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INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR  
1988

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NOVEMBER 10, 1987.—Ordered to be printed

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Mr. STOKES, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 2112]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2112) to authorize appropriations for fiscal year 1988 for intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes, having met, after full and free conference, having agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Intelligence Authorization Act, Fiscal Year 1988."

**TITLE I—INTELLIGENCE ACTIVITIES**

**AUTHORIZATION OF APPROPRIATIONS**

*SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1988 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:*

- (1) The Central Intelligence Agency.*
- (2) The Department of Defense.*
- (3) The Defense Intelligence Agency.*
- (4) The National Security Agency.*

- (5) *The Department of the Army, the Department of the Navy, and the Department of the Air Force.*
- (6) *The Department of State.*
- (7) *The Department of the Treasury.*
- (8) *The Department of Energy.*
- (9) *The Federal Bureau of Investigation.*
- (10) *The Drug Enforcement Administration.*

CLASSIFIED SCHEDULE OF AUTHORIZATIONS

*SEC. 102. (a)(1). This Act authorizes funds for intelligence and intelligence-related activities of the United States Government for fiscal year 1988 based upon two alternative levels of new budget authority provided for national defense functions (budget function 050) through congressional budget procedures. In section 3(b)(1) of the concurrent resolution on the budget for fiscal year 1988 (House Concurrent Resolution 93 of the One Hundredth Congress), Congress determined and declared that the appropriate level of new budget authority for national defense for fiscal year 1988 is \$296,000,000,000. This Act authorizes funds based upon that determination and declaration and the assumption that that level of budget authority is available to be appropriated.*

*(2) Section 5(a)(1) of the concurrent resolution reserved \$7,000,000,000 of that amount from availability for appropriation pending enactment of certain deficit reduction legislation, leaving a level of \$289,000,000,000 immediately available for appropriation. This Act authorizes alternative levels of funds based upon that budget authority amount.*

*(b) The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1988, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the column entitled "Conference Agreement" of the classified Schedule of Authorizations prepared by the committee of conference to accompany H.R. 2112 of the One Hundredth Congress except that, if as of the date of the enactment of this Act there has not been enacted legislation that results in the availability for appropriation of a level of new budget authority for national defense functions of the Government (budget function 050) for fiscal year 1988 in an amount greater than \$289,000,000,000 then until such legislation is enacted such amounts and ceilings are those specified in the column entitled "Contingent Level" of such classified Schedule of Authorizations; Provided, That notwithstanding the requirements of section 502(a)(1) of the National Security Act of 1947, funds for the activities listed in that part of such Schedule entitled "Unauthorized Appropriations" may be obligated and expended only to the extent to which funds are appropriated therefore in fiscal year 1988.*

*(c) The Schedule of Authorizations described in subsection (b) shall be made available to the Committee 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.*

(d)(1) *It is the sense of Congress that, in allocating reductions of non-headquarters personnel of Defense Agencies pursuant to subsection (b)(2)(A) and subsection (d) of Section 601 of Public Law 99-433 (100 Stat. 1065), the Secretary of Defense should avoid allocating personnel reductions to the Defense Intelligence Agency or the Defense Mapping Agency.*

(2) *For purposes of paragraph (1), the term "nonheadquarters personnel" means members of the Armed Forces and Civilian employees assigned or detailed to permanent duty in the Defense Agencies and Department of Defense Field Activities, other than members and employees assigned or detailed to duty in management headquarters activities or management headquarters support activities.*

#### PERSONNEL CEILING ADJUSTMENTS

*SEC. 103. The Director of Central Intelligence may authorize employment of civilian personnel in excess of the numbers authorized for fiscal year 1988 under sections 102 and 202 of this Act when he determines that such action is necessary to the performance of important intelligence functions, except that such number may not, for any element of the Intelligence Community, exceed 2 per centum of the number of civilian personnel authorized under such sections for such element. The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.*

#### RESTRICTION ON SUPPORT FOR MILITARY OR PARAMILITARY OPERATIONS IN NICARAGUA

*SEC. 104. Funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1988 to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in section 101 and as specified in the classified Schedule of Authorizations referred to in section 102, or pursuant to section 502 of the National Security Act of 1947, or pursuant to Section 101(a)(1) of the Act making continuing appropriations for the fiscal year 1988 (P.L. 100-120), or pursuant to any provision of law specifically providing such funds, materiel, or assistance.*

### TITLE II—INTELLIGENCE COMMUNITY STAFF

#### AUTHORIZATION OF APPROPRIATIONS

*SEC. 201. There is authorized to be appropriated for the Intelligence Community Staff for fiscal year 1988 the sum of \$23,614,000.*

#### AUTHORIZATION OF PERSONNEL END STRENGTH

*SEC. 202. (a) The Intelligence Community Staff is authorized 237 full-time personnel as of September 30, 1988. Such personnel of the Intelligence Community Staff may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.*

(b) During Fiscal Year 1988, personnel of the Intelligence Community Staff shall be selected so as to provide appropriate representation from elements of the United States Government engaged in intelligence and intelligence-related activities.

(c) During Fiscal Year 1988, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

**INTELLIGENCE COMMUNITY STAFF ADMINISTERED IN SAME MANNER AS  
CENTRAL INTELLIGENCE AGENCY**

**SEC. 203.** During Fiscal Year 1988, activities and personnel of the Intelligence Community Staff shall be subject to the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) in the same manner as activities and personnel of the Central Intelligence Agency.

**TITLE III—CENTRAL INTELLIGENCE AGENCY  
RETIREMENT AND DISABILITY SYSTEM**

**AUTHORIZATION OF APPROPRIATIONS**

**SEC. 301.** There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for Fiscal Year 1988 the sum of \$134,700,000.

**TITLE IV—RETIREMENT AND DEATH IN SERVICE  
BENEFITS**

**RETIREMENT BENEFITS**

**SEC. 401.** (a) Part C of title II of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees is amended by adding at the end the following new section:

**“RETIREMENT BENEFITS FOR CERTAIN FORMER SPOUSES**

**“SEC. 225.** (a) Any individual who was a former spouse of a participant or a former participant on November 15, 1982, shall be entitled, to the extent of available appropriations, and except to the extent such former spouse is disqualified under subsection (b), to benefits—

“(1) if married to the participant throughout the creditable service of the participant, equal to 50 percent of the benefits of the participant; or

“(2) if not married to the participant throughout such creditable service, equal to that former spouse's pro rata share of 50 percent of such benefits.

“(b) A former spouse shall not be entitled to benefits under this section if—

“(1) the former spouse remarries before age 55; or

*"(2) the former spouse is less than 50 years of age.*

*"(c)(1) The entitlement of a former spouse to benefits under this section—*

*"(A) shall commence on the later of—*

*"(i) the day the participant upon whose service benefits are based becomes entitled to benefits under this title;*

*"(ii) the first day of the month in which the divorce or annulment involved becomes final; or*

*"(iii) such former spouse's 50th birthday; and*

*"(B) shall terminate on the earlier of—*

*"(i) the last day of the month before the former spouse dies or remarries before 55 years of age; or*

*"(ii) the date the benefits of the participant terminate.*

*"(2) Notwithstanding paragraph (1), in the case of any former spouse of a disability annuitant—*

*"(A) the benefits of the former spouse shall commence on the date the participant would qualify on the basis of his or her creditable service for benefits under this title (other than a disability annuity) or the date the disability annuity begins, whichever is later, and*

*"(B) the amount of benefits of the former spouse shall be calculated on the basis of benefits for which the participant would otherwise so qualify.*

*"(3) Benefits under this section shall be treated the same as an annuity under section 222(a)(6) for purposes of section 221(g)(2) or any comparable provision of law.*

*"(4)(A) Benefits under this section shall not be payable unless appropriate written application is provided to the Director, complete with any supporting documentation which the Director may by regulation require, within 30 months after the effective date of this section. The Director may waive the 30-month application requirement under this subparagraph in any case in which the Director determines that the circumstances so warrant.*

*"(B) Upon approval of an application as provided under subparagraph (A), the appropriate benefits shall be payable to the former spouse with respect to all periods before such approval during which the former spouse was entitled to such benefits under this section, but in no event shall benefits be payable under this section with respect to any period before the effective date of this section.*

*"(d) The Director shall—*

*"(1) as soon as possible, but not later than 60 days after the effective date of this section, issue such regulations as may be necessary to carry out this section; and*

*"(2) to the maximum extent practicable, and as soon as possible, inform each individual who was a former spouse of a participant or a former participant on November 15, 1982, of any rights which such individual may have under this section.*

*"(e) Nothing in this section shall be construed to impair, reduce, or otherwise affect the annuity or the entitlement to any annuity of a participant or former participant under this title."*

*(b) Section 14(a) of the Central Intelligence Agency Act of 1949 is amended by inserting "225," after "223, 224,".*

## DEATH IN SERVICE BENEFITS

SEC. 402. (a) Section 232(b) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403(b) note) is amended—

(1) by inserting "(1)" before "If a participant";

(2) by striking all that follows "as defined in section 204," and inserting in lieu thereof "or by a former spouse qualifying for a survivor annuity under section 222(b), such widow or widower shall be entitled, to the extent of available appropriations, to an annuity equal to 55 percent of the annuity computed in accordance with paragraphs (2) and (3) of this subsection and section 221(a), and any such surviving former spouse shall be entitled, to the extent of available appropriations, to an annuity computed in accordance with section 222(b) and paragraph (2) of this subsection as if the participant died after being entitled to an annuity under this Act. The annuity of such widow, widower, or former spouse shall commence on the date following death of the participant and shall terminate upon death or remarriage prior to attaining age sixty of the widow, widower, or former spouse (subject to the payment and restoration provisions of sections 221(g) and 222(b)(3))."; and

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

"(2) The annuity payable under paragraph (1) shall be computed in accordance with section 221(a), except that the computation of the annuity of the participant under such section shall be at least the smaller of (A) 40 percent of the participant's average basic salary, or (B) the sum obtained under such section after increasing the participant's service of the type last performed by the difference between the participant's age at the time of death and age sixty.

"(3) Notwithstanding paragraph (1), if the participant had a former spouse qualifying for an annuity under section 222(b), the annuity of a widow or widower under this section shall be subject to the limitation of section 221(b)(3)(B), and the annuity of a former spouse under this section shall be subject to the limitation of section 222(b)(4)(B)."

(b)(1) Section 221(o)(2) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees is amended by inserting "232(b)," after "222, 223,".

(2) Section 304 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees is amended—

(A) in subsection (b) by inserting "and (3)" after "subsection (c)(2)"; and

(B) in subsection (c)—

(i) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(ii) by inserting after paragraph (2) a new paragraph as follows:

"(3) Section 232(b)."

(3) Section 14(a) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403n(a)) is amended by inserting "232(b)," before "234(c), 234(d)."

(c)(1) *Except as provided in paragraph (2), the amendments made by this section shall take effect on November 15, 1982, the effective date of the Central Intelligence Agency Spouses' Retirement Equity Act of 1982.*

(2) *The amendments made by subsection (b)(2) shall take effect on January 1, 1987, the effective date of the Federal Employees' Retirement System Act of 1986.*

(d) *Nothing in this section or any amendment made by this section shall be construed to require the forfeiture by any individual of benefits received before the date of the enactment of this Act.*

(e) *Nothing in this section or any amendment made by this section shall be construed to require a reduction in the level of benefits received by any individual who was receiving benefits under section 232 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees before the date of enactment of this Act.*

## **TITLE V—ENHANCED COUNTERINTELLIGENCE AND SECURITY CAPABILITIES**

### **REPORT ON ADMISSION OF CERTAIN ALIENS**

**SEC. 501.** *The Attorney General shall report annually to the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence regarding the circumstances of any admission to the United States over the objections of the Federal Bureau of Investigation, of any Soviet national employed by or assigned to a foreign mission or international organization in the United States.*

### **FBI NEW YORK FIELD DIVISION EMPLOYMENT PLAN**

**SEC. 502.** (a) *The Director of the Federal Bureau of Investigation and the Director of the Office of Personnel Management shall conduct a study to ascertain the effect on recruitment, retention and operations of employees of the New York Field Division of the Federal Bureau of Investigation caused by the usual living expenses associated with such employment.*

(b) *No later than 60 days after the enactment of this Act, the Director of the Federal Bureau of Investigation and the Director of the Office of Personnel Management shall submit to the Congress a report setting forth the results of the study described in subsection (a) and a plan for remedying problems identified by the study, including, as appropriate, additional compensation or other means of defraying the costs of employment in the New York Field Division.*

## **TITLE VI—DEFENSE INTELLIGENCE PERSONNEL IMPROVEMENTS**

### **DIA CIVILIAN UNIFORM ALLOWANCE**

**SEC. 601.** (a) **COMPARABILITY WITH STATE DEPARTMENT EMPLOYEES.**—Chapter 83 of title 10, United States Code, is amended by inserting at the end thereof the following new section:

**“§ 1606. Uniform allowance: civilian employees**

“(a) The Secretary of Defense may pay an allowance under this section to any civilian employee of the Defense Intelligence Agency who—

“(1) is assigned to a Defense Attaché Office outside the United States; and

“(2) is required by regulation to wear a prescribed uniform in performance of official duties.

“(b) Notwithstanding section 5901(a) of title 5, the amount of any such allowance shall be the greater of the following:

“(1) The amount provided for employees of the Department of State assigned to positions outside the United States and required by regulation to wear a prescribed uniform in performance of official duties.

“(2) \$360 per year.

“(c) An allowance paid under this section shall be treated in the same manner as is provided in subsection (c) of section 5901 of title 5 for an allowance paid under that section.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

“1606. Uniform allowance: civilian employees.”

**EXTENSION OF SPECIAL TERMINATION AUTHORITY FOR CERAIN DOD INTELLIGENCE EMPLOYEES**

SEC. 602. (a) DEFENSE INTELLIGENCE AGENCY.—Section 1604(e)(1) of title 10, United States Code, is amended by striking out “during fiscal years 1986 and 1987” and inserting in lieu thereof “during fiscal years 1988 and 1989”.

(b) MILITARY DEPARTMENTS.—Section 1590(e)(1) of such title is amended by striking out “during fiscal year 1987” and inserting in lieu thereof “during fiscal years 1988 and 1989”.

**REQUIREMENTS TO DISCLOSE ORGANIZATIONAL AND PERSONAL DATA: DIA EXEMPTION**

SEC. 603. (a) Chapter 83 of title 10, United States Code, is amended by inserting the following new section:

**“§ 1607. Exemption from disclosing organizational and personal data**

“Notwithstanding the provisions of any other law, and except as provided herein and as required by section 552 or section 552a of title 5, United States Code, the Defense Intelligence Agency shall not be required to disclose the organization or any function of the Defense Intelligence Agency or the names, official titles, occupational series, grades, salaries or numbers of personnel employed by such Agency. This section shall not apply to information provided the Congress.”



## TITLE VII—STUDY OF INTELLIGENCE PERSONNEL SYSTEMS

**SEC. 701. (a)** *The Director of Central Intelligence shall undertake to contract with the National Academy of Public Administration (hereinafter referred to as the Academy) for an objective study which shall be classified and which shall consist of a comprehensive review and comparative analysis of all personnel management and compensation systems affecting civilian personnel of agencies and entities of the intelligence community.*

*(b) In conducting the study described in subsection (a), the Academy shall determine the adequacy of existing personnel systems to further the ability of intelligence agencies or entities to perform their missions, and make such recommendations for legislative, regulative or other changes as the Academy determines advisable.*

*(c) The study described in subsection (a) shall be completed in final form no later than January 20, 1989 and such study, and any interim report of such study, shall be transmitted upon receipt by the Director of Central Intelligence to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate.*

*(d) Of the amount available to the Intelligence Community Staff for fiscal year 1988 under Section 201, not more than \$500,000 shall be available for the study described in subsection (a).*

*(e) The Director of Central Intelligence, the Director of the Intelligence Community Staff, and the heads of the elements of the intelligence community shall provide such support and appropriate access to necessary information as the Academy may require to complete the study described in subsection (a).*

## TITLE VIII—GENERAL PROVISIONS

### RESTRICTION OF CONDUCT OF INTELLIGENCE ACTIVITIES

**SEC. 801.** *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 laws of the United States.*

### INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

**SEC. 802.** *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 benefits authorized by law.*

## TITLE IX—MOUNT ALTO EMBASSY SITE

### ASSESSMENT OF SOVIET ELECTRONIC ESPIONAGE CAPABILITY

**SEC. 901. (a) REVIEW AND ASSESSMENT.**—*The Secretary of Defense shall review and assess the present and potential capabilities of the Government of the Soviet Union to intercept United States communications involving diplomatic, military, and intelligence matters from facilities on Mount Alto in the District of Columbia. The Secretary shall submit to Congress a report on such review and assess-*

ment not later than 90 days after the date of the enactment of this Act.

(b) *DETERMINATION OF CONSISTENCY WITH NATIONAL SECURITY.*—The report required by subsection (a) shall include a determination by the Secretary of Defense as to whether or not the present and proposed occupation of facilities on Mount Alto by the Government of the Soviet Union is consistent with the national security of the United States.

(c) *CLASSIFICATION OF REPORT.*—The report required by subsection (a) shall be submitted in both classified and unclassified form, and the determination required by subsection (b) shall be submitted in an unclassified form.

(d) *LIMITATION OF DELEGATION.*—The Secretary of Defense may not delegate the duty to make the determination required by subsection (b).

And the Senate agree to the same.

LOUIS STOKES,  
 DAVE MCCURDY,  
 ANTHONY C. BEILENSON,  
 ROBERT W. KASTENMEIER,  
 DAN DANIEL,  
 ROBERT A. ROE,  
 GEORGE E. BROWN, Jr.,  
 MATTHEW F. MCHUGH,  
 BERNARD J. DWYER,  
 CHARLES WILSON,  
 BARBARA B. KENNELLY,  
 HENRY J. HYDE,  
 DICK CHENEY,  
 BOB LIVINGSTON,  
 BOB MCEWEN,  
 DAN LUNGREN,  
 BUD SHUSTER,

(For matters within the jurisdiction of the Committee on Armed Services under clause 1(c) of House Rule X),

LES ASPIN,  
 SAMUEL S. STRATTON,  
*Managers on the Part of the House.*

DAVID L. BOREN,  
BILL COHEN,  
LLOYD BENTSEN,  
SAM NUNN,  
ERNEST F. HOLLINGS,  
BILL BRADLEY,  
ALAN CRANSTON,  
DENNIS DECONCINI,  
HOWARD M. METZENBAUM,  
ORRIN HATCH,  
FRANK H. MURKOWSKI,  
CHIC HECHT,  
JOHN W. WARNER,

(For matters within the jurisdiction of the Committee on Armed Services),

J. J. EXON,  
STROM THURMOND,

*Managers on the Part of the Senate.*

## JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2112) to authorize appropriations for fiscal year 1988 for intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

### TITLE I—INTELLIGENCE ACTIVITIES

Due to the classified nature of intelligence and intelligence-related activities, a classified annex to this joint explanatory statement serves as a guide to the classified Schedule of Authorizations by providing a detailed description of program and budget authority contained therein as reported by the Committee of Conference.

The actions of the conferees on all matters at difference between the two Houses are shown below or in the classified annex to this joint statement.

A special conference group resolved differences between the House and Senate regarding DOD Intelligence Related Activities, referred to as Tactical Intelligence and Related Activities (TIARA). This special conference group was necessitated by the differing committee jurisdictions of the intelligence committees of the House and the Senate. The special conference group consisted of members of the House and Senate Committees on Armed Services and the House Permanent Select Committee on Intelligence.

The amounts listed for TIARA programs represent the funding levels jointly agreed to by the TIARA conferees and the House and Senate conferees for the National Defense Authorization Act, 1988. In addition, the TIARA conferees have agreed on the authorization level, as listed in the classified Schedule of Authorizations, the joint statement, and its classified annex, for TIARA programs

which fall into the appropriation categories of Military Pay and Military Construction.

## TITLE I—INTELLIGENCE ACTIVITIES

### SECTIONS 101 AND 102

Sections 101 and 102 of the conference report authorize appropriations for the intelligence and intelligence-related activities of the United States Government for fiscal year 1988 and establish personnel ceilings applicable to such activities.

Section 101 is identical to Section 101 of the House bill, which authorized appropriations only for Fiscal Year 1988. Section 101 of the Senate amendment authorized appropriations for Fiscal Years 1988 and 1989.

Section 102(a) of the House bill applied only to Fiscal Year 1988. Section 102 of the Senate amendment applied to both Fiscal Years 1988 and 1989.

Sections 102 (a) and (b) of the conference report authorize appropriations and manpower for Fiscal Year 1988 at a level consistent with the budget allocations for the defense functions set by H. Con. Res. 93, the Concurrent Resolution on the Budget for Fiscal Year 1988. H. Con. Res. 93 provides an overall authorization for the national defense function (Function 050) at \$296 billion for Fiscal Year 1988, but would reduce that level to \$289 billion if reconciliation legislation increasing revenues is not enacted. Section 102(b) authorizes appropriations for intelligence and intelligence-related activities at a level proportionate to the \$296 billion level, the "Conference Agreement" level, but provides that a lower level of authorizations, the "Contingent Level," will apply in the absence of legislation permitting Fiscal Year 1988 appropriations for national defense in excess of \$289 billion. Section 102(b) also waives the authorization requirements of Section 502(a)(1) of the National Security Act with respect to certain unauthorized appropriations listed in the Schedule of Authorizations.

Section 102(c) provides for the distribution of the classified Schedule of Authorizations.

Section 102(d) of the House bill required the Secretary of Defense to exclude the Defense Intelligence Agency (DIA) and the Defense Mapping Agency (DMA) from reductions in non-headquarters personnel of Defense Agencies he must make as of September 30, 1988 under the provisions of the Department of Defense Reorganization Act. The Senate amendment contained no comparable provision.

Section 102(d) of the conference report expresses the sense of Congress that the Secretary should not make personnel cuts at DIA and DMA to comply with the provisions of the Act requiring cuts in non-headquarters personnel. The conferees agreed to this compromise because they believe that these two agencies have important intelligence or intelligence-related missions which would be severely impaired by personnel reductions. In fact, the Congress has consistently increased manpower of these two agencies in order to meet the requirements of new responsibilities, some of which the Congress has explicitly urged upon them. The conferees also recognize, however, that if the personnel reduction provisions of the Department of Defense Reorganization Act are to have efficacy, they

must be given a chance. Since no reductions are mandated until Fiscal Year 1988, the conferees agreed to drop the House exemption for DIA and DMA. However, the conferees fully expect the Secretary of Defense to heed the Department's own studies showing the need for existing manpower levels at DIA and DMA to conduct essential intelligence and intelligence-related tasks and to refrain from making personnel reductions at those Defense agencies.

#### SECTION 103

Section 103 of the conference report authorizes the Director of Central Intelligence to make adjustments in personnel ceilings in certain circumstances. Section 103 of the conference report is identical to Section 103 of the House bill and Section 103 of the Senate amendment.

The conferees emphasize that the authority conveyed by Section 103 is not intended to permit the wholesale raising of personnel strength in each or any intelligence component. Rather, the section provides the Director of Central Intelligence with flexibility to adjust personnel levels temporarily for contingencies and for overages caused by an imbalance between hiring of new employees and attrition of current employees from retirement, resignation, and so forth. The conferees do not expect the Director of Central Intelligence to allow heads of intelligence components to plan to exceed personnel levels set in the Schedule of Authorizations except for the satisfaction of clearly identified hiring needs which are consistent with the authorization of personnel strengths in this bill. In no case is this authority to be used to provide for positions denied by this Act.

#### SECTION 104

Section 104 of the House bill provided that funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1988 to provide funds, materiel, or other assistance to the Nicaraguan Democratic Resistance to support military or paramilitary operations in Nicaragua only as authorized by the bill or specifically authorized by separate legislation approved by Congress. Section 104 prohibited the use of funds from the CIA's Reserve for Contingencies to support the military or paramilitary activities of the Nicaraguan Democratic Resistance. The section also provided that any unauthorized transfer of funds to support such military or paramilitary operations would require Congressional approval. Finally, Section 104 permitted the provision of intelligence information and advice to the Nicaraguan Democratic Resistance under terms and conditions specified by the Joint Explanatory Statement of Managers to accompany the conference report on H.R. 2419 of the 99th Congress (H. Rept. 99-373, pages 14 and 17). The House bill authorized funds sufficient to provide such intelligence information and advice.

The Senate amendment contained no comparable provision but authorized funds for the provision of intelligence information and advice.

Section 104 of the conference agreement is identical to the House bill except that the conference provision also authorizes the funds and authorities provided by FY 1988 continuing resolutions (H.J. Res. 362, 100th Congress, 1st Session, P.L. 100-120; and H.J. Res. 394, 100th Congress, 1st Session), subject to the understandings set forth in the classified annex to this statement of managers. These understandings are contained in representations of September 29, October 7 and November 6, 1987, made by intelligence officials to the two intelligence committees, and included in the classified annex to this Statement of Managers.

The conferees note that the adoption by the Central American nations in Guatemala on August 7, 1987 of a peace plan for the region has affected dramatically the context in which assistance to the Nicaraguan resistance is viewed by the Congress. Accordingly, the conferees assume that any authorities provided by the conference report which relate to assistance to the Nicaraguan resistance shall be reviewed, modified or terminated consistent with compliance with the Central American peace plan, which among other things, calls for an end to foreign assistance to Central American insurgencies.

## TITLE II—INTELLIGENCE COMMUNITY STAFF

### SECTIONS 201, 202, AND 203

Title II of the conference report authorizes appropriations and personnel end-strengths for FY 1988 for the Intelligence Community Staff and provides for administration of the Staff during FY 1988 in the same manner as the Central Intelligence Agency. The House bill authorized \$24,272,000 and 237 personnel. The Senate amendment authorized \$21,900,000 and 237 personnel. The conference report authorizes \$23,614,000 and 237 personnel.

## TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND RELATED MATTERS

### SECTION 301

Section 301 of the conference report authorizes appropriation for FY 1988 of \$134,700,000 for the CIA Retirement and Disability Fund. Both Section 301 of the House bill and Section 301 of the Senate amendment authorized \$134,700,000 for the Fund.

## TITLE IV—RETIREMENT AND DEATH-IN-SERVICE BENEFITS

### SECTIONS 401 AND 402

Section 401 of the conference report provides retirement benefits for former spouses of CIA employees who were divorced prior to, or whose spouse retired from the CIA prior to, November 15, 1982, the effective date of the Central Intelligence Agency Spouses' Retirement Equity Act of 1982.

Section 402 of the conference report provides a death-in-service benefit to qualifying CIA former spouses, retroactive to November 15, 1982.

Section 401 of the conference report is identical to Section 401 of the House bill.

Section 402 of the conference report is identical to Section 402 of the House bill, with an amendment that makes clear that a widow or widower of a CIA employee who has received a death-in-service benefit prior to enactment of the Intelligence Authorization Act for Fiscal Year 1988 shall not have such benefits reduced after enactment if a former spouse of the CIA employee becomes eligible for a death-in-service benefit. The Senate amendment contained no comparable provisions.

## TITLE V—ENHANCED COUNTERINTELLIGENCE AND SECURITY CAPABILITIES

### SECTION 501

Section 501 of the conference report requires the Attorney General to report annually to the two intelligence committees any cases where Soviet nationals have been admitted to the United States, over the objections of the Director of the Federal Bureau of Investigation, for employment by, or assignment to, a diplomatic establishment or international organization in the United States.

Section 501 of the conference report is identical to Section 401 of the Senate amendment. The House bill contained no comparable provision.

### SECTION 502

Section 502 of the conference report directs the Director of the Federal Bureau of Investigation and the Director of the Office of Personnel Management to conduct a study to ascertain the effect on recruitment, retention and operations of employees in the New York Field Division of the Federal Bureau of Investigation caused by the high cost of living in the New York area. The section further provides that 60 days after enactment, the two Directors must submit to Congress a report setting forth the results of the study and a plan for remedying problems identified by the study, including, as appropriate, additional compensation or other means of defraying the costs of employment with the FBI in the New York Field Division.

Section 402 of the Senate amendment provided permanent authority to the Director of the Federal Bureau of Investigation to pay additional compensation to the employees of the FBI's New York Field Division in order to defray unusual living expenses associated with such employment. The House bill contained no comparable provision.

The Intelligence Committees have been advised for some time by the FBI that due to the high costs of living in the New York area, the FBI has a difficult time recruiting agents for such assignments, which impose a considerable financial burden on agents and their families under the current pay structure. Agents who are assigned to the New York office routinely attempt to leave at the earliest opportunity.

From the standpoint of the effectiveness of the FBI's Foreign Counterintelligence Program, the New York Field Division is critically important. To have employees assigned to this division against their wishes, at a considerable financial sacrifice, and to



have them take the first opportunity to leave for the same reason, inevitably undermines the effectiveness of the New York office in terms of its counterintelligence responsibilities.

What distinguishes the circumstances of FBI employees in the New York area is that many FBI employees are transferred in and out of the New York area as a routine matter. The great majority are not recruited in New York and undergo significant hardship in terms of housing, commuting and overall living expenses by transferring into the New York metropolitan area. Most other Federal employees in the New York area are not required as a condition of employment to move to the New York area because they were already living in the area when they joined the Federal service. Further, the conferees wish to emphasize that the FBI, especially in its counterintelligence activities, possesses personnel requirements which differ from other Federal agencies and which impose burdens in excess of those imposed by other Federal employment in the New York area.

The conferees are conscious of the fact that legislating a special compensation supplement for FBI employees in the New York area would cause dissatisfaction and invite comparison with other Federal employment. Although the conferees are convinced that circumstances of FBI recruitment, assignment and operations are generally more onerous than those of other Federal employees in the New York area, the conferees were mindful of the Administration's concern to minimize inequities in the treatment of all Federal employees in the New York area. The conferees, however, are of the strong belief that some appropriate measures can and should be taken to relieve the high cost of living for Federal employees in the New York area but most particularly for those of the FBI.

The conferees had considered a short-term demonstration project in order to study the effect that an additional cost-of-living allowance would have on the situation of FBI employees in the New York Field Division. The intent of the allowance would have been to equalize the financial burden of living in the New York area with those which may occur in other areas of the country. The Administration opposed this approach and represented to the conferees that the Director of the Office of Personnel Management had sufficient legislative authority to make adjustments for the employees of the New York Field Division. The conferees were further told that the Administration was willing to undertake a study to consider ways in which to employ such authority and that there was a recognition within the Administration of the unique and significant burden imposed on many New York Field Division employees of the FBI. Accordingly, the conferees agreed to require such a study with appropriate recommendations. It is the expectation of the conferees that the results of the study will bear out the conferees' conclusions about the uniqueness of the FBI working conditions in New York and the appropriateness of providing some recompense for these conditions of employment.

The conferees believe that Administration officials have promised a good faith effort to come up with a solution to the New York Field Division problem within the context of existing authorities and as a result of cooperation between OPM, FBI and the Office of Management and Budget. The conferees put the Administration on

notice that a failure to address the problems identified by the intelligence committees will lead to further legislative action by the Congress.

The conferees expect that any FY 88 FBI funds used to implement any findings or recommendations of the study will be the subject of a reprogramming request submitted to the appropriate committees of the Congress.

## TITLE VI—DEFENSE INTELLIGENCE PERSONNEL

### SECTION 601

Section 601 of the conference report would authorize the Secretary of Defense to pay a civilian uniform allowance to DIA civilian personnel overseas employed by the Defense Attache Offices who are required to wear uniforms during the course of their employment.

Section 601 of the conference report is identical to Section 501 of the House bill and substantially the same as Section 501 of the Senate amendment.

### SECTION 602

Section 602 of the conference report would extend for two fiscal years the extraordinary authority of the Secretary of Defense to terminate a Defense Intelligence Agency civilian employee without regard to normal Federal personnel termination procedures.

Section 602 is identical to Section 502 of the Senate amendment. Section 502 of the House bill would have extended this authority only for fiscal year 1988.

The conferees have agreed to consider permanent extension of DIA termination authority based on the findings and recommendations of the study on intelligence personnel systems to be performed by the National Academy of Public Administration pursuant to Section 701 of the conference report.

### SECTION 603

Section 603 of the conference report would exempt the Defense Intelligence Agency from any requirement to disclose information on its organization, functions, or personnel, except as required by the Freedom of Information Act or the Privacy Act.

Section 603 of the conference report is identical to Section 505 of the Senate amendment except that the exemption from disclosure would not apply to the requirements for record searches and disclosure of the Freedom of Information Act and the Privacy Act. The House bill contained no comparable provision.

The purpose of Section 603 is to permit DIA to avoid various executive branch personnel reporting requirements to which CIA and NSA are not required to respond. It will permit the DIA to protect classified personnel data from inappropriate dissemination throughout the executive branch. At present, the DIA is required to submit personnel data which is classified but which receiving executive branch offices cannot securely handle or use. The conferees determined that it was appropriate to remove the requirement for classified submissions by DIA in connection with such internal ex-

ecutive branch reports, but unnecessary to exempt DIA from either the Freedom of Information Act or the Privacy Act, since compliance with those statutes has not been a problem for DIA and because both statutes provide adequate protection for classified information.

## TITLE VII—STUDY OF INTELLIGENCE PERSONNEL SYSTEMS

### SECTION 701

Section 701 of the conference report requires the Director of Central Intelligence to contract with the National Academy of Public Administration to perform an objective classified study of personnel management and compensation systems affecting civilian personnel of the United States intelligence community.

Section 601 of the House bill would have created a Commission on Intelligence Personnel Systems to review personnel recruitment, retention, management and compensation programs of the U.S. intelligence community. The commission would have been made up of three members, one appointed by the President, another by the Speaker of the House, and a third by the Majority Leader of the Senate. The House felt the Commission was necessary to provide a comprehensive review of current programs; assess the need for changes, especially those required by the unique circumstances of intelligence activities; and to present recommendations to the Congress for necessary changes after considering the potential inequities the proposed changes would create either among intelligence agencies or between the intelligence community and the Federal Civil Service. The Senate amendment had no comparable provision.

The conference agreement provides for the conduct of the study that would have been required by the House bill except that under the conference agreement, the study shall be conducted by the National Academy of Public Administration (NAPA), an independent Federally-chartered institution with significant expertise in government management issues and an excellent reputation for objective, thorough study. The study will assess the ability of intelligence community activities to perform their current and future missions with existing or proposed personnel and compensation systems.

The conference agreement directs the Director of Central Intelligence to contract with NAPA to conduct the study of intelligence personnel systems but it is the expectation of the conferees that the Director will consult with the intelligence committees in his negotiations to select a NAPA team to conduct the study and in the development of essential parameters of that study. The language of the conference agreement also provides that the Director of Central Intelligence, the Director of the Intelligence Community Staff, and all elements of the intelligence community must provide necessary support, including personnel, to the NAPA panel as well as access to all information relating to intelligence personnel and management issues. The conferees further urge the Director of Central Intelligence to ensure that members and staff of the NAPA panel are given every measure of cooperation and that security investigations and review necessary to provide clearances for them are given priority attention.

The NAPA study panel should be tasked with producing interim analytical reports before the required completion of the final report by January 20, 1989. The conferees believe that such interim reports, which should be provided on May 1 and August 1, 1988, could be useful to the intelligence committees and to the intelligence community. The conferees urge the Director to ensure that such interim reports particularly address an analysis of existing or proposed changes to personnel management and compensation systems aimed at recruiting or retaining individuals with skills critical to the various missions of the agencies and entities of the intelligence community. Among the skills of critical importance to a number of such intelligence entities are mathematics, computer science, engineering, and foreign languages.

The conferees are aware that some intelligence agencies may seek to institute changes in their personnel management and compensation programs during the period in which NAPA is conducting the intelligence personnel study. The conferees do not wish to discourage personnel management and compensation improvements implemented within the framework of current programs. However, the purpose of the study is to provide a baseline for a comprehensive review by the intelligence committees of all personnel needs of the intelligence agencies presented in a coherent and coordinated fashion. The conferees believe that significant, non-urgent changes in personnel management or compensation programs should be reviewed very carefully before they are implemented.

The conferees consider the authorized programs for fiscal year 1988 to include only those personnel management and compensation programs in effect at the time the budget was submitted and justified. Significant changes to those programs would be of special Congressional interest and would require submission to the intelligence committees for consideration under established reprogramming or transfer procedures. By "significant," the conferees mean departures from current personnel management or compensation structures. While the conferees do not intend to discourage needed change, they emphasize that any contemplated significant program change should be submitted well in advance of the date anticipated for implementation. Unless submitted as part of the annual fiscal year 1989 budget request, such proposals should be submitted at least 30 days prior to proposed implementation.

## TITLE VIII—GENERAL PROVISIONS

### SECTION 801

Section 801 of the conference report provides that the authorization of appropriations by the conference report shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States. Section 801 of the conference report is identical to Section 701 of the House bill and of the Senate amendment.

## SECTION 802

Section 802 of the conference report provides that appropriations authorized by the conference report for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law. Section 802 of the conference report is identical to Section 702 of the House bill and of the Senate amendment.

## TITLE IX—MOUNT ALTO EMBASSY SITE

## SECTION 901

Section 901 of the conference report would require a report to Congress from the Secretary of Defense assessing the present and potential capabilities of the government of the Soviet Union to intercept United States communications involving diplomatic, military and intelligence matters from Soviet diplomatic facilities on Mount Alto in the District of Columbia and a determination by the Secretary as to whether or not present or proposed Soviet occupation of facilities on Mount Alto is consistent with the national security of the United States.

Section 901 is identical to Section 801 of the House bill. The Senate amendment contained no comparable provision.

## PROVISIONS NOT INCLUDED IN THE CONFERENCE REPORT

The House bill contained a provision, Section 105, which reinstated the application of Section 502 of the National Security Act of 1947 as it applied to funds appropriated by the Department of Defense Appropriations Act, 1987, authorized the expenditure of all appropriations in that Act not previously authorized with the exception of two programs, and—with respect to those programs—required that funds appropriated for them be reprogrammed. The Senate amendment contained no comparable provision.

The conferees agreed that inclusion of Section 105 was unnecessary in light of the fact that a similar previously enacted provision (Section 11 of the Supplemental Appropriations Act, 1987, P.L. 100-71) had the effect of reinstating Section 502 and authorizing all previously unauthorized intelligence programs. Further, since the enactment of Section 11 of the Supplemental Appropriations Act, 1987, one of the programs, which Section 105 would have directed be reprogrammed, has since been reprogrammed. Further discussions between the branches concerning the remaining program have determined how the funds in question will be applied and managed.

Section 506 of the Senate amendment amended Section 16 of the National Security Act of 1959 to expand NSA's undergraduate critical skills training program to cover graduate-level employees and applicants. The purpose of the new training program was to recruit and retain talented specialists in mathematics, engineering, com-

puter science and foreign languages who might otherwise have found better financial and educational opportunities in private industry, where such graduate-level training is frequently offered.

The conferees agreed to defer consideration of this new training initiative pending the findings and recommendations of the NAPA study on intelligence personnel systems. It was felt that training programs were among the incentives that should be reviewed and evaluated by NAPA in light of the need to retain skilled intelligence professionals. The conferees agreed that legislative deliberation on all non-urgent intelligence personnel management proposals should wait until NAPA has had a chance to study personnel management systems within the intelligence community and the larger federal sector, and made comprehensive recommendations for intelligence community personnel systems. The conferees expect that, in its study and recommendations, NAPA will deal with the issue of intelligence training programs across the board as incentives to retention and recruitment.

The conferees also considered proposed changes in review procedures under the Export Administration Act which will affect the way in which the views of intelligence agencies are considered in determining potential adverse effects of exports upon the missions of these agencies. Neither of the committees addressed this matter because of the simultaneous consideration in both Houses of trade bills, but the conferees are concerned that the trade bills passed by both Houses could have the unintended side effect of adversely affecting national intelligence capabilities by permitting the export of certain sensitive goods and technology. For these reasons, the conferees request that the Director of Central Intelligence provide the intelligence committees with an intelligence community report which identifies the potential impact to the community of significant changes to the Act or regulations issued pursuant to the Act. The report should also include an assessment of trade related events that have had an impact on the intelligence community. The conferees request that the DCI periodically update this report as appropriate, but no less frequently than annually. The conferees request that the Director of Central Intelligence supplement the matters required to be provided under the report with any additional trade problems or issues affecting intelligence activities that stem from legislative or executive branch action.

In its report (S. Report 100-117) on the Intelligence Authorization Bill, the Senate Committee on Armed Services requested that the Secretary of Defense and the Director of Central Intelligence develop a plan for the conduct of net assessments which allow for independent judgments. The House had no similar language.

The conferees concur with the concerns expressed by the Senate and endorse the Senate request. The conferees also agree that the Intelligence Community should improve its analysis of the net assessment or "correlation of forces" as viewed by the Soviets. In addition to the increased involvement of the Intelligence Community in the net assessment process, the conferees believe intelligence officials in the Office of the Secretary of Defense should have an en-

hanced role in coordinating the development of intelligence estimates and preparation of net assessments.

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