

**AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR
1981 FOR INTELLIGENCE ACTIVITIES OF THE U.S.
GOVERNMENT, THE INTELLIGENCE COMMUNITY
STAFF, THE CENTRAL INTELLIGENCE AGENCY RE-
TIREMENT AND DISABILITY SYSTEM (CIARDS), AND
FOR OTHER PURPOSES**

APRIL 23 (legislative day, JANUARY 3), 1980.—Ordered to be printed

Mr. INOUE (for Mr. BAYH) from the Select Committee on
Intelligence, submitted the following

REPORT

[To accompany S. 2597]

The Select Committee on Intelligence, having considered the original bill (S. 2597) authorizing appropriations for fiscal year 1981 for intelligence activities of the U.S. Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and for other purposes, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

This bill would for fiscal year 1981:

- (1) Authorize appropriations for (a) intelligence activities of the United States, (b) the Intelligence Community Staff, and (c) the CIA Retirement and Disability System;
- (2) Authorize the personnel and end-strengths for (a) the Central Intelligence Agency, and (b) the Intelligence Community Staff.

OVERALL SUMMARY OF COMMITTEE ACTION

[In millions]

	Fiscal year 1980	Budget request	Committee recommends	Committee recommended changes
National intelligence.....				
Intelligence community staff.....	\$11.5	\$18.7	\$18.7	
CIARDS.....	51.6	55.3	55.3	
Total.....				

THE CLASSIFIED REPORT

The classified nature of U.S. intelligence activities prevents the Committee from disclosing the details of its budgetary recommendations in this Report.

The Committee has, however, prepared a classified report which describes in detail the full scope and intent of its actions, and the specific amounts authorized for each major U.S. intelligence activity. The Committee intends that the classified report, although not available to the public, will have the full force of any Senate Report, and that the intelligence community will comply with the guidelines and directions contained therein.

The classified Report is available for review by any member of the Senate, subject to the provisions of Senate Resolution 400.

SCOPE OF COMMITTEE REVIEW

The Committee, through its Budget Authorization Subcommittee, conducted a detailed review of U.S. intelligence programs and activities during the past year. This included:

Hearings involving about 25 hours of testimony, which included the Director of Central Intelligence, key Defense Department officials, and each of the principal program managers;

Detailed examination of over 2,000 pages of budget justification material, and a number of special studies requested by the Committee;

Reviewing written responses from the intelligence community to several hundred questions for the record, containing supplemental information on specific subjects or issues;

Hundreds of hours of informal briefings and interviews on major topics of interest;

Visits to several installations within the United States to review intelligence programs and activities firsthand; and

Examination of a number of resource issues and reprogramming proposals that arose during the year.

During the course of this process, the Subcommittee focused its attention on the following areas:

The overall management of the intelligence community, with particular emphasis on the requirements process, the setting of priorities, and the coordination and tasking of intelligence collection activities;

The adequacy of long-range strategic planning within the intelligence community;

The ability of the intelligence community to shift priorities and resources to respond to policymakers' needs during crises;

Steps taken to improve the quality of analysis, with particular emphasis on planned improvements in the analysis of political, economic, and societal trends in Third World nations;

The adequacy of manpower devoted to analysis and human source collection;

The extent to which the FY 1981 budget request anticipated future policy needs, and provided the necessary investments in U.S. intelligence capabilities to be able to meet those needs;

Areas which the Committee identified in previous years as requiring attention, and ensuring that appropriate corrective measures had been taken; and

Ensuring that intelligence activities proposed for funding do not violate the Constitution or laws of the United States.

OVERALL COMMITTEE FINDINGS AND RECOMMENDATIONS

The decade of the 1980s will place a greater burden than ever on the intelligence community to provide timely, relevant, and unambiguous information to U.S. policymakers. Recent events in the Near East, Africa, Southwest Asia, and Latin America provide clear evidence that events in these and other areas of the Third World are of growing and strategic importance to the United States. Expanding global issues of strategic significance, such as energy, nuclear proliferation, and international terrorism will also place increasing demands on the intelligence system.

At the same time, there is no indication of any lessening of the need to maintain a strong intelligence commitment against our principal adversaries. If anything, competition between the U.S. and its adversaries is likely to grow during the 1980s, which will require an even greater commitment to intelligence resources to adequately cover the military, political and economic aspects of this challenge.

In the near term, some shifting of focus will be required by the intelligence community in order to be responsive to the policymakers' diversity of interests. Over the longer term, however, a robustness in collection and analytic capabilities must be established if the U.S. intelligence system is to continue to be responsive to the broad range of policy issues with which it will be faced.

Complicating the challenges in the period ahead are the continually changing trends in the target environment with which the intelligence system must keep pace. This will require modernization of selected collection and processing systems that are rapidly becoming obsolete or inefficient. We must also ensure a healthy mix of intelligence capabilities and sufficient redundancy to guard against over-reliance on individual systems that are easily compromised, or may be lost unexpectedly. There are also serious shortages of foreign area specialists and linguists in the workforce, which must be redressed to adequately cope with future analytic needs.

During the past decade intelligence experienced a decline in real dollar terms, and a substantial retrenchment in manpower. Most of the major collection systems in being today are founded on late 1960s technology, and were placed in operation in the early 1970s. In large measure, the intelligence system has been sustaining itself from past capital investments. Manpower has been stretched extremely thin during this period, and important data bases have been allowed to erode. The Committee is recommending major investments over the next five years to ensure the availability of a new generation of systems that will enable the intelligence community to cope with policymakers' needs well into the 1990s. Added investments have also been recommended to increase manpower and expand automation techniques to aid in improving analytic capabilities throughout the community.

In general, the Committee continues to believe that intelligence is well managed and responsive to U.S. policymakers needs. Improve-

ments were evident during this past year, but shortcomings still persist. This is particularly true with respect to the quality of analysis, and the coordination and management of major automated data processing initiatives. These are long-term problems that will require continued management attention and improvement. Progress in long-range strategic planning seemed unnecessarily slow. This is an area where the Committee will expect to see more progress in the coming year.

The Committee is persuaded that, if the U.S. intelligence system is to be able to respond adequately to the breadth and complexity of concerns with which policymakers will be faced in the coming years, the intelligence share of the budget must grow. We believe that the intelligence appropriations recommended for fiscal year 1981 represent an essential commitment and form a sound basis to enable intelligence to meet the challenges of the future.

EVALUATION OF REGULATORY IMPACT

In accordance with rule XXIX of the Standing Rules of the Senate, the Committee finds that no regulatory impact will be incurred in implementing the provisions of this legislation.

TITLE I—NATIONAL INTELLIGENCE PROGRAM

Committee recommendations

Details of the Committee's recommendations with respect to the amounts to be appropriated for intelligence activities under this title are contained in a classified report.

TITLE II—INTELLIGENCE COMMUNITY STAFF

	<i>Millions</i>
Fiscal year 1980 appropriation.....	\$11.5
Fiscal year 1981 request.....	18.7
Committee recommended change.....
Committee recommendation.....	18.7

Authorization request

The Intelligence Community Staff requested \$18.7 million and 245 staff personnel for fiscal year 1981 to support the Director of Central Intelligence in fulfilling his responsibilities for overall management and direction of the intelligence community. The bulk of the increased funding requested for fiscal year 1981 is for the initial investment to establish a new community-wide system for the security control and safeguarding of intelligence programs and materials which require special protection.

Committee recommendation

The Committee recommends an appropriation in the amount of \$18,700,000 for the Intelligence Community Staff for fiscal year 1981.

For the fiscal year beginning October 1, 1980, the Committee recommends a personnel end-strength ceiling of 245 full-time employees. Such employees may be permanent employees or employees on detail from other elements of the U.S. Government. Any employee who is detailed to the Intelligence Community Staff from another element

of the U.S. Government shall be detailed on a reimbursable basis, except that an employee may be detailed on a nonreimbursable basis for a period of less than one year for performance of temporary functions as required by the Director of Central Intelligence.

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

	<i>Millions</i>
Fiscal year 1980 appropriation.....	\$51.6
Fiscal year 1981 request.....	55.3
Committee recommended changes.....	
Committee recommendation.....	55.3

Authorization request

The Central Intelligence Agency requested \$55.3 million in fiscal year 1981 for the CIA Retirement and Disability fund to finance the cost of: (1) interest on the unfunded liability, (2) annuities attributable to credit allowed for military services, (3) benefits not met by employee/employer contributions, and (4) the increase in unfunded liability resulting from liberalized benefits and Federal pay raises.

The Central Intelligence Agency Retirement Act of 1964 for certain employees (Public Law 88-643, Oct. 13, 1964) authorized the establishment of a Central Intelligence Agency retirement and disability system for a limited number of Agency employees, and authorized the establishment and maintenance of a fund from which benefits would be paid to qualified beneficiaries.

The benefits structure of CIARDS is essentially the same as for the civil service retirement system with only minor exceptions. These exceptions are: (a) Annuities are based upon a straight 2 percent of high-3 average salary for each year of service, not exceeding 35; (b) under stipulated conditions a participant may, with the consent of the Director, retire or at his direction be retired at age 50 with 20 years of service, or a participant with 25 years of service may be retired by the Director regardless of age; and (c) retirement is mandatory at age 65 for personnel in grade GS-18 or above and at age 60 for personnel in grades GS-17 and below, except that the Director may in the public interest extend service up to 5 years.

In order to provide for the continuing solvency of the CIARDS fund, financing legislation comparable to that enacted for the Foreign Service retirement and disability fund was enacted as Public Law 94-522 (Oct. 17, 1976).

Committee recommendation

The Committee recommends appropriation of the full amount requested for the CIA Retirement and Disability fund for fiscal year 1981.

TITLE IV—GENERAL PROVISIONS

Sec. 401. This section authorizes intelligence appropriations to be increased by such amounts as may be necessary to cover increases in pay and benefits that may be authorized by subsequent legislation.

Sec. 402. Subsection (f) of this section authorizes the Director of the Central Intelligence Agency to accept gifts, bequests, and prop-

erty on behalf of the Agency whenever he determines that it is in the interest of the United States to do so. Existing statutes do not permit the Central Intelligence Agency to accept such gifts.

Subsection (g) of this section authorizes the Director of the Central Intelligence Agency to grant monetary or other relief whenever the Director determines that an employee's or former employee's career has suffered due to unjustified personnel or administrative action. Existing statutes have been interpreted by the Comptroller General as not permitting the Director to grant such relief.

Sec. 403. *Foreign Cryptologic Support*.—This amendment to chapter 4, title 10, United States Code, authorizes the Department of Defense to use funds authorized and appropriated to the Department to pay expenses of arrangements with foreign countries for cryptologic support.

Prior to FY 1977 the Secretary of Defense used the Emergency and Extraordinary Expenditure authority of the Appropriations Act to cover such payments. In the FY 1977 Appropriations Act the Appropriations Committees removed these funds from the Emergency and Extraordinary Expenditure category and established a new category of foreign cryptologic support. This was done because such funds had been clearly identified and justified to the Appropriations Committees in the budget process and were specifically described in classified annexes to the Committees' reports.

The Senate and House Appropriations Committees recommended in FY 1977, and have continued to recommend, that permanent authorizing language be sought for this category of appropriations. This amendment implements that congressional recommendation and provides permanent authorization for the category of foreign cryptologic support.

Chapter 4 of title 10 deals with the organization of the Department of Defense. Section 140 authorizes emergency and extraordinary expenditures. Two changes are made:

(a) A new section is added, section 140a, Foreign Cryptologic Support, to permanently authorize the Secretary of Defense to expend funds appropriated for intelligence and communications purposes for the purpose of cryptologic support to foreign countries. This section also contains a waiver of the provision of section 23 of the Act of June 3, 1864, as amended (13 Stat. 106, 31 U.S.C. 543) (National Bank Act), which restricts any disbursing office or agent of the U.S. Government from making payments to foreign states in other than U.S. currency. The waiver is identical to that provided to the Department of State and is required to permit the use of foreign currency to fund the conduct of these operations abroad.

(b) The table of sections in chapter 4 is amended by adding a reference to the new section.

Section 140a will not result in appropriations of additional funds above those already requested for FY 1981. This amendment only provides authorization to obligate these funds and complies with the instructions of the two Appropriations Committees. An estimate of the five-year funding impact is being prepared by the Congressional Budget Office. Appropriations data is also provided in the Committee's classified report.

The Committee believes implementation of this amendment will have no regulatory impact. In accordance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, the Committee has also reviewed the affected legislation and determined it was not necessary to provide comparative prints of the statute being amended.

Sec. 404. *Administrative Support for NSA.*—Section 404 of the bill contains amendments to the Act of May 29, 1959 (73 Stat. 63) (reference 50 U.S.C. 402). This Act provided certain administrative authorities for the National Security Agency. The amendments enable the agency to provide benefits comparable to those of State Department and Central Intelligence Agency to certain employees in special assignments overseas and to pay employee expenses associated with training abroad.

(a) *Personnel Assigned Overseas.*—The addition of section 9a to the Act of May 29, 1959 would provide to the National Security Agency the authority to expend appropriated funds for the travel expenses, allowances and related expenses of a special class of NSA personnel, civilian and military, serving overseas. The Department of State authorities cited in the amendment would put NSA personnel on an equal basis with personnel of the CIA and State Department.

The amendment permits NSA to adequately compensate their employees when they are assigned to remote locations under difficult conditions and without the support of an overseas military facility. For example, section 9a permits NSA to pay medical expenses and travel for the medical treatment of these personnel and their dependents, to provide travel expenses for rest and recuperation when employees are located in areas that are subject to difficult environmental conditions, to fund emergency travel, and to pay for family visitation travel where unaccompanied tours are required. Other legislation provides these same compensations to overseas employees of the State Department, the CIA and the Department of Justice.

The addition of section 9b to the Act of May 29, 1959 permits NSA to lease or rent facilities overseas, including family housing, in order to provide support for this special class of personnel. Similar benefits are provided to the personnel of the State Department and CIA stationed overseas. This section exempts NSA from requirements placed on the Secretary of Defense that limit the number of such buildings that may be rented or leased overseas and establishes a ceiling on total funding for these units. At present, for example, the total number of units which the Defense Department can rent or lease overseas is 150. Altering this number on an annual basis to accommodate changes in overseas assignment of this class of NSA personnel would risk compromising the underlying intelligence activity. The number of and the expenses of leasing or renting these facilities will be monitored annually in classified hearings held by the authorizing and appropriating committees.

In implementing the authority granted under section 9a and 9b the National Security Agency will comply with the following guidelines:

The compensation will only be provided for the special class of

personnel for which it is intended. Other NSA employees overseas are not covered.

NSA personnel may be provided these compensations on a comparable basis to employees of the State Department and the CIA stationed in similar locations. They cannot be compensated more extensively than are the personnel of these other agencies.

A report will be provided to the appropriate committees of the Congress at the time of submission of the budget that will identify the specific amounts obligated or requested under sections 9a and 9b for the recently-completed fiscal year, the current budget year and the new fiscal year.

(b) *Overseas Long-term Training*.—Sections 10(a) and (b) authorize the National Security Agency to pay to personnel assigned to long-term training overseas allowances pursuant to chapter 57 of title 5, United States Code, notwithstanding the limitations of section 4109 of that title.

NSA has in the past authorized the payment of certain allowances (e.g., non-temporary storage of household goods) based on Office of Personnel Management (OPM) determinations that section 4109 did not preclude such payments. Recently the General Accounting Office (GAO) has ruled that the payments made by NSA under that authority were invalid. OPM, on behalf of NSA, appealed that ruling on the basis that the legislative history of the Training Act reflected an intent to include authority to pay allowances pursuant to sections 5726 and 5727, chapter 57 of title 5, U.S.C. The GAO, in Decision B-193197 (dated 10 January 1980) denied that appeal and ruled that legislation is required.

The GAO decision affects employees previously assigned to long-term training overseas and is having an adverse impact on NSA's ability to recruit employees for current assignments to such training. Non-temporary storage of household goods and shipment of privately-owned vehicles to overseas assignments are now provided under other statutes to members of the State Department, CIA and the military services.

Section 10(a) adds a new section at the end of the Act of May 29, 1959 to authorize the payment of allowances pursuant to chapter 57 of title 5, U.S.C. but not provided for in section 4109(a)(2)(B) of that title. This would permit NSA to continue to pay allowances for non-temporary storage of household goods, shipment of privately-owned vehicles and other related expenses in conjunction with long-term training assignment overseas.

In addition, section 10(b) contains an authorization to waive the overpayments made to employees in the past and relieves those employees of liability for any claim based on such overpayment. The total amount which may be waived for all employees cannot exceed \$50,000.

Amendments to the Act of May 29, 1959 to provide these administrative authorities are being examined by the Congressional Budget Office for their appropriations impact. The Committee has provided in its classified report estimates by the Executive branch as to the appropriations impact.

The Committee believes the implementation of these changes to the Act of May 29, 1959 will have no regulatory impact. In accordance

with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, the Committee has also reviewed the affected statute and determined it was not necessary to provide comparative prints of the statute being amended.

Sec. 405. *GSA Guard Force*.—This amendment to section 3 of the Act of June 1, 1948 authorizes the Administrator of the General Services Administration (GSA) to provide protection to installations and grounds under the control or use of the National Security Agency (NSA) when such installations or grounds are not owned by the United States or leased under the authority of the Administrator.

The National Security Agency employs guards provided by the GSA to protect its facilities. However, several NSA installations and facilities in the United States have been acquired through the United States Army Corps of Engineers or other appropriate entity. The GSA has determined that under its present statutory authority it cannot provide protection to these facilities using special police (the Federal Protective Service) because the installations have not been acquired through the GSA, are not owned outright by the United States, or the United States does not have exclusive or concurrent criminal jurisdiction.

NSA has been unable to acquire protection for these facilities by contracting with private firms because of stringent security clearance requirements for the guard force. As a result, at least one sensitive installation lacks guards. Automatic alarm systems are less than adequate, particularly with respect to protecting people and equipment in parking lots and areas adjacent to the building. For example, vehicles and fixtures outside the building have been vandalized and one government vehicle was totally destroyed.

The specific statutory limitations cited by GSA are contained in sections 318 and 318b of title 40, United States Code. GSA interprets these provisions as limiting its authority to protecting only those installations and grounds acquired through the GSA and over which the United States has acquired exclusive or concurrent criminal jurisdiction. This amendment modifies section 318 to authorize the Administrator of General Services to provide protection to installations and grounds under the control of or used by the National Security Agency.

The Congressional Budget Office is studying the amendment for its impact on appropriations. The Committee has provided in its classified report the estimates of the Executive branch as to its impact.

The Committee believes this amendment will have no regulatory impact. In accordance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate the Committee has also reviewed the affected statute and determined it was not necessary to provide comparative prints of the statute being amended.

Sec. 406. This section authorizes the payment of death gratuities to dependents of employees of the Central Intelligence Agency and the National Security Agency who die as a result of injuries sustained outside the United States, in an amount equal to one year's salary at the time of death. Such payments are authorized only when it has been determined that death resulted from hostile or terrorist action, or occurred in connection with an intelligence activity having a substantial element of risk.

Overseas service is becoming increasingly hazardous for U.S. personnel serving abroad. CIA and NSA personnel often serve in particularly dangerous circumstances and are especially attractive targets—and indeed have been targets—for terrorist groups and extremist organizations. The survivors of Foreign Service employees who die as a result of injuries sustained in the performance of duty outside the United States have been entitled to a death gratuity since January 1, 1973. This provision, therefore, will provide death gratuities to dependents of certain intelligence community employees similar to those now provided to dependents of employees of the Foreign Service.

The estimated cost of this proposal is as follows:

	<i>Thousands</i>
Upon enactment.....	\$100
Fiscal year:	
1981	50
1982	50
1983	50
1984	50
1985	50

The cost upon enactment will cover gratuities to the dependents of three Central Intelligence Agency employees who have died as a result of injuries sustained in the performance of duty outside the United States since July 1, 1974, and one who has been declared dead under the provisions of the Missing Persons Act.

