

DATE

21 November 86

TRANSMITTAL SLIP

TO:

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DCI/ICS 86-3140

21 November 1986

MEMORANDUM FOR: Acting Director, Policy and Planning Staff,
Intelligence Community Staff

FROM: Director, Intelligence Community Staff

SUBJECT: Congressionally Directed Action from the
House Permanent Select Committee on Intelligence

REFERENCE: Section 507 of the FY 1987 Intelligence Authorization Act

1. Section 507 of the subject Act contains a provision which requires a joint DCI-SECDEF report covering the personnel systems of CIA, DIA, NSA and the civilian intelligence personnel of the military services. This report, which must be unclassified, is to address five broad areas of interest as outlined under section 507.

2. The report is due to Congress on 3 January 1987. Unfortunately, inasmuch as the due date was actually written into the law (instead of being set in the accompanying report), the HPSCI staff has advised us that they lack the authority to grant any extensions to the reporting deadline.

3. I would like you to take the lead in pulling together the individual NFIP agency contributions, and to work with Mr. Craig Wilson in C³I in preparing a document that can be jointly signed by the SECDEF and the DCI as requested.

4. I have attached for your reference an excerpt from the Congressional Record which contains the law, as passed, and the appropriate section of the Conference Report which contains additional information on this provision. If any questions arise, please contact [redacted] of our Legislative Liaison office. They can be reached at [redacted]

STAT

[redacted]
Edward J. Heinz
Lieutenant General, USAF

Attachments:
As Stated

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some were affiliated with the vigilantes that have cropped up in Arizona who were going out, taking it upon themselves to arrest people they thought were aliens, and still are.

Others that they were associated with, the Aryan Brotherhood, which as you know from having read in the newspaper, has created quite a bit of dilemma for law enforcement agents in the Middle West.

Whether that is true or not, I did not think it was any of my business in the absence of absolute verifiable information which came after the shooting death, and which I could see that the municipality did not and does not have the resources to really go into a comprehensive review that only such agencies as the Federal Bureau of Investigation have.

So I wrote a letter and called and requested personally of Director Webster, who had been kind enough to call me, after 2 years of speaking on this floor on the Judge Wood case, for which I was ridiculed, criticized, and what not.

He called me at my home in San Antonio one day, a Friday, and said:

I want you to be the first to know that the first breakthrough in our indictments of what will be people charged with the murder of Judge Wood will be announced, and I wanted you to know first, ahead of time, because we gave you credit, more than any other person, for having enabled us to get the resources to resolve the crime.

What I am saying today, though, is that that crime really has not been fully resolved. Yes, we had five indictments, we had about three or four convictions; but those are not the moving spirits behind it all. We talk about curbing drugs. We are doing less now in curbing this multibillion-dollar exchange of stolen vehicles south of the border, coming back in the form of drugs than we were in 1979.

Judge Wood became a target because they considered him harsh. Harsh. But who were the individuals involved? Were they the top? Well, I am sure they are not, because we have reached the point, as I said for those 2 years, where in our country crime and criminal behavior of the most sophisticated kind is so enmeshed within the political and the business—we have businesses, banks, shopping centers, savings and loans, other big corporations, insurance corporations, that have literally been taken over by the mob; but it is done in late 20th-century fashion.

So well that many of the people involved in the businesses do not even know who really controls it. Even now our own President, I have never heard him come out strong against organized crime. It is now revealed what a lot of us had reason to know, that when he got started in making his \$4 million in Hollywood, that it was enabled to be done so because those powerful pandjandrus that enabled him to become a millionaire four times over were linked cheek by jowl with the highest,

sophisticated, criminal organized element in our country.

Does that mean the President knows it? No. As one very, very famous figure in the so-called stopping of the French connection in the Northeast, meaning the importation of hard drugs, cocaine, said:

Well, we'll soon see where we will elect a President who will not know that organized crime put him there until he gets the bill to pay.

I hate to say this, but it is true. We have put out law enforcement agents where they cannot buck that kind of combination. They cannot possibly penetrate it.

In my city of San Antonio, which actually should not get that kind of reputation because it never has been a headquarters; at best it has been a way station. When the French connection was stopped, then the brown heroin was open, and it came from Colombia and Bolivia and through Mexico. Then when that, after a lot of us got to yelling about it, it opened up in greater strength in the Caribbean and up through Florida, where it is still unstopped. We can send all the soldiers we want, but until we address the fundamental reason and the cause for the demand in our country, until we can give our law enforcement agents the power to really uproot the main brains behind it, we will continue to have King Crime in full emperor's robes.

Mr. Speaker, I yield back the balance of my time.

CONFERENCE REPORT ON H.R. 4759

Mr. HAMILTON submitted the following conference report and statement on the bill (H.R. 4759) to authorize appropriations for fiscal year 1987 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:

CONFERENCE REPORT (H. REPT. 99-952)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4759) to authorize appropriations for fiscal year 1987 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 so recommend, 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 for Fiscal Year 1987".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

Sec. 101. Funds are hereby authorized to be appropriated for fiscal year 1987 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) The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1987, 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 by the Committee of Conference to accompany H.R. 4759 of the Ninety-ninth Congress. That 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.

(b) Funds appropriated to the Department of Defense for fiscal year 1987 for intelligence and intelligence-related activities and listed under the heading "ADDITIONAL SPECIFICALLY AUTHORIZED ACTIVITIES" in the Schedule of Authorizations to which subsection (a) refers, shall be considered to be specifically authorized by the Congress for such activities for purposes of section 502 of the National Security Act of 1947, notwithstanding the absence of authorizations of appropriations for such activities in this Act.

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 1987 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.

AUTHORITY FOR THE CONDUCT OF INTELLIGENCE ACTIVITIES

Sec. 104. 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 COMPENSATION AND BENEFITS AUTHORIZED BY LAW

Sec. 105. 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.

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

SEC. 106. 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 1987 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 any provision of law specifically providing such funds, materiel, or assistance.

**RESTRICTION ON INTELLIGENCE AGENCY
COOPERATION WITH SOUTH AFRICA**

SEC. 107. No agency or entity of the United States involved in intelligence activities may engage in any form of cooperation, direct or indirect, with the Government of South Africa, except activities which are reasonably designed to facilitate the collection of necessary intelligence. It is the policy of the United States that no agency or entity of the United States involved in intelligence activities may provide any intelligence information to the Government of South Africa which pertains to a South African internal opposition group, movement, organization, or individual. Any change in such policy, or the provision of intelligence information contrary to such policy, shall be considered a significant anticipated intelligence activity for purposes of section 501 of the National Security Act of 1947.

**TITLE II—INTELLIGENCE COMMUNITY
STAFF****AUTHORIZATION OF APPROPRIATIONS**

SEC. 201. There is authorized to be appropriated for the Intelligence Community Staff for fiscal year 1987 the sum of \$22,000,000.

AUTHORIZATION OF PERSONNEL END-STRENGTH

SEC. 202. (a) The Intelligence Community Staff is authorized two hundred thirty seven full-time personnel as of September 30, 1987. 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 1987, 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 1987, 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 1987, 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 RELATED
MATTERS****AUTHORIZATION OF APPROPRIATIONS**

SEC. 301. There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1987 the sum of \$125,800,000.

**SURVIVOR BENEFITS FOR CERTAIN FORMER
SPOUSES OF CIA EMPLOYEES**

SEC. 302. (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 thereof the following new section:

**"SURVIVOR BENEFITS FOR CERTAIN OTHER
FORMER SPOUSES**

SEC. 224. (a)(1) Any individual who was a former spouse of a participant or 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 a survivor annuity equal to 55 per centum of the greater of—

"(A) the full amount of the participant's or former participant's annuity, as computed under section 221(a); or

"(B) the full amount of what such annuity as so computed would be if the participant or former participant had not withdrawn a lump-sum portion of contributions made with respect to such annuity.

"(2) A survivor annuity payable under this section shall be reduced by an amount equal to the amount of retirement benefits, not including benefits under title II of the Social Security Act, received by the former spouse which are attributable to previous employment of such former spouse by the United States.

"(b) A former spouse shall not be entitled to a survivor annuity under this section if—

"(1) an election has been made with respect to such former spouse under section 223;

"(2) the former spouse remarries before age fifty-five; or

"(3) the former spouse is less than fifty years of age.

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

"(A) shall commence—

"(i) in the case of a former spouse of a participant or former participant who is deceased as of the effective date of this section, beginning on the later of—

"(I) The sixtieth day after such date; or

"(II) the date such former spouse reaches age fifty; and

"(ii) in the case of any other former spouse, beginning on the later of—

"(I) the date that the participant or former participant to whom the former spouse was married dies;

"(II) the sixtieth day after the effective date of this section; or

"(III) the date such former spouse reaches age fifty; and

"(B) shall terminate on the last day of the month before the former spouse's death or remarriage before attaining age fifty-five.

"(2)(A) A survivor annuity 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 thirty months after the effective date of this section.

"(B) Upon approval of an application provided under subparagraph (A), the appropriate survivor annuity shall be payable to the former spouse with respect to all periods before such approval during which the former spouse was entitled to such annuity under this section, but in no event shall a survivor annuity be payable under this sec-

tion 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 sixty 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 former participant on November 15, 1982, of any rights which such individual may have under this section."

"(b) Section 14(a) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403n(a)) is amended by inserting "224," after "222, 223,"

"(c) For fiscal year 1987, not to exceed \$500,000 shall be available from amounts appropriated under the authority of section 101(1) of this Act for survivor annuities under section 224 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees and under the amendment made by subsection (b) of this section.

"(b) The amendments made by this section shall take effect on October 1, 1986.

**HEALTH BENEFITS FOR CERTAIN FORMER SPOUSES
OF CENTRAL INTELLIGENCE AGENCY EMPLOYEES**

SEC. 303. (a) The Central Intelligence Agency Act of 1949 is amended by adding at the end a new section as follows:

**"HEALTH BENEFITS FOR CERTAIN FORMER
SPOUSES OF CENTRAL INTELLIGENCE AGENCY
EMPLOYEES**

"SEC. 16. (a) Except as provided in subsection (c)(1), any individual—

"(1) formerly married to an employee or former employee of the Agency, whose marriage was dissolved by divorce or annulment before May 7, 1985;

"(2) who, at any time during the eighteen-month period before the divorce or annulment became final, was covered under a health benefits plan as a member of the family of such employee or former employee; and

"(3) who was married to such employee for not less than ten years during periods of service by such employee with the Agency, at least five years of which were spent outside the United States by both the employee and the former spouse,

is eligible for coverage under a health benefits plan in accordance with the provisions of this section.

"(b)(1) Any individual eligible for coverage under subsection (a) may enroll in a health benefits plan for self alone or for self and family if, before the expiration of the six-month period beginning on the effective date of this section, and in accordance with such procedures as the Director of the Office of Personnel Management shall by regulation prescribe, such individual—

"(A) files an election for such enrollment; and

"(B) arranges to pay currently into the Employees Health Benefits Fund under section 8909 of title 5, United States Code, an amount equal to the sum of the employee and agency contributions payable in the case of an employee enrolled under chapter 89 of such title in the same health benefits plan and with the same level of benefits.

"(2) The Director of Central Intelligence shall, as soon as possible, take all steps practicable—

"(A) to determine the identity and current address of each former spouse eligible for coverage under subsection (a); and

"(B) to notify each such former spouse of that individual's rights under this section.

"(3) The Director of the Office of Personnel Management, upon notification by the Director of Central Intelligence, shall waive

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the six-month limitation set forth in paragraph (1) in any case in which the Director of Central Intelligence determines that the circumstances so warrant.

"(C)(1) Any former spouse who remarries before age fifty-five is not eligible to make an election under subsection (b)(1).

"(2) Any former spouse enrolled in a health benefits plan pursuant to an election under subsection (b)(1) may continue the enrollment under the conditions of eligibility which the Director of the Office of Personnel Management shall by regulation prescribe, except that any former spouse who remarries before age fifty-five shall not be eligible for continued enrollment under this section after the end of the thirty-one-day period beginning on the date of remarriage.

"(d) No individual may be covered by a health benefits plan under this section during any period in which such individual is enrolled in a health benefits plan under any other authority, nor may any individual be covered under more than one enrollment under this section.

"(e) For purposes of this section the term 'health benefits plan' means an approved health benefits plan under chapter 89 of title 5, United States Code."

(b) The amendment made by this section shall take effect on October 1, 1986.

TITLE IV—COUNTERINTELLIGENCE AND SECURITY

COUNTERINTELLIGENCE OFFICIAL VISITOR EXCHANGES

SEC. 401. (a) Chapter 33 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 539. Counterintelligence official reception and representation expenses

"The Director of the Federal Bureau of Investigation may use funds available to the Federal Bureau of Investigation for counterintelligence programs to pay the expenses of hosting foreign officials in the United States under the auspices of the Federal Bureau of Investigation for consultation on counterintelligence matters."

(b) The table of contents for chapter 33 of title 28, United States Code, is amended by adding at the end thereof the following:

"539. Counterintelligence official reception and representation expenses."

(c) Chapter 4 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 110a. Counterintelligence official reception and representation expenses

"The Secretary of Defense may use funds available to the Department of Defense for counterintelligence programs to pay the expenses of hosting foreign officials in the United States under the auspices of the Department of Defense for consultation on counterintelligence matters."

(d) The table of contents for chapter 4 of title 10, United States Code, is amended by adding at the end thereof the following:

"140a. Counterintelligence official reception and representation expenses."

FBI ACCESS TO STATE AND LOCAL CRIMINAL RECORDS FOR SECURITY CLEARANCES

SEC. 402. (a) Section 9101 of title 5, United States Code, is amended as follows:

(1) in paragraph (1) of subsection (b) by striking "or" after "Office of Personnel Management," by inserting "or the Federal Bureau of Investigation," after "the Central Intelligence Agency," and by striking "department, office or agency" and inserting in lieu thereof "department, office, agency or bureau";

(2) in subparagraph (3)(A) of subsection (b) by striking "or" after "Office of Person-

nel Management," by inserting ", or the Federal Bureau of Investigation" after "the Central Intelligence Agency"; by striking "department, office, or agency" and inserting in lieu thereof "department, office, agency, or bureau"; and by striking "department, office, or agency," and inserting in lieu thereof "department, office, agency, or bureau";

(3) in subparagraph (3)(A) of subsection (b) by striking "or" after "Office of Personnel Management," by inserting ", or the Federal Bureau of Investigation" after "the Central Intelligence Agency"; and

(4) in subsection (c) by striking "or" after "Office of Personnel Management," by inserting ", or the Federal Bureau of Investigation" after "the Central Intelligence Agency";

(b) Section 803(a) of the Intelligence Authorization Act for fiscal year 1986 (Public Law 99-169) is amended by striking "and" after "Office of Personnel Management," and by inserting "and the Federal Bureau of Investigation," after "the Central Intelligence Agency."

(c) The amendments made by this section shall become effective with respect to any inquiry which begins after the date of enactment of this Act conducted by the Federal Bureau of Investigation for purposes specified in paragraph (b)(1) of section 9101 of title 5, United States Code.

PERMANENT EXTENSION OF DOD AUTHORITY TO USE PROCEEDS FROM COUNTERINTELLIGENCE OPERATIONS

SEC. 403. (a) Chapter 4 of title 10, United States Code, as amended by section 401(c) of this Act, is further amended by adding at the end thereof the following new section:

"§ 140b. Authority to use proceeds from counterintelligence operations of the military departments

"(a) The Secretary of Defense may authorize, without regard to the provisions of section 3502 of title 31, United States Code, use of proceeds from counterintelligence operations conducted by components of the military departments to offset necessary and reasonable expenses, not otherwise prohibited by law, incurred in such operations, and to make exceptional performance awards to personnel involved in such operations, if use of appropriated funds to meet such expenses or to make such awards would not be practicable.

"(b) As soon as the net proceeds from such counterintelligence operations are no longer necessary for the conduct of those operations, such proceeds shall be deposited into the Treasury as miscellaneous receipts.

"(c) The Secretary of Defense shall establish policies and procedures to govern acquisition, use, management, and disposition of proceeds from counterintelligence operations conducted by components of the military departments, including effective internal systems of accounting and administrative controls."

(b) The table of contents for chapter 4 of title 10, United States Code, as amended by Section 401(d) of this Act, is further amended by adding at the end thereof the following:

"140b. Authority to use proceeds from counterintelligence operations of the military departments."

FEDERAL BUREAU OF INVESTIGATION COUNTERINTELLIGENCE ACCESS TO FINANCIAL RECORDS OF AGENTS OF FOREIGN POWER

SEC. 404. Section 1114(a) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3414(a)) is amended by adding at the end thereof the following new paragraph:

"(5)(A) Financial institutions, and officers, employees, and agents thereof, shall comply with a request for a customer's or

entity's financial records made pursuant to this subsection by the Federal Bureau of Investigation when the Director of the Federal Bureau of Investigation (or the Director's designee) certifies in writing to the financial institution that such records are sought for foreign counterintelligence purposes and that there are specific and articulable facts giving reason to believe that the customer or entity whose records are sought is a foreign power or an agent of a foreign power as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801).

"(B) The Federal Bureau of Investigation may disseminate information obtained pursuant to this paragraph only as provided in guidelines approved by the Attorney General for foreign intelligence collection and foreign counterintelligence investigation conducted by the Federal Bureau of Investigation, and, with respect to dissemination to an agency of the United States, only if such information is clearly relevant to the authorized responsibilities of such agency.

"(C) On a semiannual basis the Attorney General shall fully inform the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate concerning all requests made pursuant to this paragraph.

"(D) No financial institution, or officer, employee, or agent of such institution, shall disclose to any person that the Federal Bureau of Investigation has sought or obtained access to a customer's or entity's financial records under this paragraph."

TITLE V—ADMINISTRATIVE AUTHORITIES RELATING TO INTELLIGENCE PERSONNEL

DEFENSE INTELLIGENCE AGENCY CIVILIAN MEDICAL EVACUATION BENEFIT

SEC. 501. Subsection 1605(a) of title 10, United States Code, is amended by inserting ", (5)" after "paragraphs (2), (3), (4)" and after "12 U.S.C. 4081 (2), (3), (4)".

ONE YEAR EXTENSION DEFENSE INTELLIGENCE AGENCY SPECIAL TERMINATION AUTHORITY

SEC. 502. Paragraph 1604(e)(1) of title 10, United States Code, is amended by striking "fiscal years 1985 and 1986" and inserting in lieu thereof "fiscal years 1986 and 1987".

ACCEPTANCE OF DIRECTOR OF CENTRAL INTELLIGENCE AWARDS BY MILITARY INTELLIGENCE PERSONNEL

SEC. 503. Section 492 of the Intelligence Authorization Act for Fiscal Year 1984 (Public Law 98-815) is amended by adding at the end thereof the following:

"(c) During fiscal year 1987, the Director of Central Intelligence may exercise the authority granted in section 4503(2) of title 5, United States Code, with respect to members of the Armed Forces who are assigned to foreign intelligence duties at the time of the conduct which gives rise to the exercise of such authority.

"(d) An award made by the Director of Central Intelligence to an employee or member of the Armed Forces under the authority of section 4503 of title 5, United States Code, of this section may be paid and accepted notwithstanding—

"(1) section 5536 of title 5, United States Code; and

"(2) the death, separation, or retirement of the employee or the member of the Armed Forces whose conduct gave rise to the award, or the assignment of such member to duties other than foreign intelligence duties."

MANAGEMENT OF CIVILIAN INTELLIGENCE PERSONNEL OF THE MILITARY DEPARTMENTS
 SEC. 504. (a) Chapter 81 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 1590. Management of civilian intelligence personnel of the military departments

"(a) The Secretary of Defense may, without regard to the provisions of any other law relating to the number, classification, or compensation of employees—

"(1) establish such positions for civilian intelligence officers and employees of the military departments as may be necessary to carry out the intelligence functions of such departments;

"(2) appoint individuals to such positions; and

"(3) fix the compensation of such individuals for service in such positions.

"(b) The Secretary of Defense shall, subject to subsection (c), fix the rates of basic pay for positions established under subsection (a) in relation to the rates of basic pay provided in the General Schedule under section 5332 of title 5 for positions subject to such Schedule which have corresponding levels of duties and responsibilities. Except in the case of a civilian intelligence officer or employee of a military department serving as a member of the Senior Executive Service of a military department, no civilian intelligence officer or employee of a military department may be paid basic pay at a rate in excess of the highest rate of basic pay payable under such General Schedule.

"(c) The Secretary of Defense is authorized, consistent with section 5341 of title 5, to adopt such provisions of such title as provide for prevailing rate systems of basic pay and to apply such provisions to positions for civilian intelligence officers or employees in or under which the military departments may employ individuals described by section 5342(a)(2)(A) of such title.

"(d) In addition to the basic pay payable under subsection (b), civilian intelligence officers and employees of the military departments who are citizens or nationals of the United States and who are stationed outside the continental United States or in Alaska may be paid allowances, in accordance with regulations prescribed by the Secretary of Defense, not in excess of an allowance authorized to be paid by section 5941(a) of title 5 for employees whose rates of basic pay are fixed by statute. Such allowances shall be based on—

"(1) living costs substantially higher than in the District of Columbia;

"(2) conditions of environment which differ substantially from conditions of environment in the continental United States and warrant an allowance as a recruitment incentive; or

"(3) both of the factors described in paragraphs (1) and (2).

"(e)(1) Notwithstanding any other provision of law, the Secretary of Defense may, during fiscal year 1987, terminate the employment of any civilian intelligence officer or employee of a military department whenever he considers that action to be in the interests of the United States and he determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of such officer or employee cannot be invoked in a manner consistent with the national security. The decisions of the Secretary under this paragraph are final and may not be appealed or reviewed outside the Department of Defense. The Secretary of Defense shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever this termination authority is exercised.

"(2) Any termination of employment under this subsection shall not affect the right of the officer or employee involved to seek or accept employment with any other department or agency of the United States if he is declared eligible for such employment by the Director of the Office of Personnel Management.

"(3) The Secretary of Defense may delegate authority under this subsection only to the Deputy Secretary of Defense or the Secretary concerned or both. An action to terminate any civilian intelligence officer or employee of a military department by either such officer shall be appealable to the Secretary of Defense."

"The table of sections at the beginning of chapter 81 of title 10, United States Code is amended by adding at the end thereof the following new item:

"1590. Management of civilian intelligence personnel of the military departments."

"(c) The Secretary of Defense shall conduct a comprehensive review and evaluation of the implementation of Section 1590 of title 10, United States Code and shall report thereon to the Congress no later than March 1, 1989. Such report shall—

(1) describe the extent to which the civilian intelligence personnel management systems established under Section 1590 of title 10 have improved acquisition and retention of civilian intelligence personnel by the military departments;

(2) describe the elements of uniformity among the civilian intelligence personnel management systems established under Section 1590 of title 10;

(3) describe the elements of diversity among the civilian intelligence personnel management systems established under Section 1590 of title 10, and explain the need for such diversity based on differences in the intelligence needs or missions of the military departments;

(4) describe the means for oversight within the Office of the Secretary of Defense and each of the military departments for ensuring consistent application of regulations, directives, and guidelines which implement the authority granted under Section 1590 of title 10;

(5) contain recommendations for any legislative changes the Secretary of Defense may deem appropriate; and

(6) include such other matters as the Secretary of Defense may deem appropriate.

NATIONAL SECURITY AGENCY ACQUISITION OF CRITICAL SKILLS

SEC. 505. The National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended by adding at the end thereof the following section:

"Sec. 16. (a) The purpose of this section is to establish an undergraduate training program, which may lead to the baccalaureate degree, to facilitate the recruitment of individuals, particularly minority high school students, with a demonstrated capability to develop skills critical to the mission of the National Security Agency, including mathematics, computer science, engineering, and foreign languages.

"(b) The Secretary of Defense is authorized, in his discretion, to assign civilian employees of the National Security Agency as students at accredited professional, technical, and other institutions of higher learning for training at the undergraduate level in skills critical to effective performance of the mission of the Agency.

"(c) The National Security Agency may pay, directly or by reimbursement to employees, expenses incident to assignments under subsection (b), in any fiscal year only

to the extent that appropriated funds are available for such purpose.

"(d)(1) To be eligible for assignment under subsection (b), an employee of the Agency must agree in writing—

"(A) to continue in the service of the Agency for the period of the assignment and to complete the educational course of training for which the employee is assigned;

"(B) to continue in the service of the Agency following completion of the assignment for a period of one-and-a-half years for each year of the assignment or part thereof;

"(C) to reimburse the United States for the total cost of education (excluding the employee's pay and allowances) provided under this section to the employee if, prior to the employee's completing the educational course of training for which the employee is assigned, the assignment or the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily; and

"(D) to reimburse the United States if, after completing the educational course of training for which the employee is assigned, the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily, prior to the employee's completion of the service obligation period described in subparagraph (B), in an amount that bears the same ratio to the total cost of the education (excluding the employee's pay and allowances) provided to the employee as the unexpired portion of the service obligation period described in subparagraph (B) bears to the total period of the service obligation described in subparagraph (B).

"(2) Subject to paragraph (3), the obligation to reimburse the United States under an agreement described in paragraph (1), including interest due on such obligation, is for all purposes a debt owing the United States.

"(3)(A) A discharge in bankruptcy under title 11, United States Code, shall not release a person from an obligation to reimburse the United States required under an agreement described in paragraph (1) if the final decree of the discharge in bankruptcy is issued within five years after the last day of the combined period of service obligation described in subparagraphs (A) and (B) of paragraph (1).

"(B) The Secretary of Defense may release a person, in whole or in part, from the obligation to reimburse the United States under an agreement described in paragraph (1) when, in his discretion, the Secretary determines that equity or the interests of the United States so require.

"(C) The Secretary of Defense shall permit an employee assigned under this section who, prior to commencing a second academic year of such assignment, voluntarily terminates the assignment or the employee's employment with the Agency, to satisfy his obligation under an agreement described in paragraph (1) to reimburse the United States by reimbursement according to a schedule of monthly payments which results in completion of reimbursement by a date five years after the date of termination of the assignment or employment or earlier at the option of the employee.

"(e)(1) When an employee is assigned under this section to an institution, the Agency shall disclose to the institution to which the employee is assigned that the Agency employs the employee and that the Agency funds the employee's education.

(2) Agency efforts to recruit individuals at educational institutions for participation in the undergraduate training program es-

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established by this section shall be made openly and according to the common practices of universities and employers recruiting at such institutions.

"(f) Chapter 41 of title 5 and subsections (a) and (b) of section 3324 of title 31, United States Code, shall not apply with respect to this section.

"(g) The Secretary of Defense may issue such regulations as may be necessary to implement this section."

CENTRAL INTELLIGENCE AGENCY ACQUISITION OF CRITICAL SKILLS

SEC. 506. Pursuant to the authority granted in section 8 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403j), the Director of Central Intelligence shall establish an undergraduate training program with respect to civilian employees of the Central Intelligence Agency similar in purpose, conditions, content, and administration to the program which the Secretary of Defense is authorized to establish under section 16 of the National Security Act of 1959 (50 U.S.C. 402 note) for civilian employees of the National Security Agency.

REPORT ON INTELLIGENCE PERSONNEL SYSTEMS
SEC. 507. Not later than January 3, 1987, the Secretary of Defense and the Director of Central Intelligence shall submit jointly to the Congress an unclassified report describing the civilian personnel systems for officers and employees of the Central Intelligence Agency, the National Security Agency, and the Defense Intelligence Agency, and the personnel systems for officers and employees established under section 1590 of title 10, United States Code, as added by section 504, for civilian intelligence personnel of the military departments. The report shall include descriptions of—

(1) how each such intelligence personnel system differs from the competitive service and from each other such system;

(2) the specific features of each such personnel system to ensure compliance with the merit system principles set forth in section 2301 of title 5, United States Code;

(3) any features of compensation (including bonuses and awards) unique to such personnel system;

(4) authorities to take actions (including the number of such actions) through employment termination provisions which do not permit appeals outside the agency; and

(5) any recruitment or retention problems existing within such system.

TITLE VI—MISCELLANEOUS

DEFENSE MAPPING AGENCY EXCHANGE AGREEMENTS

SEC. 601. (a) Chapter 167 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2795. Exchange of mapping, charting, and geodetic data with foreign countries and international organizations

"The Secretary of Defense may authorize the Defense Mapping Agency to exchange or furnish mapping, charting, and geodetic data, supplies and services to a foreign country or international organization pursuant to an agreement for the production or exchange of such data."

(b) The table of contents of chapter 167 of title 10, United States Code, is amended by adding at the end thereof:

"2795. Exchange of mapping, charting, and geodetic data with foreign countries and international organizations."

NOTICE TO CONGRESS OF CERTAIN TRANSFERS OF DEFENSE ARTICLES AND DEFENSE SERVICES

SEC. 602. (a) Title V of the National Security Act of 1947, relating to accountability for intelligence activities, is amended by adding at the end thereof the following:

"NOTICE TO CONGRESS OF CERTAIN TRANSFERS OF DEFENSE ARTICLES AND DEFENSE SERVICES

"SEC. 503. (a)(1) The transfer of a defense article or defense service exceeding \$1,000,000 in value by an intelligence agency to a recipient outside that agency shall be considered a significant anticipated intelligence activity for the purpose of section 501 of this Act.

"(2) Paragraph (1) does not apply if—

"(A) the transfer is being made to a department, agency, or other entity of the United States (so long as there will not be a subsequent retransfer of the defense articles or defense services outside the United States Government in conjunction with an intelligence or intelligence-related activity); or

"(B) the transfer—

"(i) is being made pursuant to authorities contained in part II of the Foreign Assistance Act of 1961, the Arms Export Control Act, title 10 of the United States Code (including a law enacted pursuant to section 7307(b)(1) of that title), or the Federal Property and Administrative Services Act of 1949, and

"(ii) is not being made in conjunction with an intelligence or intelligence-related activity.

"(3) An intelligence agency may not transfer any defense articles or defense services outside the agency in conjunction with any intelligence or intelligence-related activity for which funds were denied by the Congress.

"(b) As used in this section—

"(1) the term 'intelligence agency' means any department, agency, or other entity of the United States involved in intelligence or intelligence-related activities;

"(2) the terms 'defense articles' and 'defense services' mean the items on the United States Munitions List pursuant to section 38 of the Arms Export Control Act (22 CFR part 121);

"(3) the term 'transfer' means—

"(A) in the case of defense articles, the transfer of possession of those articles; and

"(B) in the case of defense services, the provision of those services; and

"(4) the term 'value' means—

"(A) in the case of defense articles, the greater of—

"(i) the original acquisition cost to the United States Government, plus the cost of improvements or other modifications made by or on behalf of the Government; or

"(ii) the replacement cost; and

"(B) in the case of defense services, the full cost to the Government of providing the services."

(b) The table of contents at the end of the first section of such Act is amended by inserting the following after the item relating to section 502:

"503. Notice to Congress of certain transfers of defense articles and defense services."

COVERT AGENT DISCLOSURE FEDERAL PENSION FORFEITURE

SEC. 603. Section 8312(c)(1)(C) of title 5, United States Code is amended by striking the period at the end thereof and inserting in lieu thereof "or section 601 of the National Security Act of 1947 (50 U.S.C. 421) (relating to intelligence identities)."

Title VII—PROTECTION OF UNITED STATES INTERESTS

FOREIGN MISSIONS ACT AMENDMENT

SEC. 701. Section 202(a)(4) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4302(a)(4)) is amended to read as follows:

"(4) 'foreign mission' means any mission to or agency or entity in the United States which is involved in the diplomatic, consul-

ar, or other activities of, or which is substantially owned or effectively controlled by—

"(A) a foreign government, or

"(B) an organization (other than an international organization, as defined in section 209(b) of this title) representing a territory or political entity which has been granted diplomatic or other official privileges and immunities under the laws of the United States or which engages in some aspect of the conduct of the international affairs of such territory or political entity,

including any real property of such a mission and including the personnel of such a mission;".

SOVIET MISSION AT THE UNITED NATIONS

SEC. 702. (a)(1) It is the policy of the Congress that the number of nationals of the Soviet Union admitted to the United States to serve as members of the Soviet mission at the United Nations headquarters shall not substantially exceed the number of United States nationals who serve as members of the United States mission at the United Nations headquarters, unless the President determines that the admission to the United States of additional Soviet nationals to serve as members of the Soviet mission at the United Nations headquarters would be in the interest of the United States.

(2) Beginning six months after the date of enactment of this section, and every six months thereafter, the Secretary of State shall prepare and transmit to the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence of the House of Representatives a report setting forth the number of Soviet nationals admitted during the preceding six-month period to the United States pursuant to a determination of the President under paragraph (1) and their duties with the Soviet mission at the United Nations headquarters.

(3) Nothing in this subsection may be construed as including any dependent or spouse who is not a member of a mission at the United Nations headquarters in the calculation of the number of members of a mission at the United Nations headquarters.

(b) It is the sense of the Congress that the Secretary of State and the Attorney General should, not later than six months after the date of enactment of this section, prepare and transmit to the Committee on Foreign Relations and the Select Committee on Intelligence of the Senate and to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence of the House of Representatives a report setting forth a plan for ensuring that the number of Soviet nationals described in paragraph (a)(1) does not exceed the limitation described in that paragraph.

(c) For purposes of this section—

(1) the term "members of the Soviet mission" and "members of the United States mission" are used within the meaning of the term "members of the mission", as defined by article 1(b) of the Vienna Convention on Diplomatic Relations, done April 18, 1961; and

(2) the term "mission at the United Nations headquarters" of a country includes all the missions of such country to the United Nations in New York City and includes missions in New York City to specialized agencies of the United Nations, as defined in article 57 of the charter of the United Nations.

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granted for a limited period of time several years ago casts doubt on the real need for such authority. Nevertheless, in an effort to provide an opportunity to assess the need for the authority and its value to the Defense Intelligence Agency mission, the conferees decided to extend the authority for another fiscal year.

SECTION 503

Section 503 of the conference report ensures that, during fiscal year 1987, military personnel of the intelligence components of the military departments may accept Director of Central Intelligence performance awards on the same basis as civilian personnel of intelligence agencies may accept such awards. Section 503 of the conference report is identical to Section 503 of the House bill, except that it applies only during fiscal year 1987. The Senate amendment contained no corresponding provision.

The conferees request that the Director of Central Intelligence submit a report, and the Joint Chiefs of Staff submit a separate report, both by March 1, 1987, expressing their views on whether the authority granted by Section 503 of the conference report should or should not be made permanent law.

SECTION 504

Section 504 of the conference report enacts a new Section 1590 in Title 10 of the United States Code to authorize the Secretary of Defense to provide for management of civilian intelligence personnel of the military departments, notwithstanding certain civil service laws. Section 504 of the conference report is identical to Section 504 of the House bill, except for the addition in the conference report of the evaluation and reporting requirement added as Section 504(c). The Senate amendment contained no corresponding provision.

Subsection 504(c) of the conference report requires the Secretary of Defense to conduct a comprehensive review and evaluation of the implementation of Section 1590 of Title 10 and to report on the review and evaluation to the Congress no later than March 1, 1989. The conferees expect that, if the Secretary of Defense delegates this duty to evaluate and report, he will delegate it only to a senior official within the Office of the Secretary of Defense and will not delegate it to the Secretaries of the Military Departments or their subordinates. The reporting date of March 1, 1989 ensures a sufficiently lengthy period of personnel management experience under Section 1590 to permit a useful evaluation. The report to Congress shall include the items set forth in Subsection 504(c).

The conferees expect the Secretary of Defense and his subordinates to submit to the intelligence committees of the Congress all regulations, directives, and guidelines issued to implement Section 1590 of Title 10, United States Code, before they take effect.

SECTION 505

Section 505 of the conference report amends the National Security Agency Act of 1959 to authorize the Secretary of Defense to send NSA civilian employees to be students at accredited professional, technical and other institutions of higher learning for training at the undergraduate level. The purpose of Section 505 is to establish an undergraduate training program, including training which may lead to a baccalaureate degree, to facilitate recruitment of individuals, particularly minority high school students, with a demonstrated capability to develop skills critical to NSA's mission.

Section 505 of the conference report is identical to Section 505 of the House bill, except for the addition of Section 16(e)(2)

of the NSA Act as contained in Section 505 of the conference report. The Senate amendment contained no corresponding provision.

Section 16(e)(2) of the NSA Act as contained in the conference report provides that NSA efforts to recruit individuals at educational institutions for participation in the NSA undergraduate training program established by Section 505 of the conference report shall be made openly and according to the common practices of universities and employers recruiting at educational institutions. The provision would permit NSA to identify interested and qualified students at educational institutions through advertising, contacts arranged through guidance counseling offices or financial aid offices, or through NSA testing programs arranged with officials of the educational institutions. The provision would not permit NSA personnel to identify or assess individuals within educational institutions in any non-public fashion, nor would it permit NSA contacts with students in educational institutions without prior agreement of the officials of those institutions.

The conferees expect NSA to work with responsible officials of educational institutions to ensure the proper confidentiality of related records.

The conferees urge the National Security Agency to be aware of the availability of numerous qualified disabled high school students for employment opportunities and request that the Director, National Security Agency report to the intelligence committees of Congress by March 1, 1987 on the benefits that could accrue by applying the program established under the authority granted by Section 505 of the conference report to those individuals.

SECTION 506

Section 506 of the bill requires the Director of Central Intelligence, exercising the authority granted by Section 8 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403j), to establish a program to send CIA civilian employees to be students at accredited professional, technical and other institutions of higher learning for training at the undergraduate level, similar in purpose, conditions, content, and administration to the NSA program established under the authority of Section 506 of the conference report. Section 506 of the conference report is identical to Section 506 of the House bill. The Senate amendment contained no corresponding provision.

The statutory conditions which apply to the NSA is administering its undergraduate training program under Section 16 of the NSA Act of 1959 as enacted by Section 505 of the conference report apply with respect to the CIA undergraduate training program by virtue of Section 506 of the conference report. Thus, Section 16(e)(2) of the NSA Act as contained in Section 505 of the conference report, which provides that NSA efforts to recruit individuals at educational institutions for participation in the NSA undergraduate training program shall be made openly and according to the common practices of universities and employers recruiting at educational institutions, applies equally to CIA efforts to recruit individuals in educational institutions for the CIA undergraduate training program. The provision would permit CIA to identify interested and qualified students through advertising, contacts arranged through guidance counseling offices or financial aid offices, or through CIA testing programs arranged with officials of the educational institutions. The provision would not permit CIA personnel to identify or assess individuals within educational institutions in any non-

public fashion, nor would it permit CIA contacts with students in educational institutions without prior agreement of the officials of those institutions.

The conferees expect CIA to work with responsible officials of educational institutions to ensure the proper confidentiality of related records.

The conferees urge the Central Intelligence Agency to be aware of the availability of numerous qualified disabled high school students for employment opportunities and request that the Director of Central Intelligence report to the intelligence committees of Congress by March 1, 1987 on the benefits that could accrue by applying the program established under the provisions of Section 506 of the conference report to those individuals.

SECTION 507

Section 507 of the conference report requires the Secretary of Defense and the Director of Central Intelligence jointly to submit an unclassified report to the Congress no later than January 3, 1987 describing the civilian personnel systems for CIA, NSA, DIA, and the intelligence components of the Army, Navy, and Air Force. Section 507 of the conference report is the same as Section 507 of the House bill with the exceptions that the House bill had required submission of the report to specified committees of the two Houses of Congress and had specified a different reporting date. The Senate amendment contained no corresponding provisions.

The Senate conferees note that submission of the report by January 3, 1987 will facilitate the comprehensive review of intelligence personnel systems which the Select Committee on Intelligence of the Senate has in progress.

TITLE VI—MISCELLANEOUS

SECTION 601

Section 601 of the conference report provides clear, permanent authority for the Defense Mapping Agency to engage in the exchange of mapping, charting and geodetic data, supplies, and services with foreign countries and international organizations pursuant to agreements for the production or exchange of such data. Section 601 of the conference report is identical to Section 601 of the House bill. Section 403 of the Senate amendment contained a corresponding provision which differed only in that it explicitly required the Secretary of Defense to comply with the requirements of the Case Act (1 U.S.C. 112b) and its implementing regulations for reporting international agreements to the Congress.

The provisions of Section 112b of title 1 apply of their own force to agreements established under the authority granted in Section 601 of the conference report; explicit reference to Section 112b in Section 601 is not necessary to make the provisions of Section 112b apply.

SECTION 602

Section 602 of the conference report adds a new section 503 to the National Security Act of 1947 to specify that a covert arms transfer involving a single article or service of a value exceeding \$1 million is a "significant anticipated intelligence activity" for purposes of section 501 of that Act, thus making explicit the requirement for the executive branch to give prior notice to the intelligence committees of the Congress of such a transfer. Section 602 of the conference report is identical to Section 502 of the House bill. The Senate amendment contained no corresponding provision.

Section 602 places in permanent law the provision enacted for fiscal year 1986 by