



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

May 11, 2011
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 754 - Intelligence Authorization Act for FY 2011

(Rep. Rogers (R) MI)

The Administration appreciates the Permanent Select Committee on Intelligence's support of the work and efforts of the Intelligence Community (IC) and supports many provisions contained in H.R. 754. However, the Administration has a number of concerns with the bill, which are highlighted below, and looks forward to working with the Congress to address them.

The Administration strongly urges the Congress to reverse the reduction and realignment of resources (including to personnel levels) proposed in the Classified Annex and the Classified Schedule of Authorizations to the bill and requests that the Congress authorize all funding as appropriated, as well as all requested personnel levels. The directed reductions and redirection of resources at this late point in the fiscal year would effectively make unavailable over \$200 million of already appropriated funds for critical intelligence capabilities.

- First, cuts to requested funding and personnel levels will have a seriously negative effect on essential IC national security operations, including counter-terrorism and proliferation of weapons of mass destruction analysis and counterintelligence – all critical, high priority needs. The reductions would result in less capability than exists today. The Administration opposes the reductions in personnel levels below what was funded in the FY 2011 Appropriations Act and urges the Congress to authorize those funds as appropriated.
- Second, significant redirection of funds below the funding level enacted in the FY 2011 Appropriations Act from a technical collection program will negatively impact an acquisition that is successfully achieving acquisition milestones. This action comes at a time when the IC is conducting a Congressionally-requested assessment of an alternative to the Administration's program. Until that assessment is complete, a significant reduction or redirection of funds is unwarranted and will likely jeopardize the scheduled operational capability of this critical national security collection system.

Additional details are set out in a classified views letter from the Director of National Intelligence (DNI) to the intelligence oversight committees, dated 12 April 2011.

Section 402 requires the DNI to create an insider threat detection program for the information resources of each element of the IC to detect unauthorized access to classified information. The Administration wholeheartedly agrees with the need to be vigilant and proactive in trying to detect, mitigate, and deter insider threats, and supports a comprehensive insider threat detection capability. The Administration is currently working toward its implementation. However, the Administration is concerned with the unrealistic timelines required by this provision for the program's operational readiness, and strongly requests that the provision be amended to grant the DNI flexibility in implementation timelines of the program.

The Administration urges the inclusion with certain modifications of Section 412, which would help facilitate the auditability of Defense intelligence agencies by providing the Secretary of Defense with additional transfer authority for appropriations. Deletion of this section will impede the IC's ability to meet the Congressionally-mandated goal of auditable financial statements.

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