineering for TARPS CD.

Based on the successful results from the interim DI efforts, the Committee is convinced that CD will provide a cost effective EO tactical manned reconnaissance capability to replace the current film-based F–18 pods. Further, the Committee believes the Navy is not moving forward with this capability aggressively enough. Therefore, the Committee recommends $5.0 million in Research and Development, Navy, line 151 for modifying TARPS CD using off-the-shelf equipment. The Committee directs the Navy to move to TARPS CD production as expeditiously as possible.

Close range unmanned aerial vehicle, +$5.0 million

The budget request included no funding within the Marine Corps Tactical Intelligence and Related Activities aggregation for developing or modifying a close range tactical unmanned aerial vehicle (UAV) that satisfies specific Corps needs.

The Committee elsewhere in this report directs termination of the Outrider Joint Tactical UAV, and directs several actions designed to provide the services with the flexibility to satisfy their unique needs. One approach is to purchase "off-the-shelf" tactical UAVs. While the committee firmly believes such vehicles exist and can be procured, it is concerned that available UAV systems do not provide a secure digital data link capability required in a sophisticated battlefield environment.

Therefore, the committee recommends $5.0 million in research and Development, Marine Corps, line 167, for this purpose. The committee believes the Marine Corps is the logical service to inves-

tigate and develop this capability, and expects the Marine Corps to make available all resulting capabilities to the other services.

Join STARS integration, +$10.0 million

The budget request included $5.1 million in program element 0604231N for continued development and integration of new functionality for the Joint Maritime Communications Information System (JMCIS)—Afloat. None of the funds were requested for including a capability within JMCIS to exploit Joint Surveillance and Target Radar System (JSTARS) moving target indicator (MTI) data.

The Committee believes there are compelling reasons for the Navy to acquire the ability to use the Joint STARS radar surveillance system. The Navy currently has no means to detect, track, and locate moving targets, on a large scale, so as to contribute meaningfully to operations ashore. The Navy and Marine Corps aviation forces, future variants of the Tomahawk missile, shore fire-support systems, the arsenal ship, and amphibious forces will all require highly capable moving target indicator (MTI) radar support for situation assessment and targeting.

The Committee therefore recommends an increase of $10 million over the requested amount in this program element for the following purposes:

(1) to integrate Link 16/TADIL J into JMCIS/GCCS core software;

(2) to develop an interface from Link 16 JTIDS to JMCIS/GCCS;

(3) to enable the JMCIS/GCCS correlation function to use or interpret JSTARS data; and

(4) to enable JSTARS SAR data to be put the proper format for use within JMCIS/GCCS.

It is important to note that most of these items—and most of the expense—are required regardless of whether the Navy itself is going to use JSTARS. Clearly, at some point, DoD will have to pay the bill to integrate Link 16/JTIDS into GCCS. This initiative would enable the Navy to exploit JSTARS through the Link 16/JTIDS system. The Committee is concerned that this approach will not serve all of the Navy's needs for JSTARS support. Therefore, elsewhere in this report, the Committee address the issue of enabling the Navy to receive wide-band data from JSTARS and other platforms.

Advanced deployable system, +$10.4 million

The budget request included $33.5 million in program element 0604784N for continued development of the Advanced Deployable System (ADS), an element of the Integrated Undersea Surveillance System (IUSS) program. The request included funds for the concept evaluation, program definition, and risk reduction phase of an ADS prototype and engineering and manufacturing development for the production of the ADS.

To meet the requirement for providing reliable detection of quieter threat submarines operating in the nosy and shallow water of the world's littoral regions, a significantly improved information processing and data fusion capability is needed for support of ADS

operations. The budget request is insufficient for development of these capabilities and does not support the conduct of an at-sea test to validate ADS performance in the challenging littoral environments. Accordingly, the Committee recommends an increase of $10.4 million to the budget request for continued development and integration of automated detection and data fusion algorithms, rapid prototyping of information processing capabilities, and at-sea testing to validate the expected improvements in ADS performance.

Navy F/A–18F tactical reconnaissance, no budgetary change

The Committee understands the U.S. Navy desires to provide a long-term replacement for the F–14 Tactical Air Reconnaissance Podded System (TARPS) with an electro-optic podded system for the F/A–18F Super Hornet. The Committee has closely monitored the technical issues and difficulties experienced by the Marine Corps with its internally-mounted Advanced Tactical Reconnaissance System (ATARS) for the F/A–18D. These problems have led the Committee to believe that a podded reconnaissance capability is the most cost-effective and mission-flexible approach for Navy fighter aircraft. This belief would appear to be bolstered by the expected costs and extent of modifications necessary to the low-observable F/A–18F airframe if an internal sensor were to be chosen.

Therefore, the Committee applauds the Navy's decision to develop a nondedicated podded reconnaissance capability for the Super Hornet. The Committee stresses that if this Navy position changes, the Committee will not favorably review future requests for an internally-mounted F/A–18 reconnaissance capability. Further, the Committee believes the Navy should, to extent possible, ensure the TARPS completely digital (CD) development efforts be transferable to the F/A–18F pods. Finally, to ensure that the latest technologies are provided to the users, the Committee directs that the development/procurement of an F/A–18F podded system be competitively awarded.

Tactical information program, +$4.0 million

The budget request contained $5.2 million in Operations and Maintenance, Air Force, partly for operation of the Integrated Broadcast Service (IBS) executive agency by the Air Intelligence Agency (AIA).

The Committee believes the budget request does not adequately fund the increased operational demands levied on AIA as a result of the decision by the Assistant Secretary of Defense (C3I) to direct the Air Force to manage the development of the IBS data broadcast program. Therefore, the Committee recommends an increase of $4.0 million for this purpose. Elsewhere in this report, the Committee recommends a reduction of $3.0 million from PE 0304111F, R–169, and $1 million from Other Procurement, Air Force, line 113, as an offset for this increase.

Integrated broadcast service, +$5.0 million

The budget request included $4.1 million in other procurement, Air Force, line 47, partially for beginning development of the standards for the OSD-approved Integrated Broadcast Service (IBS).

The Committee fully supports OSD's efforts to coordinate intelligence data broadcasts to the warfighter. To that end, the Committee believes the IBS data link Executive Agent (Air Force's Air Intelligence Agency) must be properly resourced to accomplish its assigned tasked. Therefore, the Committee recommends an increase of $5.0 million to fully develop the standards and to accelerate the IBS technical/operational architecture development. However, the Committee directs that this funding not be obligated or expended without the specific concurrence of the overall IBS program Executive Agent (the Deputy Director, Space & Electric Warfare Division, HQ USN).

Theater airborne reconnaissance system, fence $6.2 million

The budget request included $6.2 million in aircraft procurement, Air Force, for procuring podded electro-optical camera systems for Air National Guard F–16 Block 30 aircraft.

The Committee notes that the total cost for the Theater Airborne Reconnaissance System (TARS) capability has been capped by Congressional direction at $50 million. The Committee understands there has been significant upheaval in getting underway with this project. The original contract award was, as the Committee has informed, inevitably, protested. This protest was settled in a strained contracting arrangement between the prime contractor and the, now, subcontractor. The Committee finds the private sector actions leading to the current situation regrettable as the government has ultimately paid the costs both in terms of additional funding and time getting needed warfighting capabilities to American airmen. Further, the government has not been without fault in this case. Apparently, the Department has successfully positioned itself to sole-source a second TARS sensor using the Advanced Tactical Airborne Reconnaissance System (ATARS) Medium Altitude Electro-optical (MAEO) sensor. This has been accomplished by providing a structural environment that will make other competitor's offers too difficult and expensive to achieve. This, the Committee finds intolerable.

In discussions with the Air Force, the Committee has learned the current program results in a total contract worth $38.9 million. The Committee now understands the Air Force plans to use the fiscal year 1998 funding to award a sole-source contract for six or fewer MAEO sensors. The purchase of these sensors will maximize the overall TARS costs under the $50 million cap. While the Committee absolutely disagrees with the history that brought the Department to this point, it agrees that a sole-source contract is now the only cost-effective means for inserting this second sensor. However, the Committee does question the logic for purchasing this limited number of sensors. The Committee does not see the operational utility and the logistical supportability of a single MAEO sensor at each of five operational squadrons with a single spare for all.

Therefore, the Committee fences all requested fiscal year 1998 funds until the Secretary of Defense provides to the congressional defense and intelligence Committees a report that:

(1) specifically details the history and the decisions that resulted in the position forcing the Department to select the MAEO sensor as a sole-source item;

(2) provides operational rationale and requirements for a follow-on purchase of six or fewer MAEO sensors, and the operational impact if none are purchased;

(3) certifies any follow-on actions do not commit funds that would exceed the $50 million cost cap (excluding the cost of a follow-on data link installation).

Moving target indicator radar, no budgetary action

As a result of the Quadrennial Defense Review (QDR), the Department of Defense has decided to reduce the planned procurement of Joint Surveillance Target Attack System (JSTARS) aircraft from 19 to 13. According to Department officials and the QDR report, the major rationale for the reduction is that 13 aircraft is slightly more than sufficient for one major conflict. And, if a second conflict were to erupt, some of the aircraft assigned to support the first war could be shifted over to the second. The QDR report also indicated that the Department will investigate the potential for supplementing the remaining JSTARS force with moving target indicator (MTI) radars on endurance unmanned aerial vehicles. The report does make a vague reference to funding "key upgrades" to JSTARS, including the radar system and communications capabilities.

The National Defense Panel, in its initial reaction to the QDR, criticized the decision to reduce the JSTARS buy as inconsistent with the Department's rhetorical commitment to dominant battlefield awareness and improved surveillance and intelligence capabilities.

The Committee is struck by the Department's adoption of a "swing" strategy for critical reconnaissance capabilities. If a swing strategy is appropriate for JSTARS, why isn't it appropriate for virtually all surveillance capabilities? What is the rationale for sizing the force of U–2s, UAVs, Rivet Joints, EP–3s, Guardrail, the Airborne Warning and Control System (AWACS), and so on for two major conflicts if the MTI radar need can be sized for one? Certainly, the distinction cannot be based on differences in importance between MTI radar and other collection disciplines, such as SIGINT or conventional imagery, since the QDR's own Command, Control, Communications, Intelligence and Reconnaissance (C4ISR) Mission Assessment (CMA) study affirms that MTI radar is a key to achieving dominant battlefield awareness, something the Chairman of the Joint Chiefs of Staff has publicly stated is the underpinning for all the elements of his Joint Vision 2010. Indeed, the CMA study, as well as the Department's proposed Joint Mobile Target Engagement Advanced Concept Technology Demonstration (ACTD), postulates the additional MTI radar resources, now fewer, are required to meet the Department's warfighting needs.

The Committee believes additional MTI capabilities are needed to provide coverage deep against strategic-level SAMs, mobile missiles, and other forces; to enable precise target location by integrating multiple sensors; and to allow continuous tracking of identified targets. Ground surveillance radar is a linchpin for a capability to

attack mobile targets with any efficiency and on a reasonable scale, with aircraft and missiles. It is precisely this capability that lies at the heart of modern military strategy.

The CMA study claims that technology is at hand for a moderate-risk, near-term program to place JSTARS-like capabilities on a UAV such as Global Hawk at a fraction of the cost, despite the enormous differences in aircraft power and payload. The CMA study also claims that technology advances would support a low-risk program to fully reproduce JSTARS capabilities on a business jet, again at great savings. The Committee is aware that there is skepticism within the Department regarding these claims. Furthermore, the Under Secretary of Defense for Acquisition and Technology has reported to Congress that enhancements to the JSTARS radar would be required to support a cruise missile defense mission. The CMA study did not take such requirements into account in calculating required radar performance for potential UAV replacements for JSTARS, nor did it, apparently, take into account a potential future decision not to continue with the high altitude UAVs beyond their ACTDs.

In conclusion, the Committee is disturbed by the Department's actions thus far on moving target surveillance. The JSTARS decision has the appearance of being based on narrow budgetary grounds and not on requirements. The decision does not reflect what appears to be a need for more MTI radar capabilities rather than less. It also does not comport with assurances provided Congress over the last year regarding advanced air defense capabilities. The QDR report mentions a possibility of augmenting the residual JSTARS force with a UAV-based capability, but the Department has yet to come to grips with the technical issues involved in this or related initiatives.

The Committee therefore recommends that the Chairman of the Joint Chiefs of Staff conduct a comprehensive study to determine DoD's needs for MTI radar capabilities. The Committee further recommends the Under Secretary of Defense for Acquisition and Technology conduct an associated study to determine the appropriate technical approach to meeting these needs. The studies should specifically assess the technical basis for the conclusions reached in the CMA study, as well as the implications of incorporating new requirements such as cruise missile defense. The studies should be conducted in whatever manner is necessary to ensure that all relevant programs and activities are considered, regardless of classification. The Under Secretary should submit a report on this study to the congressional intelligence and defense committees by April 1, 1998.

Tactical exploitation of national capabilities, −$12.1 million

The budget request included $107.2 million for various Tactical Exploitation of national capabilities (TENCAP) and related research and development projects within the service Tactical Intelligence and Related Activities (TIARA) and Joint Military Intelligence Program (JMIP). This breaks down to:

$1.7 million in program element 0305884L in the JMIP Defense Intelligence Tactical Program,

$12.3 million in program element 0604766A within Army TIARA,

$11.0 million in program element 0605867N within Navy TIARA,

$15.2 million in program element 0207247F within Air Force TIARA,

$3.3 million in program element 0206313M within USMC TIARA,

$1.0 million in program element 1160405BB within SOCOM TIARA, and

$34.9 million in program element 0305159I within the JMIP Defense Space Reconnaissance Program.

The Congress directed the establishment of the modest and very successful TENCAP program in 1977. Since then, numerous TENCAP projects have demonstrated and fielded capabilities that allow tactical consumers to exploit the capabilities of national space programs. These projects have, without question, provided needed warfighting capabilities to military customers around the world. The associated costs, however, have steadily increased, and some projects are questionably space-related.

The Committee believes that the tactical "operationalization" of space has become commonplace within military doctrine, planning, and execution. Space, today, has become simply another dimension of warfare, and is now less an enigma; we should, as a result, require fewer specialized projects to inform, educate, and provide improved capabilities. Also, the Committee believes the TENCAP programs have, to a small degree, become a funding source for projects that are not directly focused on exploiting national systems. Finally, the now-public National Reconnaissance Office has an explicit mission to provide support to military operations, and takes this mission seriously.

While the Committee is fully supportive of the TENCAP program, it believes there is a need to begin a decline in the specialized projects to exploit space and national capabilities. Such exploitation should, and must, be the focus of new programs from the outset of their development. Therefore, the Committee recommends the following authorizations:

$1.5 million in program element 0305884L (−.2 million),

$36.0 million in program element 0604766A (−1.2 million),

$10.0 million in program element 0605867N (−1.0 million),

$14.0 million in program element 0207247F (−1.2 million),

$3.0 million in program element 0206313M (−0.3 million),

$1.0 million in program element 1160405BB (no change), and

$30.0 million in program element 0305159I (−3.5 million).

Special operations forces intelligence vehicle, +$5.0 million

The budget request included no funding for improvements to the Special Operations Forces (SOF) Intelligence Vehicle (SOF IV).

The Committee fully supports the Special Operations community and its needs for the most up-to-date intelligence support capabilities such as the SOF IV. The Committee is aware that current funding profiles do not begin block upgrades approved in the evolutionary acquisition strategy until fiscal year 1999. To ensure criti-

cal intelligence support is available, the Committee believes the SOF IV must be upgraded as quickly as possible to ensure its world-wide communications connectivity and interoperability based on Defense Intelligence Infrastructure (DII) Common Operating Environment (COE) standards.

Therefore, the Committee recommends $5.0 million in P.E. 116405BB for implementing evolutionary enhancements to the SOF IV in support of deployed Joint Special Operation Command Task Forces Headquarters. These funds will be used to develop and install a DII/COE compliant dual local area network providing separate special compartmented intelligence and collateral communications circuits over a single communications path.

SECTION-BY-SECTION ANALYSIS OF THE BILL AS REPORTED

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1998

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 1998.

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 intelligence and intelligence-related activities and personnel ceilings for fiscal year 1998 for those United States Government elements listed in Section 101. The details of the Schedule are explained in the classified annex to this report.

Section 103—personnel ceiling adjustments

Section 103 authorizes the Director of Central Intelligence, with the approval of the Director of the Office of Management and Budget, in fiscal year 1998, to exceed the personnel ceilings otherwise 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 if doing so is 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 leg-

islation. 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) authorizes appropriations in the amount of $147,588,000 for fiscal year 1998 for the staffing and administration of various components under the CMA. Within such amounts authorized, funds identified for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program remain available through September 30, 1999.

Subsection (b) authorizes a total of 313 full-time personnel for elements within the CMA for fiscal year 1998 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 additional personnel and funds for the CMA as are specified in the Schedule of Authorizations, which is incorporated into this Act through Section 102.

Subsection (d) requires that personnel be detailed on a reimbursable basis except for temporary situations.

Subsection (e) authorizes $27,000,000 to be made available to the Attorney General by the Director of Central Intelligence for the operation and management of the National Drug Intelligence Center (NDIC), above in Johnstown, Pennsylvania, from the funds authorized for the CMA in Subsection (a) located. Furthermore, Subsection (e) comprehends the NDIC's need for long-term moneys so funds authorized for research and development, and procurement remain available until September 30, 1999, and September 30, 2000, respectively for such purposes.

Title II: Central Intelligence Agency retirement and disability system

Section 201—authorization of appropriations

Section 201 authorizes appropriations in the amount of $196,900,000 for fiscal year 1998 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 authorized appropriations 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 this Act does not constitute authority for the conduct of any intelligence activity that is not otherwise authorized by the Constitution or laws of the United States.

Section 303—administration of the Office of the Director of Central Intelligence

Section 303 amends Section 102(e) of the National Security Act of 1947 (50 U.S.C. 403) by reinserting language that was inadvertently deleted when Congress enacted amendments to the National Security Act of 1947 through the Intelligence Authorization Act for Fiscal Year 1997. *See* P.L.104–293. This language places the Office of the Director of Central Intelligence within the CIA, and clarifies that the CIA has the authority to provide administrative support to entities within the Office of the Director.

Section 304—detail of intelligence community personnel—intelligence community assignment program (ICAP)

Section 304 provides authorization for the inauguration of the Intelligence Community Assignment Program ("ICAP"). The ICAP plan was developed as part of an effort to broaden the perspective of Intelligence Community ("IC") employees and to create an additional mechanism by which employees can secure rotational assignments within the IC. The Committee anticipates that the ICAP will develop IC leaders with broad knowledge of, and appreciation for, the issues facing the various elements of the IC. Without this provision, the implementation of ICAP as envisioned will not be possible. Enactment of this provision will bring the United States Government one step closer to achieving the goal of creating a more efficient and "corporate" Intelligence Community. This development is applauded by the Committee.

The Committee understands that ICAP assignments will be two to three years in duration and involve only GS–13 to Senior Executive Service/Senior Intelligence Service positions. Section 304 will allow heads of IC entities, or their designees, to authorize long-term reimbursable or nonreimbursable details within the ICAP.

Nonreimbursable details would be capped at three years; however, the heads of the parent and host agencies could extend such details for a period not to exceed an additional one year when they determine an extension is in the public interest. The provision also would authorize IC elements to pay ICAP participants those benefits, allowances, travel, and/or incentives otherwise provided by their organizations to enhance staffing.

Current law could impede the effective implementation of ICAP in two respects. First, under title 31, United States Code, nonreimbursable details are restricted and must either involve a matter related to the loaning agency's appropriation and aid it in accomplishing the purpose for which the appropriations are provided; or have a negligible impact on the loaning agency's appropriations (generally viewed as a detail of one year or less). This restriction would impede the ability to establish the longer-term nonreimbursable rotations necessary to provide adequate exposure to a broader range of IC activities.

Second, under existing law, it is questionable whether unique benefits, allowances, travel and/or incentives normally payable to employees may continue to be paid to those employees upon their detail to another IC organization. Employees may view loss of such benefits as a penalty for participating in ICAP and may be less willing to participate in the program. With the enactment of this

section, IC elements will be able to provide special relocation bonuses and cost-of-living allowances to employees on detail under the ICAP if it is determined that the particular incentive is necessary to fill the position. This determination should be made on a case-by-case basis. This provision supplies much needed flexibility to enable the ICAP to succeed.

The Committee hopes the ICAP will help address concerns shared by senior IC managers, the Intelligence committees of the Congress, and the Brown Commission, all of which highlighted the need for IC employees to develop an IC-wide, or more "corporate," perspective of intelligence activities. The Committee estimates that not more than 100 IC employees will be involved in the ICAP, in its initial stage. That number of expected to grow to close to 900 employees by fiscal year 2001. The Committee requires that an annual report be provided to the Intelligence committees on March 1 of each year concerning each preceding 12 month period. The report is to be submitted by the Director, or his or her designee, and should include a summary of the efficacy of the ICAP, and the costs and benefits realized by the IC and to the national security resulting from the operation of the program.

Section 305—application of sanctions laws to intelligence activities

Section 305 further extends the deferral of sanctions provision in current law until January 6, 1999. This provision was first included in the Intelligence Authorization Act for Fiscal Year 1996. It was extended until January 6, 1998, as part of the Intelligence Authorization Act for Fiscal Year 1997. The provision amended the National Security Act of 1947 to give the President statutory authority to delay imposing a sanction, upon his determination that proceeding with the sanction could compromise an ongoing criminal investigation or an intelligence source or method. The President would be required to lift any stay of sanction as soon as possible. Also, the provision would require the President to report to Congress immediately upon imposing any stay and when any stay exceeds 120 days.

The Committee believes it is worthwhile to reiterate the Joint Statement of Managers to the Conference Report for the Intelligence Authorization Act for Fiscal Year 1996 as it discussed the original amendment to the National Security Act, currently found at Sections 901–905 of that Act.

The underlying provision, which would be extended for one additional year by the Fiscal Year 1998 Act, "permit[s] the President to stay the imposition of an economic, cultural, diplomatic, or other sanction or related action when the President determines and reports to Congress that to proceed without delay would seriously risk the compromise of an intelligence source or method or an ongoing criminal investigation." See Joint Explanatory Statement of the Committee of Conference to the Intelligence Authorization Act for Fiscal Year 1996, 104th Congress 1st Session, Report No. 104–427 at page 23. The underlying provision:

> grants the President the authority to stay the imposition of a sanction or related action. . . . [and] requires that when a sanction or related action is to be deferred due to

> the risk of compromise of a source or method or an ongoing criminal investigation, the source or method or the law enforcement matter in question must be related to the activities giving rise to the sanction. The section allows the President to stay the imposition of a sanction or related action for a specified period not to exceed 120 days.

Id. As part of this finding by the President, there must also be a certification by the President that the delay in the imposition of a sanction or related action will not be seriously prejudicial to the achievement of the United States' nonproliferation objectives or significantly increase the threat or risk to United States' military personnel. Id.

The Committee emphasizes that this is not a sanctions waiver provision, but rather a sanctions deferral provision. The President is not authorized to avoid sanctions under this section, but rather can only delay imposition in order to accommodate the protection of sources and methods or to protect the integrity of an ongoing criminal investigation.

In any event, the underlying provision "requires that reports to Congress pursuant to [the sanctions deferral provision] be submitted promptly upon the President's determination to stay the imposition of a sanction or related action." Id. Any delay of sanctions decision that relates to intelligence sources and methods must be reported to the Intelligence committees of the House and Senate.

The Committee reaffirms the need for dialogue between Congress and the Executive Branch on such questions of sanctions and deferral of same. It is expected that whatever reports are submitted to Congress will "indicate the nature of the activities giving rise to the sanction or related action, the applicable law concerned, the country or countries in which the activity took place, and other pertinent details, to the maximum extent practicable consistent with the protection of intelligence sources and methods." Id.

The Committee fully anticipates compliance by the President with the sanctions laws of the United States. That said, however, the Committee also strongly believes that there is a continuing need for this provision in the event a need to impose sanctions becomes apparent, but doing so immediately, without some delay, would jeopardize a criminal investigation or sources and methods of intelligence collection. The Committee expects that when the President chooses to exercise the deferral authority, the utmost will be done to resolve the underlying issues that permit deferral as soon as possible so that the necessary and mandated sanctions will be imposed. The Intelligence and Judiciary Committees, as appropriate, should be fully informed of the efforts being made to address the circumstances that underlie any delay in the imposition of sanctions.

The Committee understands that instances where sanctions will be deferred will be rare, and that the deferral authority will be exercised only when an intelligence source or method or a criminal investigation is seriously at risk. Deferral of sanctions should never be grounded on a generic or speculative intelligence or law enforcement concern, nor should the legitimate concern for the integrity of our intelligence sources and methods and our criminal investigations be used as a pretext to avoid imposing sanctions because

doing so would present diplomatic difficulties. The President must lift the stay as soon as a determination is made that the risk to sources and methods or the integrity of the criminal investigation is no longer present were sanctions imposed.

Finally, any determination to defer sanctions should be preceded by the rigorous interagency review process contemplated by the conferees to the Intelligence Authorization Act for Fiscal Year 1996. See id.

Title IV: Central Intelligence Agency

Section 401—multiyear leasing authority

Section 401. Subsection (a) modifies Section 5 of the CIA Act of 1949 to provide clear legislative authority for the CIA to enter into multiyear leases of not more than 15 years' duration for the purpose of ensuring cost-efficient acquisition of overt Agency facilities. This authority is, of course, subject to appropriations provided for in advance for either the full cost of the lease or the first 12 months' cost, plus estimated termination liability. In the latter case, leases shall include a clause that conditions the lease upon the availability of funds in any fiscal year. Additionally, funds made available for termination liability remain available until the costs associated with lease termination are paid. This provision is similar to, and modeled after, Section 1072 of the Federal Acquisition Streamlining Act ("FASA") of 1994. In the event a lease is not terminated early, excess termination liability funds may be used to satisfy rental obligations in a subsequent fiscal year. Lastly, available funds in any fiscal year may be used to make lease payments for a maximum of 12 months beginning any time during that fiscal year. This provision is similar to Section 1073 of FASA.

With the end of the Cold War, the CIA has been reorganizing to meet new intelligence requirements. As part of this effort, the CIA has been consolidating its overt facilities in the Washington, D.C. area, and other locations. This process, as well as future consolidation efforts, calls for the acquisition of new leases that permit the CIA to relocate from outdated facilities with poor workspace, outmoded communications, and increased personnel security and safety risks. The ability to enter into multiyear leases during this consolidation process will result in savings to the Government, in both time and money. Multiyear leases, because of their stability, are highly desirable to commercial landlords and lenders. Multiyear leasing authority will allow the CIA to negotiate with a wider array of landlords, thus resulting in the best lease terms possible for the Government. Multiyear leasing authority will permit the CIA to conduct these negotiations in a more timely manner than is currently possible. For these reasons, multiyear leasing authority makes sense to the Committee and is an important part of the CIA's efforts to meet the intelligence challenges of the next century in a financially responsible manner.

Subsection (b) would allow the CIA to enter into multiyear leases beginning October 1, 1997.

Section 402—CIA central services program

Section 402 establishes a "Central Services Program" and its necessary working capital fund at the CIA. The Central Services Program will include a comprehensive program of services for the CIA, and potentially other federal agencies, that the Director of Central Intelligence determines can be performed more appropriately and advantageously than through other vendors. The Director of the Office of Management and Budget ("OMB") must approve the inclusion of an enterprise within the Central Services Program prior to its participation. Section 402 also authorizes funds, not to exceed $5,000,000, to be appropriated for the working capital fund of the Central Services Program in fiscal year 1998. Provision is made for reimbursement from applicable appropriations and other authorized sources to recover the expenses of the fund's operations.

The fund's purpose is to provide a ready source of funds to pay for equipment, salaries, maintenance, operation, and costs associated with the management of the Central Services Program, which the Committee is willing to support as a potential means of reducing government costs while improving services.

The fund may impose a fee and retain a portion of net receipts, not to exceed four percent for: (1) the acquisition of capital equipment, and (2) the improvement, development, and implementation of information management services to include financial management and payroll/personnel systems. Use of retained income in fiscal years 1998, 1999, and 2000, may only be made with OMB approval, and after notification to the House and Senate Intelligence Committees.

At the end of each fiscal year, any working capital that is excess to the efficient operation of the Fund (and to the amount of income retained, subject to the four percent limit) shall be transferred into the Treasury as miscellaneous receipts, after making provisions for prior year losses and expanded fund operations, if any.

The legislation requires that an audit be conducted annually by the CIA Inspector General. The form and content of the audit is to be determined by OMB. In any event, however, the audit must include an itemized accounting of the central services provided, the cost of each service, the total receipts received, the agencies or departments serviced, and the amount of money returned to the U.S. Treasury. A copy of the audit is to be made available to the Intelligence Committees of the House and the Senate, to the OMB, and to the DCI.

The Central Services Program is a pilot program and is thus scheduled for termination on March 31, 2000, unless reauthorized by an Act of Congress.

Section 403—Protection of CIA facilities

Section 403 expands the law enforcement jurisdiction of the CIA special police 500 feet beyond the confines of Agency facilities, and also onto the Federal Highway Administration ("FHWA") property immediately adjacent to the CIA Headquarters Compound, subject to certain limits on the exercise of that law enforcement authority.

This expanded authority is required to enable the CIA to respond effectively to an increasing threat of terrorist attack against Agency personnel and facilities. Under existing law, CIA special police

officers lack authority to investigate suspicious activity near but outside the boundaries of CIA facilities.

Currently, the CIA special police must call the local police to respond to a suspicious vehicle near a CIA facility. Local police response time varies, however. A delay could result in Agency personnel having little or no warning of the detonation of a bomb. This provision seeks to protect the CIA's rank and file employees from potential harm.

With the authority provided under this section, the CIA special police could immediately investigate a threatening situation if presented with reasonable grounds to believe a threat to the CIA's employees or property existed. Such investigation would at least allow the CIA special police to decide if a sufficient threat existed to justify evacuation of CIA personnel. The CIA special police could also seek to question and identify an individual in the 500-foot zone or on the FHWA property they reasonably believed, based on specific and articulable facts, was surveilling an Agency facility as a precursor to a terrorist attack.

Although the main rationale for the broader authority is to enable more effective response to terrorist threats, the authority would not be limited solely to countering such threats. The provision also would enable a special police officer to investigate (and, if allowable by law, detain) individuals or activities within the 500 foot zone, consistent with the law enforcement authorities of other federal police officers. The section does not change the special police officers' authority under current law to approach and, on a consensual basis, question and seek identification from individuals in the 500-foot zone or on the FHWA property.

Section 403 does not, however, provide a statutory basis to patrol within the 500 foot zone. The Committee understands that CIA special police officers currently conduct such external perimeter patrols of the CIA Headquarters property pursuant to the authority granted the Director of Central Intelligence under Section 5 of the CIA Act of 1949. That statute does not authorize follow-up by the officers should the need arise. The Committee appreciates the need to continue such external perimeter patrols, but also understands the need to follow-up or investigate any potential criminal activity that likely threatens the CIA, its employees, or property. The Committee, however, in no way, envisions a general grant of police authority in the 500 foot zone of protection created by this legislation, but does intend that CIA special police officers can function as federal police within that 500 foot zone, with all attendant authorities, capabilities, immunities, and liabilities, when the need arises, for the limited purpose of protecting CIA employees and property. Any detentions or arrests executed by the special police shall only be for a limited duration (i.e., only long enough to turn the suspects over to the appropriate state, local, or federal law enforcement authorities).

There would be several limits on the new authority. First, it is restricted to the open areas within 500 feet of a CIA facility, and to the FHWA property immediately adjacent to the CIA Headquarters Compound.

Second, the authority can be exercised only where the CIA special police officer identifies specific and articulable facts giving the

officer reason to believe that the exercise of such functions is necessary to protect the security of CIA installations, property, or employees. Thus, special police officers would not be authorized to issue traffic tickets in the 500-foot zone, or on the FHWA property. Also, once the special police officer does begin to investigate suspected criminal activity, the special police officer's actions must conform with the well-established legal standards in *Terry* v. *Ohio*, 392 U.S. 1 (1967), and its progeny, as to investigative stops of private citizens.

Third, the new authority would not preclude or limit in any way the authority of any federal, state, or local law enforcement agency or of any other federal police or federal protective service. The CIA will seek agreements with such other agencies and/or services as to the exercise of the new authority, including the statutory violations the CIA special police would plan to act on in the 500-foot zone or on the FHWA property. With regard to the FHWA property, the Agency's intent is to execute a formal agreement with the FHWA that addressed not only the statutory violations issue but also the broader range of operational, administrative, and transactional matters that would be presented by the new authority and interagency relationship.

Finally, the Agency rules and regulations, including those enforced by criminal penalties, that apply within the CIA facilities are not extended into the 500-foot zone or to the FHWA property. This means, for example, as with current law, that individuals in the 500-foot zone outside CIA facilities would not be barred from having cameras or taking pictures of CIA facilities.

Title V: Department of Defense

Section 501—Authority to award academic degree of bachelor of science in intelligence

Section 501 amends Section 2161 of title 10, U.S.C., to show that the former Defense Intelligence School was renamed as the Joint Military Intelligence College ("JMIC"), in order to reflect the nature of the College as a joint institution of higher learning. The amendment also authorizes the President of the College to confer the undergraduate degree of Bachelor of Science in Intelligence (BSI) on graduates of the College who have fulfilled the requirements for that degree.

The increasing complexity in the field of intelligence has created the need for a highly educated professional workforce. Although the need to broaden the intelligence knowledge of Intelligence Community professionals has been recognized in degree programs such as the Masters of Science of Strategic Intelligence (MSSI), the professional development of the Intelligence Community should not be limited to senior-level personnel. A substantial portion of the community is composed of intelligence personnel in the E–5 through E–9, warrant officer, and equivalent civilian grades. The Intelligence Community would benefit greatly by the addition of an undergraduate degree program designed to educate junior intelligence professionals. The Committee encourages the JMIC to admit to the BSI program those qualified individuals that provide intelligence

support through their roles as Reservists within the various military departments.

The BSI is a degree completion program developed by the Joint Military Intelligence College focusing on intelligence collection and analysis, providing an intelligence major for those who have completed the first three years of an undergraduate program. This is a cost-effective means of increasing the professional competence of a key segment of the Community. It also serves to underpin a coherent career development program which may include the MSSI.

In his March 1996 Annual Report to the President and the Congress, the Secretary of Defense advised that the college was taking the steps necessary to acquire this additional degree granting authority. The BSI degree program enjoys wide support, which includes the Joint Military Intelligence College Board of Visitors, the Director of the Defense Intelligence Agency, and each of the Service intelligence organizations. As stated in the Department of Education report on the college's application, the program has already received informal support from the Middle States Association of Colleges and Schools, the accreditation authority for the Joint Military Intelligence College. The program has been fully piloted, reviewed, and approved by the U.S. Department of Education.

Section 502—Unauthorized use of name, initials, or seal of National Reconnaissance Office

Section 502 prohibits private organizations from publicly using the name and initials of the National Reconnaissance Office (NRO) to convey the misleading impression that their services were sponsored or endorsed by the NRO, except with the specific written permission of the Secretary of Defense, or Director, National Reconnaissance Office. The NRO became "public" in September 1992. The Central Intelligence Agency and National Imagery and Mapping Agency currently have identical provisions prohibiting unauthorized use of their names, initials, and seals. *See* Section 13 of the CIA Act, 50 U.S.C. § 403m (CIA); 10 U.S.C. § 445 (NIMA).

Section 503—Extension of authority for enhancement of capabilities of certain army facilities

Section 503 extends through the end of the fiscal year 1999, the authority granted the Army in the Intelligence Authorization Act for Fiscal Year 1996 for the rectification of infrastructure and quality of life problems at Bad Aibling and Menwith Hill Stations. With respect to Bad Aibling Station, this authority is requested as an interim measure for contingency maintenance, pending any final decision on the status of the Station.

The Army became the Executive Agent for Bad Aibling Station in fiscal year 1995 and Menwith Hill Station in fiscal year 1996. Without Congressional action, the Army is prohibited by 31 U.S.C. § 1301 from using appropriated funds to support these field sites, notwithstanding that the Army is the Executive Agent for them. Language in the Intelligence Authorization Act for Fiscal Year 1996 provided the necessary flexibility to allow the Army to transfer or reprogram relatively minor amounts of funds (up to $2 million in fiscal year 1996 O&M and $2 million in fiscal year 1997

O&M funds) for necessary maintenance at these stations. Sufficient funding, however, has not been available to allow the Army to meet all of the stations' needs, given financial constraints and increasing operational tempo. Consequently, in order to continue addressing infrastructure and quality of life needs at Menwith Hill Station and to be able to meet contingencies on an interim basis at Bad Aibling Station, the Committee extends the Army's flexible transfer and reprogramming authority through fiscal year 1999.

Title VI: Miscellaneous community program adjustments

Section 601—coordination of armed forces information security programs

Section 601. At present, service and defense agency Information System Security Program (ISSP) budgets appear to differ considerably in amount, thrust, and implementation. In the past, communication security focused on point to point traffic, minimizing the need to coordinate actions. In an age of networked communications, however, the weakest link can be exploited to the potential detriment of all. Therefore, coordination in planning and execution is critical. Currently, the services are required under National Security Directive 42 to consult with the National Security Agency regarding their budgets. The Committee believes, however, that in the future, these programs and budgets must obtain the concurrence of the NSA, so that coordination and overall security may be maximized. Thus, the necessity for Section 601.

Additionally, the Committee expects greater detail in Congressional Budget Justification Books regarding future service ISSP budget submissions, and expects that each of the services, and the head of any defense agency, will provide the NSA, and the Committee, with an itemization of the expenditure of funds authorized and appropriated for these purposes.

Section 602—authority of executive agent of integrated broadcast service

Section 602 directs that no current or future fiscal year funds for any intelligence or intelligence-related data broadcast system may be obligated or expended without consent of the Integrated Broadcast (IBS) Service Executive Agent.

Section 603—predator unmanned aerial vehicle

Section 603 directs that those functions with respect to the Predator unmanned aerial vehicle currently performed by the Unmanned Aerial Vehicle Joint Program Office are hereby transferred to the Air Force. Concurrently, all Predator funding within the Defense-wide Program Element 0305205D is transferred to the Air Force Program Element 0305154F.

Section 604—U–2 sensor program

Section 604 directs the Department of Defense to ensure that the U–2 reconnaissance aircraft's RAS–1 sensor suites are maintained at a constant operational inventory of 11 systems. This provision also requires the Department to maintain these systems in a man-

ner consistent with threat technologies until the aircraft is retired or until a follow-on sensor suite is developed and fielded.

Section 605—requirements relating to congressional budget justification books

Section 605. The Congressional Budget Justifications Books (CBJBs) for the National Foreign Intelligence Program (NFIP) and the Congressional Justification Books (CJBs) for the Joint Military Intelligence Program (JMIP) and the Tactical Intelligence and Related Activities (TIARA) programs represent the official documentation provided yearly by the Community Management Staff (CMS) and the Defense Department to the Congress on the President's intelligence budget request. These documents provide the official budget numbers, by program, with which the Congress evaluates the President's proposed intelligence program and renders decisions on individual programs and policy matters.

The Committee is concerned, however, that the current budget documents lack several critical components necessary for the Committee to ensure proper alignment of funding within the funding appropriations categories. Clear identification of each project; its specific budget request numbers; the appropriation category (e.g., Other Procurement, Defense-wide; RDT&E, Navy; etc.); the budget request line number, and if a research and development project, the Program Element number essential to this task. Further, the Committee requires a detail accounting of all program reprogramming/reallocation actions including the distribution of all Congressional adds and their status, where unallocated cuts/taxes were taken, and identification of total program costs (such as aircraft or spacecraft and associated ground station costs including systems engineering/systems integration costs and operations support). Therefore, the Committee directs the CMS and the Defense Department to provide this specific data in all future budget justification documents.

Finally, the Committee is also concerned that past and current request documents have not consistently shown all direct and associated funds requests for intelligence programs. Research and development costs in the Defense Cryptologic Program, for example, are not identified specifically with the programs that are the direct beneficiaries. Also, operations and maintenance costs are often carried in a service's total obligation authority and not specifically identified in the CJBs. The Committee cannot fully understand the magnitude of budgetary actions without fully and clearly understanding all the costs of a program. Therefore, the Committee directs that in future CBJBs and CJBs all direct and associated costs, in each budgetary category (e.g., procurement, research and development, operations and maintenance, military construction, etc.) be clearly and completely provided in each program request.

Section 606—joint SIGINT program office

Section 606 directs the Air Force Joint Airborne Signals Intelligence (SIGINT) Program Office to coordinate with the affected military service headquarters prior to modifying any ongoing Joint SIGINT Avionics Family (JSAF) contract and/or before contracting

for new (JSAF) developments that may directly affect the services' operational satisfaction of intelligence requirements.

Section 607—discontinuation of the Defense Space Reconnaissance Program

Section 607 mandates the discontinuation of the Defense Space Reconnaissance Program, a program within the Joint Military Intelligence Program, and the termination of the Defense Space Program Office beginning with the fiscal year 1999.

Section 608—Defense Airborne Reconnaissance Office

Section 608 directs that the Defense Airborne Reconnaissance Office, chartered as a Defense Organization under the Under Secretary of Defense (Acquisition and Technology) be abolished. The oversight functions of this office are transferred to the Director, Defense Intelligence Agency.

COMMITTEE POSITION

On June 5, 1997, the Permanent Select Committee on Intelligence, a quorum being present, approved the bill, as amended by an amendment in the nature of a substitute, and, by a recorded vote of 15 ayes to 0 noes, ordered the bill, as amended, favorably reported. On that vote the Members present recorded their votes as follows:

Mr. Goss (Chairman)—aye; Mr. Lewis—aye; Mr. Shuster—aye; Mr. McCollum—aye; Mr. Castle—aye; Mr. Boehlert—aye; Mr. Bass—aye; Mr. Gibbons—aye; Mr. Dicks—aye; Mr. Dixon—aye; Mr. Skaggs—aye; Ms. Pelosi—aye; Ms. Harmon—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 9 hearings, as well as a number of briefings, on the classified legislative, personnel, programmatic, and budgetary issues raised by H.R. 1775. Testimony was taken from the Acting Director of Central Intelligence, the Director of the National Security Agency, the Director of the Defense Intelligence Agency, 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 1998. 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 1998 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, June 12, 1997.

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. 1775, the Intelligence Authorization Act for Fiscal Year 1998.

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. 1775—Intelligence Authorization Act for fiscal year 1998

Summary.—H.R. 1775 would authorize appropriations for fiscal year 1998 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. 1775 would result in additional spending of $153 million over the 1998–2002 period, assuming appropriation of the authorized amounts. The unclassified portion of the bill would not affect direct spending or receipts in 1998; thus pay-as-you-go procedures would not apply to it. The Unfunded Mandates Reform Act (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 mandates as defined by UMRA.

Estimated cost to the Federal Government.—The estimated budgetary effect of H.R. 1775 is shown in the following table. CBO was 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 estimated costs, therefore, reflect only the costs of the unclassified portion of the bill.

The bill would authorize appropriations of $148 million for the Community Management Account and $5 million to capitalize a new revolving fund for equipment, salaries, maintenance, operations, and other expenses. In addition, the bill would authorize $197 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.

For purposes of this estimate, CBO assumed that H.R. 1775 will be enacted by October 1, 1997, and that the full amounts authorized will be appropriated for fiscal year 1998. Outlays are estimated according to historical spending patterns for intelligence programs.

[By fiscal year in millions of dollars]

	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law:						
Estimated authorization level [1]	102	0	0	0	0	0
Estimated outlays	95	46	22	5	0	0
Proposed changes:						
Estimated authorization level	0	153	0	0	0	0
Estimated outlays	0	85	38	22	7	0
Spending under H.R. 1775:						
Estimated authorization level [1]	102	153	0	0	0	0
Estimated outlays	95	131	60	27	7	0

Note: The costs of this legislation would fall within budget function 050 (national defense).
[1] The 1997 level is the amount appropriated for that year.

Pay-as-you-go consideration.—None.

Intergovernmental and private-sector impact.—The Unfunded Mandates Reform Act (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 mandates as defined by UMRA.

Estimated prepared by.—Federal Cost: Dawn Sauter. Impact on State, Local, and Tribal Governments: Pepper Santalucia. Impact on the Private Sector: Eric Labs.

Estimate approved by.—Paul N. Van de Water, 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 italics, existing law in which no change is proposed is shown in roman):

NATIONAL SECURITY ACT OF 1947

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TITLE I—COORDINATION FOR NATIONAL SECURITY

* * * * * * *

OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE

SEC. 102. (a) * * *

* * * * * * *

(e) OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE.—(1) * * *

* * * * * * *

(4) The Office of the Director of Central Intelligence shall, for administrative purposes, be within the Central Intelligence Agency.

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NATIONAL MISSION OF NATIONAL IMAGERY AND MAPPING AGENCY

SEC. [120] *110*. (a) IN GENERAL.—In addition to the Department of Defense missions set forth in section 442 of title 10, United States Code, the National Imagery and Mapping Agency shall support the imagery requirements of the Department of State and other departments and agencies of the United States outside the Department of Defense.

(b) REQUIREMENTS AND PRIORITIES.—The Director of Central Intelligence shall establish requirements and priorities governing the collection of national intelligence by the National Imagery and Mapping Agency under subsection (a).

(c) CORRECTION OF DEFICIENCIES.—The Director of Central Intelligence shall develop and implement such programs and policies as the Director and the Secretary of Defense jointly determine necessary to review and correct deficiencies identified in the capabilities of the National Imagery and Mapping Agency to accomplish assigned national missions, including support to the all-source analysis and production process. The Director shall consult with the Secretary of Defense on the development and implementation of such programs and policies. The Secretary shall obtain the advice of the Chairman of the Joint Chiefs of Staff regarding the matters on which the Director and the Secretary are to consult under the preceding sentence.

COLLECTION TASKING AUTHORITY

SEC. [121] *111*. Unless otherwise directed by the President, the Director of Central Intelligence shall have authority (except as otherwise agreed by the Director and the Secretary of Defense) to—

(1) approve collection requirements levied on national imagery collection assets;

(2) determine priorities for such requirements; and

(3) resolve conflicts in such priorities.

RESTRICTIONS ON INTELLIGENCE SHARING WITH THE UNITED NATIONS

SEC. [110] *112*. (a) PROVISION OF INTELLIGENCE INFORMATION TO THE UNITED NATIONS.—(1) No United States intelligence information may be provided to the United Nations or any organization affiliated with the United Nations, or to any officials or employees thereof, unless the President certifies to the appropriate committees of Congress that the Director of Central Intelligence, in consultation with the Secretary of State and the Secretary of Defense, has established and implemented procedures, and has worked with the United Nations to ensure implementation of procedures, for protecting from unauthorized disclosure United States intelligence sources and methods connected to such information.

(2) Paragraph (1) may be waived upon written certification by the President to the appropriate committees of Congress that providing such information to the United Nations or an organization affiliated with the United Nations, or to any officials or employees thereof, is in the national security interests of the United States.

(b) PERIODIC AND SPECIAL REPORTS.—(1) The President shall report semiannually to the appropriate committees of Congress on the types and volume of intelligence provided to the United Nations and the purposes for which it was provided during the period covered by the report. The President shall also report to the appropriate committees of Congress within 15 days after it has become known to the United States Government that there has been an unauthorized disclosure of intelligence provided by the United States to the United Nations.

(2) The requirement for periodic reports under the first sentence of paragraph (1) shall not apply to the provision of intelligence that

is provided only to, and for the use of, appropriately cleared United States Government personnel serving with the United Nations.

(c) DELEGATION OF DUTIES.—The President may not delegate or assign the duties of the President under this section.

(d) RELATIONSHIP TO EXISTING LAW.—Nothing in this section shall be construed to—

(1) impair or otherwise affect the authority of the Director of Central Intelligence to protect intelligence sources and methods from unauthorized disclosure pursuant to section 103(c)(6) of this Act; or

(2) supersede or otherwise affect the provisions of title V of this Act.

(e) DEFINITION.—As used in this section, the term "appropriate committees of Congress" means the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and the Committee on Foreign Relations and the Permanent Select Committee on Intelligence of the House of Representatives.

DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL—INTELLIGENCE COMMUNITY ASSIGNMENT PROGRAM

SEC. 113. (a) DETAIL.—(1) Notwithstanding any other provision of law, the head of a department with an element in the intelligence community or the head of an intelligence community agency or element may detail any employee within that department, agency, or element to serve in any position in the Intelligence Community Assignment Program on a reimbursable or a nonreimbursable basis.

(2) Nonreimbursable details may be for such periods as are agreed to between the heads of the parent and host agencies, up to a maximum of three years, except that such details may be extended for a period not to exceed 1 year when the heads of the parent and host agencies determine that such extension is in the public interest.

(b) BENEFITS, ALLOWANCES, TRAVEL, INCENTIVES.—An employee detailed under subsection (a) may be authorized any benefit, allowance, travel, or incentive otherwise provided to enhance staffing by the organization from which they are being detailed.

(c) ANNUAL REPORT.—(1) Not later than March 1 of each year, the Director of the Central Intelligence Agency shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a report describing the detail of intelligence community personnel pursuant to subsection (a) for the previous 12–month period, including the number of employees detailed, the identity of parent and host agencies or elements, and an analysis of the benefits of the program.

(2) The Director shall submit the first of such reports not later than March 1, 1999.

(d) TERMINATION.—The authority to make details under this section terminates on September 30, 2002.

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TITLE IX—APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES

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SEC. 905. This title shall cease to be effective on January 6, [1998] *1999*.

CENTRAL INTELLIGENCE AGENCY ACT OF 1949

* * * * * * *

GENERAL AUTHORITIES

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

[(a)] *(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), subsections (c)(5) 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), 403–3, 403–4, 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;

[(b)] *(2)* Exchange funds without regard to section 3651 Revised Statutes (31 U.S.C. 543);

[(c)] *(3)* Reimburse other Government agencies for services of personnel assigned to the Agency, and such other Government agencies are hereby authorized, without regard to provisions of law to the contrary, so to assign or detail any officer or employee for duty with the Agency;

[(d)] *(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 other persons in the United States under Agency auspices;

[(e)] *(5)* Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: *Provided,* That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities; [and]

[(f)] *(6)* Determine and fix the minimum and maximum limits of age within which an original appointment may be made to an operational position within the Agency, notwithstanding the provision of any other law, in accordance with such criteria as the Director, in his discretion, may prescribe[.]*; and*

(7) Notwithstanding section 1341(a)(1) of title 31, United States Code, enter into multiyear leases for up to 15 years that are not otherwise authorized pursuant to section 8 of this Act.

(b)(1) The authority to enter into a multiyear lease under subsection (a)(7) shall be subject to appropriations provided in advance for (A) the entire lease, or (B) the first 12 months of the lease and the Government's estimated termination liability.

(2) In the case of any such lease entered into under clause (B) of paragraph (1)—

(A) such lease shall include a clause that provides that the contract shall be terminated if budget authority (as defined by section 3(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(2))) is not provided specifically for that project in an appropriations Act in advance of an obligation of funds in respect thereto;

(B) notwithstanding section 1552 of title 31, United States Code, amounts obligated for paying termination costs in respect of such lease shall remain available until the costs associated with termination of such lease are paid;

(C) funds available for termination liability shall remain available to satisfy rental obligations in respect of such lease in subsequent fiscal years in the event such lease is not terminated early, but only to the extent those funds are in excess of the amount of termination liability in that subsequent year; and

(D) annual funds made available in any fiscal year may be used to make payments on such lease for a maximum of 12 months beginning any time during the fiscal year.

* * * * * * *

SECURITY PERSONNEL AT AGENCY INSTALLATIONS

SEC. 15. (a)*(1)* The Director may authorize Agency personnel within the United States to perform the same functions as special policemen of the General Services Administration perform under the first section of the Act entitled "An Act to authorize the Federal Works Administrator or officials of the Federal Works Agency duly authorized by him to appoint special policemen for duty upon Federal property under the jurisdiction of the Federal Works Agency, and for other purposes" (40 U.S.C. 318), with the powers set forth in that section, except that such personnel shall perform such functions and exercise such [powers only within Agency installations, and the rules and regulations enforced by such personnel shall be rules and regulations promulgated by the Director.] *powers—*

(A) within the Agency Headquarters Compound and the property controlled and occupied by the Federal Highway Administration located immediately adjacent to such Compound and in the streets, sidewalks, and the open areas within the zone beginning at the outside boundary of such Compound and property and extending outward 500 feet; and

(B) within any other Agency installation and in the streets, sidewalks, and open areas within the zone beginning at the outside boundary of any such installation and extending outward 500 feet.

(2) The performance of functions and exercise of powers under paragraph (1) shall be limited to those circumstances where such personnel can identify specific and articulable facts giving such personnel reason to believe that their performance of such functions

and exercise of such powers is reasonable to protect against physical attack or threats of attack upon the Agency installations, property, or employees.

(3) Nothing in this subsection shall be construed to preclude, or limit in any way, the authority of any Federal, State, or local law enforcement agency or of any other Federal police or Federal protective service.

(4) The rules and regulations enforced by such personnel shall be the rules and regulations promulgated by the Director and shall only be applicable to the areas referred to in paragraph (1).

(5) On December 1, 1998, and annually thereafter, the Director shall submit a report to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate that describes in detail the exercise of the authority granted by this subsection, and the underlying facts supporting the exercise of such authority, during the preceding fiscal year. The Director shall make such report available to the Inspector General of the Agency.

* * * * * * *

CENTRAL SERVICES PROGRAM

SEC. 21. (a) ESTABLISHMENT.—The Director may—

(1) establish a program to provide the central services described in subsection (b)(2); and

(2) make transfers to and expenditures from the working capital fund established under subsection (b)(1).

(b) ESTABLISHMENT AND PURPOSES OF CENTRAL SERVICES WORKING CAPITAL FUND.—(1) There is established a central services working capital fund. The Fund shall be available until expended for the purposes described in paragraph (2), subject to subsection (j).

(2) The purposes of the Fund are to pay for equipment, salaries, maintenance, operation and other expenses for such services as the Director, subject to paragraph (3), determines to be central services that are appropriate and advantageous to provide to the Agency or to other Federal agencies on a reimbursable basis.

(3) The determination and provision of central services by the Director of Central Intelligence under paragraph (2) shall be subject to the prior approval of the Director of the Office of Management and Budget.

(c) ASSETS IN FUND.—The Fund shall consist of money and assets, as follows:

(1) Amounts appropriated to the Fund for its initial monetary capitalization.

(2) Appropriations available to the Agency under law for the purpose of supplementing the Fund.

(3) Such inventories, equipment, and other assets, including inventories and equipment on order, pertaining to the services to be carried on by the central services program.

(4) Such other funds as the Director is authorized to transfer to the Fund.

(d) LIMITATIONS.—(1) The total value of orders for services described in subsection (b)(2) from the central services program at any

time shall not exceed an annual amount approved in advance by the Director of the Office of Management and Budget.

(2) No goods or services may be provided to any non-Federal entity by the central services program.

(e) REIMBURSEMENTS TO FUND.—Notwithstanding any other provision of law, the Fund shall be—

(1) reimbursed, or credited with advance payments, from applicable appropriations and funds of the Agency, other Intelligence Community agencies, or other Federal agencies, for the central services performed by the central services program, at rates that will recover the full cost of operations paid for from the Fund, including accrual of annual leave, workers' compensation, depreciation of capitalized plant and equipment, and amortization of automated data processing software; and

(2) if applicable credited with the receipts from sale or exchange of property, including any real property, or in payment for loss or damage to property, held by the central services program as assets of the Fund.

(f) RETENTION OF PORTION OF FUND INCOME.—(1) The Director may impose a fee for central services provided from the Fund. The fee for any item or service provided under the central services program may not exceed four percent of the cost of such item or service.

(2) As needed for the continued self-sustaining operation of the Fund, an amount not to exceed four percent of the net receipts of the Fund in fiscal year 1998 and each fiscal year thereafter may be retained, subject to subsection (j), for the acquisition of capital equipment and for the improvement and implementation of the Agency's information management systems (including financial management, payroll, and personnel information systems). Any proposed use of the retained income in fiscal years 1998, 1999, and 2000, shall only be made with the approval of the Director of the Office of Management and Budget and after notification to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(3) Not later than 30 days after the close of each fiscal year, amounts in excess of the amount retained under paragraph (2) shall be transferred to the United States Treasury.

(g) AUDIT.—(1) The Inspector General of the Central Intelligence Agency shall conduct and complete an audit of the Fund within three months after the close of each fiscal year. The Director of the Office of Management and Budget shall determine the form and content of the audit, which shall include at least an itemized accounting of the central services provided, the cost of each service, the total receipts received, the agencies or departments serviced, and the amount returned to the United States Treasury.

(2) Not later than 30 days after the completion of the audit, the Inspector General shall submit a copy of the audit to the Director of the Office of Management and Budget, the Director of Central Intelligence, the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.

(h) DEFINITIONS.—For purposes of this section—

(1) the term "central services program" means the program established under subsection (a); and

(2) the term "Fund" means the central services working capital fund established under subsection (b)(1).

(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Fund $5,000,000 for the purposes specified in subsection (b)(2).

(j) TERMINATION.—(1) The Fund shall terminate on March 31, 2000, unless otherwise reauthorized by an Act of Congress prior to that date.

(2) Subject to paragraph (1) and after providing notice to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, the Director of Central Intelligence and the Director of the Office of Management and Budget—

(A) may terminate the central services program and the Fund at any time; and

(B) upon any such termination, shall provide for dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such Fund, as may be necessary.

TITLE 10, UNITED STATES CODE

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Subtitle A—General Military Law

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PART I—ORGANIZATION AND GENERAL MILITARY POWERS

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CHAPTER 8—DEFENSE AGENCIES AND DEPARTMENT OF DEFENSE FIELD ACTIVITIES

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SUBCHAPTER II—MISCELLANEOUS DEFENSE AGENCY MATTERS

Sec.
201. Certain intelligence officials: consultation and concurrence regarding appointments; evaluation of performance.
[202. Unauthorized use of Defense Intelligence Agency name, initials, or seal.]

* * * * * * *

[§ 202. Unauthorized use of Defense Intelligence Agency name, initials, or seal

[(a) No person may, except with the written permission of the Secretary of Defense, knowingly use the words "Defense Intelligence Agency", the initials "DIA", the seal of the Defense Intelligence Agency, or any colorable imitation of such words, initials or

seal in connection with any merchandise, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary of Defense.

[(b) Whenever it appears to the Attorney General that any person is engaged or is about to engage in an act or practice which constitutes or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin such act or practice. Such court shall proceed as soon as practicable to the hearing and determination of such act on and may, at any time before final determination, enter such restraining orders or prohibitions, or take such other actions as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought.]

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CHAPTER 21—DEPARTMENT OF DEFENSE INTELLIGENCE MATTERS

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SUBCHAPTER I—GENERAL MATTERS

Sec.
421. Funds for foreign cryptologic support.

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[424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency.
[425. Disclosure of personnel information: exemption for National Reconnaissance Office.]
424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency, National Reconnaissance Office, and National Imagery and Mapping Agency.
425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies.

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§ 425. Prohibition of unauthorized use of name, initials, or seal: specified intelligence agencies

(a) PROHIBITION.—Except with the written permission of the Secretary of Defense, no person may knowingly use, in connection with any merchandise, retail product, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary of Defense, any of the following (or any colorable imitation thereof):

(1) The words "Defense Intelligence Agency", the initials "DIA", or the seal of the Defense Intelligence Agency.

(2) The words "National Reconnaissance Office", the initials "NRO", or the seal of the National Reconnaissance Office.

(3) The words "National Imagery and Mapping Agency", the initials "NIMA", or the seal of the National Imagery and Mapping Agency.

(4) The words "Defense Mapping Agency", the initials "DMA", or the seal of the Defense Mapping Agency.

(b) AUTHORITY TO ENJOIN VIOLATIONS.—Whenever it appears to the Attorney General that any person is engaged or is about to engage in an act or practice which constitutes or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin such act or practice. Such court shall proceed as soon as practicable to the hearing and determination of such action and may, at any time before final determination, enter such restraining orders or prohibitions, or take such other actions as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought.

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CHAPTER 22—NATIONAL IMAGERY AND MAPPING AGENCY

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SUBCHAPTER I—MISSIONS AND AUTHORITY

Sec.
441. Establishment.

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[445. Protection of agency identifications and organizational information.]

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[§ 445. Protection of agency identifications and organizational information

[(a) UNAUTHORIZED USE OF AGENCY NAME, INITIALS, OR SEAL.—(1) Except with the written permission of the Secretary of Defense, no person may knowingly use, in connection with any merchandise, retail product, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary of Defense, any of the following:

[(A) The words "National Imagery and Mapping Agency", the initials "NIMA", or the seal of the National Imagery and Mapping Agency.

[(B) The words "Defense Mapping Agency", the initials "DMA", or the seal of the Defense Mapping Agency.

[(C) Any colorable imitation of such words, initials, or seals.

[(2) Whenever it appears to the Attorney General that any person is engaged or about to engage in an act or practice which constitutes or will constitute conduct prohibited by paragraph (1), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin such act or practice. Such court shall proceed as soon as practicable to a hearing and determination of such action and may, at any time before such final determination, enter such restraining orders or prohibitions, or take such other action as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought.]

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PART III—TRAINING AND EDUCATION

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CHAPTER 108—DEPARTMENT OF DEFENSE SCHOOLS

Sec.
[2161. Defense Intelligence School: master of science of strategic intelligence.]
2161. Joint Military Intelligence College: academic degrees.

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[§ 2161. Defense Intelligence School: master of science of strategic intelligence

[Under regulations prescribed by the Secretary of Defense, the Commandant of the Defense Intelligence School may, upon recommendation by the faculty of such school, confer the degree of master of science of strategic intelligence upon graduates of the school who have fulfilled the requirements for that degree.]

§ 2161. Joint Military Intelligence College: academic degrees

Under regulations prescribed by the Secretary of Defense, the president of the Joint Military Intelligence College may, upon recommendation by the faculty of the college, confer upon a graduate of the college who has fulfilled the requirements for the degree the following:

(1) The degree of Master of Science of Strategic Intelligence (MSSI).

(2) The degree of Bachelor of Science in Intelligence (BSI).

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SEC 506 OF THE INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1996

SEC. 506. ENHANCEMENT OF CAPABILITIES OF CERTAIN ARMY FACILITIES.

(a) * * *

(b) SOURCE OF FUNDS.—Funds available for the Army for operations and maintenance for fiscal years [1996 and 1997] *1998 and 1999* shall be available to carry out subsection (a).

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MINORITY VIEWS

For the most part, we are supportive of the bill as reported. We do, however, have concerns about the effect several actions taken in the bill would have on activities within the National Reconnaissance Program. These concerns are described fully in the classified annex to this report. We only note here our hope that, with respect to the classified matters, as well as the provision in the bill that affects the Defense Airborne Reconnaissance Office discussed below, the time remaining before conference with the Senate can be used to develop a solid record which will provide a clear justification for whatever actions are ultimately to be recommended in the conference report.

Section 608 of the bill directs the termination of the Defense Airborne Reconnaissance Office (DARO) within the Department of Defense. Curtailed Defense Airborne Reconnaissance Program (DARP) management responsibilities would be transferred to the Director of the Defense Intelligence Agency. Under this proposal, however, acquisition authorities would revert to the services with the DARP manager playing only a coordinating role.

DARO was created in 1993, at least in part in response to urgings by the Congress, to coordinate the airborne reconnaissance activities of the department. In its brief history, DARO has experienced success in promoting interoperability in the programs it oversees and in eliminating costly duplication in research, development, test, and evaluation activities. In 1996, when another congressional committee recommended DARO's termination, then Secretary of Defense Perry strongly and successfully opposed that recommendation.

We acknowledge that, as part of the effort to streamline the operation of the Office of the Secretary of Defense, it may be necessary to disestablish some entities within the Department of Defense. Secretary Cohen has appointed a Defense Reform Task Force to review the functioning of his office, departmental agencies and field activities. The report of the task force is due by the end of November. We believe that any action to terminate a departmental agency or office in advance of the report by this task force should be based on extremely compelling evidence. No such evidence with respect to DARO was presented to us during the committee's hearings on the intelligence budget for fiscal year 1998. In fact, not a single witness advocated the termination of DARO and, when asked in a question for the record, "Under what conditions, if any, would the Department decide that the DARO is no longer necessary?" Defense Department officials replied "The Department supports the role of the DARO and has no plans to make such a decision." Secretary Perry's 1996 opposition to the termination of DARO remains unchallenged within the executive branch and, in fact, was reinforced by a June 4, 1997 letter to the committee's ranking Democrat by the Acting Undersecretary of Defense for Acquisition and Technology, Noel Longuemare:

THE UNDER SECRETARY OF DEFENSE,
Washington, DC, June 4, 1997.

Hon. NORMAN D. DICKS,
Ranking Minority Member,
Permanent Select Committee on Intelligence,
House of Representatives, Washington, DC.

DEAR MR. DICKS: I want to convey my strongest support for the Defense Airborne Reconnaissance Office (DARO). We absolutely need a single focal point to coordinate all the diverse airborne reconnaissance activities underway within the Department. As was mentioned in the May 1997 Quadrennial Defense Review, the modernization of our forces depends upon a strong backbone of command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems. The integrating force of our airborne intelligence and surveillance efforts is the DARO.

Just ten months ago, Secretary Perry also strongly opposed a proposal to dissolve the Defense Airborne Reconnaissance Program (DARP) and divide its programs among the Services. Secretary Perry called last year's proposal "a step backward and a disservice to the warfighter." I could not agree more. Over the past three years DARO has steadfastly addressed Departmental problems, and compiled an impressive record of performance in the critically sensitive area of airborne reconnaissance. DARO continues to perform with credibility and integrity.

Secretary Cohen has recently engaged a Defense Reform Task Force to review OSD, Defense agencies, DoD field activities, and the military departments to look for ways we can consolidate functions, eliminate duplication of effort, and improve efficiency. This Task Force will work closely with the National Defense Panel, the independent, Congressionally mandated board that is reviewing the QDR, and with the Vice President's National Performance Review. The Task Force results will be available to the Department in November 1997. At this time and for the above reasons, I see no reason to preempt the prerogatives of these reviews. The Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff concur in this statement and strongly support the continuation of DARO.

Sincerely,

R. NOEL LONGUEMARE,
Acting Under Secretary of Defense, (Acquisition and Technology).

We do not believe that a case for terminating DARO has been made, and look forward to the committee's exploring this matter more fully prior to conference, as promised by Chairman Goss.

NORMAN D. DICKS.
DAVID E. SKAGGS.
JANE HARMAN.
SANFORD D. BISHOP, Jr.
JULIAN C. DIXON.
NANCY PELOSI.
IKE SKELTON.

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