

Central Intelligence Agency



Washington, D.C. 20505

OCA FILE *leg*  
RECPT # \_\_\_\_\_

7 October 1986

OCA 86-3380

The Honorable James C. Miller, III  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Miller:

This is in response to your request for the views of the Director of Central Intelligence on enrolled bill H.R. 4759, the Intelligence Authorization Act of Fiscal Year 1987. I recommend Presidential approval of this legislation.

The provisions of this legislation which authorize appropriations of funds for the conduct of intelligence and intelligence-related activities represent the joint efforts of the House and Senate Intelligence and Armed Services Committees, and the departments and agencies of the Intelligence Community to assure proper funding for such activities. While the funding contained in the authorization bill is significantly less than requested, members of the Intelligence Community will do everything possible to meet the complex and diverse challenges that we face within the funding constraints imposed by Congress.

We were pleased to see included in the bill many of the legislative initiatives contained in the draft Administration intelligence authorization bill previously sent to Congress. These are: Section 401 (FBI Access to State and Local Criminal Records for Security Purposes); Section 403 (Extension of DoD Authority to Use Proceeds from Counterintelligence Operations); Section 404 (FBI Access to Financial Records of Agents of Foreign Powers); Section 501 (DIA Civilian Medical Evacuation Benefits); Section 502 (One-Year Extension of DIA Termination Authority); and Section 601 (Defense Mapping Agency Exchange Agreements). We, of course, support these provisions.

Several congressionally-initiated items that we support are also included in the bill. Specifically, we support Section 302 (Benefits for Certain Former Spouses of CIA Employees); Section 303 (Health Benefits for Certain Former Spouses of CIA Employees); Section 401 (Counterintelligence Official Reception and Representation Expenses); Section 503 (Acceptance of DCI Awards by Military Intelligence Personnel); Section 504 (Management of Civilian Intelligence Personnel of the Military Departments); Section 505 (NSA Acquisition of Critical Skills); Section 506 (CIA Acquisition of Critical Skills); and Section 603 (Covert Agent Disclosure Federal Pension Forfeiture).

Title VII of the Intelligence Authorization bill contains provisions to restrict the presence of the Soviet Union and other nations whose intelligence activities within the United States are contrary to our national interest. The Agency defers to the Department of State and the Department of Justice on these provisions.

The bill also contains several provisions which we cannot affirmatively support, but which are not objectionable. Specifically, Section 106 of the bill restricting support for military and paramilitary operations in Nicaragua is not needed to restrict the use of the Contingency for Reserve or reprogrammings to finance the contras, since we have already pledged not to use money obtained from these sources without obtaining the approval of the appropriate congressional committees. However, the provision is not objectionable because it would allow the expenditure of the \$100 million approved by the House and Senate for aid to the contras.

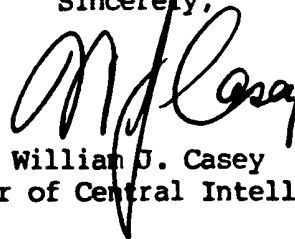
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Also included in the bill are two provisions which the Agency finds objectionable but which, in our view, should not prevent Presidential approval of the bill. Section 507 of the bill requires the Director and the Secretary of Defense to jointly issue a one-time unclassified report describing the civilian personnel systems for officers and employees of the CIA, NSA, DIA and civilian intelligence personnel of the military departments. I objected to this provision in a letter to the Conferees on the Intelligence Authorization bill because the report would be made available to two Committees (Senate Governmental Affairs and House Post Office and Civil Service) that do not exercise oversight responsibilities for the Intelligence Community. Although the bill as finally approved states that the report is to be made available to "the Congress", I understand that we may have to make the report available to the two above-mentioned Committees. Therefore, this provision is still objectionable.

Section 602 of the bill requiring congressional notification of a transfer of defense articles and services in excess of \$1 million is also objectionable. This provision would make permanent what was originally enacted as part of the Fiscal Year 1986 Intelligence Authorization Bill to cover just Fiscal Year 1986. In a letter to the Conferees on the bill, I stated that the provision is unnecessary and inappropriate. Instead, I strongly believe that details regarding the scope of notification to the oversight committees should be governed by agreements between the committees and the Agency which afford the necessary flexibility not found in legislation. I had hoped to negotiate with the HPSCI an agreement governing notification on covert action activities conducted pursuant to approved covert action programs. Such an agreement currently exists with the SSCI, and a similar agreement with the HPSCI would have made Section 602 of the bill unnecessary. Because negotiations on an agreement with the HPSCI have been under way for well over two years with final resolution yet to be reached, HPSCI insisted on the enactment of this provision. However, we have been informed that HPSCI would consider repealing the provision if an agreement were later reached with the Agency.

Despite my reservations concerning Sections 507 and 602 of the bill, I believe that on the whole this legislation represents a positive step forward toward improving our foreign intelligence and counterintelligence capabilities. I thus recommend approval of this legislation and have enclosed a short signing statement for the President's use.

Sincerely,



William J. Casey  
Director of Central Intelligence

Enclosure

Distribution:

Original - Addressee

- 1 - Executive Registry
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OCA/Legislation Subject File Intell/Auth/FY87

OCA/Leg, [ ] (7 October 1986)

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THE WHITE HOUSE

Office of the Press Secretary

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FOR IMMEDIATE RELEASE

Statement by the President

I am pleased to sign into law H.R. 4759, the "Intelligence Authorization Act for Fiscal Year 1987." This Act represents another significant step forward in our effort to improve our foreign intelligence and counterintelligence capabilities. It is essential that we authorize sufficient appropriations and provide adequate authorities to enable our intelligence agencies to undertake effectively their vital mission. In this era of budget cuts, the Congress found it necessary to reduce the amount of money I requested for our nation's foreign intelligence program. Despite these reductions, I am pleased that Congress did not impose further cuts that would have seriously jeopardized the Intelligence Community's ability to deal with the increasingly complex and diverse challenges facing it.

I am particularly pleased with the provisions contained in Title IV of the bill which enhance the FBI and Department of Defense counterintelligence authorities. The new authorities will enable us to detect and apprehend those who would betray our country for personal gain and improve the security of the country against hostile intelligence threats.

I am disappointed that this year's bill amends the National Security Act of 1947 to require congressional notification of a transfer of defense articles and services in excess of \$1 million. I strongly believe that details regarding the scope of notification to the oversight committees should be governed by agreements between the intelligence committees and the Intelligence Community. Such agreements afford the necessary flexibility not found in legislation. I hope that this provision can be repealed once an appropriate agreement is reached with the intelligence committees.

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**OFFICE OF CONGRESSIONAL AFFAIRS**

**Routing Slip**

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	X	
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. Executive Officer		X
9. FOIA Officer		
10. Constituent Inquiries Officer		
11. [Redacted]		X
12.		

X

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SUSPENSE

Date

Action Officer: [Redacted]
Remarks: <i>ACTION COMPLETED PER LTR. DTD 7 OCT to OMB.</i>

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[Redacted] 6 Oct 86  
Name/Date

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

**SPECIAL**

October 3, 1986

LEGISLATIVE REFERRAL MEMORANDUM

TO: **Legislative Liaison Officer -**

Office of Personnel Management (Woodruff 632-5524)	22
Department of Justice (Perkins 633-2113)	17
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Department of Education (Durako 732-2670)	07
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National Security Council	

SUBJECT: Conference report on H.R. 4759, Intelligence Authorization  
(See the October 1, 1986, Record pages H8869 through 8878  
for text of the bill and report)

NOTE: We need your enrolled bill letters of recommendation for the  
President by COB, Tuesday, October 7th).

The Office of Management and Budget requests the views of your  
agency on the above subject before advising on its relationship  
to the program of the President, in accordance with OMB Circular  
A-19.

A response to this request for your views is needed no later than  
COB, TUESDAY, OCTOBER 7, 1986.

Questions should be referred to **SUE THAU/ANNETTE ROONEY**  
(395-7300), the legislative analyst in this office.

RONALD K. PETERSON FOR  
Assistant Director for  
Legislative Reference

Enclosures

cc: H. Schreiber  
F. Kalder  
M. Margeson  
R. Moran  
F. Seidl

**SPECIAL**