AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

107TH CONGRESS
2d Session

SENATE

REPORT
107–149

TO AUTHORIZE APPROPRIATIONS FOR FISCAL YEAR 2003 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

MAY 13 (legislative day, MAY 9), 2002.—Ordered to be printed

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

R E P O R T

[To accompany S. 2506]

The Select Committee on Intelligence (SSCI or Committee), having considered an original bill (S. 2506), to authorize appropriations for fiscal year 2003 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, reports favorably thereon and recommends that the bill pass.

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PURPOSE OF THE BILL

This bill will:

(1) Authorize appropriations for fiscal year 2003 for (a) U.S. intelligence activities and programs; (b) the Community Management Account of the Director of Central Intelligence; and (c) the Central Intelligence Agency Retirement and Disability System;

(2) Authorize the personnel ceilings as of September 30, 2003, for intelligence activities of the U.S. Government and for the Community Management Account of the Director of Central Intelligence;

(3) Authorize the Director of Central Intelligence, with Office of Management and Budget approval, to exceed the personnel ceilings by up to two percent;

(4) Amend the National Security Act to define the intelligence committees of Congress;

(5) Require that the National Foreign Intelligence Program budget submission specify the amounts attributable to counterterrorism, counterproliferation, counternarcotics and counterintelligence;

(6) Modify the legal authority to reprogram funds from one intelligence activity to another;

(7) Clarify that there are no statutory impediments to the provision of information by the Director of Central Intelligence to the congressional intelligence committees;

(8) Require the Director of Central Intelligence to establish a standard method for transliteration;

(9) Require the Director of Central Intelligence to establish standards and qualifications for persons performing intelligence functions;

(10) Modify the David L. Boren National Security Education Program;

(11) Establish scholarships and work-study opportunities for persons studying in the fields of science and technology;

(12) Establish the National Virtual Translation Center;

(13) Establish within the Central Intelligence Agency the Foreign Terrorist Asset Tracking Center;

(14) Require the Director of Central Intelligence to develop and provide to the Intelligence Community and appropriate federal, state and local officials a list of known or suspected international terrorists and international terrorist organizations;

(15) Require an annual report on foreign companies involved in the proliferation of weapons of mass destruction that raise funds in the United States capital markets;

(16) Extend for two years the Central Intelligence Agency Voluntary Separation Pay Act;

(17) Suspend for an additional year the reorganization of the Diplomatic Telecommunications Service Program Office;

(18) Identify recurring reports due to the congressional intelligence committees, establish uniform due dates for reports, provide for extensions of due dates under certain circumstances, and repeal certain requirements for reports;

(19) Establish the Office of the National Counterintelligence Executive in the Executive Office of the President;

(20) Establish the National Commission for Review of Research and Development Programs of the United States Intelligence Community.

CLASSIFIED SUPPLEMENT TO THE COMMITTEE REPORT

The classified nature of United States intelligence activities prevents the Committee from disclosing the details of its budgetary recommendations in this Report. The Committee has prepared a classified supplement to this Report which contains (a) the Classified Annex to this Report and (b) the classified Schedule of Authorizations which is incorporated by reference in the Act and has the same legal status as public law. The Classified Annex to this report explains the full scope and intent of the Committee's action as set forth in the classified Schedule of Authorizations. The Classified Annex has the same status as any Senate Report and the Committee fully expects the Intelligence Community to comply with the limitations, guidelines, directions, and recommendations contained therein.

The classified supplement to the Committee Report is available for review by any Member of the Senate, subject to the provisions of Senate Resolution 400 of the 94th Congress.

The classified supplement is made available to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives, the Permanent Select Committee on Intelligence of the House of Representatives and to the President. The President shall provide for appropriate distribution within the Executive branch.

SCOPE OF COMMITTEE REVIEW

The Senate Select Committee on Intelligence (SSCI or Committee) conducted a detailed review of the fiscal year 2003 budget requests for the National Foreign Intelligence Program (NFIP) of the Director of Central Intelligence; for the Joint Military Intelligence Program (JMIP) of the Deputy Secretary of Defense; and for the Tactical Intelligence and Related Activities (TIARA) of the military services. The Committee's review entailed a series of briefings and hearings with senior government officials, numerous staff briefings, review of budget justification materials, and numerous written responses provided by the Intelligence Community to specific questions posed by the Committee. The Committee also monitored compliance with reporting requirements contained in statute. Those reports, if received by the Committee by their due dates, were scrutinized by the Committee and provided important information and analysis upon which appropriate action could be taken, if deemed necessary.

In accordance with a Memorandum of Agreement with the Senate Armed Services Committee (SASC), the SSCI is including its recommendations on both JMIP and TIARA in the Classified Annex. The SSCI has agreed that JMIP and TIARA issues will continue to be authorized in the defense authorization bill. The SASC has also agreed to involve the SSCI staff in staff-level defense authorization conference meetings and to provide the Chairman and Vice Chairman of the SSCI the opportunity to consult with the SASC Chairman and Ranking Member before a JMIP or TIARA issue is finally closed out in conference in a manner with which they disagree. The Committee looks forward to continuing its productive relationship with the SASC on all issues of mutual concern.

In addition to its annual review of the Administration's budget request, the Committee performs oversight of various intelligence activities and programs. The Committee's Audit Staff conducts in-depth audits and reviews of specific programs and activities identified by the Committee as needing close scrutiny. The Audit Staff also supports the Committee's continuing oversight of a number of administrative and operational issues. The Audit Staff's inquiries frequently lead to Committee action with respect to the authorities, applicable laws, and budget of the activity or program concerned. During the last year, this group completed the Committee's investigative work on the Intelligence Community's actions in the case of Navy Commander Michael Scott Speicher, the October 2000 attack on the USS Cole and the Intelligence Community's foreign materiel acquisition and exploitation programs. The Audit Staff also continued the Committee's review of the espionage activities of former Federal Bureau of Investigation employee Robert Hanssen and the investigation leading to Hanssen's arrest. The Staff's additional projects included monitoring the products and activities of the Intelligence Community's statutory and administrative Inspectors General and overseeing efforts by Intelligence Community agencies to improve their financial management systems.

COMMITTEE ACTION ON THE FISCAL YEAR 2003 INTELLIGENCE BUDGET

The Committee conducted a thorough review of the Administration's budget request for the National Foreign Intelligence Program

for fiscal year 2003. Consistent with its oversight responsibilities, the Committee carried out an extensive examination of the individual programs comprising the U.S. Intelligence Community. Building on the approach it took last year, the Committee's review of the Administration's fiscal year 2003 request reaffirmed its belief that the National Foreign Intelligence Program should be reviewed by specific priority areas as well as by individual agencies and functions.

For fiscal year 2003 through fiscal year 2007, the Administration has proposed significant resource increases for our overall national intelligence effort. Such increases build upon substantial supplemental appropriations approved for the Intelligence Community for fiscal years 2001 and 2002 in the wake of the horrific terrorist attacks of September 11, 2001. The increased amounts already approved or requested for the National Foreign Intelligence Program are consistent with the need to strengthen the Intelligence Community in executing its roles in the ongoing war against terrorism and the protection of the American homeland. Additionally, requested resources will aid the Intelligence Community's ongoing effort to pursue those intelligence subjects of greatest concern to our nation.

The Committee compliments the Administration for requesting higher levels of resources for the Intelligence Community for fiscal year 2003 and beyond. As the Committee has noted in past years, the challenges confronting the Intelligence Community have, for too long, received inadequate attention and insufficient resources. This situation has changed in the wake of the attacks of September 11, 2001. The Intelligence Community is poised to benefit from an infusion of additional people and funding that can provide momentum for a renewal of intelligence efforts against those individuals, groups, and states that seek to do us harm. As the Intelligence Community is our first line of defense, the Administration's fiscal year 2003 request for the National Foreign Intelligence Program is a necessary first step in correcting the deficiencies of the past.

In this budget, the Committee seeks to highlight five priority areas that must continue to receive particular attention in the near term if intelligence is to fulfill its role in our national security strategy. Four of the five priority areas were first addressed by the Committee in last year's Intelligence Authorization Act. They are: (1) revitalizing the National Security Agency; (2) correcting deficiencies in human intelligence; (3) addressing the imbalance between intelligence collection and analysis; and (4) rebuilding a robust research and development program. This year, the Committee adds a fifth priority: modernizing the capabilities of Measurements and Signatures Intelligence to fulfill key intelligence requirements. In comparing the Administration's fiscal year 2003 request to funding levels which the Committee recommended last year, the Committee is encouraged by the progress of the Intelligence Community in addressing the resource needs in the first four priority areas. The Administration's request surpasses the Committee's recommendation in every area. The Committee looks forward to progress in Measurements and Signals Intelligence in the coming year.

Higher levels of proposed resources for fiscal year 2003 for the National Foreign Intelligence Program, however, will not rectify several important resource challenges which continue to confront

the Intelligence Community. Two of these important challenges are the product of the new paradigm facing Intelligence Community agencies and programs. In the past, the level of resources requested for the Intelligence Community was not commensurate with the myriad strategic and tactical missions of critical importance to national policy-makers and military forces in the post-Cold War world. This led to difficult and self-defeating trade-offs among mission areas by intelligence leaders. Today, however, those same intelligence leaders must ensure that the Intelligence Community can absorb and execute efficiently the substantial increase in resources that have flowed to, or are requested for, key intelligence programs in the wake of September 11, 2001. Two such programs include the continued efforts to recapitalize our human intelligence capabilities and to improve the pace and quality of the modernization of the National Security Agency. It will take persistent and strong management to ensure that taxpayer dollars are spent in a manner that minimizes waste and maximizes performance.

At the same time, Intelligence Community leaders must address the shortfalls in the National Foreign Intelligence Program budget that did not, or could not, receive adequate attention during the Administration's budget process. Such shortfalls include:

- Concerns about our ability to collect information from certain key platforms;
- Insufficient funds to complete a major acquisition program; and
- Inadequate funds to ensure that information collected by the next generation of collection platforms will be processed, exploited, and appropriately disseminated to intelligence analysts.

These shortfalls are not the only ones facing the Intelligence Community. Additionally, as the war against terrorism continues into its next phase, a series of intelligence challenges will likely arise which will further tax the resources and overall capabilities of the people and programs comprising the National Foreign Intelligence Program.

The Committee credits the Administration for responding forcefully, in the midst of the ongoing war against terrorism, to improve the posture of the Intelligence Community in carrying out its all-important national security mission. More work, however, remains to be done. Beyond any specific measures proposed for fiscal year 2003, the Administration must continue to devote attention to the five priority areas identified by the Committee, as well as a host of resource-related issues that must be addressed if near-term increases in intelligence capabilities are to translate into sustained intelligence successes against complex and long-term threats to our nation. The Committee looks forward to working with the Administration on this overall effort in the days ahead.

CONGRESS AND THE INTELLIGENCE COMMUNITY

Clarification of Intelligence Community reporting requirements

One important mechanism for oversight by the Committee is to require annual and one-time reports by the Director of Central Intelligence to the intelligence committees of the Congress. As the Committee conducts its oversight responsibilities each year, it iden-

tifies problems, issues and subject areas about which it needs additional information from the Community. In most cases, the Committee needs the information sought in the reports in order to inform the drafting of legislation or the budget authorization decisions for the following year. Accordingly, it is important that such reports be accurate and thorough. It is equally important that they be submitted on or before their due dates.

The Committee has taken a close look at the performance of the Director of Central Intelligence in providing these important reports in a timely manner. The results of this review are dismal. Between December 1, 2001, and May 1, 2002, the Intelligence Community was required to submit a total of 84 annual and one-time reports to the congressional intelligence committees. Of this number, 18 were submitted after their due date; eight were incomplete, interim reports; and 51 were not submitted at all. Perhaps most disturbing, 10 of the reporting requirements not met were contained in statute. In sum, of the 84 reports required, seven were submitted by the deadline, for an overall record of eight percent compliance.

By clarifying and reorganizing the various reporting requirements, Title IV of the bill is intended to address the problem of repeated failure by the Director of Central Intelligence to comply with the legal requirements to provide reports to Congress. First, the Committee has attempted to baseline all the annual and semi-annual reports that are required by prior statutes, intelligence committee reports, and classified annexes. Section 401 establishes a uniform due date for annual and semi-annual reports in the National Security Act of 1947 (50 U.S.C. §401 et seq.). Also, in an effort to ensure that all of the reports required are, in fact, important to the fulfillment of the Committee's responsibilities, the Committee surveyed the outstanding requirements. Section 441 repeals certain reports that the Committee found were no longer necessary. Further, in recognition that intelligence officers have critical duties that may inhibit their ability to meet the reporting deadlines in some circumstances, Section 401 provides for an automatic 30–day extension of any report deadline with written notice to the congressional intelligence committees. Beyond the 30–day extension, the due date for a report may be further extended by certification to the intelligence committees by the responsible official, the Director of Central Intelligence, Secretary of Defense, or Attorney General, that preparation and completion of the report by the due date would be detrimental to national security. Section 105 also resolves any ambiguity as to the legal status of reports required in committee reports and classified annexes by incorporating them by reference into the statute. Sections 411–431 incorporate certain recurring reports that were required in previous intelligence committee reports.

The Committee expects that Section 401 will improve compliance by the Intelligence Community with the reporting requirements. In that regard, Section 401 requires by December 1, 2002, that the General Counsel of the Central Intelligence Agency, the legal advisor to the Director of Central Intelligence, prepare and provide a report describing the steps that have been taken to ensure that the Director obeys the law in the future.

The Committee has directed in the Classified Annex to this bill that a portion of the funds requested for fiscal year 2003 for the Office of the Director of Central Intelligence not be obligated or expended until reports to the congressional intelligence committees have been provided in accordance with Title IV.

Specificity of national foreign intelligence budget amounts for counterterrorism, counterproliferation, counternarcotics and counterintelligence

The Committee believes that it is essential to a rational budgeting process that budgets be built to reflect key concerns of policymakers. Unfortunately, this does not take place with respect to certain disciplines of vital concern to our nation's security. Specifically, it is very difficult from existing Congressional Budget Justification Books to determine how much money the Intelligence Community has budgeted for counterterrorism, counternarcotics and counterproliferation. Counterintelligence, as an intelligence discipline, is accounted for in annual summary budget materials describing the National Foreign Intelligence Program, but there is no requirement for the Intelligence Community to continue to do so. This is not the first time the Congress has addressed this issue. In Section 1051 of the 1998 National Defense Authorization Act (P.L. 105–85) the Congress required the Administration to provide information on Executive branch funding to combat terrorism, including intelligence funding. Such information has proven useful in assisting this Committee in carrying out its budgeting and policy oversight responsibilities. The need for information on counterterrorism spending is all the more important in the wake of the terrorist attacks of September 11, 2001. The Committee notes, however, that the Administration's "cross-cut" report on fiscal year 2002 counterterrorism spending levels has not yet been received and is past due. The result is that the Congress must review the President's Fiscal Year 2003 budget request without the benefit of the report.

The Committee believes that it is important for both the Executive and Legislative branches to be fully informed about annual resource levels requested by the Intelligence Community for the important disciplines of counterterrorism, counterproliferation, counternarcotics and counterintelligence. Accordingly, Section 304 will ensure that the National Foreign Intelligence Program budget, as submitted next year and in years following, will contain this essential "cross-cut" information.

Modification of authority to make funds for intelligence activities available for other intelligence activities

The Committee takes great care to set the amount authorized for a specific intelligence activity at the proper level to enable that program to be conducted in an effective and efficient manner. In some cases, however, the funding needs for a particular activity or program change after the intelligence authorizations have been enacted by Congress and signed by the President. In those cases, in accordance with the terms of Section 504 of the National Security Act of 1947 (50 U.S.C. §414), the Director of Central Intelligence may notify the intelligence committees that funds need to be reprogrammed from one activity to another. In addition to this notifica-

tion, Section 504(a)(3) also requires that in such instances, (1) the activity to be funded be of a "higher priority" than the activity from which the funds are taken and (2) the need for funds for such activity be based on "unforeseen" requirements.

The Committee is concerned that the correspondence it receives notifying it of the reprogramming of funds from one activity to another often does not set forth clearly how the Section 504 requirements of "higher priority" and "unforeseen" circumstances have been satisfied. Section 305 clarifies the "unforeseen" requirement by stating that such a requirement does not include the failure of the Director of Central Intelligence to anticipate an action by Congress, such as an authorization or appropriation level for an activity at a level lower than that requested in the President's budget. Section 305 also amends Section 504 to require the Director of Central Intelligence to certify the facts that meet those statutory requirements.

Presidential determinations to limit access to reporting of covert actions

This Committee expressed concern in Senate Report 107–63 accompanying S. 1428, the Intelligence Authorization Bill for Fiscal Year 2002, with Executive branch compliance in some cases with the requirement in the National Security Act of 1947 (50 U.S.C. §401 et seq.) to provide the intelligence committees with written notice of Presidential covert action findings.

Section 503 of the National Security Act (50 U.S.C. §413b) describes the process by which the President authorizes the conduct of covert actions by departments, agencies, or entities of the United States Government. Under this provision, the President may authorize a covert action if "the President determines such an action is necessary to support identifiable foreign policy objectives of the United States and is important to the national security of the United States, which determination shall be set forth in a finding * * * [and] [e]ach finding shall be in writing. * * *" Section 503(a)(1) and (c)(1) set forth special circumstances in which the President is given the authority either to delay the written notification for 48 hours in an emergency situation, or to limit the access to the written finding in extraordinary circumstances to only eight members of Congress—the leadership of the Senate and House of Representatives and the leadership of the intelligence committees. In those special circumstances, however, the President is not relieved of his statutory responsibility to provide a copy of the finding in writing. Section 503(c)(3) and (4) state clearly that whenever prior notice of a covert action is not given to Congress, or Committee access is limited, the written finding shall state the reasons justifying those special circumstances.

The Committee restates its belief that the provision of written copies of the President's findings is essential to effective congressional oversight of covert action programs. In cases in which access has been limited to the leadership of the Senate and House of Representatives and the leadership of the intelligence committees—and denied, because of the extreme sensitivity of the program, to the other members of the intelligence committees who are charged with oversight of the activities of the Intelligence Community—section 503(c)(4) requires that the President provide to the Chairmen of

the intelligence committees a copy of the finding, including the reasons for such limited access. This is necessary in order to allow proper oversight, as contemplated by the statute, of these important and sensitive programs that the President has determined "affect the vital interests of the United States."

Accordingly, the Chairman and Vice Chairman of the Senate Select Committee on Intelligence direct that, whenever they are notified about a covert action initiative, an Executive branch official should bring the written copy for their personal review at the time of the notification. The Committee respects the desire of the Executive branch to keep custody of these sensitive documents and believes that this accommodation can satisfy the needs of both branches of government to fulfill their respective responsibilities.

Effective provision of intelligence to, and use by, Congress

In Senate Report 107–63 accompanying S. 1428, the Committee noted the importance of the role of Congress as a "consumer of intelligence to inform its decisionmaking on policy, and its concern that there had "been little effort to develop mechanisms to ensure that members of Congress receive intelligence, in a form tailored to their unique needs, to enable them to perform their policy-making responsibilities efficiently and effectively." In an attempt to address this issue, the Committee directed the Director of Central Intelligence to prepare a comprehensive report on the subject. The Director has not, as yet, complied with this directive.

Recent events have underscored the importance of Congress being informed with timely, relevant and accurate intelligence. Thus, the failure of the Director of Central Intelligence to comply with this directive is particularly troubling. The Committee also notes that this failure is, unfortunately, consistent with the pattern described above of noncompliance with requests, directives and statute concerning the provision of reports to Congress.

Accordingly, the Committee adopts and renews the directive contained in Senate Report 107–63 concerning this report.

Clarification of authority of Intelligence Community to furnish information on intelligence activities to Congress

Section 306 reaffirms longstanding requirements that the Intelligence Community must report to the intelligence committees of the Congress all information necessary for those committees to fulfill their oversight responsibilities. This includes a duty to fulfill the Intelligence Community's reporting requirements under sections 501, 502, and 503 of the National Security Act of 1947, and other statutes. Section 306 is designed to preserve the Intelligence Community's unique relationship with its oversight committees in the wake of the USA PATRIOT Act of 2001, which gave intelligence agencies access to sources of information that were previously denied it. In order to ensure continued effective oversight of Intelligence Community activity, this section would make clear that it remains lawful for the Director of Central Intelligence to transmit information to Congress pursuant to the above- mentioned reporting requirements. This provision does not authorize Congress to have direct access to grand jury or other protected information in the possession of the law enforcement community. In the interest of ensuring continued oversight of Intelligence Commu-

nity activities, it merely authorizes access, pursuant to existing statutory reporting requirements, to such otherwise protected information as may be used by intelligence officials in conducting analysis or making operational decisions.

The Committee is well aware of the unique constitutional, statutory and historical aspects of the grand jury, and is extremely sensitive to the need to ensure that vigorous oversight by Congress is reconciled with the need for an independent grand jury. This legislation is not intended to change this balance, but merely to recognize that where grand jury-derived or other sensitive law enforcement information is made available to the Intelligence Community, it is the responsibility of the Congress to exercise meaningful oversight of how it is used. Similarly, where such information contributes to analytic products or operational decision making, the Congress, as a policy-making and oversight organization which, as a matter of law, must be kept informed of intelligence activities and other intelligence information, cannot be barred by statute from having access to the information necessary to fulfill its responsibilities.

The tension between grand jury secrecy and Congressional oversight, after all, is not a unique dynamic. A similar tension exists between the President's constitutional foreign affairs role (and the Director of Central Intelligence's statutory duty to protect sources and methods) and the intelligence committees' oversight function. It is the Committee's view that this tension has been resolved successfully during the 25-year history of the intelligence oversight committees. The Committee is confident that a similar accommodation can be reached in the context of grand jury information and other protected law enforcement information that is provided by law enforcement entities to the Intelligence Community pursuant to the USA PATRIOT Act, or other authorities. This legislation simply sets out a statutory framework for resolving these issues, and is designed principally to clarify the relationship between Rule 6(e) of the Federal Rules of Criminal Procedure and the oversight provisions of the National Security Act of 1947, as amended. It does not seek to alter or describe the constitutionally-derived relationship between the three branches of government.

INTELLIGENCE COMMUNITY PERSONNEL

Standards and qualifications for the performance of intelligence activities

Section 308 clarifies the role of the Director of Central Intelligence, as head of the Intelligence Community, as the official responsible for ensuring that there are common standards and qualifications for individuals performing intelligence functions throughout the Community. The provision provides the Director broad flexibility to establish such standards and qualifications and it is the Committee's hope that he will integrate this effort with the ongoing personnel programs detailed in the Classified Annex to this bill.

The impetus for this legislation is two-fold. First, the Committee has an overall interest in ensuring that the Director vigorously exercise his authorities and prerogatives as head of the Intelligence Community. It is the view of the Committee that ensuring basic

standards and qualifications for intelligence officers, whether they be collectors, analysts, or technical experts, is a fundamental element of leading a community. In this respect it is not the Committee's intention to require the Director to intrude into the internal personnel practices and decisions of the constituent elements of the Intelligence Community. He must, however, set some guidelines for the Community within which these elements can make their own judgments.

Second, the Committee has become concerned that, particularly in the area of analysis, elements of the Intelligence Community are denominating individuals as "analysts" or "intelligence analysts" without adherence to a meaningful common definition of that word. Since September 11, 2001, the Committee has been struck by the ever-growing number of individuals who are called "intelligence analysts," particularly in the area of terrorism. It is the Committee's intention to require the Director to ensure that individuals performing analytic or other intelligence functions meet clear and rational minimum standards for performing those jobs.

Military support to the National Foreign Intelligence Program

The Committee continues to be concerned about the high percentage of military billets programmed for National Foreign Intelligence Program (NFIP) agencies that go unfilled each year. The problem continues to plague, in particular, the General Defense Intelligence Program, the Consolidated Cryptologic Program, and the National Imagery and Mapping Agency Program. Historically, approximately 3,000 military intelligence billets go unfilled in the NFIP by the Department of Defense each year. This accounts for well over $100 million that must be included in the NFIP budget, but from which the Intelligence Community receives no benefit. To date, however, no comprehensive solution has been worked out within the Executive branch that satisfies the concerns of the Department of Defense, the Intelligence Community, and the Congress. In the absence of any solution, intelligence requirements in support of policy-makers and military forces will go unmet, while the amount of funding devoted to intelligence activities will continue to be overstated to the Congress.

Last year, the Committee noted that, for a variety of reasons, the military services might choose to assign personnel to intelligence positions at rates that are less than those stated in budget justification materials. The Committee also noted that it opposed such a practice, given the critical, ongoing importance of intelligence in supporting national decision-makers and deployed military forces. In light of the contributions of intelligence to the ongoing war against terrorism, the Committee believes that filling intelligence billets within the NFIP should be a top priority of the Department of Defense. In particular, the Committee believes that it is unacceptable that over 70 intelligence analytic billets are currently vacant at the U.S. Central Command, which is leading the fight against al Qaida terrorists in Afghanistan. The Committee is not alone in this view. It is the Committee's understanding that the issue of unfilled military intelligence billets has been raised by the Commander of the U.S. Central Command in discussions with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. Clearly, a solution must be found for this ongoing problem.

The Committee notes that the Office of the Secretary of Defense agreed to provide a fair share of any military reprogramming back to the NFIP beginning in fiscal year 2001. To date, however, and despite the persistent nature of unfilled military billets in the NFIP, no military reprogramming has taken place. The Committee understands that the Department of Defense is currently studying the unfilled military billet problem, given concerns raised about the issue by the Defense Health Program and the Special Operations Command. The study, being carried out by the Program Analysis and Evaluation Office in the Office of the Secretary of Defense, has developed a number of options to address the overall issue. The Committee also understands, however, that any final decisions and implementation of agreed-upon solutions may not occur until fiscal year 2004.

The Committee feels that this is too long to wait. Given the need to support fully our policy-makers and deployed forces with intelligence personnel at a level consistent with the Administration's own budget request, the Committee strongly urges the Secretary of Defense and the Director of Central Intelligence to resolve this matter prior to the submission of the fiscal year 2004 budget request.

David L. Boren National Security Education Program

The National Security Education Program (NSEP), the National Security Education Trust Fund, and the National Security Education Board are the result of the David L. Boren National Security Education Act of 1991 (50 U.S.C. § 1901 et seq.) The NSEP was created due to a concern after Operation Desert Storm by Senator David L. Boren, then-Chairman of the Senate Select Committee on Intelligence, that the Intelligence Community lacked Arabic language expertise. Presently, the program provides scholarships and grants to students and academic institutions focused on those geographic areas, languages and fields of study that are deemed most critical to U.S. national security.

The scholarship portion of the NSEP includes both undergraduate and graduate programs that seek to provide support to students who are interested in studying languages and cultures not commonly studied in the United States. It is the Committee's understanding that undergraduate students often use their scholarships to study abroad or work as interns in an American Embassy. Graduate students use the scholarships to integrate studies into their existing curriculum by studying abroad or taking immersion language courses in the United States. An average of 150 students participate in the undergraduate program and 80 students participate in the graduate program each year. The institutional grant component of the program is an annual competition that provides funding to universities and colleges throughout the U.S. The grants give institutions of higher education financial assistance to develop or strengthen their capabilities to educate U.S. citizens in critical languages, cultures, and international fields. Areas focused upon in the grants programs are similar to those in the student program.

The primary role of the National Security Education Board is to develop criteria for awarding scholarships, fellowships, and grants for the program. It consists of representatives from the Department of Defense, the Department of Education, the State Department,

the Commerce Department, the Central Intelligence Agency, the Department of Energy, the National Endowment for the Humanities, and six presidential appointees. The Secretary of Defense serves as the Chairman of the Board, and the statute requires that the individuals appointed by the President be "experts in the fields of international, language, and area studies education." The Board meets annually.

The objective of the NSEP is to enhance the national security of the United States by increasing its capacity to deal effectively with foreign cultures and languages. The program seeks to produce an increased pool of applicants for work in the departments and agencies of the United States Government with national security responsibilities. The Committee views the graduate program as the most effective way of achieving the stated goal of the program for several reasons. First, the graduate program reaches students after they have already selected a career path. Also, NSEP officials have told the Committee that graduate students are enthusiastic about serving as federal employees, and generally seek employment in national security positions. The Committee notes that the undergraduate program, while providing unique learning opportunities, is an inadequate mechanism for ensuring that students will obtain employment with the federal government, and thereby fails to meet the stated goal of producing an increased pool of applicants to serve in the federal government.

Because the NSEP is essentially taking a "risk" on students by providing them with a substantial amount of financial assistance, the Committee believes it is in the best interest of the program to focus on those students most likely to seek and attain employment in the field of national security. For these reasons, the Committee has included Section 309 in the bill, which is designed to refocus the National Security Education Program by eliminating the undergraduate portion of the Program and mandating the creation of the National Foreign Language Initiative.

The NSEP retains the authority provided in the original legislation to award grants to institutions of higher education. The amended legislation seeks to streamline the grants component of the NSEP by mandating the creation of the National Foreign Language Initiative and eliminating the original grants component. The Committee notes that no new legislative authority is required to implement the Flagship Language Initiative; the proposed program is completely compatible with NSEP's current legislative mandate.

The National Foreign Language Initiative will unite the federal sector with the higher education community by utilizing the management and structure of the NSEP, the Defense Language Institute, the National Foreign Language Center, located at the University of Maryland, and several of the nation's leading universities. Overall management of the initiative will be provided for the NSEP by the National Foreign Language Center at the University of Maryland. The National Foreign Language Center will, through institutional grants, establish working relationships with a set of flagship programs at major universities, which will commit to specific goals and objectives.

The goal is to produce students with professional proficiency in critical foreign languages. At this so-called "level three" standard,

the individual is capable of speaking with sufficient structural accuracy and vocabulary to participate effectively in most formal and informal conversations on practical, social, and professional topics. It is the intention of the Committee that the creation of the National Foreign Language Initiative lead to the creation of a permanent national capacity for advanced ability in critical languages. The flagship initiative will, in its first stage, focus on highly critical languages including Arabic, Chinese, Japanese, Korean, Russian, Hindi, Persian/Farsi, and Turkish.

The Committee endorses the proposal submitted by the NSEP to establish the National Foreign Language Initiative. It is the intent of the Committee that this proposal be followed strictly. The Committee, therefore, requires that any changes, updates or modifications made to the proposal be submitted to the Committee in writing so that the Committee may provide its views prior to implementation.

The Committee directs that no new grants be awarded under the previous program. Upon enactment of this legislation, all grants shall be awarded under the umbrella of the National Foreign Language Initiative. The Committee recognizes, however, that the NSEP may have outstanding grants that must be fulfilled. Once those obligations are met, the NSEP shall have no new grants authority, other than those outlined in the National Foreign Languages Initiative. No new funds are to be authorized for this year and no further funding is to be authorized for outstanding grants other than the original amount. The NSEP is further directed to use the current resources in the National Security Education Trust Fund to implement the National Foreign Language Initiative, pending development of a new funding mechanism.

The NSEP was originally created by establishing a trust fund consisting of $150 million. The Department of Defense Appropriations Act of 1992 (P.L. 102–172), provided that $150 million of the funds appropriated in that Act were to be available only for the trust fund. Subsequently, Section 311 of the Intelligence Authorization Act for 1994 (P.L. 103–178) required that the amount in the fund in excess of $120 million was to be transferred to the Treasury as miscellaneous receipts. Following that action, an additional $75 million of the fund was rescinded by the Emergency Supplemental Appropriations and Rescissions for the Department of Defense to Preserve and Enhance Military Readiness Act of 1995 (P.L. 104–6). Today, the fund contains approximately $43 million. Based on budget projections, the trust fund will require additional financial resources by Fiscal Year 2006 if the program is to continue.

Based on the above data and the impending depletion of the National Security Education Trust Fund, it is the view of the Committee that incorporating the program into the regular annual appropriations process is the best way to ensure the continuity and success of the program. Therefore, the Committee directs the Secretary of Defense, in conjunction with the Director of Central Intelligence, to conduct a study, and publish a report based on that study, examining the best way to allow for a smooth transition from the trust fund to the regular appropriations process within the Department of Defense. This report shall be due 90 days after enactment of this provision.

Scholarships and work-study for pursuit of graduate degrees in science and technology

The Intelligence Community has a growing requirement for scientists and engineers to ensure the strength of its technology development and analysis capabilities. The Community must compete against private industry to recruit these scientists and engineers. The requirement of a lengthy clearance process, however, has sometimes hampered the Community in its efforts to attract the best and brightest. While the pay is often lower in the Intelligence Community than in industry, the Committee is convinced that once individuals experience the sense of mission and public service of intelligence work, the Intelligence Community will be substantially enhanced in its ability to hire and retain top scientists and engineers.

In light of the need to attract scientists and engineers to the Intelligence Community, and noting both the direct and indirect benefits to the Intelligence Community of involving the talents of young scientific professionals in its work, Section 310 directs the creation of a Director of Central Intelligence Science and Technology Graduate Scholarship Program. The primary purpose of the program is to provide funding for graduate scholarships at the Masters and Ph.D. levels in the areas of advanced science and technology of greatest importance to the Intelligence Community through work-study opportunities and post-graduation service obligations.

Section 310 sets forth the basic eligibility requirements for participation in the program. To ensure that there is a possibility of full employment in the Intelligence Community upon completion of the academic program, the Committee has directed that the applicants be required to obtain a SECRET level clearance as a condition of acceptance into the program. The program should provide for higher level clearances as needed. The Committee believes that the scholarship should pay the full tuition for applicants and that, in return, the applicants should commit to work in some element of the Intelligence Community. In this regard, the Committee believes that the Director of Central Intelligence should ensure that adequate personnel billets are available for each of the accepted applicants. Two options should be available to the recipients for completion of their service obligation: (1) if the scholarship recipient attends a college or university with classified information facilities or near an Intelligence Community entity, the recipient may work on classified projects during the academic year or during periods between academic years; (2) if the recipient does not select the first option, the work program can begin after graduation.

The Committee believes the scholars emerging from this program should be under the direction of the Community Management Staff with options for rotation among various elements of the Intelligence Community. At the end of the service obligation, the scholars will then have a number of options for Intelligence Community employment. The program, therefore, should be overseen by the Assistant Director of Central Intelligence for Administration with the support of the Intelligence Community's Chief Technical Officer. The Committee also believes that endowed academic chairs might offer the Intelligence Community with additional science and technology options.

The Committee directs that by July 1, 2002, the Deputy Director of Central Intelligence for Administration, in consultation with the Intelligence Community's Chief Technical Officer and the leading technical officers within the individual intelligence agencies, shall submit a plan to the intelligence committees recommending the optimal implementation of the Director of Central Intelligence Science and Technology Graduate Scholarship Program. The implementation plan should specify, at a minium, the most appropriate size of the program, optimal resources, security clearance considerations, academic qualifications of scholarship recipients, work study and future Intelligence Community employment considerations, and work products required of scholarship recipients. The plan should also discuss any administrative or legal requirements necessary for successful implementation. Furthermore, the plan should include views on the option of endowing academic chairs in Science and Technology as part of this program. The Committee expects to review the implementation plan prior to final congressional action on the fiscal year 2003 Intelligence Authorization Act.

INTELLIGENCE COLLECTION, ANALYSIS AND DISSEMINATION

Establishment of the National Commission for the review of the research and development programs of the U.S. Intelligence Community

The Committee supports a strong Intelligence Community research and development program. Research and development efforts support virtually all other Intelligence Community efforts by laying the groundwork for the necessary modernization and innovation of intelligence capabilities. The Committee remains focused on research and development as a key priority for current and future Intelligence Community resources.

The Committee further believes that the Intelligence Community's research and development program should be focused on Community-wide, rather than agency-specific, requirements and priorities as much as practicable. Traditionally, however, the Intelligence Community has not taken a centrally-managed approach to research and development investment. While a program such as the Intelligence Technology Innovation Center concentrates on channeling research and development funding to tackle intelligence problems of common concern, individual agencies, which retain the majority of research and development funding across the National Foreign Intelligence Program, still retain a large amount of flexibility in determining their own research and development agendas. Complicating the situation is a lack of common definitions across the Community as to what constitutes research and development. This leads in some cases to the funding of programs more commonly related to acquisition than to research. Additionally, it remains unclear as to whether the Intelligence Community's designated lead officials for research and development possess the insight into specific agency programs that is necessary to construct a unified, coherent research and development program.

In an effort to allow for increased understanding and focus of the Intelligence Community's research and development efforts, the Committee has established, in Title VI of the bill, the National Commission for the Review of the Research and Development Pro-

grams of the U.S. Intelligence Community. The purpose of the Commission, to be composed of government officials and private sector experts, is to review the current state of research and development within the Intelligence Community. The Commission will pay particular attention to the individual research and development activities being sponsored across each intelligence agency or program, the level of resources devoted to research and development, and whether current activities are aligned with those scientific or technological fields judged to be of greatest importance to the anticipated intelligence efforts of the future. The Committee has provided for the transfer of $2 million from the Community Management Account to allow the Commission to carry out its work.

National Virtual Translation Center

In Senate Report 107–63 the Committee noted its concern "that intelligence in general, and intelligence related to terrorism in particular, is increasingly reliant on the ability of the Intelligence Community to quickly, accurately and efficiently translate information in a large number of languages." The Committee suggested that this problem could be, in part, "alleviated by applying cutting-edge Internet-like technology to create a 'National Virtual Translation Center.'" The Committee, however, declined to recommend establishing such a Center in law without thoughtful commentary from the Intelligence Community. Pursuant to Section 907 of the USA PATRIOT Act, such a report was required to be submitted on or before February 1, 2002. The report was received more than two months late, a delay which, in addition to contravening the explicit words of the statute, deprived the Committee of timely and valuable input into its efforts to craft this legislation.

Despite the delay, the report, when finally received, was helpful. It is adopted by reference into this report. (See Director of Central Intelligence Report on the National Virtual Translation Center: A Concept Plan to Enhance the Intelligence Community's Foreign Language Capabilities, April 29, 2002.) Section 311 of the bill establishes in law the National Virtual Translation Center as outlined in the Director's report. The Committee looks forward to the growth of what it anticipates will be a valuable Intelligence Community tool.

Foreign Terrorist Asset Tracking Center

In Senate Report 107–63, the Committee "endorse[d], in principle, efforts to develop elements within the Intelligence Community designed to exploit effectively financial intelligence," and noted that the "Foreign Terrorist Asset Tracking Center" (FTATC), then located in the Department of Treasury, showed "promise as a vehicle to address this need." The Committee was hesitant to draft legislation directing Executive branch action on this vital issue without the benefit of receiving the carefully considered views of the Director of Central Intelligence and the Secretary of the Treasury. Accordingly, the Committee directed that a "report assessing the feasibility and advisability of establishing an element of the federal government to provide for effective and efficient analysis and dissemination of foreign intelligence related to the financial capabili-

ties and resources of international terrorist organizations." That report has not been provided to the Committee.

The same issue was addressed in Section 906 of the USA PATRIOT Act of 2001 (P.L. 107–56). In that statute, Congress again directed the Director of Central Intelligence and the Secretary of the Treasury to prepare the report called for in Senate Report 107–63. This time the Congress required in law that the report be provided on or before February 1, 2002. The Director of Central Intelligence and the Secretary of the Treasury failed to provide a report, this time in direct contravention of a section of the USA PATRIOT Act.

Despite the lack of Administration compliance with the statutory reporting requirement, the Committee continued its own analysis of the situation, and concluded that such an entity is a necessary component of the Intelligence Community, and that it would be best placed within the Central Intelligence Agency. Accordingly, Section 312 establishes the FTATC, under the direction of the Director of Central Intelligence, within the Central Intelligence Agency.

The Committee further directs that the statutorily-directed report be completed immediately, and that it should include a section describing the circumstances which led to the Director's failure to comply with lawful reporting requirements.

Terrorist Identification Classification System

In the aftermath of the September 11, 2001, terrorist attacks against the United States, the Committee reviewed the Intelligence Community's process for storing, retrieving, and disseminating intelligence collection and analysis regarding known or suspected international terrorists, and known or suspected international terrorist organizations. During a number of hearings this year, Committee members queried witnesses concerning the ability of CIA and FBI officials to derive a comprehensive list of the identities and biographic information on known or suspected international terrorists from the multitude of intelligence reports and databases containing potentially relevant information. The Committee found that, although the Intelligence Community did have a significant amount of intelligence concerning known or suspected international terrorists and terrorist organizations, the main databases used to store this information were not well-configured to provide it to those responsible for protecting American citizens from international terrorists. The Committee also believes that the current lack of a centralized system to handle such information not only hinders effective counterterrorism efforts, but makes meaningful oversight of Intelligence Community handling of United States person information contained in these databases more difficult.

On May 6, 2002, Senator Wyden introduced S. 2459, a bill to require the creation of Terrorist Identification Classification System (TICS). The purpose of this legislation was to provide for the establishment and maintenance of a data system that both stores and retrieves the identities and biographic information of known or suspected international terrorists, as well as known or suspected international terrorist organizations, and to ensure that those federal, state, and local officials responsible for protecting Americans from this threat have appropriate, timely, and thorough access to this

information. The Committee has incorporated a version this legislation into Section 313 of the Fiscal Year 2003 Intelligence Authorization Bill.

This provision directs the Director of Central Intelligence to establish and maintain a list of individuals who are known or suspected international terrorists and organizations that are known or suspected international terrorist organizations. The Director of Central Intelligence must also ensure that pertinent information on this list is shared with departments and agencies of the Federal Government, State and local government agencies, and foreign governments or international organizations as the Director considers appropriate. This system also must be interoperable to the maximum extent practicable with the information systems of those departments, agencies, and organizations to ensure timely and thorough access to this vital information in the effort against terrorism. Pursuant to this provision, moreover, the DCI shall prescribe specific procedures for ensuring the appropriate standards for including names on—or removing names from—this list.

The Committee intends that this system be maintained in accordance with existing laws and regulations governing the collection, storage, and dissemination of intelligence concerning United States persons. This provision does not confer additional authorities to the Director or any other element of the United States Government regarding the collection, retention, or dissemination of intelligence information on United States persons.

Counterdrug

The events of September 11, 2001, have demonstrated the pressing importance of strengthening our counterterrorism efforts. Recent analysis, however, has uncovered considerable information that terrorist groups often use illegal narcotics trafficking to raise funds for their operations. This illustrates the continuing importance of the United States' counterdrug fight.

For example, it is clear that the Taliban in Afghanistan procured significant funding by trafficking in the derivatives of the opium poppy plant. The Revolutionary Armed Forces of Colombia (FARC) has become a major force in the production of Colombian cocaine, which enables it to expand its terrorist insurgency activities, reported to include obtaining training in bomb-making from other international terrorist groups. Not only do illegal drugs threaten our national security through the scourge of addiction among Americans, they also provide the financial wherewithal for terrorists to carry out their murderous operations around the world. As such, the Intelligence Community must continue to make vigorous efforts to stem the flow of illegal drugs.

As was described in last year's public report to accompany the Intelligence Authorization bill (S. Report 107–63), on April 21, 2001, an American missionary plane was mistakenly shot down by a Peruvian Air Force jet operating as part of the "air bridge denial" program. In H.R. 2883, the Fiscal Year 2002 Intelligence Authorization Act, Congress required the President to provide an annual report to Congress concerning any such program no later than February 1 of each year. Congress has still not received the report for 2002.

The Administration is currently examining options for resuming support to air interdiction efforts in Peru and Colombia. State Department representatives have kept Committee staff informed of the status of this review. The Committee appreciates this consultative effort and looks forward to continuing this dialogue as an implementation plan is developed.

National Imagery and Mapping Agency support to homeland security

The Committee recognizes the valuable role that the National Imagery and Mapping Agency (NIMA) can play in supporting homeland security operations generally, and the newly-created U.S. Northern Command, specifically. Exceptions to the standing prohibition against the NIMA tasking satellites to image the United States currently require detailed justifications that are adjudicated by a separate group of government officials outside the normal imagery tasking process, in order to ensure that the requests pass legal muster. With the prospect of increased imaging of the United States being necessary in support of homeland security and the war on terrorism, the Committee is concerned that the checks and balances in place to ensure against improper imaging requests not be circumvented or otherwise diminished. At the same time, the Committee does not want the added scrutiny given to such requests to unnecessarily hinder urgent collection needs that may arise.

Accordingly, the Committee directs the Director of Central Intelligence, in coordination with the NIMA Director and the National Reconnaissance Office (NRO) Director, to provide a report detailing the process for approving the use of National Technical Means to image the United States and what changes to this process, if any, are being proposed or considered in the wake of the stand-up of the U.S. Northern Command and other homeland security initiatives. The report shall be submitted to the Committee no later than March 1, 2003. The Committee also directs the NIMA Director to provide a semi-annual report to the Committee detailing the number and purpose of all requests for imaging of the United States approved in the prior six month period. The semi-annual report will be due in accordance with the provisions in Section 401.

Annual report on foreign companies involved in the proliferation of weapons of mass destruction that raise funds in the United States capital markets

Section 314 requires the Director of Central Intelligence to submit a report to Congress each year setting forth certain foreign entities that he believes are involved in raising, or attempting to raise, money in United States capital markets by means of bond floats, initial public offerings, stock listings, or other such activities. Companies covered by this report should include any foreign company the Director believes to be involved in the proliferation of weapons of mass destruction—including nuclear, biological, or chemical weapons—and the means to deliver them, whether or not such transfers violate specific conventions, treaties, or the provisions of international export control regimes. This report must be submitted in unclassified form, but the Committee anticipates that it may be necessary to provide an associated classified annex in order to protect intelligence sources and methods involved in as-

sessing certain entities' involvement in proliferation activities. (In the event that the Director should determine that no such entities are involved in the U.S. capital markets, the Committee anticipates that the abovementioned report shall simply state this.) This section is not intended, and should not be construed, to authorize or encourage any restrictions upon access to U.S. capital markets. Rather, it is intended instead simply to provide national security decision-makers with visibility into the efforts of problem entities to raise money in the United States.

COUNTERINTELLIGENCE

FBI implementation of Webster Commission Report recommendations

The findings and recommendations of the March 2002 report of the Commission for the Review of Federal Bureau of Investigation (FBI) Security Programs (the "Webster Commission") have underscored the fact that the FBI has significant and systemic security problems that need to be addressed. The Committee commends the FBI for the efforts made to improve security under the leadership of the new Assistant Director of Security. Nevertheless, this bill recommends resources in excess of the Administration's request to address unfunded security requirements at the FBI in fiscal year 2003. The Committee remains concerned, however, that even in the wake of the Robert Hanssen espionage case, the Bureau's perceived operational needs may still take inappropriate precedence over security concerns. The Committee believes that the security problem at the Bureau will never be addressed effectively unless and until senior FBI management becomes committed to making security—which has often been, at most, a secondary priority—an important part of its culture.

The Committee has directed in the Classified Annex to this bill that a portion of the funds requested for the Bureau's Foreign Counterintelligence Program in Fiscal Year 2003 not be obligated or expended until both the Attorney General and the Director of the FBI provide the intelligence oversight committees, and other relevant committees of the Congress, with a written report on the Bureau's plans to implement the recommendations contained in the Webster Commission report—including the time frame and funding necessary for their full implementation, as well as their plans to make security an integral part of the FBI's culture.

FBI counterintelligence and counterterrorism training and analysis

The Committee is concerned about the adequacy of the Federal Bureau of Investigation's training for its agents and analysts for counterintelligence and counterterrorism. Accordingly, the Committee directs the Director of the FBI, in consultation with the Director of Central Intelligence, to provide the intelligence committees with a written report no later than February 1, 2003, assessing the adequacy of the Bureau's training program and career tracks for both its agents and its analytic cadre involved with counterintelligence and counterterrorism, as well as its plans to enhance the effectiveness of these programs. Specifically, the Committee requests that this report include the FBI's criteria for developing certified expertise in counterintelligence and

counterterrorism, a description of the required career milestones for such specialties, and how FBI counterintelligence and counterterrorism analytical products are disseminated within the Bureau and elsewhere in the Intelligence Community. In addition, the report should include an assessment of whether the FBI employees whose job duties include intelligence analysis meet Intelligence Community-wide standards of education, training and experience.

The National Counterintelligence Executive

In 2001, the President affirmed Presidential Decision Directive 75 (PDD–75) which created a new, national-level counterintelligence system to address both traditional and emerging counterintelligence threats in the 21st century. PDD–75 established the National Counterintelligence Executive (NCIX) to serve as the substantive leader of national-level counterintelligence policy and stipulated that the National Counterintelligence Executive must have sufficient personnel and funds to carry out assigned duties. The PDD mandated that the NCIX provide the U.S. Government with strong, policy-driven leadership by creating new and enhanced counterintelligence capabilities; ensure coherent programs, strategies and cooperative approaches; and conduct effective oversight.

The PDD also established a National Counterintelligence Board of Directors, chaired by the Director of the FBI, and comprised of the Deputy Secretary of Defense, the Deputy Director of Central Intelligence and a senior representative of the Department of Justice. The Board's mission is to select, oversee and evaluate the National Counterintelligence Executive and to promulgate the mission, role and responsibilities of the NCIX.

The specific duties set out for the NCIX include:

- Identifying and prioritizing what must be protected (U.S. Critical National Assets);
- Producing strategic counterintelligence analysis;
- Developing a prioritized national threat assessment;
- Formulating a National Counterintelligence Strategy;
- Creating an integrated counterintelligence budget;
- Establishing a strategic outreach program to the private sector;
- Implementing a unified counterintelligence training and education program; and
- Carrying out program reviews and evaluations.

The first National Counterintelligence Executive assumed his duties in early May 2001, and began the process of building a new office focused on PDD–75 priorities. However, this individual, an FBI detailee, was transferred back to the Bureau in February 2002. This important position remains vacant.

The Office of the National Counterintelligence Executive has also confronted notable resource constraints. The resource base for the new office consisted of the funds, positions and people that supported the former National Counterintelligence Center (NACIC). Although the Office of the National Counterintelligence Executive was tasked with building new capabilities while continuing NACIC legacy activities, it received no new resources in fiscal year 2001 and only a small increase for fiscal year 2002. The Committee believes that the Administration request for the Office of the National

Counterintelligence Executive for fiscal year 2003 does not address the Office's requirements. The Committee has addressed this deficiency in the Classified Annex by recommending additional resources for the Office of the National Counterintelligence Executive.

The Committee, which was a strong supporter of the creation of the Office of the National Counterintelligence Executive, believes that the Office of the NCIX is an essential component of our nation's strategic approach to the counterintelligence threat. The recent Hanssen, Montes and Regan espionage cases—coupled with the national security implications of the tragic events of September 11, 2001—highlight the need for a cooperative, national-level focus on counterintelligence, as envisioned by PDD–75, as an integral element of our nation's homeland security effort. However, the Committee does not believe that the current placement of the Office of the National Counterintelligence Executive in the Executive branch has given the office the appropriate level of stature and effectiveness that it requires.

Sections 502–504 codify into statute the authorities and responsibilities of the National Counterintelligence Executive as contained in PDD–75, and places the Office of the National Counterintelligence Executive into the Executive Office of the President, reporting directly to the President. The Committee believes that moving the Office of the NCIX to the Executive Office of the President with a direct reporting line to the President will optimize the effectiveness—and accountability—of the National Counterintelligence Executive's mission, and give counterintelligence the appropriate emphasis and visibility it deserves as a core U.S. national security priority.

Counterintelligence at the Department of Energy and the National Nuclear Security Administration

This Committee has a long-standing interest in supporting a strong counterintelligence program at the Department of Energy (DOE). In 1996, at the request of this Committee, the Intelligence Authorization Act for fiscal year 1997 directed the FBI Director, in coordination with the Director of Central Intelligence, to provide a written assessment of the adequacy of the DOE's current and planned counterintelligence activities at headquarters as well as the National Laboratories, and identify recommendations for needed improvements. This report, completed in 1997, noted that, although DOE's counterintelligence program had made significant strides in recent years, problem areas persisted. For example, the Bureau's report found that the counterintelligence mission at the DOE was unevenly or inadequately funded and lacked the central management and focus that would establish consistent and effective counterintelligence policy across the Department of Energy complex. (It is noteworthy that the FBI, in the wake of the Hanssen espionage case, is currently reorganizing itself to more effectively address the counterintelligence threat by centralizing its managerial focus on counterintelligence.) As a result of the concerns raised in this report, a 1998 Presidential Decision Directive (PDD–61) directed the Secretary of Energy to establish an Office of Counterintelligence in the Department, and this was done that same year.

In 1999, Congress directed the creation of the National Nuclear Security Administration (NNSA), a semi-autonomous entity within the DOE with the mandate to streamline the management of the nation's nuclear weapons and national security programs. This new entity included an Office of Defense Nuclear Counterintelligence. The Chief of this Office reports directly to the Administrator and addresses the management of counterintelligence in the NNSA through the implementation of the policies of both the Secretary of Energy and the Administrator of the NNSA. A Secretarial Memorandum was signed that laid out the responsibilities and relationship between the new Office of Defense Nuclear Counterintelligence and its parent organization, the DOE Office of Counterintelligence. These two elements comprise the DOE Counterintelligence Program. Accordingly, there are now two directors—the Director of the DOE Office of Counterintelligence and the Chief of the NNSA Office of Defense Nuclear Counterintelligence—who both manage the same program staff at DOE Headquarters and manage their field programs at sites delineated along lines of the NNSA/DOE organization. However, although the sites are characterized as either DOE or NNSA, the program activities are not as easily separated since many NNSA program activities are supported by DOE sites. The Committee is concerned that this bifurcation has created administrative inefficiencies that affect day-to-day operations, has an adverse impact on counterintelligence investigations management, and diminishes the lines of program responsibility as well as overall accountability.

Accordingly, the Committee directs the Office of the National Counterintelligence Executive—in consultation with the Secretary of Energy, the Administrator of the National Nuclear Security Administration, the Director of Central Intelligence and the Director of the Federal Bureau of Investigation—to review and assess the effectiveness of the division of the DOE Office of Counterintelligence and the NNSA Office of Defense Nuclear Counterintelligence, to include administrative and resource implications, as well as to assess the implications of consolidating the two programs. The Committee directs the Office of the National Counterintelligence Executive to provide a written report to the intelligence committees, and other relevant committees of the Congress, regarding this matter no later than December 1, 2002. This report should include recommendations to optimize the effectiveness and efficiency of the DOE/NNSA counterintelligence function.

INTELLIGENCE COMMUNITY FINANCIAL MANAGEMENT, PLANNING AND PERFORMANCE

Intelligence Community compliance with Federal financial accounting standards

A January 1997 Presidential report on Executive Branch oversight of the Intelligence Community budget stated that Department of Defense (DoD) elements implementing programs and activities of the National Foreign Intelligence Program were subject to the Chief Financial Officers (CFO) Act of 1990 (as amended). Additionally, the National Security Agency (NSA), the Defense Intelligence Agency (DIA), and the National Reconnaissance Office (NRO) were directed to prepare classified financial statements be-

ginning with their reporting of fiscal year 1997 financial information.

To date, the NRO has most vigorously pursued compliance with the CFO Act. An independent public accounting firm conducted an audit of the NRO's Fiscal Year 2000 financial statements. The audit, however, revealed significant shortcomings in the NRO's financial management practices. These deficiencies caused the accounting firm to issue a disclaimer of opinion on the fiscal year 2000 statements. The NRO has worked aggressively to rectify these deficiencies. The independent accounting firm's audit of the fiscal year 2001 financial statements indicated substantial improvement by the NRO. As a result, the accounting firm was able to issue a qualified opinion on the statements. Nevertheless, progress has been limited for the remainder of the Intelligence Community.

Senate Report 107–63 expressed the Senate Select Committee on Intelligence's concerns about the financial management practices throughout the Intelligence Community. The Report required the Director of Central Intelligence, in consultation with the Secretary of Defense, to direct the appropriate statutory Inspectors General to perform an audit of the form and content of the Fiscal Year 2001 financial statements of the DIA, NSA, National Imagery and Mapping Agency (NIMA), and the Central Intelligence Agency (CIA). The principal purpose of the audits was to determine if the agencies were preparing their financial statements consistent with Federal financial accounting standards and appropriate Office of Management and Budget guidance. Section 414 of this bill institutes a statutory requirement for an annual report describing the activities of each agency to ensure that their financial statements can be audited in accordance with Office of Management and Budget requirements.

The Committee has received responses from the DoD and CIA Inspectors General outlining the results of their review of the form and content of the financial statements of the DIA, NSA, NIMA and CIA. The responses revealed that none of these agencies are able to produce auditable financial statements. Weaknesses include the improper preparation of selected required statements, failure to use accrual accounting, inability to reconcile the Fund Balance with Treasury, and inaccurate reporting of property, plant, and equipment. In fact, the newly-confirmed Inspector General for the Central Intelligence Agency identified these problems as a top priority in his testimony before the Committee at his confirmation hearing. The Committee is most concerned by the lack of internal controls reflected by these problem areas. The independent accounting firm audit conducted at the NRO also revealed a number of other weaknesses, particularly in the area of information systems security, that were not covered by the Inspector General form and content reviews.

The response provided by the DoD Inspector General states that the NSA halted its plan to purchase a compliant accounting system based on guidance from the Under Secretary of Defense (Comptroller). The DoD Comptroller's instruction reflected a desire to develop a Department-wide Financial Management Modernization Program. The impact of this guidance is significant for the Intelligence Community because the DIA and the NIMA utilize portions of the NSA's accounting system. While the Committee understands

the need for the DoD to have a common architecture for its myriad accounting systems, we are concerned that implementation of that standardized system is not estimated to be completed until 2007. Although the NSA has a plan to maintain and improve its current accounting system until the DoD completes its modernization program, its ability to fully comply with the CFO Act and other accounting requirements will be hindered. There also will be an impact on those agencies that rely on the NSA's accounting system. In order to monitor the impact of the development of the DoD's Financial Management Modernization Program, the Committee requests that the annual agency reports outlining progress towards auditable financial statements include a description of the impact of the modernization program and the steps being taken to make current systems compliant with Federal standards in the interim.

Senate Report 107–63 also directed that the Director of Central Intelligence, in consultation with the Secretary of Defense, ensure that the DoD intelligence agencies and the CIA receive an audit of their financial statements no later than March 1, 2005. The audits are to be performed by a statutory Inspector General or a qualified Independent Public Accountant, at the discretion and under the direction of the appropriate Inspector General. In order to ensure that the Director of Central Intelligence and the agency heads within the Intelligence Community have adequate financial data, the Committee restates the requirement that the CIA, NSA, NIMA and DIA receive an audit of their financial statements no later than March 1, 2005.

The Committee notes that while the DoD and CIA Inspectors General complied with the requirement for form and content audits as stated in Senate Report 107–63, they did not receive direction from the Director of Central Intelligence. The Committee is concerned that this inaction is indicative of a hands-off approach to financial management by the Intelligence Community. The Community Management Staff has increased its efforts in this area to a degree, primarily in response to Senate Report 107–63. However, it has still conducted minimal proactive oversight. For example, the Community Management Staff has not been actively involved in meetings on the creation of the DoD Financial Management Enterprise Architecture. While the Community Management Staff would have little influence on its development, it should be engaged in discussions on the ability of this architecture to be linked to new financial management systems installed within the DoD's Intelligence Community elements. Such access will be crucial if the Community Management Staff is to provide the oversight necessary to ensure Community compliance with applicable financial reporting requirements.

In order to facilitate adequate oversight of the Intelligence Community's financial management systems and practices, the Committee directs that no later than February 1, 2003, the Deputy Director of Central Intelligence for Community Management provide the congressional intelligence committees with a report on how the Community Management Staff is structured to monitor Intelligence Community compliance with the CFO Act and related Office of Management and Budget guidance. This report should include planned actions to monitor the ability of each agency to comply with the Committee's requirement for a financial statement audit

by 2005. It should also include a description of the Community Management Staff's ability to access the financial systems of each agency in order to generate required oversight information.

Strategic and performance planning for the Intelligence Community

In response to a Committee request, the Intelligence Community recently completed its strategic and performance plans for fiscal year 2003. The plans address the priorities and goals of both the Intelligence Community and the individual agencies within the National Foreign Intelligence Program aggregation. Consistent with the Committee's report accompanying the Fiscal Year 2002 Intelligence Authorization Bill, the purpose of the plans is to provide the Director of Central Intelligence with vehicles with which to articulate program goals, measure program performance, improve program efficiency, and aid in resource planning. Updated performance plans for Fiscal Year 2004 are due to the Congress by March 1, 2003.

The Committee has reviewed the strategic and performance plans for fiscal year 2003 and compliments the Director of Central Intelligence's Community Management Staff for producing the first-ever plans coordinated across the Intelligence Community aimed at establishing performance measures aligned with the Director of Central Intelligence's stated priorities. The Committee believes, however, that more work needs to be done by the intelligence agencies, in close cooperation with the Community Management Staff, in developing refined program performance measures that can be used to determine if the Intelligence Community is achieving its stated strategic goals. A key issue is the development of performance plans and measures that are not focused solely on the attainment of intelligence capabilities but also on the value received from such capabilities in pursuit of Intelligence Community missions. The Committee feels that such "mission-based" performance plans and measures should be an essential element in any comprehensive effort to understand and evaluate the overall achievement of the Intelligence Community.

The Committee thus directs the Director of Central Intelligence to include such output measures, designed to determine the value of Intelligence Community capabilities in achieving its stated strategic goals, in its fiscal year 2004 performance plans. The Committee further directs that the fiscal year 2004 performance plans include specific information on how they were utilized by the individual intelligence agencies in preparing their sections of the fiscal year 2004 budget for the National Foreign Intelligence Program.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

TITLE I—INTELLIGENCE ACTIVITIES

Section 101. Authorization of appropriations

Section 101 lists departments, agencies, and other elements of the United States Government for the intelligence and intelligence-related activities for which the Act authorizes appropriations for Fiscal Year 2003.

Section 102. Classified schedule of authorizations

Section 102 states that the details of the amounts authorized to be appropriated for intelligence and intelligence-related activities and personnel ceilings for the entities listed in Section 101 for Fiscal Year 2003 are contained in a classified Schedule of Authorizations. The Schedule of Authorizations is incorporated into the Act by this section.

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, to exceed in Fiscal Year 2003 the personnel ceilings applicable to the components of the Intelligence Community under Section 102 by an amount not to exceed two percent of the total of the ceilings applicable under Section 102. The Director may exercise this authority only when necessary for the performance of important intelligence functions or to the maintenance of a stable personnel force, and any exercise of this authority must be reported to the intelligence committees of the Congress.

Section 104. Community Management Account

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

Subsection (a) authorizes appropriations for Fiscal Year 2003 for the staffing and administration of various components under the CMA. Subsection (a) also authorizes funds identified for advanced research and development to remain available for two years.

Subsection (b) authorizes full-time personnel for elements within the CMA for Fiscal Year 2003 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) expressly authorizes the classified portion of the CMA.

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

Subsection (e) authorizes appropriations in the amount authorized for the CMA under subsection (a) to be made available for the National Drug Intelligence Center. Subsection (e) requires the Director of Central Intelligence to transfer these appropriations to the Department of Justice to be used for National Drug Intelligence Center activities under the authority of the Attorney General, and subject to Section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403–3(d)(1)).

Section 105. Incorporation of reporting requirements

Section 105 incorporates reporting requirements in the conference report, and House and Senate reports, and classified annexes thereto, into the Act.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Section 201. Authorization of appropriations

Section 201 authorizes appropriations for fiscal year 2003 for the Central Intelligence Agency Retirement and Disability Fund.

TITLE III—GENERAL PROVISIONS

Section 301. Increase in employee compensation and benefits authorized by law

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

Section 302. Restriction on conduct of intelligence activities

Section 302 provides that the authorization of appropriations by the Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

Section 303. Definition of congressional intelligence committees

Section 303 adds a definition of congressional intelligence committees to the National Security Act of 1947.

Section 304. Specificity of National Foreign Intelligence Program budget amounts for counterterrorism, counterproliferation, counternarcotics and counterintelligence

Section 304 requires the National Foreign Intelligence Program budget submission to include cross-agency budget aggregates for total expenditures in the Intelligence Community in the areas of counterterrorism, counterproliferation, counternarcotics and counterintelligence. This information will assist the authorizing and appropriating committees of Congress to make informed decisions about funding levels in those critical areas.

Section 305. Modification of authority to make funds for intelligence activities available for other intelligence activities

Section 305 is intended to clarify Section 504 of the National Security Act of 1947 with respect to the reprogramming of funds from one intelligence activity to another. The provision makes clear that the "unforeseen" requirement in Section 504 does not include the fact that it was unforeseen by the Executive branch that Congress would lower the level of funding for a particular activity. Section 305 also requires the Director of Central Intelligence to certify in his letter to the congressional committees that the need for the reprogramming is both unforeseen and necessary to move funds from a lower to a higher priority activity.

Section 306. Clarification of authority of Intelligence Community to furnish information on intelligence activities to Congress

Section 306 reaffirms longstanding requirements that the Intelligence Community must report to its oversight committees all in-

formation necessary for those committees to fulfill their responsibilities. This includes the duty to abide by the Intelligence Community's reporting requirements under Sections 501, 502, and 503 of the National Security Act of 1947, and other statutes. This provision is intended to clarify and preserve the Intelligence Community's unique relationship with its oversight committees in the wake of the USA PATRIOT Act of 2001, which gave intelligence agencies access to new sources of information.

Section 307. Standardized transliteration of names into the Roman alphabet

Section 307 requires the Director of Central Intelligence to establish a standardized method for transliterating personal and place names originally rendered in any language that uses an alphabet other than the Roman alphabet, and to ensure that the method established is used across the Intelligence Community.

Section 308. Standards and qualifications for the performance of intelligence activities

Section 308 requires the Director of Central Intelligence to prescribe standards and qualifications for individuals who perform intelligence or intelligence-related activities for use by all of the agencies of the Intelligence Community. These standards and qualifications will ensure that there is a uniform understanding throughout the Intelligence Community of the Director's expectations for the performance of intelligence duties.

Section 309. Modification of David L. Boren National Security Education Program

Section 309 provides for the modification of the David L. Boren National Security Education Program by eliminating the undergraduate section of the Program and by restructuring the grants component to create a National Foreign Language Initiative. Section 309 also requires the Secretary of Defense, in conjunction with the Director of Central Intelligence, to produce a report outlining ways in which to move the Program from the trust fund into the regular appropriations process.

Section 310. Scholarships and work-study for pursuit of graduate degrees in science and technology

Section 310 directs the creation of a Director of Central Intelligence Science and Technology Graduate Scholarship Program and recommends authorization of funds to initiate the program. The primary purpose of the program is to provide funding for graduate scholarships at the Masters and Ph.D. levels in areas of advanced science and technology of greatest need to the Intelligence Community, with work-study opportunities and post-graduation service obligations. Section 310 directs the submission of a plan recommending the optimal implementation of the Director of Central Intelligence Science and Technology Graduate Scholarship Program.

Section 311. National Virtual Translation Center

Section 311 requires the Director of Central Intelligence to establish within the Intelligence Community the National Virtual Translation Center in order to link by secure electronic means the ele-

ments of the Community responsible for collection, storage, translation, analysis or other functions for which timely access to such information is important to the efficient and effective performance of their duties.

Section 312. Foreign Terrorist Asset Tracking Center

Section 312 requires the Director of Central Intelligence to establish within the Central Intelligence Agency the Foreign Terrorist Asset Tracking Center to conduct all-source intelligence analysis of the finances and financial interactions of international terrorists and international terrorist organizations.

Section 313. Terrorist Identification Classification System

Section 313 requires the Director of Central Intelligence to develop and maintain a list of known or suspected international terrorists and terrorist organizations and ensure that such list is available to all elements of the Federal, State and local governments that have a need for such information. This system will enable the various elements of the Intelligence Community that are engaged in counterterrorist activities to have a common source defining the parameters of the terrorist target and provide access to this information for those Federal, State and local officials responsible for protecting United States citizens from terrorist attacks.

Section 314. Annual report on foreign companies involved in the proliferation of weapons of mass destruction that raise funds in the United States capital markets

Section 314 requires the Director of Central Intelligence to prepare an annual report setting forth whether—and, where appropriate, which—any foreign companies involved in the proliferation of weapons of mass destruction, or the means to deliver them, are involved in raising money through offerings in U.S. capital markets.

Section 315. Two-year extension of Central Intelligence Agency Voluntary Separation Pay Act

Section 315 extends the Central Intelligence Agency Voluntary Separation Pay Act for two years, to September 30, 2005.

Section 316. Additional one-year suspension of reorganization of Diplomatic Telecommunications Service Program Office

Section 316 suspends until October 1, 2003 the effective date of the provisions in the Intelligence Authorization Act for Fiscal Year 2001 that require reorganization of the Diplomatic Telecommunications Service Program Office.

TITLE IV—REPORTING REQUIREMENTS

Section 401. Dates for submittal of various annual and semi-annual reports to the congressional intelligence committees

Section 401 identifies the various annual and semi-annual reports required to be submitted to the congressional intelligence committees under provisions in previous intelligence authorization acts and various other statutes. The section sets a uniform due date for annual and semi-annual reports, and provides for exten-

sions of approximately 30 days of the due dates for annual, semi-annual and non-recurring reports with written notice to the congressional intelligence committees. Additional extensions are permitted if the official responsible for the report certifies that preparation of the report by the due date would be detrimental to national security.

Section 411. Annual assessment of satisfaction of Intelligence Community with collection, analysis, and production of intelligence

Section 411 creates a statutory requirement to conduct an annual review required by Senate Report 106–48.

Section 412. Annual report on threat of attack on the United States using weapons of mass destruction

Section 412 creates a statutory requirement to submit an annual report required by Senate Report 105–24.

Section. 413. Annual report on covert leases

Section 413 creates a statutory requirement to submit an annual report required by Senate Report 105–24.

Section 414. Annual report on improvement of financial statements of certain elements of the Intelligence Community for auditing purposes

Section 414 creates a statutory requirement to submit an annual report required by Senate Report 107–63.

Section 415. Annual report on activities of Federal Bureau of Investigation personnel outside the United States

Section 415 creates a statutory requirement to submit an annual report required by House Report 104–832.

Section 416. Annual report of Inspectors General of the Intelligence Community on proposed resources and activities of their offices

Section 416 creates a statutory requirement to submit an annual report required by Senate Report 106–48.

Section 417. Annual report on counterdrug intelligence matters

Section 417 creates a statutory requirement to submit an annual report required by Senate Report 106–279.

Section 431. Evaluation of policies and procedures of Department of State on protection of classified information at Department headquarters

Section 431 creates a statutory requirement to submit an annual report required by Senate Report 106–279.

Section 441. Repeal of certain report requirements

Section 441 repeals two existing annual report requirements.

TITLE V—COUNTERINTELLIGENCE ACTIVITIES

Section 501. Short title; purpose

Section 501 cites the title as the "Counterintelligence Enhancement Act of 2002" with the purpose of facilitating the enhancement

of the counterintelligence activities of the United States Government.

Section 502. National Counterintelligence Executive

Section 502 establishes the Office of the National Counterintelligence Executive.

Section 503. National Counterintelligence Policy Board

Section 503 establishes the National Counterintelligence Policy Board, to be chaired by the National Counterintelligence Executive.

Section 504. Office of the National Counterintelligence Executive

Section 504 establishes the Office of the National Counterintelligence Executive, to be headed by the National Counterintelligence Executive. The Office of the National Counterintelligence Executive shall be located in the Executive Office of the President.

TITLE VI—NATIONAL COMMISSION FOR REVIEW OF RESEARCH AND DEVELOPMENT OF THE UNITED STATES INTELLIGENCE COMMUNITY

Section 601. Findings

Section 601 presents the findings of Congress with respect to the importance of the research and development programs of the United States Intelligence Community.

Section 602. National Commission for Review of Research and Development Programs of the United States Intelligence Community

Section 602 establishes the National Commission for the Review of the Research and Development Programs of the United States Intelligence Community. Section 602 provides for the composition and membership of the Commission, identifies the duties of the Commission, and the subject matters for the Commission's review.

Section 603. Powers of the Commission

Section 603 describes the powers of the Commission to hold hearings, obtain information and testimony, and seek cooperation from agencies of the federal Government in support of the Commission's work.

Section 604. Staff of Commission

Section 604 provides for the hiring of staff and consultants for the Commission.

Section 605. Compensation and travel expenses

Section 605 provides the procedures for paying compensation and travel expenses to Commission members.

Section 606. Treatment of information relating to national security

Section 606 directs that the Director of Central Intelligence assume responsibility for national security information that is considered or used by the Commission.

Section 607. Final report; termination

Section 607 provides the due date for the Commission's final report and the date of termination of the Commission.

Section 608. Assessments of final report

Section 608 requires the Director of Central Intelligence and Secretary of Defense to provide an assessment of the Commission's final report to the congressional intelligence committees.

Section 609. Inapplicability of certain administrative provisions

Section 609 exempts the Commission from the Federal Advisory Committee Act and the Freedom of Information Act.

Section 610. Funding

Section 610 describes the funding for the Commission.

Section 611. Definitions

Section 611 provides definitions for this title.

COMMITTEE ACTION

On May 8, 2002, the Select Committee on Intelligence approved the Bill and ordered that it be favorably reported.

ESTIMATE OF COSTS

Pursuant to paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the estimated costs incurred in carrying out the provisions of this Bill for fiscal year 2003 are set forth in the Classified Annex to this Bill. Estimates of the costs incurred in carrying out this Bill in the five fiscal years thereafter are not available from the Executive Branch, and therefore the Committee deems it impractical, pursuant to paragraph 11(a)(3) of Rule XXVI of the Standing Rules of the Senate, to include such estimates in this report. On May 10, 2002, the Committee transmitted this Bill to the Congressional Budget Office and requested that it conduct an estimate of the costs incurred in carrying out the provisions of this Bill.

EVALUATION OF REGULATORY IMPACT

In accordance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee finds that no regulatory impact will be incurred by implementing the provisions of this legislation.

CHANGES IN EXISTING LAW

In the opinion of the Committee it is necessary to dispense with the requirements of paragraph 12 of Rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.

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