

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1980 FOR INTELLIGENCE ACTIVITIES OF THE UNITED STATES GOVERNMENT, THE INTELLIGENCE COMMUNITY STAFF, THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM, AND FOR OTHER PURPOSES

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Mr. BAYH, from the Select Committee on Intelligence,
submitted the following

REPORT

[To accompany S. 975]

The Select Committee on Intelligence, having considered the original bill (S. 975) authorizing appropriations for fiscal year 1980 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 1980:

- (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 1979	Budget request	Committee recommends	Committee recommended change
Intelligence activities				
Intelligence community staff	\$12.0	\$12.6	\$12.6	
CIARDS	43.5	51.6	51.6	
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 expects 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, has again this year undertaken a detailed review of all U.S. intelligence programs and activities. This included:

Hearings involving about 20 hours of testimony, which included the Director of Central Intelligence, high-ranking 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.

Written responses by the intelligence community to several hundred questions containing supplemental information on specific issues;

Visits to installations, within the United States and abroad, to review intelligence operations firsthand; and

Hundreds of hours of informal staff interviews and briefings. During the course of this review the subcommittee focused on a broad range of issues:

(1) The overall management of the intelligence community, with particular emphasis on improvements resulting from the strengthened management role accorded the Director of Central Intelligence under the President's Executive order;

(2) The performance of the intelligence community in providing capabilities that respond to policymakers' needs while using collection and analysis resources in a cost-effective manner;

(3) The quality of intelligence analysis, its current and potential weaknesses, and the impact of the growth in policy level interest in political, economic and military intelligence on a wide variety of nations and regions of the world;

(4) The extent to which the fiscal year 1980 budget anticipated future policy needs and provided investments to improve the capability of U.S. intelligence to meet them;

(5) The capabilities of intelligence to support policymakers in certain specific areas, such as the ability of intelligence to monitor compliance with anticipated provisions of the SALT II agreement and a comprehensive test ban treaty;

(6) Areas which the committee identified in previous years as subjects of concern, such as data processing, the use of airborne collection platforms, the numbers and skill level of analysts, and the tactical use of national intelligence capabilities; and

(7) Insuring that intelligence activities proposed for funding do not violate the Constitution and laws of the United States.

GENERAL TRENDS IN INTELLIGENCE

The fiscal year 1980 budget reflects trends in foreign policy concerns and developments in intelligence capabilities which have characterized both the current and historical focus of intelligence.

Whereas through the mid-1960's, intelligence saw as its principal role the production of intelligence on major communist states, events of recent years have led to increased emphasis on also providing military, political and economic analysis on other nations and regions of the world.

The agencies have increasingly used complex technologies to collect, process and analyze information. These have become to some extent a dominant aspect of the community's program and have yielded uniquely valuable information.

Advances in technology have provided new opportunities in support of foreign policy. These have been critical, for example, in meeting the tasks associated with arms control initiatives. Technology has also provided opportunities to markedly improve the timeliness of information and the precision of analysis.

The more traditional disciplines of intelligence—basic research, human intelligence collection, and sophisticated analysis—continue to receive careful attention.

In the 1980's consumer interest in subjects will continue to expand and capabilities to meet these needs will grow. A key element affecting the balance between capabilities and responsiveness to policymakers will, however, be the budget. Continued limits on funds in the future pose difficult decisions for key managers which will require a long term perspective and a sensitive understanding of the needs of all consumers.

The executive branch has taken a number of steps to improve the preparation of the intelligence budget. The application of zero-based budgeting techniques has led program managers to rank seemingly dissimilar programs against one another, although, as with any new procedure, difficulties have been encountered. The DCI has assumed a more central role in determining the use of limited resources within the community. In the Department of Defense, steps have been taken to coordinate the intelligence activities of the military services, and the DCI and Secretary of Defense are working closely to coordinate their respective programs.

OVERALL COMMITTEE FINDINGS

Information on foreign military forces continues to be the principal focus of intelligence. At the same time the DCI and the agencies have taken steps to respond to an interest for information on nations other than the Soviet bloc, international trade and monetary problems, nuclear proliferation, terrorism, narcotics and foreign sources of raw materials and energy. The committee has encouraged the community to deepen its knowledge and awareness of these areas.

The DCI and the key intelligence program managers have begun a number of steps to improve the quality of analysis. For example, the DCI has instituted a more rigorous process to insure that national intelligence estimates highlight different judgments on particular issues. A board of outside experts is being established to evaluate intelligence products on a broad range of issues. Attempts are being made to identify the specific needs of the top level policymakers in order to guide current and future collection and analysis. And internal management studies have begun to focus attention on the difficult problem of how many analysts at what skill levels are needed. The committee continues to be concerned about the scope and quality of analysis, however, and has encouraged the DCI and the intelligence agency program managers to strengthen their efforts in this area through actions recommended in its classified report.

The committee notes a new emphasis by the executive branch on encouraging the release of unclassified intelligence studies. Efforts have been made to declassify reports which provide background for some foreign policy decisions. The agencies are attempting to improve their dialogue with the academic community, and intelligence professionals are seeking more opportunities to present scholarly papers and discuss issues in open forums. The committee believes these steps should help analytic work through a broader exposure to different ideas and other points of view.

The intelligence agencies are beginning a long term modernization of their computer facilities to provide automated data processing (ADP) support to their analysts. At least a half-dozen agencies are involved in these modernizations or replacement of their current mix of computers. Common to these initiatives is that they provide analysts the capability to rapidly use large amounts of data, which should improve their effectiveness. The committee supports these modernization efforts but has identified several areas which require attention:

- Justifications for projects need improvement;

- More emphasis is needed on interoperability, commonality, and coordinated development of these systems; and

- Long-range planning, day-to-day technical and management coordination, and specific written guidance on ADP policies need improvement.

The committee has provided detailed guidance on these issues in the classified report.

The committee has noted the high costs and considerable time consumed by the intelligence community in responding to many requests under the Freedom of Information Act (FOIA). The national security provision of the law recognizes the need to adequately protect classified intelligence sources and methods, but experience in implementing

the statute suggests some changes may be warranted as they apply to the agencies. The committee authorized resources to insure that manpower for handling FOIA requests could be maintained at fiscal year 1979 levels, and its Subcommittee on Charters and Guidelines will hold hearings on this matter as part of its examination of statutory regulations for the intelligence community.

Intelligence has been grouped into two major categories, the national foreign intelligence program (NFIP), and intelligence-related activities (IRA). The committee has requested that the DCI and the Secretary of Defense undertake a detailed examination of the programs in each category for possible transfer. Additional guidance is provided in the classified report. The results of this evaluation should be provided to the committee prior to submission of the fiscal year 1981 budget request.

The committee continues to be concerned about certain aspects of intelligence community management. Last year the committee raised several broad policy level concerns which it believed could adversely affect the long term effectiveness of intelligence. While the committee did not expect these problems to be solved within the past year, less progress has been made than was anticipated. With the desire to reduce and tightly control Federal expenditures, pressures will undoubtedly mount to constrain the resources devoted to intelligence. In this environment difficult choices are required, yet in some key decisions a narrow rather than a broad view of intelligence needs has governed. The committee has endeavored in its deliberations to add a broader perspective to key resource decisions.

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 (ICS)

	<i>In millions</i>
Fiscal year 1979 appropriation.....	\$12.0
Fiscal year 1980 request.....	12.6
Committee recommended change.....	
Committee recommendation.....	12.6

Authorization request

The intelligence community staff requested \$12.6 million and 245 personnel for fiscal year 1980 to support the Director of Central Intelligence in fulfilling his responsibilities for overall management and direction of the intelligence community.

Committee recommendation

The committee recommends an appropriation in the amount of \$12,627,000 for the intelligence community staff for fiscal year 1980.

For the fiscal year beginning October 1, 1979 the committee recommends a personnel 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. Govern-

ment shall be detailed on a reimbursable basis, except that an employee may be detailed on a nonreimbursable basis for a period of less than 1 year for performance of temporary functions as required by the Director of Central Intelligence.

TITLE III. CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM (CIARDS)

	<i>In millions</i>
Fiscal year 1979 appropriation-----	\$43.5
Fiscal year 1980 request-----	51.6
Committee recommended change-----	
Committee recommendation-----	51.6

Authorization request

The Central Intelligence Agency requested \$51.6 million in fiscal year 1980 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 1980.