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DIA CONGRESSIONAL WEEKLY UPDATE

14 June 2002

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Intelligence Bill Awaits Orders From House Leadership

The fiscal 2003 House intelligence authorization bill stalled after receiving committee approval, leading to speculation that political factors were holding it up. But key lawmakers said there is no complicated reason why the measure has not reached the floor. Members of the House Intelligence Committee said they are prepared for floor action on the bill (HR 4628) whenever House leaders give the signal. "Nothing's holding it up," said Chairman Porter J. Goss, R-Fla. "[Leadership is] doing some last-minute fussing with getting some numbers and stuff. I don't know there's any problem, there's a question of when it goes in line."

But a spokesman for House Majority Leader Dick Armey, Texas, said committee members have asked for more time in case they need to change the bill in response to information gathered by the current House-Senate investigation into the Sept. 11 terrorist attacks. Goss discounted that notion. "We're through as far as I know. It's just a question of the protocol of filing it and finding time on the calendar," he said. Goss said the bill should be on the floor before the July Fourth recess. The Judiciary and Armed Services committees also have jurisdiction over portions of the bill, but have not reviewed it.

Intelligence Committee member Doug Bereuter, R-Neb., speculated earlier this week that House leaders are keeping the bill off the floor until the dust settles from recent reports that government agencies

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failed to share with one another their information about the Sept. 11 attackers. Tim Roemer, D-Ind., said before the Memorial Day recess that any delay beyond this week would make him think the leadership was playing political games with the bill. But he said this week that the delay is legitimate in view of jurisdictional issues. Roemer is seeking support for his legislation (HR 4777) that would authorize an independent commission to study the Sept. 11 attacks. He is expected to offer his plan as an amendment to the intelligence bill on the floor.

Three Republicans - Benjamin A. Gilman, N.Y., Marge Roukema, N.J., and Christopher H. Smith, N.J. - agreed to cosponsor the commission legislation this week, giving it a boost after weeks of Republican condemnation. Roemer argued that President Bush's plan for a Department of Homeland Security does not undercut his proposal. He said an independent study is more necessary than ever to ensure the new agency functions properly.

Suits Seeks Intelligence Spending Number - The Federation of American Scientists filed a lawsuit Wednesday in U.S. District Court in an attempt to force the CIA to reveal its top-secret budget for the first time in years. The federation successfully sued the CIA in 1997, when the agency revealed a total budget of \$26.6 billion. The agency revealed a \$26.7 billion budget total for fiscal 1998 in response to a request under the Freedom of Information Act. But the CIA successfully fought a 1999 lawsuit, arguing that releasing its spending total three years in a row would allow potential enemies to anticipate future spending. The spending level in the fiscal 2003 authorization measure is secret, but reports have placed the total between \$35 billion and \$40 billion.

Lawmakers Puzzle Over How To Reorganize Intelligence

Lawmakers agreed Thursday that better coordination and analysis of intelligence gathering must be part of the debate over creation of a homeland security department. Senate Majority Leader Tom Daschle, S.D., embraced as "an excellent idea" a proposal to set up a White House office of anti-terrorism to oversee intelligence gathering. That idea is part of a homeland security bill (S 2452) drafted by Senate Governmental Affairs Committee Chairman Joseph I. Lieberman, D-Conn., and approved by that panel.

The head of the office envisioned by Lieberman would be appointed by the president and confirmed by the Senate. But Lieberman said his proposal needs to be re-examined in light of recent revelations about intelligence gathering failures before and after Sept. 11. The office may need clearer authority, he said. The second and third of three upcoming Governmental Affairs Committee hearings on homeland security will explore ways to improve cooperation among intelligence agencies and organize domestic intelligence counterterrorism.

Some lawmakers question President Bush's decision to leave the CIA and FBI outside the homeland security department he wants Congress to create. "I don't see how you operate without the FBI and CIA," said Rep. Don Young, R-Alaska. But others caution that not every government agency that touches homeland security can be put in the new department. "This agency's getting awfully big," said Senate Minority Whip Don Nickles, Okla.

Fred Thompson, Tenn., the ranking Republican on the Governmental Affairs Committee, said it may be up to the executive branch to remake the structure, personnel and culture of intelligence and law enforcement agencies - after the new homeland security department is in place.

House Select Intelligence Committee Chairman Porter J. Goss, R-Fla., sees other reasons to leave the CIA and FBI out of the new department. The CIA's international intelligence operations may not belong under a domestic security agency, he said, and giving the FBI a domestic intelligence mission would likely make some uneasy. "There's no question the civil rights side of this is going to get a lot of attention," he said. Goss said the homeland security department should be a "major customer" of the intelligence agencies. He also raised the possibility of a new domestic intelligence agency without arrest powers, similar to Great Britain's MI5 security service. "It's a question that has continuously come up," he said.

Leaders Set Process, Timetable for Homeland Security Legislation

The House and Senate plan preliminary work next week that leaders said could result in creation of a department to protect homeland security by Sept. 11. Senate leaders intend to move the legislation through committee in an unusual but not unprecedented manner. House Republicans and Democrats, however, said they will use a hybrid procedure involving both standing committees and a new select panel.

The White House has outlined a plan to combine 22 federal agencies with just under 170,000 employees and a total proposed fiscal 2003 budget of \$37.5 billion into a 15th federal department designed to protect the nation against terrorism. Senate Governmental Affairs Committee Chairman Joseph I. Lieberman, D-Conn., said the White House may send a draft bill to the Hill as soon as next week. White House Homeland Security Director Tom Ridge will testify before Lieberman's committee and the House Government Reform Committee.

Once received from the White House, proposed homeland security legislation will be simultaneously referred to the existing House committees with jurisdiction over affected departments and agencies. After those panels mark up their portions of the bill, a new committee will fit the pieces together, mark up legislation and report it to the floor. The House plans to consider a resolution next week that would set up an 11-member committee with a one-seat Republican majority and Majority Leader Dick Armey, Texas, in the chair. The standing committees would have three weeks to do their work, with the new select committee facing a two-week deadline.

Majority Leader Tom Daschle said the Senate will take up the homeland security bill (S 2452) reported on May 22 by the Governmental Affairs Committee. He said he sees no need to reorganize Senate committees or create new panels to create the department, oversee it or provide it with funding. Lieberman's bill would establish a Department of National Homeland Security and, within the White House, a National Office for Combating Terrorism. Under Daschle's scenario, the bill would be revised on the floor through a manager's amendment or substitute to be compiled by Lieberman with the help of other committee chairmen.

Minority Leader Trent Lott, Miss., said he supports that procedure, but Minority Whip Don Nickles, Okla., complained that the plan sounds like the procedural maneuver Daschle has used to avoid committee deliberation and put Democratic versions of other bills on the floor. "To me, this is a major bypass," Nickles said. "That's just a crummy way to legislate."

Daschle said he expects floor debate during the last two weeks of July. He raised the possibility of a House-Senate conference during the summer recess. Lott also supported that idea, but added that conferees would probably not like to give up their vacations. An August conference could allow Congress to send a final version of the bill to President Bush by the Sept. 11 anniversary of last year's terrorist attacks.

Ridge Fields Questions - Senators had an opportunity to question Ridge about the president's proposal during a closed meeting Thursday afternoon. Ridge briefed House members on Wednesday, and reported that lawmakers raised concerns about whether to include the FBI and CIA in the new department and about the administration plan to create a single point of intelligence analysis. The homeland security director said House members also expressed concerns about effects on trade with Mexico and Canada, and emphasized the benefits of having one agency handle homeland security relations with state and local governments.

Ridge said Bush considers his proposal a "work in progress" and expects Congress to put its mark on the bill. "There has to be some collaboration," he said. Bush used a speaking appearance Wednesday to send Congress a message that homeland security "is not a political issue." But he went on to put lawmakers on notice that he plans to make his case for a new department directly to voters.

Follow the Money - Senate Appropriations Committee Chairman Robert C. Byrd, D-W.Va., reminded lawmakers Thursday that the pending \$31.5 billion supplemental spending bill (HR 4775) primarily intended to pay for the war against terrorism remains under a presidential veto threat. Describing a new homeland security department as a "shiny new toy" distracting lawmakers from the critical issue of funding, Byrd said, "The administration is misleading the American people into thinking that the creation of this new department by itself is going to give them real security."

Lieberman said that while he expects reorganization to produce some efficiencies and reduce administrative costs, improving homeland security is bound to require more spending. Lott noted that Bush's proposed fiscal 2003 budget called for a substantial increase in homeland security spending. "But money is not the answer to all problems," Lott said. "We've got to make sure that this doesn't become a way to abuse the people's money and put it in programs that do not necessarily enhance our homeland security."

Rumsfeld Says Defense Bill Could Face Veto Over Anti-Missile Shortfall

The Pentagon has recommended a veto of the fiscal 2003 defense authorization bill if the Senate fails to restore \$814 million slashed from national missile defense programs by the Senate Armed Services Committee. Senate Republicans distributed a letter containing Defense Secretary Donald H. Rumsfeld's veto warning Thursday during a news briefing marking the dissolution of the Anti-Ballistic Missile Treaty. President Bush withdrew the United States from the treaty, which blocks research into missile defense programs, in December, starting a six month countdown that ended Thursday.

Rumsfeld sent the letter to Senate Armed Services Committee Chairman Carl Levin, D-Mich. "We seek a broad array of research, development, and testing activities to yield a system as soon as feasible," wrote Rumsfeld. "The Committee's actions would hamper that objective." Levin has said he

and other Democrats opted to cut the missile defense authorization after they determined that the Missile Defense Agency had not used the full \$7.8 billion appropriated in fiscal 2002 (HR 3338 - PL 107-117).

The \$814 million in the fiscal 2003 authorization bill (S 2514) was diverted to other defense needs, such as shipbuilding. Sen. John W. Warner, Va., ranking Republican on the Armed Services Committee, said he will offer an amendment when the authorization bill comes to the floor, possibly next week, to restore the money. He said he has not figured out which programs he would tap to replace the missile defense money. "I wouldn't want to be presumptuous at this point," he said. "We will remedy this defect."

The House version of the authorization bill (HR 4546) includes slightly more money for missile defense than the administration requested. Warner and other legislators argued that the withdrawal from the ABM Treaty makes extra funding for missile defense funding more necessary than ever, since the United States now has significantly more freedom to study the technology. "The treaty was the right thing at the right time," he said. "But it became clear the treaty had outlived its usefulness."

Rep. Dennis J. Kucinich, D-Ohio, has filed a lawsuit along with 30 other legislators that would block the withdrawal without prior consent from Congress. But Senate supporters of the withdrawal pointed out that the ABM treaty allowed either the United States or the Soviet Union to withdraw with six months notice. The courts have decided in the past that the administration can withdraw from treaties without congressional approval.

GOP May Move Defense Funds to Other Spending Bills

House Republicans found their fiscal 2003 budget, which is modeled closely after President Bush's request, so restrictive that they already are planning to reallocate defense funds to other appropriations bills to help ease the process of passing the 13 fiscal 2003 spending bills. Although defense hawks called President Bush's \$257 billion proposal for the Pentagon too stingy, House Appropriations Committee Chairman C.W. Bill Young, R-Fla., said he tentatively has decided to take \$2.7 billion from that request and reallocate it to other fiscal 2003 spending bills.

Young said White House Budget Director Mitchell E. Daniels Jr. was accepting, if not enthusiastic, about the idea. "He thought that was something they could do," Young said Wednesday. The White House has established a general policy of giving appropriators wide latitude on how to allocate funds provided they don't exceed the president's overall request. Young said the money for the defense bill will be restored later this year when the House allocates a \$10 billion reserve fund for defense specified in the House's budget blueprint (H Con Res 353). However, that move would leave the reserve fund - all of which is intended for defense - with a balance of only \$7.3 billion.

Appropriations Committee Spokesman John Scofield said the \$2.7 billion Young wants to shift would remain in defense accounts, albeit in accounts funded by other appropriations bills. For example, the energy and water spending bill includes defense funds for nuclear weapons programs. Scofield said some of the \$2.7 billion already has been used to increase by \$541 million the president's request for the military construction spending bill, which was marked up in subcommittee Wednesday. However, those caveats did not placate Jerry Lewis, R-Calif., chairman of the Defense Appropriations Subcommittee. "I am very unhappy with such an allocation," Lewis said.

Lewis also said he suspected some of the reallocated funds could end up in accounts that are not primarily defense-related, such as the FBI. Tempers over the decision to shift the defense money could flare as early as next week, when appropriators expect to mark up the defense spending bill in subcommittee, with a goal of passing the measure on the floor before the July Fourth recess.

Supplemental Stalled - The flurry of activity on the defense bill could slow progress on the fiscal 2002 supplemental (HR 4775) spending bill, which appropriators hope to clear before the recess. The House named conferees on the supplemental bill Wednesday, but other than that formal step, there has been virtually no progress in negotiations since the Senate passed the bill last week. Top staffers have held only one meeting in the past week.

One reason for the lack of progress is that the Defense Subcommittee members and staff aides responsible for the bulk of the supplemental have been working overtime trying to ready the fiscal 2003 defense appropriations bill. "The staff has been told to do the supplemental; now they're being told to do the defense bill and the supplemental," said top House Appropriations Committee Democrat David R. Obey of Wisconsin. "Well, it's the same staff who deal with both bills." Another complicating factor is that until the supplemental's funding levels for defense are settled, it is difficult to write a defense bill.

Military Construction Bill Set at \$1 Billion Beyond Bush Request

House appropriators made quick work Wednesday of the fiscal 2003 military construction appropriations bill, restoring nearly \$1 billion in cuts proposed by the Bush administration. The as-yet-unnumbered bill, approved by voice vote, would appropriate about \$10.1 billion, \$522 million less than was appropriated in fiscal 2002 (HR 2904 - PL 107-64). It includes \$5.3 billion for military construction projects, \$4.2 billion for military family housing and \$545 million for costs associated with past rounds of base closure. No amendments were offered.

House Appropriations Military Construction Subcommittee Chairman David L. Hobson, R-Ohio, said the proposal closely tracks the military construction provisions in the fiscal 2003 defense authorization bill (HR 4546, S 2514). The House has passed its version of the defense bill. The Senate is expected to act on its version before the Independence Day recess. But appropriators said they were dismayed that the president originally requested slightly less than \$9 billion for military construction programs, \$1.5 billion less than appropriated in fiscal 2002. "The request was a great disappointment to me," said Hobson. He said legislators added \$1 billion to the measure by transferring \$600 million out of a wartime contingency fund and incorporating additional dollars from other defense accounts.

Ranking Subcommittee Democrat John W. Olver, Mass., said the administration can't continue to ignore military construction needs in favor of other defense programs when bases require enhanced security and overseas facilities need significant renovations and construction. "We're going to lose ground that we've gained," he said. (italics added for emphasis)

The measure now will go on hiatus, because appropriators have agreed that the fiscal 2003 defense appropriations bill will be the first to move to the House floor. Appropriators haven't acted on that measure yet, but House Appropriations Committee Chairman C.W. Bill Young, R-Fla., told the subcommittee the military construction bill could move to the floor before the end of June. Among the

programs that would be funded by the \$10.1 billion bill are: \$673 million for antiterrorism force protection; \$168 million for chemical demilitarization programs; \$485 million for environmental cleanup; \$1.3 billion to build new family housing; and \$2.9 billion to maintain existing family housing.

New Joint Economic Commission Compendium Examines Cyberterrorist Threat

A variety of security issues related to high technology is examined by leading experts in a new Joint Economic Committee compendium, *Security in the Information Age: New Challenges, New Strategies* (**PDF file attached**).

"These studies build on previous JEC hearings on a number of security issues related to high technology," Chairman Jim Saxton said. "These studies examine how cyber security has become such an important component of our economic and national security, and the implications for economic and security policy. I would like to thank Senator Robert Bennett for his interest in this issue, and for his role in assembling the compendium of papers the Committee is releasing today," Saxton concluded.

"In bringing us an exciting new era of technology, the Information Age has also given us a new set of security challenges," Senator Bennett said. "The primary message of this report is that we must think differently about national security in the new networked world. As some would say, 'we're not in Kansas anymore.' "I commend Governor Ridge for his outstanding work to develop a national strategy and his recognition of the importance of the private sector in this process. I hope our report from the JEC will be of value in this effort," said Bennett.

"Just as mechanization was responsible for the Industrial Revolution, technology is the foundation of our new economy," Congressman Lamar Smith said. "The advantages of technology are obvious and so are the disadvantages. The Web is a fount of information, but also a tool for hackers, software pirates, child pornographers and cyber terrorists. To sustain our economic growth, we must secure our information networks and ensure that technology grows, not crime."

SCHEDULE OF CONGRESSIONAL RECESSES

1-5 July
29 July-3 September (House)
5 August-2 September (Senate)
4 October- Target adjournment date

CONGRESSIONAL HEARINGS (U)

Joint 9/11 Congressional Inquiry: 18 & 19 June (closed) Scheduled to appear are the DCI and DR/FBI
25 & 26 June (open) Scheduled to appear are the DCI and DR/FBI

STATUS OF KEY LEGISLATION (U)

(U) The status of major legislation affecting DIA and the Intelligence Community is provided below.

H.R.4628: Intelligence Authorization Act for Fiscal Year 2003.

Summary: A bill to authorize appropriations for fiscal year 2003 for intelligence and intelligence-related activities of the U.S. Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Status: Bill mark-up held on 15 May. Expected to go to the full House late next week.

S.2506: Intelligence Authorization Act for Fiscal Year 2002.

Summary: A bill to authorize appropriations for fiscal year 2003 for intelligence and intelligence-related activities of the U.S. Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Status: Bill has been referred to SASC. SASC has 30 session days to comment/amend the SSCI's bill.

Department of Defense Appropriations Act for Fiscal Year 2003

Summary: A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2003.

Status: The Defense Subcommittee of the Senate Appropriations Committee began holding hearings on the budget estimates for fiscal 2003 on June 12th.

Military Construction Appropriation Act for Fiscal Year 2003

Summary: An original bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes.

Status: The Subcommittee on Military Construction of the House Appropriations Committee marked up appropriations for fiscal year 2003 on June 12th. (see article above)

HR4546: National Defense Authorization Act for Fiscal Year 2003

Summary: A bill to authorize the appropriations for fiscal year 2003 for military activities of the Department of Defense and for military construction, to prescribe military personnel strengths for fiscal year 2003, and for other purposes.

Status: Passed full House 359 to 58 on May 10th. Received in Senate on 14 May.

S2514: National Defense Authorization Act for Fiscal Year 2003

Summary: A bill to authorize appropriations for fiscal 2003 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal 2003, and for other purposes.

Status: Voted out of Armed Services Committee 17-8 in closed session May 9th Filed 15 May.

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(b)(3):10 USC 424

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