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109TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 109–101

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 2006

JUNE 2, 2005.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2475]

[Including cost estimate of the Congressional Budget Office]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 2475) to authorize appropriations for fiscal year 2006 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Intelligence Authorization Act for Fiscal Year 2006".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

Sec. 101. Authorization of appropriations.
Sec. 102. Classified Schedule of Authorizations.
Sec. 103. Personnel ceiling adjustments.
Sec. 104. Intelligence Community Management Account.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

Sec. 301. Increase in employee compensation and benefits authorized by law.
Sec. 302. Restriction on conduct of intelligence activities.
Sec. 303. Authority of the Director of National Intelligence to assign individuals to United States missions in foreign countries to coordinate and direct intelligence and intelligence-related activities conducted in that country.
Sec. 304. Clarification of delegation of transfer or reprogramming authority.
Sec. 305. Approval of personnel transfer for new national intelligence centers.
Sec. 306. Additional duties for the Director of Science and Technology.
Sec. 307. Comprehensive inventory of special access programs.
Sec. 308. Sense of Congress on budget execution authority procedures.
Sec. 309. Sense of Congress with respect to multi-level security clearances.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Sec. 401. Clarification of role of the Director of Central Intelligence Agency as head of human intelligence collection.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 2006 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Office of the Director of National Intelligence.

(2) The Central Intelligence Agency.

(3) The Department of Defense.
(4) The Defense Intelligence Agency.
(5) The National Security Agency.
(6) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(7) The Department of State.
(8) The Department of the Treasury.
(9) The Department of Energy.
(10) The Department of Justice.
(11) The Federal Bureau of Investigation.
(12) The National Reconnaissance Office.
(13) The National Geospatial-Intelligence Agency.
(14) The Coast Guard.
(15) The Department of Homeland Security.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 2006, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the bill H.R. 2475 of the One Hundred Ninth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of National Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 2006 under section 102 when the Director of National Intelligence determines that such action is necessary to the performance of important intelligence functions.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of National Intelligence shall notify promptly the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives whenever the Director exercises the authority granted by this section.

SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of National Intelligence for fiscal year 2006 the sum of $446,144,000. Within such amount, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for advanced research and development shall remain available until September 30, 2007.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Intelligence Community Management Account of the Director of National Intelligence are authorized 817 full-time personnel as of September 30, 2006. Personnel serving in such elements may be permanent employees of the Intelligence Community Management Account or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated for the Intelligence Community Management Account by subsection (a), there are also authorized to be appropriated for the Intelligence Community Management Account for fiscal year 2006 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a). Such additional amounts for advanced research and development shall remain available until September 30, 2007.

(2) AUTHORIZATION OF PERSONNEL.—In addition to the personnel authorized by subsection (b) for elements of the Intelligence Community Management Account as of September 30, 2006, there are also authorized such additional personnel for such elements as of that date as are specified in the classified Schedule of Authorizations.

(d) REIMBURSEMENT.—Except as provided in section 113 of the National Security Act of 1947 (50 U.S.C. 404h), during fiscal year 2006 any officer or employee of the United States or a member of the Armed Forces who is detailed to the staff of the Intelligence Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such

officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of National Intelligence.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 2006 the sum of $244,600,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

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

SEC. 303. AUTHORITY OF THE DIRECTOR OF NATIONAL INTELLIGENCE TO ASSIGN INDIVIDUALS TO UNITED STATES MISSIONS IN FOREIGN COUNTRIES TO COORDINATE AND DIRECT INTELLIGENCE AND INTELLIGENCE-RELATED ACTIVITIES CONDUCTED IN THAT COUNTRY.

Subsection (k) of section 102A of the National Security Act of 1947 (50 U.S.C. 403–4a), as added by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643), is amended—

(1) by striking "Under" and inserting "(1) Under"; and

(2) by adding at the end the following new paragraph:

"(2)(A) The Director may assign an individual to be a representative of the Director at a United States mission in a foreign country. Any such individual shall oversee and manage all intelligence and intelligence-related activities conducted in that country by personnel of any element of the intelligence community.

"(B)(i) Subparagraph (A) shall not be construed to supersede the authority of the Director of the Central Intelligence Agency described in clause (ii), such authority being subject to general oversight by the Director of National Intelligence under paragraph (1).

"(ii) The authority referred to in clause (i) is the authority under section 104A(f) to coordinate relationships between elements of the intelligence community and the intelligence or security services of foreign governments or international organizations generally and the authority under section 104A(d)(3) to provide overall direction for and coordination of the collection of human intelligence outside the United States.".

SEC. 304. CLARIFICATION OF DELEGATION OF TRANSFER OR REPROGRAMMING AUTHORITY.

Paragraph (5)(B) of section 102A(d) of the National Security Act of 1947 (50 U.S.C. 403–1(d)), as added by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643), is amended by striking "or agency involved" in the second sentence and inserting "involved or the Director of the Central Intelligence Agency (in the case of the Central Intelligence Agency)".

SEC. 305. APPROVAL OF PERSONNEL TRANSFER FOR NEW NATIONAL INTELLIGENCE CENTERS.

Section 102A(e)(1) of the National Security Act of 1947 (50 U.S.C. 403–1(e)(1)), as added by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643), is amended—

(1) in subparagraph (B), by striking "shall promptly provide notice" and all that follows through "paragraph to—" and inserting "may not transfer personnel under subparagraph (A) unless the Director has provided notice of any transfer of personnel to be made pursuant to this paragraph and received a response from—"; and

(2) by striking subparagraph (C) and inserting the following:

"(C) The Director shall include in any notice under subparagraph (B)—

"(i) an explanation of the nature of the transfer and how it satisfies the requirements of this subsection;

"(ii) the number of personnel transferred; and

"(iii) the individual skills and capabilities of the personnel involved.".

SEC. 306. ADDITIONAL DUTIES FOR THE DIRECTOR OF SCIENCE AND TECHNOLOGY.

(a) COORDINATION AND PRIORITIZATION OF RESEARCH CONDUCTED BY ELEMENTS OF THE INTELLIGENCE COMMUNITY.—Subsection (d) of section 103E of the National Security Act of 1947 (50 U.S.C. 403–3e), as added by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643), is amended—

(1) by inserting "and prioritize" after "coordinate" in paragraph (3)(A); and

(2) by adding at the end the following new paragraph:

"(4) In carrying out paragraph (3)(A), the Committee shall identify basic, advanced, and applied research programs to be carried out by elements of the intelligence community.".

(b) DEVELOPMENT OF TECHNOLOGY GOALS.—Section 103E of such Act (50 U.S.C. 403–3e), as so added, is amended—

(1) in subsection (c)—

(A) by striking "and" at the end of paragraph (4);

(B) by redesignating paragraph (5) as paragraph (6); and

(C) by inserting after paragraph (4) the following new paragraph:

"(5) assist the Director in establishing goals for the elements of the intelligence community to meet the technology needs of the community; and"; and

(2) by adding at the end the following new subsection:

"(e) GOALS FOR TECHNOLOGY NEEDS OF THE INTELLIGENCE COMMUNITY.—In carrying out subsection (c)(5), the Director of Science and Technology shall—

"(1) perform systematic identification and assessment of the most significant intelligence challenges that require technical solutions; and

"(2) examine options to enhance the responsiveness of research and design programs to meet the requirements of the intelligence community for timely support.".

(c) REPORT.—Not later than June 30, 2006, the Director of National Intelligence shall submit to Congress a report containing a strategy for the development and use of technology in the intelligence community through 2021. Such report may be submitted in classified form and shall include—

(1) an assessment of the highest priority intelligence gaps across the intelligence community that may be resolved by the use of technology;

(2) goals for advanced research and development and a strategy to achieve such goals;

(3) an explanation of how each advanced research and development project funded under the National Intelligence Program addresses an identified intelligence gap;

(4) a list of all current and projected research and development projects by research type (basic, advanced, or applied) with estimated funding levels, estimated initiation dates, and estimated completion dates; and

(5) a plan to incorporate technology from research and development projects into National Intelligence Program acquisition programs.

SEC. 307. COMPREHENSIVE INVENTORY OF SPECIAL ACCESS PROGRAMS.

Not later than January 15, 2006, the Director of National Intelligence shall submit to the congressional intelligence committees (as defined in section 3(7) of the National Security Act of 1947 (50 U.S.C. 401a(7))) a classified report providing a comprehensive inventory of all special access programs under the National Intelligence Program (as defined in section 3(6) of the National Security Act of 1947 (50 U.S.C. 401a(6))).

SEC. 308. SENSE OF CONGRESS ON BUDGET EXECUTION AUTHORITY PROCEDURES.

It is the sense of Congress that the Director of National Intelligence should expeditiously establish the necessary budgetary processes and procedures with the heads of the departments containing agencies or organizations within the intelligence community, and the heads of such agencies and organizations, in order to—

(1) implement the budget execution authorities provided under, and submit the reports to Congress required by, subsection (c) of section 102A of the National Security Act of 1947 (50 U.S.C. 403–1), as amended by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643); and

(2) carry out the duties and authorities of the Director of National Intelligence with respect to the transfer and reprogramming of funds under the National Intelligence Program under subsection (d) of such section, as so amended.

SEC. 309. SENSE OF CONGRESS WITH RESPECT TO MULTI-LEVEL SECURITY CLEARANCES.

It is the sense of Congress that the Director of National Intelligence should promptly establish and oversee the implementation of a multi-level security clearance system across the intelligence community to leverage the cultural and linguistic skills of subject matter experts and individuals proficient in foreign languages critical to national security.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. CLARIFICATION OF ROLE OF THE DIRECTOR OF CENTRAL INTELLIGENCE AGENCY AS HEAD OF HUMAN INTELLIGENCE COLLECTION.

(a) IN GENERAL.—Subsection (d)(3) of section 104A of the National Security Act of 1947 (50 U.S.C. 403–4a), as added by section 1011(a) of the National Security Intelligence Reform Act of 2004 (title I of Public Law 108–458; 118 Stat. 3643), is amended by striking "provide overall direction" and all that follows through "elements of the intelligence community" and inserting "subject to subsection (h), provide overall direction for and coordination of the collection of human intelligence outside the United States by any department, agency, or element of the United States Government".

(b) CLARIFICATION OF ROLES OF DNI AND DCIA WITH RESPECT TO HUMAN INTELLIGENCE COLLECTION.—Such section is further amended by adding at the end the following new subsection:

"(h) CLARIFICATION OF ROLES OF DNI AND DCIA WITH RESPECT TO HUMAN INTELLIGENCE COLLECTION.—(1) In carrying out subsection (d)(3), the Director of the Central Intelligence Agency shall develop a process for the coordination of the collection of human intelligence outside of the United States. Such process shall be subject to the approval of the Director of National Intelligence.

"(2) The Director of National Intelligence shall determine which human intelligence collection activities shall be subject to the process developed under paragraph (1).".

PURPOSE

The purpose of H.R. 2475 is to authorize the intelligence and intelligence-related activities of the United States Government for Fiscal Year 2006 in order to enhance the national security of the United States, to support and assist the armed forces of the United States, and to support the President in the execution of the foreign policy of the United States. The bill also clarifies certain authorities of the Director of National Intelligence and the Director of the Central Intelligence Agency.

CLASSIFIED ANNEX AND COMMITTEE INTENT

The classified annex to this report includes the classified Schedule of Authorizations and its associated explanatory language. The Committee views the classified annex as an integral part of this legislation. The classified annex contains a thorough discussion of the issues considered by the Committee underlying the funding authorizations found in the classified Schedule of Authorizations. The Committee intends that all intelligence programs discussed in the classified annex to this report be conducted in accordance with the guidance and limitations set forth as associated language therein. The classified Schedule of Authorizations is incorporated directly into this legislation by virtue of section 102 of the bill. The classified annex is available for review by all Members of the House of Representatives, subject to the requirements of clause 13 of rule XXIII of the Rules of the House of Representatives, and rule 14 of

the Rules of Procedure for the House Permanent Select Committee on Intelligence.

SCOPE OF COMMITTEE REVIEW

The bill authorizes U.S. intelligence and intelligence-related activities under the jurisdiction of the Committee, including the National Intelligence Program (NIP), the Tactical Intelligence and Related Activities (TIARA), and the Joint Military Intelligence Program (JMIP).

The NIP consists of all activities of the Office of the Director of National Intelligence, as well as those national foreign intelligence, intelligence-related, and/or counterintelligence activities conducted by: (1) the Central Intelligence Agency; (2) the Department of Defense; (3) the Defense Intelligence Agency; (4) the National Security Agency; (5) the National Reconnaissance Office; (6) the National Geospatial-Intelligence Agency; (7) the Departments of the Army, Navy, and Air Force; (8) the Department of State; (9) the Department of the Treasury; (10) the Department of Energy; (11) the Department of Justice; (12) the Federal Bureau of Investigation; (13) the Department of Homeland Security; and (14) the U.S. Coast Guard. The Committee has exclusive legislative, authorizing and oversight jurisdiction of these programs.

The Department of Defense TIARA programs are a diverse array of reconnaissance and target acquisition capabilities that provide direct information support to military operations within the basic military force structure. TIARA, as defined by the Joint Chiefs of Staff and the Secretary of Defense, include those military intelligence activities outside the General Defense Intelligence Program that respond to the needs of military commanders for operational support information, as well as to national command, control, and intelligence requirements. The Committee on Armed Services in the House of Representatives shares oversight and authorizing jurisdiction of the programs comprising TIARA with the Permanent Select Committee on Intelligence.

The JMIP provides integrated program management of defense intelligence elements that support defense-wide or theater-level consumers. Included within the JMIP are aggregations of similar activities, either in intelligence discipline (e.g., Signals Intelligence (SIGINT), Imagery Intelligence (IMINT)), or function (e.g., satellite support, aerial reconnaissance). The following aggregations are included in the JMIP: (1) the Defense Cryptologic Program (DCP); (2) the Defense Geospatial-Intelligence Program (DGIP); and (3) the Defense General Intelligence Applications Program (DGIAP). The DGIAP includes (a) the Defense Airborne Reconnaissance Program (DARP), (b) the Defense Intelligence Tactical Program (DITP), (c) the Defense Intelligence Special Technologies Program (DISTP), (d) the Defense Intelligence Counterdrug Program (DICP), and (e) the Defense Space Reconnaissance Program (DSRP). As with TIARA programs, the Committee on Armed Services in the House of Representatives shares oversight and authorizing jurisdiction of the programs comprising the JMIP with the Permanent Select Committee on Intelligence.

COMMITTEE STATEMENT AND VIEWS

A. BACKGROUND AND NEED FOR LEGISLATION

The legislation is the product of the Committee's comprehensive review of the President's fiscal year 2006 budget request, carrying out its annual responsibility to prepare an authorization based on close examination of the U.S. government's intelligence programs and proposed expenditures. The Committee and, in some cases, its component subcommittees, held ten budget-related hearings and hundreds of briefings for Members and Staff covering all major intelligence programs within the National Intelligence Program, the Joint Military Intelligence Program, and the Tactical Intelligence and Related Activities accounts. This review also covered all functional capabilities, such as human intelligence, signals intelligence, imagery intelligence, analysis, counterintelligence, counternarcotics, and counterterrorism.

As always, the Committee's legislative and budgetary actions are based on more than these budget-specific hearings and briefings. The actions taken in this bill are the result of the Committee's ongoing, rigorous oversight of the U.S. Intelligence Community. This oversight activity includes the scores of Committee and subcommittee hearings and briefings, site visits, and fact-finding trips, and studies of intelligence capabilities, strategies, plans, and challenges conducted throughout the year.

Of particular note is the time and attention the Committee has devoted to the creation of an Intelligence Community for the 21st Century. Over the past year, the Congress has passed sweeping legislation to reform the U.S. Intelligence Community. This included the creation of a Director of National Intelligence (DNI) to oversee all aspects of the community. The Committee is committed to supporting all efforts that will make the DNI successful in better integrating the disparate members of the Intelligence Community and creating the best possible intelligence capabilities for America. Further, the Committee has been focused on, and will continue to commit a great deal of effort to, overseeing the implementation of the reform legislation provisions as well as ensuring that specific intelligence efforts in support of the Global War on Terrorism (GWOT) are conducted in accordance with established and approved procedures. The tangible results of these efforts are just being seen, as the first DNI has recently been sworn in, and specific reform activities are beginning to take place.

The Committee has conducted its oversight responsibilities, the Members and the Staff have had the opportunity to meet and work with intelligence professionals throughout the community and around the world. The Committee holds in highest regard the work accomplished by these dedicated U.S. Intelligence Community personnel. At great sacrifice, often under extreme and intense conditions, and at great personal risk, the men and women of the Intelligence Community continue to perform their missions with great energy, and enormous devotion to duty. The Committee commends these patriots for their professionalism, integrity and perseverance. These honorable people form the first line of our national defense, and the freedom and security of our country relies on their success.

The U.S. intelligence community—a need for change

In recent years, U.S. intelligence efforts have been criticized by some for specific "intelligence failures." The Committee's view is that, more rightly, the Intelligence Community's efforts should be recognized as a critical weapon, particularly in the Global War on Terrorism. The many reviews of the nation's intelligence efforts, including the National Commission on Terrorist Attacks Upon the United States (9/11 Commission) and the Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission) have in the past several years been harshly but, in many respects, constructively critical of the Intelligence Community's management, operations, and products. It is these reviews that helped spur the reform legislation that President Bush signed into law, as the Intelligence Reform and Terrorism Prevention Act of 2004.

The Committee agrees with many of the recommendations of these reviews. The demands and the resources expended for the U.S. Intelligence Community have increased dramatically since the attacks of September 11, 2001. These increases were critically necessary, particularly when viewed against the historical underinvestment and lack of support in the years preceding the attacks on America. Yet, these increases demand results—results in the form of better intelligence support to keep the nation safe. Many of the reviews provided specific and logical recommendations that the Community as a whole has historically resisted. The Committee agrees with the general premise that the Intelligence Community must be more receptive to change. Organizational, operational, and philosophical changes are critical to the future of the Community.

Unfortunately the bureaucratic resistance to change is a cultural problem that will take time and focused effort to correct. Over the past number of years the Committee has repeatedly made recommendations for correcting known problems. Many of these recommendations have been found correct and/or reinforced by the President's WMD Commission findings. Some of the specific Committee recommendations have included:

1. The Intelligence Community must have sufficient numbers of human intelligence officers and analysts whose skills are specifically designed to respond aggressively to the full range of modern threats. This includes a robust cadre of case officers capable of entering the most austere of environments and acquiring much needed information. The diverse set of analytic problems requires an equally robust cadre of expert analysts that can sift through the massive volumes of information to find the obscure references, and mine the critical information nuggets that lead to actionable intelligence. Although much can be achieved through technological collection means, the Intelligence Community still requires highly trained personnel who bring the cognitive skills to bear that allow the understanding of information nuances, foreign cultures and who can speak the languages of the various intelligence targets. Year after year, this Committee has insisted that the Intelligence Community recruit a more culturally diverse cadre of analysts and officers, especially seeking individuals proficient in critical languages such as Arabic, Chinese, and, the much less well

known languages including Pashtu and Urdu. The Committee is heartened by the President's call to increase, significantly, the number of human intelligence and analytic officers in the Intelligence Community. Before this Administration call though, and on a bipartisan basis, the Committee had repeatedly increased funding to enhance human collection and analysis capabilities by funding language proficiency training, "cultural immersion," and tradecraft. But only now is the Community witnessing the beginnings of modest change in these diverse areas.

2. The Intelligence Community's technical collection architecture has, for a number of years, been in need of a coherent strategic plan. There is no question that technical collection programs are critical to the nation's intelligence gathering capabilities. Satellite systems, airborne reconnaissance aircraft, ships and land-based technical collection systems form a system of systems to collect imagery, signals, and other technical information not necessarily accessible by human sources. However, such technical collection systems satisfy only a part of the overall information needs, and must be backed up by world-class human intelligence collection and analysis. Unfortunately, the Committee finds that the funding levels of effort in the budget request are weighted far too heavily toward expensive technical systems. The Committee has repeatedly called for a rationalized technical architecture that appropriately balances the depth and breadth of these systems with both the human collection and analysis requirements and their funding across the Community. Again, the Community has resisted terminating even badly flawed major systems acquisitions and investing the resulting savings in human capabilities. The Committee's position in this year's authorization makes a number of recommendations to significantly reposition funding from technical programs to human intelligence and analysis. The Committee recognizes these are significant changes, but believes strongly that these major decisions must be made.

3. Recognizing the need for better and more productive intelligence on terrorist financing, in the fiscal Year 2004 Intelligence Authorization Act, the Committee established a Treasury Department Office of Intelligence and Analysis. Interrupting the flow of money to terrorists and proliferators is a self-evident first response to the threats of the 21st Century. Yet, the response to this direction was slow, and only now is this office being created.

4. The Committee has been deeply concerned since at least the mid-1990s about the security at the National Laboratories. The labs are the site of some of the nation's most sensitive research. The Committee's security and counterintelligence concerns have repeatedly been given short shrift, and important safety precautions have gone under-funded or even unfunded. This clearly needs to be corrected.

These are just examples of a large number of problems the Committee has repeatedly identified. These problems can be solved, but only with great effort. That effort will necessarily require the Intelligence Community's leadership to develop, implement, and maintain a strategic plan that is long-term in nature, but that is also

flexible enough to accommodate and react to temporal change in the world's threat environment. The Committee specifically addresses in the general provisions section of this report several issues with respect to strategic planning.

Finally, the Committee notes that with the passage of the Intelligence Reform bill the Federal Bureau of Investigation's importance to the overall security of the nation will grow dramatically. The Committee believes strongly that the FBI must be fully integrated into the Intelligence Community if its information and resources are to be fully applied to efforts to combat terrorism and protect the homeland. To ensure this is a successful effort, the FBI must clearly define its intelligence activities and conduct them in a manner consistent with other national intelligence activities, including full coordination with the Director of National Intelligence and enhanced reporting to Congressional intelligence committees. The Committee will also carefully review the recommendations of the President's Commission on Weapons of Mass Destruction that a single National Security division be created within the Department of Justice.

Understanding the threat

Unquestionably, those entrusted with the nation's security must have the best possible intelligence information. That information—from its many sources—must be fully integrated to form the clearest possible picture of the myriad day-to-day "tactical" threats, as well as the longer-term "strategic" threats facing America. To that end, on December 17, 2004, the President signed into law the Intelligence Reform and Terrorism Prevention Act, the first major reorganization of the Intelligence Community since 1949. The purpose of this landmark legislation is to promote an integrated Intelligence Community capable of responding to the complex range of threats that the United States now faces.

The collapse of the Soviet Union did not usher in an era of peace and stability as many had expected. Rather, the end of the Cold War actually set the stage for many ideological, political, and military upheavals that even now continue to unfold into conflicts or armed threats—threats to America and its allies everywhere. As the Intelligence Community looks to the future, it finds potential threats that include: new global and regional powers who may be anxious to test the boundaries of the existing balances of power; elements that may not recognize the legitimacy of their local governing authorities and therefore attack it; and other non-governmental entities, including terrorist organizations that may attempt to acquire and use weapons that cause indiscriminate death and violence. It is a future where scientific and technological breakthroughs may produce rapid shifts in the power structure, and where shortages of basic resources (energy, water, arable land) could cause nations to rethink their commitment to the rule of law. In this new environment, threats such as terrorism and the risk of attack with weapons of mass destruction have assumed a much more lethal and immediate reality.

As the international community continues to "globalize," there will be nations that are "winners" and those that are "losers." The National Intelligence Council points to India and China, Brazil, and Indonesia, as states with potential to emerge as global powers.

The combination of economic growth, sustained military spending, and a strong sense of national identity point toward an increasingly prominent global role for such emerging powers. It will be the Intelligence Community's responsibility to provide the accurate forecasts to enable the nation's political leaders to know whether these emerging powers are friends or potential adversaries. These leaders must also know whether former foes have truly become lasting partners. In addition, the Intelligence Community must recognize the threats and opportunities posed by obvious potential enemies, as well as any other adversary that may emerge. In sum, the United States must have an accurate understanding of the capabilities and intentions of the nations with whom we interact. This is the task of the Intelligence Community. This task will require a proper balance between long-range intelligence analysis for the policymaker and the more "tactical" analysis for the employed "warfighter."

While focusing on nation-states is crucial, the Community must at the same time remain vigilant about the threat posed by emerging non-nation state actors. As is made abundantly clear in the 9/11 and WMD Commission reports, our enemies are varied, intelligent, dedicated and determined. Terrorists have demonstrated the ability to strike within the United States, and the threat of terrorist attack will remain for the long-term foreseeable future. The worldwide drug trade and the emergence of global criminal networks will continue to pose a fundamental threat to the United States. The willingness of criminal organizations and others to traffic in human beings, materials of all sorts, and possibly even dual-use components associated with weapons of mass destruction increases the likelihood that chemical, biological or radiological weapons could become weapons of terror inside America. In the face of such wide-ranging non-traditional threats, our Intelligence Community must be able to predict and respond with increasing agility. The Committee addresses this issue specifically in other parts of this report.

The task of the Intelligence Community is made even more complicated by the need to identify mass political movements that could negatively affect U.S. interests. Population changes, the rising cost of raw materials, and technological advances all continue to deepen the divide between the "haves" and the "have nots", our political leaders need information that distinguishes legitimate social reform from the movements that give rise to the next Usama bin Laden or Fidel Castro.

Clearly, the 21st Century is likely to include far greater risks than this nation has ever faced. The task of the Director of National Intelligence is to adapt the Intelligence Community to those challenges, and the challenges as yet unanticipated.

Responding to the threat

As stated, the Intelligence Community must fully understand the nature—both depth and breadth—of the threats to the nation. Once these threats are understood, the Community must then be well-postured to collect, analyze, and produce accurate information and estimates on those threats. Our capabilities must be tailored to those threats. The Community must understand what its current and projected capabilities are to provide needed information,

and, perhaps more importantly, what they are not. Only armed with that knowledge, can informed decisions be made with respect to overall community-wide funding allocations. This is the strategic approach the Committee used to evaluate and respond to the fiscal year 2006 budget request, and this is a strategic approach that the Committee hopes the new Director of National Intelligence will provide to the Intelligence Community.

As the United States grapples with the myriad threats posed to national security through both state and non-state actors that wish to inflict harm, it is the Intelligence Community's responsibility to optimize its full range of intelligence capabilities to provide policy makers, lawmakers and other key customers the quality intelligence they need to proactively make national security decisions. The Committee notes that the creation of the position of the Director of National Intelligence was meant to provide an Intelligence Community "Chief Executive Officer" whose responsibilities include making the intelligence agencies to work collectively to leverage all collection, analysis and dissemination capabilities to develop the most effective intelligence capabilities possible. The Committee fully intends that this individual will lead and manage the Community with complete support from each Intelligence Community agency and department head. As stated previously, it is the Committee's position that it will fully support the DNI in his efforts to coordinate the Intelligence Community's efforts to provide quality information to the various U.S. government users.

Looking at the Community as a whole today, the Committee finds continuing gaps in capabilities and fundamental flaws in the management of resources and personnel that should ultimately remedy those gaps. To the extent that these concerns may be outlined in an unclassified manner, the Committee has, in part, addressed them in the "Areas of Special Interest/General Provisions" section immediately following. A complete discussion of the Committee's specific oversight findings and recommendations is contained in the classified annex to this report. This legislation, along with its accompanying report and classified annex, contains the Committee's specific recommendations as to where the U.S. Intelligence Community should be heading, how it can posture itself for strategic superiority, and how the fiscal year 2006 intelligence budget should be invested.

B. LEGISLATION

The bill and accompanying classified schedule of authorizations includes the Committee's recommended authorizations for the President's Fiscal Year 2006 budget request. This includes an authorization for the intelligence portion of the expected Fiscal Year 2006 supplemental funding requirement for the world-wide effort against terrorism and operations in Iraq and Afghanistan. The Committee views these funds as an integral part of the fiscal year 2006 budget and has decided to specifically authorize these activities for the full year in this legislation.

The Committee applauds the President for requesting, in the base budget request, a large portion of the surge funding that is expected for the Global War on Terrorism for fiscal year 2006. The Committee understands that this does not obviate the total funding need, but notes that this is a major step toward ending the prac-

tice—begun in earlier administrations—of funding critical operational intelligence and military requirements via supplemental appropriations. Funding by supplemental is a practice the Committee has addressed in great detail in past reports, and one that it believes should end.

H.R. 2475 provides strategic and substantial enhancements in funding for critical world-wide intelligence capabilities. As stated, the Committee believes there is an urgent need to better balance funding for human capabilities and technical collection systems. For a number of reasons fully explained in the classified annex, the Committee has made some specific and major recommendations to realign funding. These changes include:

Increased investment in U.S. human intelligence (HUMINT) activities, including training, infrastructure, and global capabilities;

Improvements to intelligence analysis: training, coverage and depth;

Reductions or eliminations of funding for redundant or unjustified technical collection systems;

Improvements to the structure and management of the disparate elements of the intelligence community's information technology systems; and

Increases to U.S. counterintelligence resources and capabilities.

In addition to authorization for intelligence and intelligence-related activities, the bill includes provisions intended to clarify certain authorities of the Director of National Intelligence and of the Director of the Central Intelligence Agency. These provisions are intended to further refine and strengthen the authorities provided to the DNI in the Intelligence Reform and Terrorism Prevention Act of 2004 with the goal of ensuring that the Director has full authority to oversee, coordinate, and manage the activities of the Intelligence Community.

The Committee reported this legislation favorably to carry out the results of its intensive research into the many functions, operations, and acquisition programs of the Intelligence Community. These actions are, in many respects, a departure from the norm as they are neither minimalistic nor timid "nibbling at the edges." The recommendations made by the Committee are bold and decisive and are intended to begin a process of fundamental change for the Intelligence Community. Although the Committee expects some discomfort within the Intelligence Community with respect to some of the provisions, it agrees with numerous outside observers that the Intelligence Community requires external assistance to affect meaningful change. The Intelligence Authorization Act for Fiscal Year 2006 is intended to provide such assistance.

C. ENHANCED CONGRESSIONAL OVERSIGHT

The Committee's legislative recommendations are only part of its responsibility for overseeing the nation's intelligence efforts. The reforms recommended by the 9/11 and WMD Commissions were intended to improve the intelligence capabilities of the nation—regardless of branch of government. Based on that intent, the Committee has taken a number of steps to improve overall Community management and congressional oversight.

Recommendations for change, for example, also included congressional oversight. To improve its ability to more effectively oversee the Intelligence Community, the Committee has created a Subcommittee on Oversight. The Oversight Subcommittee is tasked with general oversight of the activities of the Intelligence Community, and will place special emphasis on overseeing the implementation of the Intelligence Reform and Terrorism Prevention Act of 2004. The Subcommittee is also focused on ensuring the IC properly aligns collection, analysis, and dissemination efforts against known and expected future threats. The Subcommittee aims to assist in transforming the IC into a collaborative and effective community, in the truest sense.

The Subcommittee has also begun to review issues that suggest the possibility of pervasive problems that require review or discrete recommendations for resolution. One such example is information sharing. The Committee believes that methods and procedures must be put into place to properly share and assure access to information for the people who need it, regardless of the specific agency to which they belong. Information "ownership" must be a concept of the past, not the future.

The Committee believes that a way to effectively ensure the necessary reforms discussed here is through a strategic planning process developed by the DNI for the entire community. Elsewhere in this report, the Committee recommends that the Director of National Intelligence create a formalized, periodic, structured review process for the Intelligence Community, much like the Department of Defense's Quadrennial Review Process.

D. AREAS OF SPECIAL INTEREST/GENERAL PROVISIONS

In this section, the Committee highlights areas of concern that it believes must be addressed with a high priority by the Director of National Intelligence (DNI), as the leader of the Intelligence Community, if intelligence sufficient to protect our national security is to be obtained and provided to policy makers. The Committee places particular emphasis on issues that impact the Intelligence Community as a whole or that involve several programs.

Strategic planning process

The Committee believes that achieving the necessary reforms of the Intelligence Community will only occur through a strategic planning process. The Committee notes that a formalized, periodic, and structured review, much like the Quadrennial Defense Review process used by the Department of Defense, could be a model for the Intelligence Community. Such a strategic review, and the resulting forward-looking strategy, could identify the breadth and depth of the threats, the capabilities existing and needed to combat those threats, and better identify the alignment of resources, authorities, and personnel needed to support those required capabilities. Such a review could enable the Intelligence Community to more readily make and accept change, infuse flexibility into its management and operational structures, and would enable the Director of National Intelligence to gain insight over the intelligence and intelligence-related resources throughout the United States government.

Therefore, the Committee recommends that the Director of National Intelligence develop a process for a Quadrennial Intelligence Review by the end of fiscal year 2008. The Committee requests the DNI provide the Intelligence Committees of the House and Senate a plan for initiating and conducting this review. With the help of this review, the DNI should develop and periodically adjust a National Intelligence Strategy that would inform the types of information needed to support national priorities and objectives. Determination could then be made about which intelligence discipline, or disciplines, can best provide the required information. Those decisions could in turn flow down to the development and tasking of specific capabilities. Once this is completed, the DNI would be better postured to allocate the funding for the various capabilities needed and to project future budget resources required by the various intelligence disciplines.

Comprehensive inventory of Department of Defense intelligence programs

The Committee notes and appreciates that the Department of Defense is working with the Committee and the Intelligence Community to provide greater visibility into those intelligence-related programs funded within the Department. The Committee understands that Department has initiatives underway to develop a Military Intelligence Program (MIP) that will provide greater visibility for congressional committees with oversight responsibility. Unfortunately, the Committee believes that it does not have full visibility over some defense intelligence programs that do not clearly fall into the Joint Military Intelligence Program (JMIP) or under Tactical Intelligence and Related Activities (TIARA) categories. Specifically, the Committee notes that individual services may have intelligence or intelligence-related programs such as science and technology projects or information operations programs related to defense intelligence that are embedded in other service budget line items, precluding sufficient visibility for program oversight. Greater transparency into these programs and projects will enhance congressional oversight and permit identification of potentially duplicative programs in other services.

The Committee directs the Secretary of Defense, in consultation with the Director of National Intelligence, where appropriate, to provide to the armed services and intelligence committees a comprehensive inventory of Department of Defense intelligence and intelligence-related programs and projects. It is not intended that this inventory encompass military operations or military activities. This inventory shall abide by existing procedures for the handling of special access programs referenced in Section 119 of title 10, United States Code and applicable Department of Defense directives.

This report will be delivered to the congressional committees within 180 days of the enactment of this bill.

Budget execution authority

The Intelligence Reform and Terrorism Prevention Act of 2004 gave the Director of National Intelligence (DNI) significant new budgetary responsibilities and authorities, particularly in relation to budget execution. The DNI is now responsible for the effective

execution of the annual intelligence budget. The legislation gave the DNI a number of budgetary tools to accomplish this through the funding process. For example, The Director of Management and Budget apportions the appropriations for the annual National Intelligence Program (NIP) at the exclusive direction of the DNI. The DNI has the legal authority to direct the allocation and allotment of NIP funding to each intelligence organization through the departmental secretaries. Each departmental comptroller provides funds to the individual intelligence organizations based on the DNI's direction in an "expeditious manner." Once the funds are transferred to an intelligence organization, it is the responsibility of the DNI to monitor the implementation and execution of that budget. And, finally, the DNI is required by law to notify Congress each time he discovers that a departmental comptroller has not followed his explicit direction.

Finally, the Committee recognizes that the DNI has just recently been sworn in and taken on the responsibilities of the new position, but believes that he should begin immediately to establish the budgetary processes and procedures, in consultation with the department secretaries and each intelligence organization, to carry out these budgetary oversight responsibilities and authorities. These authorities will be one of the DNI's most important management tools with which to drive reform across the Intelligence Community. In the Committee's view, it is essential that the DNI begin exercising these authorities as soon as possible. There remains some concern that there will be resistance on the part of some to develop the necessary processes to instantiate these statutory responsibilities. The Committee urges the departments and Intelligence Community agencies to move quickly to develop the procedures and processes the DNI needs to effectively exercise his budget authorities. The Committee requests that copies of departmental and agency procedures developed to respond to DNI budgetary process requirements be delivered to the intelligence authorization committees as soon as they become available.

The Committee recognizes that the DNI is in the midst of establishing the Office of the DNI and that he will need to increase the number of staff with Intelligence Community budget execution expertise. The Committee believes that the Office of Management and Budget should assist the DNI in establishing this functional component within the Office of the DNI.

Integrated intelligence enterprise

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (WMD Commission) recommended the creation of an "integrated collection enterprise" to ensure that the decentralized Intelligence Community collection capabilities could be managed in a coordinated way so as to address the many intelligence priorities. According to the report, such integration would occur only by managing the Intelligence Community "above the stovepipes" using "mission managers." These mission managers would develop cross-discipline collection and analysis strategies. Such strategies would require that individual agencies fully share information across the intelligence enterprise and that "information ownership" becomes a concept of the past.

The Committee agrees with the WMD Commission that the Director of National Intelligence (DNI) should focus on integrating the Intelligence Community so that it acts as a single enterprise with unity of action against the highest priority intelligence issues. The WMD Commission's report, the Intelligence Reform and Terrorism Prevention Act of 2004, and the confirmation of the DNI present a unique opportunity for this necessary reform to proceed.

The Committee also agrees that the concept of mission managers appears to be sound and that this should build on the excellent work done by the Associate Director of Central Intelligence for Collection (ADCI/C) and the Collection Concept Development Center. From the Committee's perspective, the ADCI/C did not have sufficient funding or personnel to truly drive collection across all the top priority targets, despite that fact he consistently worked to develop an Intelligence Community collection strategy for the most important targets. The ADCI/C's efforts resulted in some success to conduct collection in an integrated fashion and to develop new strategies that included highly innovative collection techniques. The ADCI/C's efforts were, however, limited with respect to incorporating the Department of Defense's Joint Military Intelligence Program and Tactical Intelligence and Related Activities programs and capabilities by the extent to which the DoD was willing to participate. The Committee believes that all components of the Intelligence Community must be responsive to the Collection Concept Development Center, and that the DNI should build on the ADCI/C's previous integration efforts by creating mission managers for each priority intelligence target.

The WMD Commission envisioned the mission managers cataloging what the Intelligence Community knows about a target, what the Intelligence Community needs to know about a target, and what collection capabilities can potentially do against a target, including sensitive collection capabilities. The Committee believes creation of mission managers could allow for the chairing of a "target development board" consisting of target experts, both analysts and representatives from each of the collection disciplines, who would create strategies to conduct rationalized collection by the appropriate application of HUMINT, SIGINT, IMINT, Open Source, and MASINT capabilities. Such a strategic approach could assign collection responsibility to the capabilities that best provide the needed information. If none of the existing "stovepiped" capabilities could address the need, then the mission manager and board would develop/propose new processes and methods to address collection of the needed information.

The strategies developed by mission managers should be end-to-end, focusing on analyst-driven collection through information dissemination, allocating analytic responsibility so that all aspects of priority intelligence issues are addressed. The mission managers could also develop the analytic standards and strategies for the mission, identifying the skills and experience that are necessary for the analysts and drive their training and career development. Allocation of analytic responsibility should also factor in the need for independent analysis and unique departmental analytic requirements. The Committee is convinced that mission managers and coordinated target development are important pieces of the overall integration of the Intelligence Community.

Finally, the Committee believes that the DNI and the mission managers must facilitate analysts' access to all necessary information. The DNI should establish a community-wide information access approval process to enable full access based on mission roles and defined security methodologies. Access to information should be based on roles and mission, not the agency for which a particular analyst works. Again, data ownership within the Intelligence Community must become a concept of the past. Access should be subject to the DNI's determination, balancing the need to protect sources and methods with the analysts need to access relevant data. For extremely sensitive collection capabilities, the Committee believes that the DNI should develop specific methods for ensuring necessary data is available to the analyst cadre, but that such restrictions should balance security with the accomplishment of mission. Collected intelligence belongs to the U.S. Government, not to individual collection agencies. Simply stated, the DNI must empower the Intelligence Community, through firm policies and directives, to increase information integration.

Therefore, the Committee believes the DNI should establish mission managers for priority intelligence targets, some of which will be transitory in nature and eliminated as missions change. The Committee agrees with the various commission reports that better integration of the disparate agencies and entities within the Intelligence Community is the most important challenge facing the DNI. Finally, to ensure the most optimum intelligence capabilities for the future, the DNI and the Secretary of Defense must ensure that the intelligence and intelligence-related activities within the Department of Defense are seamlessly integrated into the DNI's processes.

Intelligence analysis

One of the most important emphasis areas on which the Committee has focused is analysis. The Committee feels strongly that analysis must be the keystone of the Intelligence Community. Because effective intelligence production requires putting together puzzles without all the pieces, and the collection of intelligence is an imperfect art rather than a science, it is imperative that the data collected through the nation's various collection capabilities be analyzed in a timely, accurate manner. The needs of the analytic corps and the production of substantive finished intelligence reports must drive collection efforts and associated funding. Decision makers rely on analysis to enable strategic responses to threats as well as tactical efforts to preempt attacks. Indeed, analysis must identify threats and enemies, inform about the specific intentions of those enemies, and equip the nation to better combat these identified threats.

U.S. Intelligence Community analysts are the best in the world, but the analysis they produce is not always as good as is needed. A number of shortcomings continue to limit the Intelligence Community's ability to give our national decision makers sufficient insight into complex issues and warning of over-the-horizon threats. No one can reasonably expect perfect knowledge, but the Committee expects the DNI, using authorities provided by the Intelligence Reform and Terrorism Prevention Act of 2004, to address shortcomings that prevent analysis from playing a more central

role in Community activities. The Committee applauds the creation of a Deputy DNI for Analysis (DDNI/A) position within the DNI's office as this indicates the priority that will be given to this issue.

Notwithstanding the positive steps already taken, the Committee believes that there are a number of additional steps the DNI should take to improve Community analytic quality:

(1) Demand more strategic analysis of medium and long-term threats. The DNI should encourage analysts to identify critical factors and potential variables for their consumers, possible outcomes, potential "leverage points" and information gaps related to problems under analysis. The Director also should make sure that the analytic community is not "short changing" support mid-level and junior consumers.

(2) Develop a well-trained, experienced analytic corps that is large enough to drive the rest of the Intelligence Community's actions. The DNI must create new recruitment and utilization strategies that make best use of the highly-transitory 21st Century workforce and strengthen retention to the maximum extent possible by creating incentives for career analysts to become substantive experts. The CIA's Senior Analytic Service encourages strategic intelligence, rewards sound tradecraft, and recognizes in-depth expertise; the Deputy DNI for Analysis should look into creating a Community-wide program modeled on it. Moreover, the workforce must be large enough to allow analysts to develop expertise on a particular issue, instead of being "surged" from one crisis to the next.

(3) Ensure that analysts have training and related resources to prepare them for their responsibilities. Analysts and their supervisors should also be taught to use structured analysis, and should be given a thorough understanding of intelligence collection methods, procedures and systems.

(4) Create a corporate enterprise of analysts across the Intelligence Community. Analysts need information technology tools to help them collaborate and share information virtually, but more importantly they need to be taught that their counterparts at other agencies are not rivals. The DNI should initiate activities to strengthen ties among analysts across the Intelligence Community. These activities could include regular roundtables—both physical and virtual—where analysts covering specific issues can meet one another and exchange ideas, the creation of analytic community-of-interest mailing lists, Intelligence Community-wide seminars and lectures, and off-site retreats where analysts from across the Community can build professional networks. The Committee also expects the DNI to develop and enforce Intelligence Community-wide standards for analytic tradecraft and training.

(5) Break down the walls between analysts and collectors. The DNI should develop Mission Managers and/or Centers of analysts and collectors from across the Intelligence Community to direct intelligence collection to best meet the highest priority requirements and fill analytic gaps.

(6) Enable the Intelligence Community to better harness open source information and outside expertise to complement and enhance clandestine sources of information. In addition to spurring the development of technology tools to drive use of

open sources, the DNI needs to push the Intelligence Community to reinvigorate its libraries, hire researchers to help analysts sort wheat from chaff, and train analysts on the value and use of available alternative resources. The DNI should also review security policies and legal restrictions across the Intelligence Community with the aim of enabling analyst interaction with outside peers—particularly scientists and engineers who could help assess the significance of technology information and programs.

The DNI and the DDNI/A are inheriting a talented analytic corps. However, several key recommendations regarding analysis must be implemented. The Committee has recommended additional funds for the Intelligence Community in fiscal year 2006 to hire more analysts, develop analytic tradecraft and tools, and evaluate its training capacity. The Committee expects the DNI to use these funds to act decisively to correct the Community's analytic problems and hopes to see progress before the next fiscal year. The Committee will fully support the DNI in the pursuit of this goal.

Improper disclosures of classified information

The Committee is concerned about continuing instances of improper disclosure of classified information and shares the conclusion of the President's Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction that "a persistent inability to protect human and technical collection sources and methods has substantially damaged U.S. intelligence capabilities." As the Commission noted and discussed in greater detail in the classified version of its report, authorized and unauthorized disclosures have compromised critical signals interception and satellite imagery programs, as well as hard-earned human intelligence sources. The Committee is also concerned about several recent such incidents not discussed in the Commission's report.

The Committee will continue to focus careful attention on this issue, and it encourages the Department of Justice to place a higher priority on investigating and prosecuting illegal disclosures of classified information. As the Commission noted, hundreds of "leaks" have been reported to the Department over the past ten years, without a single indictment or prosecution. The Committee also will seek to ensure that the DNI and individual agencies within the intelligence community are aggressively pursuing whatever administrative remedies may be available to them to deal with unauthorized disclosure of classified information.

Protecting analytic integrity

As stated previously, consumers of intelligence must be confident that the intelligence assessments on which they rely reflect the best judgments of knowledgeable analysts. The Committee notes that Section 1020 of the Intelligence Reform and Terrorism Prevention Act of 2004 requires the Director of National Intelligence to identify an individual within the Office of the DNI who shall be available to analysts with respect to issues relating to analytic tradecraft and the objectivity of intelligence analysis. The section also requires a report to Congress on the implementation of this provision within 270 days after the effective date of the Act. Although this report is not yet due for submission, the Committee

stresses its continuing interest in the DNI's implementation of Section 1020.

Increased use of open source intelligence

The Intelligence Reform and Terrorism Prevention Act of 2004 noted the critical value of open source intelligence (OSINT) and stated Congress's belief that all elements of the Intelligence Community should make extensive use of open source information. The Act recommended that the DNI explore the possible establishment of a center for the purpose of collecting, analyzing, producing, and disseminating open source intelligence. The President's Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction echoed these sentiments, adding that the Intelligence Community must make use of new technologies that can retrieve, store, translate, search, prioritize, and otherwise exploit the vast amounts of open source information available.

The DNI has expressed to the Committee his view that OSINT is important for the future of intelligence and that he intends to determine how best to pursue the best use of unclassified data. The Committee notes its continued interest in this issue and in receiving additional information with respect to the DNI's plans to more fully collect and utilize OSINT.

Accountability reviews

The Committee notes its continued interest in two matters related to potential accountability issues within the Intelligence Community. The first is the CIA's ongoing review relating to the accountability, if warranted, of any individuals who may have failed to meet professional standards related to the identification, prevention, or disruption of terrorist attacks, including the 9/11 attacks. The second is the recommendation of the President's Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction with respect to accountability. The Committee expects the Intelligence Community to provide a timely response to its inquiries with respect to these matters, as it does with all Committee inquiries.

El Paso Intelligence Center

The Committee believes that one of the key responsibilities of the Director of National Intelligence (DNI) is to improve the quality of intelligence related to the security of the homeland. The DNI will have to ensure that intelligence and law enforcement agencies go in and produce reliable and actionable information regarding a wide variety of threats, including the trafficking of narcotics, humans, and weapons—activities that may support terrorist actions, undermine the social fabric, or attack the economic vitality of our nation.

The Committee notes the important role that the El Paso Intelligence Center (EPIC) plays in providing information on such threats to the Intelligence Community and to Federal, State, and local law enforcement agencies. EPIC's operations-oriented intelligence initiatives support the interdiction and disruption of illicit activities along the nation's southwest border, thereby playing a critical role in countering possible acts of terrorism and mitigating other threats to the homeland. The role of the Intelligence Commu-

nity in focusing more attention to the Central and South American areas is addressed extensively elsewhere in this report.

Although authorization for the activities at EPIC is not within the Committee's jurisdiction, the Committee recommends that the DNI leverage EPIC's expertise, endorse greater information-sharing between EPIC and the Intelligence Community, and encourage a closer and more collaborative working relationship between EPIC and members of the Intelligence Community.

COMMITTEE CONSIDERATION AND ROLLCALL VOTES

On May 24, 2004, the Committee met in open and closed session and ordered the bill H.R. 2475 favorably reported, as amended.

OPEN SESSION

In open session, the Committee considered the text of the bill H.R. 2475.

Chairman Hoekstra offered an amendment in the nature of a substitute to H.R. 2475, which was adopted by voice vote after consideration of the following amendments to the amendment in the nature of a substitute. The contents of the amendment in the nature of a substitute are described in the Section-by-Section analysis and the Explanation of Amendment.

Ms. Harman offered an amendment to strike Section 305 of the amendment in the nature of a substitute, which clarifies existing language requiring personnel transfers for new National Intelligence Centers to be conducted "in consultation with" the committees of jurisdiction.

A recorded vote on this amendment was taken, and the Members present recorded their votes as follows: Mr. Hoekstra (Chairman)—no; Mr. LaHood—no; Mr. Cunningham—no; Mr. Everett—no; Mr. Gallegly—no; Ms. Wilson—no; Ms. Davis—no; Mr. Thornberry—no; Mr. McHugh—no; Mr. Tiahrt—no; Mr. Rogers—no; Mr. Renzi—no; Ms. Harman—aye; Mr. Hastings—aye; Mr. Reyes—aye; Mr. Boswell—aye; Mr. Cramer—aye; Ms. Eshoo—aye; Mr. Holt—aye; Mr. Ruppersberger—aye; Mr. Tierney—aye. Therefore, on a vote of 9 ayes and 12 noes, the amendment was rejected.

Ms. Eshoo offered and, after debate, received unanimous consent to withdraw an amendment to establish an Inspector General hotline.

Mr. Ruppersberger offered and, after debate, received unanimous consent to withdraw an amendment relating to the security clearance process for state and local officials.

CLOSED SESSION

Ms. Harman then moved that the Committee close the meeting on the ground that public discussion of the classified portions of the bill could endanger national security.

A recorded vote was taken, and the Members present recorded their votes as follows: Mr. Hoekstra (Chairman)—aye; Mr. Everett—aye; Mr. Gallegly—aye; Ms. Wilson—aye; Ms. Davis—aye; Mr. Thornberry—aye; Mr. McHugh—aye; Mr. Rogers—aye; Ms. Harman—aye; Mr. Boswell—aye; Mr. Cramer—aye; Ms. Eshoo—aye; Mr. Ruppersberger—aye. Therefore, on a vote of 13 ayes and 0 noes, the meeting was closed.

Mr. Reyes offered an amendment to modify the funding level for a program contained in the classified Schedule of Authorizations that was adopted by voice vote.

Mr. Everett offered and, after debate, received unanimous consent to withdraw an amendment to modify the funding level for a program contained in the classified Schedule of Authorizations.

Ms. Harman offered and, after debate, received unanimous consent to withdraw an amendment to modify the funding level for a program contained in the classified Schedule of Authorizations.

The Committee then adopted the classified Schedule of Authorizations, as amended, by voice vote.

OPEN SESSION

By unanimous consent, the Committee returned to open session. By voice vote, the Committee adopted a motion by the Chairman to favorably report the bill H.R. 2475 to the House as amended with an amendment in the nature of a substitute.

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF AMENDMENT

The provisions of the Substitute are as follows:

Section 1—Short Title and Table of Contents

Section 1 contains the short title for the bill and the Table of Contents.

TITLE I—INTELLIGENCE ACTIVITIES

Section 101—Authorization of Appropriations

Section 101 of the bill authorizes appropriations for the intelligence and intelligence-related activities of these elements of the United States Government: The Office of the Director of National Intelligence (including the National Counterterrorism Center), the Central Intelligence Agency, the Department of Defense, the Defense Intelligence Agency, the National Security Agency, the Departments of the Army, Navy and Air Force, the Department of State, the Department of the Treasury, the Department of Justice, the Federal Bureau of Investigation, the National Reconnaissance Office, the National Geospatial Intelligence Agency, the Coast Guard, and the Department of Homeland Security.

Section 102—Classified Schedule of Authorizations

Section 102 provides that the amounts and personnel ceilings authorized under Section 101 shall be specified in the accompanying classified Schedule of Authorizations, which shall be made available to the Committee on Appropriations and to the President.

Section 103—Personnel Ceiling Adjustments

Section 103 permits the Director of National Intelligence to authorize employment of civilian personnel in excess of the authorized number when the DNI determines that it is necessary to the performance of important intelligence functions and promptly notifies the congressional intelligence committees.

Section 104—Intelligence community management account

Section 104 authorizes specified funds, as well as classified amounts, for the Intelligence Community Management Account and provides that personnel detailed to that staff from other agencies are detailed on a reimbursable basis.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Section 201—Authorization of appropriations

Section 201 authorizes funds for the CIA Retirement and Disability System.

TITLE III—GENERAL PROVISIONS

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

Section 301 permits the authorized amounts to be increased to provide increases in compensation and benefits authorized by law.

Section 302—Restriction on conduct of intelligence activities

Section 302 provides that the authorization of funds in this act does not constitute authority for the conduct of any intelligence activity not otherwise authorized by the Constitution or laws of the United States.

Section 303—Authority of the DNI to appoint overseas representatives

Section 303 authorizes the Director of National Intelligence to assign an individual to be a representative of the DNI to support each Chief of Mission in a foreign country. The DNI's representative shall oversee and manage all intelligence and intelligence-related activities in that country. Section 303 also clarifies that this authority does not supercede the authority of the CIA Director to coordinate human intelligence collection overseas, but that the CIA Director's authority to do so is subject to the DNI's broader coordination, oversight and management authority.

Section 304—Clarification of delegation of transfer or reprogramming authority

Section 304 provides a technical clarification that the authority to concur in DNI reprogramming of funds in excess of the statutory limitations may only be made by the head of an executive department or (in the case of the CIA only) by the Director of the CIA.

Section 305—Approval of personnel transfer for new National Intelligence Center

Section 305 clarifies that the DNI's authority to transfer personnel in conjunction with establishment of a new National Intelligence Center is subject to a response from the congressional committees of jurisdiction with respect to notification. This provision is intended to clarify existing language requiring such transfers to be conducted "in consultation with" the committees of jurisdiction. The provision does not apply to the DNI's general personnel transfer authorities.

Section 306—Additional duties for the DNI Director of Science and Technology

Section 306 provides that the DNI Science and Technology Committee shall prioritize research and development related to intelligence (in addition to coordinating such research and development), including identification of basic, applied, and advanced research programs to be carried out by the intelligence community. The DNI's Director of Science and Technology is also directed to assist the DNI in establishing goals for the elements of the intelligence community to meet its technology needs. Section 306 further provides for a report to Congress by the DNI containing a strategy for the development and use of technology in the intelligence community through 2021.

Section 307—Comprehensive inventory of special access programs

Section 307 requires the DNI to submit to the congressional intelligence committees by January 15, 2006, a classified comprehensive inventory of special access programs conducted within the National Intelligence Program.

Section 308—Sense of Congress on budget execution procedures

Section 308 expresses the Sense of Congress that the DNI should expeditiously establish the necessary processes and procedures with the heads of executive departments and agencies to carry out the budgetary execution authorities in the National Security Intelligence Reform Act of 2004.

Section 309—Sense of Congress with respect to multi-level security clearances

Section 309 expresses the Sense of Congress that the DNI should promptly establish and oversee the implementation of a multi-level security clearance system across the intelligence community to leverage skills of individuals proficient in foreign languages.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Section 401—CIA coordination of human intelligence

Section 401 provides two clarifications with respect to the authority of the Director of the Central Intelligence Agency to coordinate intelligence overseas. First, it clarifies that the authority extends to all human intelligence collected overseas by any department, agency, or element of the United States Government. Second, it clarifies that the Director of the CIA shall develop a process for such coordination, subject to the approval of the DNI. The DNI also may determine which activities will be subject to the process.

OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held 10 hearings and briefings on the classified budgetary issues raised by H.R. 2475. Testimony was taken from senior officials of the Central Intelligence Agency; the Community Management Staff; the Department of Defense; the Defense Intelligence Agency; the National Security Agency; the National Reconnaissance Office; the National Geospatial-Intelligence Agency; the Departments of the Army,

Navy, and Air Force; the Department of State; the Department of Treasury; the Department of Energy; the Federal Bureau of Investigation; the Department of Homeland Security; and the U.S. Coast Guard. Such testimony related to the activities and plans of the Intelligence Community covered by the provisions and authorizations, both classified and unclassified, of the 'Intelligence Authorization Act for Fiscal Year 2006.' The bill, as reported by the Committee, reflects conclusions reached by the Committee in light of this oversight activity.

GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with Clause (3)(c) of House rule XIII, the Committee's performance goals and objectives are reflected in the descriptive portions of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

The intelligence and intelligence-related activities of the United States government are carried out to support the national security interests of the United States, to support and assist the armed forces of the United States, and to support the President in the execution of the foreign policy of the United States.

Article 1, section 8 of the Constitution of the United States provides, in pertinent part, that 'Congress shall have power * * * to pay the debts and provide for the common defense and general welfare of the United States; * * *'; 'to raise and support Armies, * * *' 'to provide and maintain a Navy; * * *' and 'to make all laws which shall be necessary and proper for carrying into execution * * * all other powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.'

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. In compliance with this requirement, the Committee has received a letter from the Congressional Budget Office included herein.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 2475 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 31, 2005.

Hon. PETER HOEKSTRA,
Chairman, Permanent Select Committee on Intelligence, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2475, the Intelligence Authorization Act for Fiscal Year 2006.

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

Sincerely,

DOUGLAS HOLTZ-EAKIN, *Director.*

Enclosure.

H.R. 2475—Intelligence Authorization Act for Fiscal Year 2006

H.R. 2475 would authorize appropriations for fiscal year 2006 for intelligence activities of the U.S. government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. CBO cannot obtain the necessary information to estimate the costs for the entire bill because some parts are classified at a level above clearances held by CBO employees. For purposes of this estimate, CBO assumes that the bill will be enacted by October 1, 2005, and that the necessary amounts will be appropriated for fiscal year 2006. Estimated outlays are based on historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

Section 104 would authorize the appropriation of $446 million for the Intelligence Community Management Account, which provides the principal source of funding for the Office of the Director of National Intelligence and provides resources for coordination of programs, budget oversight, and management of the intelligence agencies. CBO estimates that implementing this provision would cost $268 million in 2006 and $442 million over the 2005–2010 period, assuming appropriation of the specified amounts.

Section 201 would authorize the appropriation of $245 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The appropriation to CIARDS is considered mandatory, and the authorization under this bill would be the same as assumed in the CBO baseline. Thus, this estimate does not ascribe any additional cost to that provision. The bill would not affect revenues.

H.R. 2475 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Jason Wheelock. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill,

as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL SECURITY ACT OF 1947

* * * * * * *

TITLE I—COORDINATION FOR NATIONAL SECURITY

* * * * * * *

RESPONSIBILITIES AND AUTHORITIES OF THE DIRECTOR OF NATIONAL INTELLIGENCE

SEC. 102A. (a) * * *

* * * * * * *

(d) ROLE OF DIRECTOR OF NATIONAL INTELLIGENCE IN TRANSFER AND REPROGRAMMING OF FUNDS.—(1) * * *

* * * * * * *

(5)(A) * * *

(B) A transfer or reprogramming may be made without regard to a limitation set forth in clause (iv) or (v) of subparagraph (A) if the transfer has the concurrence of the head of the department involved or the Director of the Central Intelligence Agency (in the case of the Central Intelligence Agency). The authority to provide such concurrence may only be delegated by the head of the department [or agency involved] *involved or the Director of the Central Intelligence Agency (in the case of the Central Intelligence Agency)* to the deputy of such officer.

* * * * * * *

(e) TRANSFER OF PERSONNEL.—(1)(A) In addition to any other authorities available under law for such purposes, in the first twelve months after establishment of a new national intelligence center, the Director of National Intelligence, with the approval of the Director of the Office of Management and Budget and in consultation with the congressional committees of jurisdiction referred to in subparagraph (B), may transfer not more than 100 personnel authorized for elements of the intelligence community to such center.

(B) The Director of National Intelligence [shall promptly provide notice of any transfer of personnel made pursuant to this paragraph to—] *may not transfer personnel under subparagraph (A) unless the Director has provided notice of any transfer of personnel to be made pursuant to this paragraph and received a response from—*

(i) the congressional intelligence committees;

(ii) the Committees on Appropriations of the Senate and the House of Representatives;

(iii) in the case of the transfer of personnel to or from the Department of Defense, the Committees on Armed Services of the Senate and the House of Representatives; and

(iv) in the case of the transfer of personnel to or from the Department of Justice, to the Committees on the Judiciary of the Senate and the House of Representatives.

[(C) The Director shall include in any notice under subparagraph (B) an explanation of the nature of the transfer and how it satisfies the requirements of this subsection.]

(C) The Director shall include in any notice under subparagraph (B)—

(i) an explanation of the nature of the transfer and how it satisfies the requirements of this subsection;

(ii) the number of personnel transferred; and

(iii) the individual skills and capabilities of the personnel involved.

* * * * * * *

(k) COORDINATION WITH FOREIGN GOVERNMENTS.—*(1)* Under the direction of the President and in a manner consistent with section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927), the Director of National Intelligence shall oversee the coordination of the relationships between elements of the intelligence community and the intelligence or security services of foreign governments or international organizations on all matters involving intelligence related to the national security or involving intelligence acquired through clandestine means.

(2)(A) The Director may assign an individual to be a representative of the Director at a United States mission in a foreign country. Any such individual shall oversee and manage all intelligence and intelligence-related activities conducted in that country by personnel of any element of the intelligence community.

(B)(i) Subparagraph (A) shall not be construed to supersede the authority of the Director of the Central Intelligence Agency described in clause (ii), such authority being subject to general oversight by the Director of National Intelligence under paragraph (1).

(ii) The authority referred to in clause (i) is the authority under section 104A(f) to coordinate relationships between elements of the intelligence community and the intelligence or security services of foreign governments or international organizations generally and the authority under section 104A(d)(3) to provide overall direction for and coordination of the collection of human intelligence outside the United States.

* * * * * * *

DIRECTOR OF SCIENCE AND TECHNOLOGY

SEC. 103E. (a) * * *

* * * * * * *

(c) DUTIES.—The Director of Science and Technology shall—

(1) * * *

* * * * * * *

(4) assist the Director on the science and technology elements of the budget of the Office of the Director of National Intelligence; [and]

(5) assist the Director in establishing goals for the elements of the intelligence community to meet the technology needs of the community; and

[(5)] *(6)* perform other such duties as may be prescribed by the Director of National Intelligence or specified by law.

(d) DIRECTOR OF NATIONAL INTELLIGENCE SCIENCE AND TECHNOLOGY COMMITTEE.—(1) * * *

* * * * * * *

(3) The Committee shall—

(A) coordinate *and prioritize* advances in research and development related to intelligence; and

* * * * * * *

(4) In carrying out paragraph (3)(A), the Committee shall identify basic, advanced, and applied research programs to be carried out by elements of the intelligence community.

* * * * * * *

(e) GOALS FOR TECHNOLOGY NEEDS OF THE INTELLIGENCE COMMUNITY.—In carrying out subsection (c)(5), the Director of Science and Technology shall—

(1) perform systematic identification and assessment of the most significant intelligence challenges that require technical solutions; and

(2) examine options to enhance the responsiveness of research and design programs to meet the requirements of the intelligence community for timely support.

* * * * * * *

DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY

SEC. 104A. (a) * * *

* * * * * * *

(d) RESPONSIBILITIES.—The Director of the Central Intelligence Agency shall—

(1) * * *

* * * * * * *

(3) **[**provide overall direction for and coordination of the collection of national intelligence outside the United States through human sources by elements of the intelligence community**]** *subject to subsection (h), provide overall direction for and coordination of the collection of human intelligence outside the United States by any department, agency, or element of the United States Government* authorized to undertake such collection and, in coordination with other departments, agencies, or elements of the United States Government which are authorized to undertake such collection, ensure that the most effective use is made of resources and that appropriate account is taken of the risks to the United States and those involved in such collection; and

* * * * * * *

(h) CLARIFICATION OF ROLES OF DNI AND DCIA WITH RESPECT TO HUMAN INTELLIGENCE COLLECTION.—(1) In carrying out subsection (d)(3), the Director of the Central Intelligence Agency shall develop a process for the coordination of the collection of human intelligence outside of the United States. Such process shall be subject to the approval of the Director of National Intelligence.

(2) The Director of National Intelligence shall determine which human intelligence collection activities shall be subject to the process developed under paragraph (1).

* * * * * * *

ADDITIONAL VIEWS

The Intelligence Authorization bill for FY 2006 is the first authorization bill to be considered since the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108–458) became law last December. The reforms undertaken last year, in the aftermath of two intelligence failures, created a Director of National Intelligence (DNI) and dramatically reshaped the Intelligence Community. This authorization bill will therefore help define the authorities, priorities and direction of the Director of National Intelligence (DNI) and the entire Intelligence Community.

We strongly support many aspects of this bill, which provides the resources for the brave men and women of the Intelligence Community who stand on the front lines in defense of our country. We salute their courage and dedication.

This year, the President sent to Congress a budget that again fell short in counterterrorism funding, requesting just 40% of the community's counterterrorism requirements for FY 2006. We are pleased the full Committee took the step in this bill to authorize 100% of the Intelligence Community's counterterrorism funding needs. This is in significant contrast to the FY 2005 Intelligence Authorization bill which funded only 26% of intelligence counterterrorism requirements.

Fully funding counterterrorism represents bipartisanship and good policy. The terrorist threat is not a temporary emergency; it is going to be with us for the foreseeable future. It is vital that we fund operations in a way that allows our field officers to plan ahead.

This legislation also encourages the Intelligence Community to recruit and clear qualified personnel with the language skills and ethnic background that will make it easier to understand—and penetrate—the hard targets. This bill urges the DNI to establish a multi-tier security clearance system to help patriot Americans with relatives in foreign countries obtain security clearances to work in the Intelligence Community. This provision is identical to H. Res. 173, which all nine (9) Democrats on the Committee introduced on March 17, 2005.

There are also important new investments in human intelligence and other intelligence activities that, if administered properly, will help us penetrate terrorist cells, proliferation networks, and secretive regimes where our intelligence has been deficient.

Despite these positive attributes, the legislation reported to the House contains a few provisions with which we disagree—one of which is so damaging to the authority of the DNI that it threatens to undermine the very reforms passed by Congress last year.

Under Section 305 of this bill, congressional committees, including the House and Senate Armed Services Committees, are given

a "pocket veto" of the proposed personnel transfers by the DNI. We oppose this provision.

Under the Intelligence Reform and Terrorism Prevention Act enacted and signed into law by the President last year, the DNI is required to "promptly provide notice of any transfer of personnel" to congressional committees of jurisdiction. Section 305 would substantively alter this requirement to *prohibit* the DNI from transferring personnel to intelligence centers "unless the Director has provided notice of any transfer of personnel * * * *and received a response from*" the congressional committees of jurisdiction. Thus, if a committee chairman wished to block the transfer, all he or she would have to do is withhold indefinitely a response.

This provision effectively guts a careful bipartisan compromise struck by House and Senate—and supported by the Chairman of this Committee—in its consideration of the intelligence reform legislation last year. It waters down that transfer authority to the point where it is virtually eliminated.

This provision is opposed by the DNI. When the identical provision was proposed as an amendment to the FY 2006 Defense Authorization bill at the May 18 markup, a spokesman for the DNI told the New York Times that Ambassador Negroponte's office was "aware of the provisions being considered, and we would be opposed to any legislation that would restrict the DNI's authority."

During the intelligence authorization markup, the Ranking Member offered an amendment to strike Section 305. Several members of the Committee voiced strong support for this amendment. However, the amendment was defeated on a party-line vote. If this issue is not resolved in some other way in advance of floor action, it is our intent to offer our amendment on the floor—and we believe we will be successful. To the families of the victims of 9/11, who fought so hard for these reforms, we owe nothing less.

On a separate matter, we expressed concern regarding the Committee's cuts to certain classified technical programs, which cannot be discussed in this unclassified report. (The classified transcript of the closed portion of the markup reflects our concerns.) As a general matter, we support the efforts to confront hard choices in technical programs. However, we think it is unwise to make sudden, drastic cuts to programs absent a more thorough technical review. These cuts could cause a gap in our capabilities and diminish the industrial base so critical to fielding the technology against current and future threats. We intend to work with the majority to review these cuts and arrive at a solution that protects our intelligence capabilities.

CONCLUSION

This Committee's highest priority must be to ensure the success of the DNI and the thousands of professionals who work for the U.S. Intelligence Community. We support the robust funding for the Intelligence Community provided by this bill, and we especially support full-funding for counterterrorism. With a combination of resources and new authorities, we have placed the Intelligence Community on the right track to avoid the many mistakes that occurred in the past. This progress will be impeded if the DNI's au-

thorities are undercut. For the sake of our nation's security, we cannot let this happen.

JANE HARMAN.
ALCEE L. HASTINGS.
SILVESTRE REYES.
LEONARD L. BOSWELL.
BUD CRAMER.
ANNA G. ESHOO.
RUSH HOLT.
C.A. DUTCH RUPPERSBERGER.

ADDITIONAL VIEWS

I concur with the minority's views regarding the need to remove Section 305 concerning a diminution of DNI transfer authorities and the support for full funding of counterterrorism. While I agree with much of what those views state concerning funding of systems, there exists some discreet differences in degree and proposed remedy. Similarly, comments that seem to indicate that all funds are otherwise being spent entirely appropriately seem overbroad and cannot be supported without clarification which is best left for any classified section of this report.

JOHN F. TIERNEY.

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