
Information
Security
Oversight
Office

**Annual
Report
to the
President
FY 1988**





Information Security Oversight Office
Washington, DC 20405



March 21, 1989

Dear Mr. President:

I am pleased to submit the Information Security Oversight Office's (ISOO) 1988 Report to the President.

This is the sixth Report that ISOO has issued on the information security program that is based upon Executive Order 12356, "National Security Information," issued in 1982. While the Report points out a number of areas in which improved performance is possible, the system itself continues to provide an excellent framework for the protection of national security information without excessive classification.

Please be assured that the ISOO staff and the thousands of other individuals throughout the executive branch who are responsible for the administration of the information security program look forward to working with you in our mutual effort to optimize its performance.

Respectfully,

A handwritten signature in cursive script that reads "Steven Garfinkel".

Steven Garfinkel
Director

The President
The White House
Washington, DC 20500

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AGENCY ACRONYMS OR ABBREVIATIONS

| | | | |
|-----------|---|----------|---|
| ACDA | Arms Control and Disarmament Agency | MMC | Marine Mammal Commission |
| AID | Agency for International Development | NARA | National Archives and Records Administration |
| Air Force | Department of the Air Force | NASA | National Aeronautics and Space Administration |
| Army | Department of the Army | Navy | Department of the Navy |
| BIB | Board for International Broadcasting | NRC | Nuclear Regulatory Commission |
| CEA | Council of Economic Advisers | NSA | National Security Agency |
| CIA | Central Intelligence Agency | NSC | National Security Council |
| Commerce | Department of Commerce | NSF | National Science Foundation |
| DARPA | Defense Advanced Research Projects Agency | OA, EOP | Office of Administration, Executive Office of the President |
| DCA | Defense Communications Agency | OJCS | Organization of the Joint Chiefs of Staff |
| DCAA | Defense Contract Audit Agency | OMB | Office of Management and Budget |
| DIA | Defense Intelligence Agency | OPIC | Overseas Private Investment Corporation |
| DIS | Defense Investigative Service | OPM | Office of Personnel Management |
| DLA | Defense Logistics Agency | OSD | Office of the Secretary of Defense |
| DMA | Defense Mapping Agency | OSIA | On-Site Inspection Agency |
| DNA | Defense Nuclear Agency | OSTP | Office of Science and Technology Policy |
| DOD | Department of Defense | OVP | Office of the Vice President |
| DOE | Department of Energy | PC | Peace Corps |
| DOT | Department of Transportation | PFIAB | President's Foreign Intelligence Advisory Board |
| ED | Department of Education | PIOB | President's Intelligence Oversight Board |
| EPA | Environmental Protection Agency | SBA | Small Business Administration |
| EXIMBANK | Export-Import Bank | SDIO | Strategic Defense Initiative Organization |
| FBI | Federal Bureau of Investigation | SEC | Securities and Exchange Commission |
| FCA | Farm Credit Administration | SSS | Selective Service System |
| FCC | Federal Communications Commission | State | Department of State |
| FEMA | Federal Emergency Management Agency | Treasury | Department of the Treasury |
| FHLBB | Federal Home Loan Bank Board | TVA | Tennessee Valley Authority |
| FMC | Federal Maritime Commission | USDA | Department of Agriculture |
| FRS | Federal Reserve System | USIA | United States Information Agency |
| GSA | General Services Administration | USPS | United States Postal Service |
| HHS | Department of Health and Human Services | USTR | Office of the United States Trade Representative |
| HUD | Department of Housing and Urban Development | VA | Veterans Administration |
| ICC | Interstate Commerce Commission | | |
| Interior | Department of the Interior | | |
| ISOO | Information Security Oversight Office | | |
| ITC | International Trade Commission | | |
| Justice | Department of Justice | | |
| Labor | Department of Labor | | |



Summary of FY 1988 Program Activity

The FY 1988 Report to the President is the sixth to examine the information security program under E.O. 12356. The following data highlight ISOO's findings.

Classification Activities


- The number of original classification authorities continued to decline to a record low of 6,654.
 - Original classification decisions increased 24%, to 2,508,693. By classification level, 1% of original classification decisions were **Top Secret**, 31% were **Secret**, and 68% were **Confidential**.
 - Derivative classification decisions decreased 19%, to 7,920,692.
 - The total of all classification actions decreased 12% from FY 1987, to 10,429,385, the lowest annual total ever reported by ISOO.
 - Among executive branch agencies, DOD accounted for 67% of all classification decisions; CIA 24%; Justice 6%; State 2%; and all others 1%.
-



Declassification Activities

- Agencies received 4,310 new mandatory review requests.
 - Under mandatory review, agencies processed 3,569 cases, eight fewer than in FY 1987; declassified in full 73,500 pages; declassified in part 147,297 additional pages; and retained classification in full on 22,034 pages.
 - Agencies received 355 new mandatory review appeals, 82 more than in FY 1987.
 - Agencies acted on 224 appeals, 46% fewer than in FY 1987, and declassified in whole or in part 14,844 pages in addition to those released in the initial mandatory review process.
 - Under the systematic review program, agencies reviewed 10,436,160 pages of historically valuable records, 20% fewer than in FY 1987; and declassified 4,927,193 pages, 45% fewer than in FY 1987.
-

Inspections

- Agencies conducted 23,759 self-inspections, 14% fewer than in FY 1987.
 - Agencies reported 16,624 infractions, 17% fewer than in FY 1987.
- 

INFORMATION SECURITY OVERSIGHT OFFICE

THE INFORMATION SECURITY PROGRAM FY 1988

The Information Security Oversight Office (ISOO) is the Government activity designated by the President in Executive Order 12356 to be responsible for monitoring the information security programs of all executive branch agencies that create or handle national security information. Originally established under Executive Order 12065, ISOO remains the primary oversight organization prescribed by President Reagan's Order of April 2, 1982. In this role, ISOO oversees the information security programs of approximately 70 departments, independent agencies and offices of the executive branch. E.O. 12356 also requires the Director of ISOO to report annually to the President about the ongoing implementation of the Order's provisions. This report summarizes Government-wide performance during FY 1988.

ISOO is an administrative component of the General Services Administration but receives its policy and program guidance from the National Security Council. The appointment of the ISOO Director by the Administrator of General Services must be approved by the President. The ISOO Director appoints the staff, which numbered 13 persons in FY 1988. ISOO's budget for that year was \$918,000.

ISOO uses a number of different oversight approaches to accomplish its assigned mission.

First, it develops and issues implementing directives and instructions regarding the Order. Second, ISOO conducts on-site inspections or program reviews of those agencies that create or handle national security information. During FY 1988, in addition to regularly scheduled inspections, ISOO continued its program of special document reviews at some of the major classifying agencies. Appendix A, p. 23, reports the cumulative results of these reviews. Third, ISOO gathers, analyzes, and reports statistical data on agencies' programs. Fourth, it evaluates, develops, and/or disseminates security education materials and programs. ISOO's employees also monitor and participate actively in many agencies' security education presentations. Fifth, ISOO receives and takes action on suggestions, complaints, disputes, and appeals from persons inside or outside the Government on any aspect regarding the administration of the Order. In this regard, ISOO serves as the final appellate authority for mandatory declassification reviews of presidential materials. Sixth, ISOO conducts special studies on potential or identified problem areas and on remedial approaches for program improvement. Seventh, ISOO maintains continuous liaison with monitored agencies on all matters relating to the information security system. This report is based upon both the program

reviews and inspections conducted by the ISOO staff and the compilation and analysis of statistical data regarding each monitored agency's program activity.

Program Reviews and Inspections

ISOO's program analysts serve as liaison to specific agencies to facilitate coordination and to provide for continuity of oversight operations. The analysts must stay abreast of relevant activities within each agency's information security program; coordinate with assigned agency counterparts on a continuing basis; and conduct formal inspections of the agency's program in accordance with a planned annual inspection schedule. These inspections may include reviews in selected field activities as well as offices in the Washington metropolitan area.

On-site inspections and surveys encompass all aspects of the information security program, including classification, declassification, safeguarding, security education, and administration. The inspections include detailed interviews with agency security personnel, classifiers, and handlers of national security information. To the extent possible, ISOO analysts review a sampling of classified information in the agency's inventory for the propriety of classification, the existence of required security markings, including declassification instructions, and compliance with safeguarding

procedures. ISOO analysts also monitor security training programs to determine if agency personnel are adequately informed about classifying, declassifying, and safeguarding national security information. When weaknesses in agencies' programs are identified, ISOO analysts recommend corrections, either on-the-spot or as part of a formal inspection report. Critical reports require immediate remedial action by the agency prior to a follow-up inspection by ISOO. These inspections provide specific indicators of agency compliance or noncompliance with the provisions of Executive Order 12356 that are not apparent from the mere analysis of statistical data.

Statistical Reporting

ISOO developed and issued Standard Form 311 for the purpose of gathering relevant statistical data regarding each agency's information security program. The Standard Form 311 requires each agency to report annually the following information to ISOO:

1. The number of original classification authorities;
2. the number of declassification authorities;
3. the number of original classification decisions, including the classification level of those decisions and the duration of classification;
4. the number of derivative classification decisions by classification level;
5. the number of requests and appeals received for mandatory review for declassification and agency actions in response to those requests and appeals in terms

of cases, documents and pages;

6. the number of pages of national security information reviewed during the year under systematic declassification procedures and the number declassified;
7. the number of formal self-inspections conducted by the agency; and
8. the number of security infractions detected by the agency within its own program.

Use of Sampling Systems


The statistics reflected in this Report cover the period October 1, 1987 through September 30, 1988. For most of the agencies that ISOO monitors, the statistics reported each year are based on an actual count in each reportable category. Because of the very large volume of classification activity in several agencies, and the concomitant administrative burden of reporting actual counts, ISOO allows these agencies to calculate their classification actions on the basis of approved sampling systems. However, even in these agencies, all other reported data, including classification authorities, declassification actions, self-inspections, and infractions must be based on actual counts.

The reporting system originally developed and used by DOD was based entirely on electronically transmitted message traffic. DOD then extrapolated the data to estimate classification data for all types of documentation. Although ISOO approved the message traffic system, ISOO and DOD were never satisfied that the system was producing the most accurate data, except to the extent that a year by year



analysis permitted the observation of trends.

To improve upon the accuracy of its classification statistics, DOD agreed to develop a revised sampling system intended to provide more reliable data. Unlike the previous message traffic system, the revised approach included coverage of all documentary types, such as messages, letters, memoranda, and reports. The system also provided for the gathering of data from a greater number of DOD components, including all major activities within the military departments, and other components such as DIA, and NSA. FY 1988 represented the fourth year that DOD reported data based upon its revised sampling system.

As discussed in ISOO's FY 1987 Annual Report, neither ISOO nor DOD is satisfied with our experience under the revised sampling system. Reported fluctuations far exceed those reported by the other large classifying agencies. The reported figures of the three military departments deviate far beyond what might reasonably be expected by program differences. Also, some of the reported data, for example, the percentage of **Top Secret** derivative actions relative to **Secret** and **Confidential** derivative actions, differ so greatly from all other historical indicators that ISOO simply assumes that they are, in all likelihood, inaccurate.



While ISOO and DOD are confident that the current system is more reliable than the old system based on message traffic exclusively, we are also convinced that it is not nearly as accurate as we would like. During the past two years, DOD had hoped to enter into a contract to establish a more reliable sampling system. In each of those years, the necessary resources to fund such a contract have been lacking. ISOO will continue to work with DOD to seek the necessary resources or pursue alternative solutions. In the meantime, ISOO will also continue to point out in its Annual Reports those data that appear to be the least reliable among those reported by the agencies.



Additional Reductions in Number of Original Classification Authorities (Exhibits 1 and 2)

Original classifiers are those individuals designated in writing, either by the President or by selected agency heads, to classify information in the first instance. ISOO is pleased to report that during FY 1988, agencies again decreased the number of individuals with original classification authority. ISOO believes that limiting the number of original classifiers may have a significant impact on reducing overall classification activity. Consequently, it will continue to stress to the agencies the importance of limiting original classification authority.

The number of executive branch employees authorized to classify originally in FY 1988 was 6,654, down by 67 classifiers from FY 1987 (-1%). This represents the lowest number of original classifiers reported by agencies since ISOO began collecting these statistics, and an 89% reduction since 1971. ISOO commends those agencies responsible for the most significant reductions, including CIA, DOE, NRC, NSC, Treasury and USIA.

ISOO's FY 1987 Report to the President noted that while overall original classification authorities decreased, the number of **Top Secret** original classifiers actually increased. In FY 1988, ISOO found this trend continuing. The number of **Top Secret** original classifiers increased by 22 (+1.4%). Offsetting this increase were decreases in **Secret** authorities of 63 (-1.6%), and **Confidential** authorities of 26 (-2.4%).

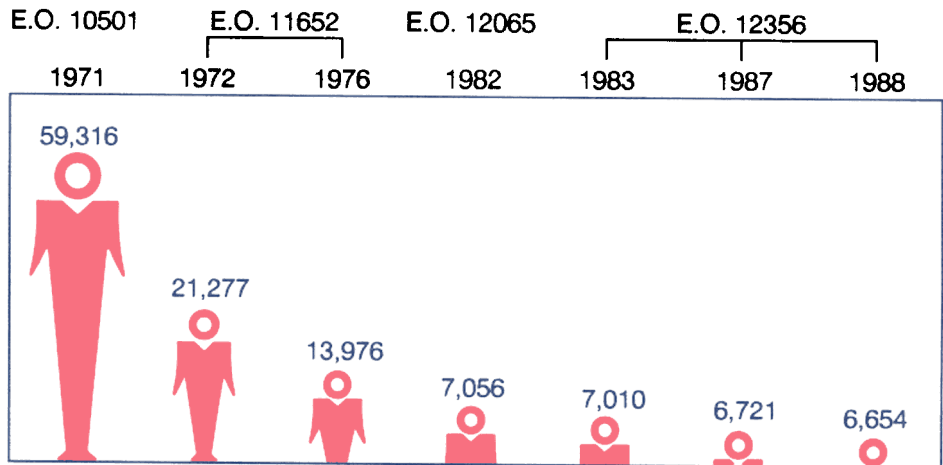
ISOO congratulates those agencies that achieved reductions in original classifiers during FY 1988. ISOO still firmly believes that additional decreases can be achieved and will continue to encourage agencies to survey classification authority needs and to justify

such designations. During FY 1988, ISOO will also closely monitor the designation of **Top Secret** original classification authorities to ensure that any further increases are warranted.

ORIGINAL CLASSIFIERS

Exhibit 1

FY 1971 – 1988



ORIGINAL CLASSIFIERS BY LEVEL

Exhibit 2

FY 1988



= 500 Authorities

Original Classification Decisions Increase Again (Exhibits 3 through 7)

Original classification is an initial determination by an authorized classifier that information requires extraordinary protection, because unauthorized disclosure of the information could reasonably be expected to cause damage to the national security. The process of original classification ordinarily includes both the determination of the need to protect the information and the placement of markings to identify the information as classified. By definition, original classification precedes all other components of the information security system, e.g., derivative classification, safeguarding, and declassification. Therefore, ISOO often refers to the number of original classification actions as the most important statistic that it reports. This is the fourth year that ISOO's data on classification decisions, both original and derivative, include the product of the revised sampling system introduced by DOD in FY 1985.

When reported original classification actions increased by an unprecedented 66% in FY 1987, ISOO noted that the figure appeared to be skewed by the DOD sampling system. Specifically, ISOO discovered that the DOD sample was gathered during two weeks of intense naval operations in the Persian Gulf, which tended to skew the annual figure significantly. Therefore, ISOO anticipated that the number of original classification decisions that would be reported for FY 1988 would decrease. ISOO anticipated incorrectly.

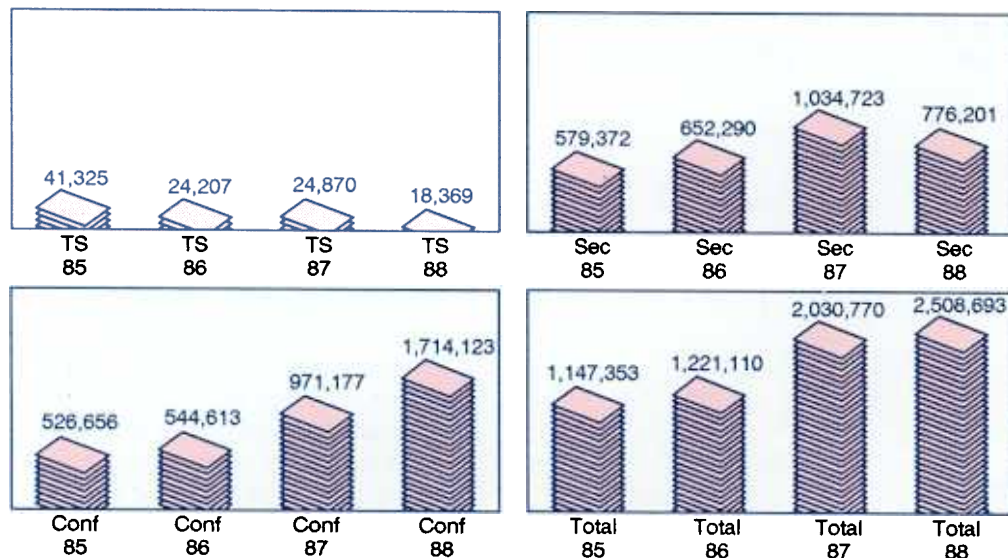
For FY 1988, agencies reported a total of 2,508,693 original classification decisions. This figure exceeds the 2,030,770 original decisions reported for FY 1987 by 477,923, or a further increase of almost 24%. Again, the numbers reported by DOD, and specifically the numbers reported to DOD by Navy, account for the entirety of both the FY 1988 increase and the increase beyond the levels for

FY 1986. In an effort to decrease the chances of a skewed figure in FY 1988, DOD activities were required to count the number of classification actions that occurred over four separate weeks, rather than two separate weeks. It appears that this did not suffice to curb the weaknesses in the current DOD sampling system, especially as that system is being implemented within Navy. In reporting its figures to DOD, the Navy recognized its problems with the current system by stating: "[D]espite considerable effort by 14 major Navy and Marine Corps organizations, results of sampling are not considered valid for meaningful statistical analysis."

ORIGINAL CLASSIFICATION ACTIVITY

Exhibit 3

FY 1985 - 1988

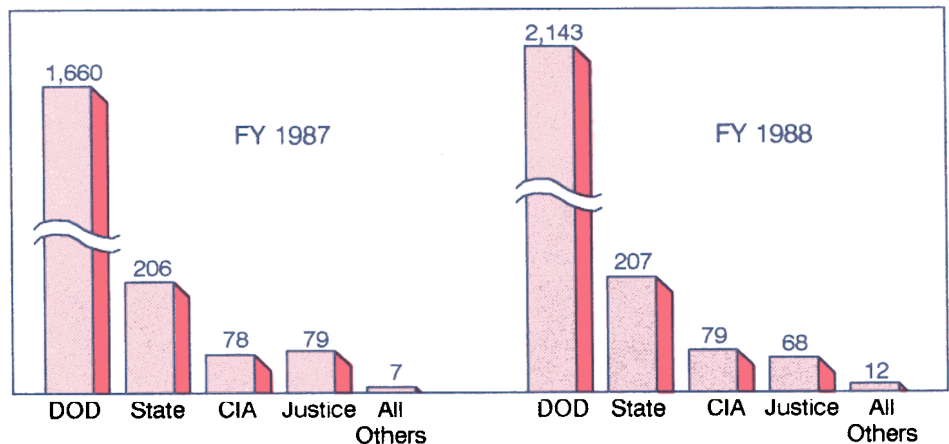


A comparison of the data for each of the major classifying agencies highlights these observations. While DOD reported an increase of 482,417 original classification decisions for a total of 2,142,595 (+29%) for FY 1988, all other original classifying agencies reported 366,098 original decisions, a slight decrease of 4,494 from FY 1987 (-1%). CIA reported 624 more original classification decisions in FY 1988, for a total of 78,832 (+1%). State reported an increase of 1,213 original decisions, for a total of 207,400 (+1%), while Justice reported a decrease of 10,489, for a total of 68,017 (-13%). Together, DOD, State, Justice, and CIA account for 99.5% of original classification activity within Government. Among the agencies with more modest levels of classification

ORIGINAL CLASSIFICATION ACTIVITY BY AGENCY

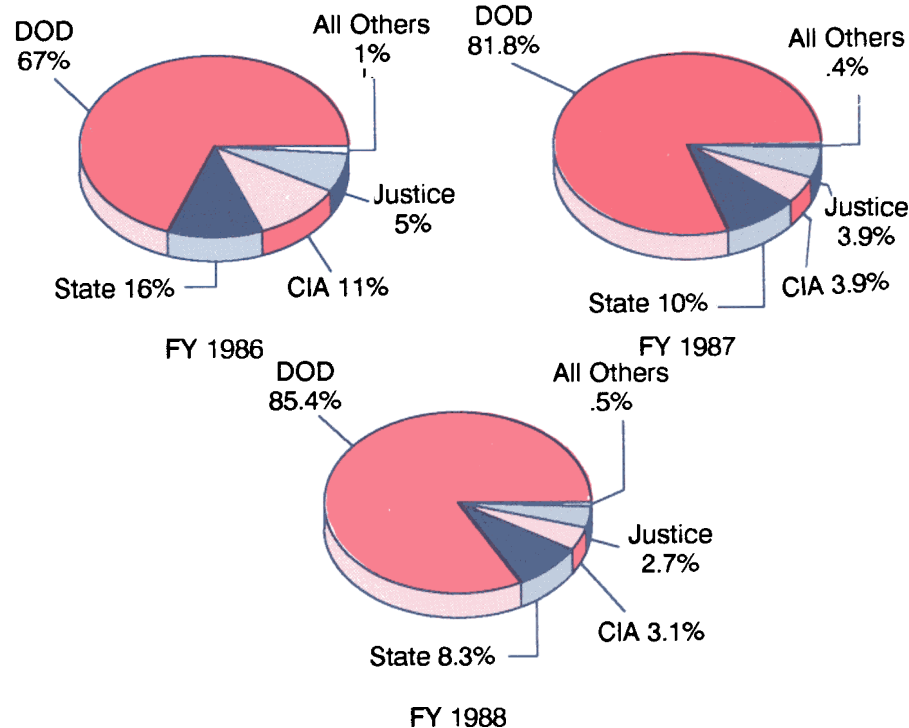
Exhibit 4

FY 1987 - 1988
In Thousands



ORIGINAL CLASSIFICATION ACTIVITY MAJOR AGENCIES

Exhibit 5



activity, ISOO commends DOE (-35%), FEMA (-90%), and USIA (-83%) for achieving substantial reductions.

Of the 2,508,693 reported original classification decisions, 18,369 (1%) were at the **Top Secret** level; 776,201 (31%) at the **Secret** level; and 1,714,123 (68%) at the **Confidential** level. This represents large decreases of 6,501 **Top Secret** actions (-26%), and 258,522 **Secret** actions (-25%); and a mammoth increase of 742,946 **Confidential** actions (+76%). These fluctuations, which again result from the numbers reported to DOD by Navy, also suggest problems with the implementation of the DOD sampling system. While there has been some indication that the proportion of **Confidential** decisions was increasing slightly following a significant decrease, ISOO has not encountered any other data that suggest the validity of **Confidential** decisions approaching 70% of the total. For

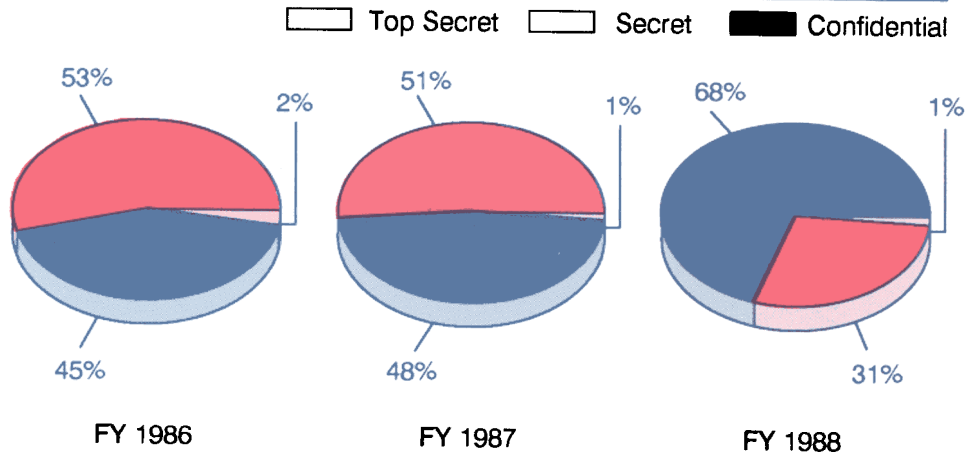
example, the cumulative results of ISOO's document reviews (see Appendix A, p. 23), in which ISOO's analysts have personally examined each document, include 43% classified at the **Confidential** level.

As part of the original classification process, the classifier must determine a time frame for the protection of the information. This is commonly referred to as the "duration" of classification. E.O. 12356 provides classifiers with two means of designating declassification instructions for national security information. First, the information may be marked for declassification upon a specific date or event. For example, a classifier may determine that the information's sensitivity will lapse upon the completion of a particular project. That event would be noted on the face of the document, and when the project had been completed, the information would automatically be declassified. Only if a specific date or event cannot be determined at the time of classification does the classifier mark the document with the notation "Originating Agency's Determination Required" ("OADR"). "OADR" indicates that the information must be reviewed by the originating agency before any declassification action may be taken.

For FY 1988, the percentage of reported original classification decisions assigned a specific date or event for declassification decreased significantly to slightly over 7% of the total, down from 14% in FY 1987. This suggests to ISOO that far too often original classifiers are remiss in their efforts to establish a date or event for automatic declassification. This has been evident in

ORIGINAL CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 6



ORIGINAL CLASSIFICATION/DECLASSIFICATION ASSIGNMENTS/LEVELS

Exhibit 7

FY 1988

| Agency | % Assigned Date or Event for Declassification | % OADR (Must Be Reviewed Before Declassification) | % "TS" | % "S" | % "C" |
|---------------|---|---|-----------|------------|------------|
| DOD | 8 | 92 | 1 | 28 | 71 |
| CIA | 1 | 99 | 5 | 68 | 27 |
| State | 5 | 95 | 0 | 25 | 75 |
| Justice | 1 | 99 | 4 | 93 | 3 |
| Treasury | 16 | 84 | 0 | 4 | 96 |
| All Others | 3 | 97 | 2 | 62 | 36 |
| Totals | 7% | 93% | 1% | 31% | 68% |

ISOO's examination of the classified product, both in the course of its regular inspections and its special document reviews. While the percentage of material marked for declassification at a specific date or event is never likely to exceed 15-20%, there is clearly room for considerable improvement in this area. The agencies and ISOO must do more to impress upon original

classifiers their obligation to consider a specific date or event for declassification before they apply the "OADR" marking.

Derivative Classification Decisions Decrease Significantly (Exhibits 8 through 11)

Derivative classification is the act of incorporating, paraphrasing, restating or generating in new form classified source information. Information may be derivatively classified in two ways: (a) through the use of a source document, usually correspondence or publications generated by an original classification authority; or (b) through the use of a classification guide. A classification guide is a set of instructions issued by an original classification authority. It pertains to a particular subject and describes the elements of information about that subject that must be classified and the level and duration of classification. Only executive branch or Government contractor employees with the appropriate security clearance who are required by their work to restate classified source information may classify derivatively.

During FY 1988, the number of reported derivative classification decisions decreased significantly by 1,904,436, to a total of 7,920,692 (-19%). This number also represents a 43% decline from the number of derivative decisions reported for FY 1985, and a 17% decline from FY 1986. While ISOO looks favorably upon these significant decreases, the relatively large fluctuations, especially as reported by DOD, argue against assuming any long-range conclusions.

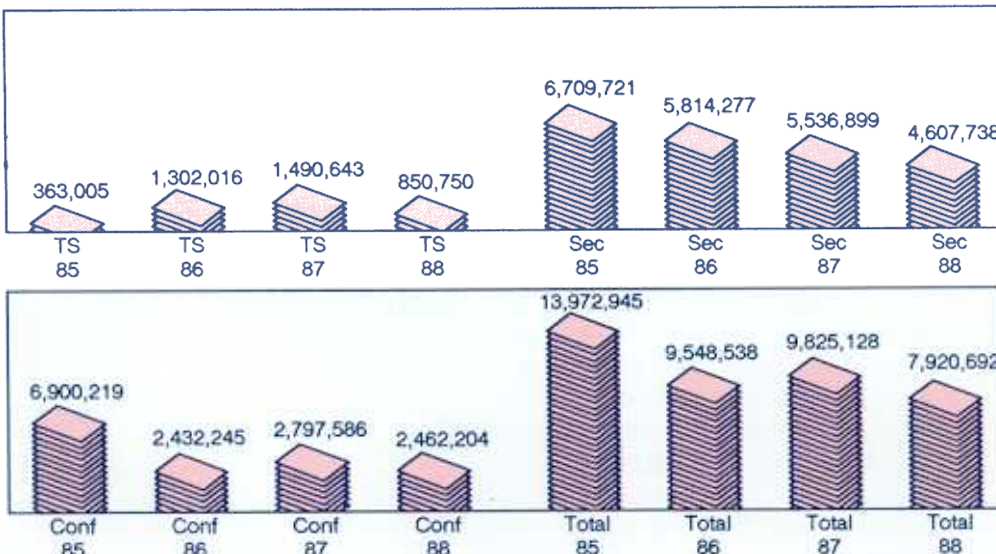
By classification level in FY 1988, agencies reported 850,750 **Top Secret** derivative decisions; 4,607,738 **Secret**; and 2,462,204 **Confidential**. These figures represent a decrease at each level from FY 1987, with the number of **Top Secret** decisions declining by 43%, **Secret** by 17%, and **Confidential** by 12%. **Top Secret** actions comprised 11% of the total number of derivative decisions for FY 1988; **Secret**, 58%; and **Confidential**, 31%.

As in FY 1986 and FY 1987, the proportion of derivative **Top Secret** decisions reported for FY 1988 still strikes ISOO as a statistical aberration. Again, it defies every other indicator reported to or observed by ISOO over the years, including our special document reviews of agencies such as CIA, NSA, NSC and the military services. ISOO's special document reviews for the last three fiscal years revealed a **Top Secret** rate of less than 4%, even though the reviews concentrated on activities that would be expected to produce a higher than average proportion of **Top Secret** actions. ISOO again attributes this aberration to deficiencies in DOD's current sampling system, as discussed above.

DERIVATIVE CLASSIFICATION ACTIVITY

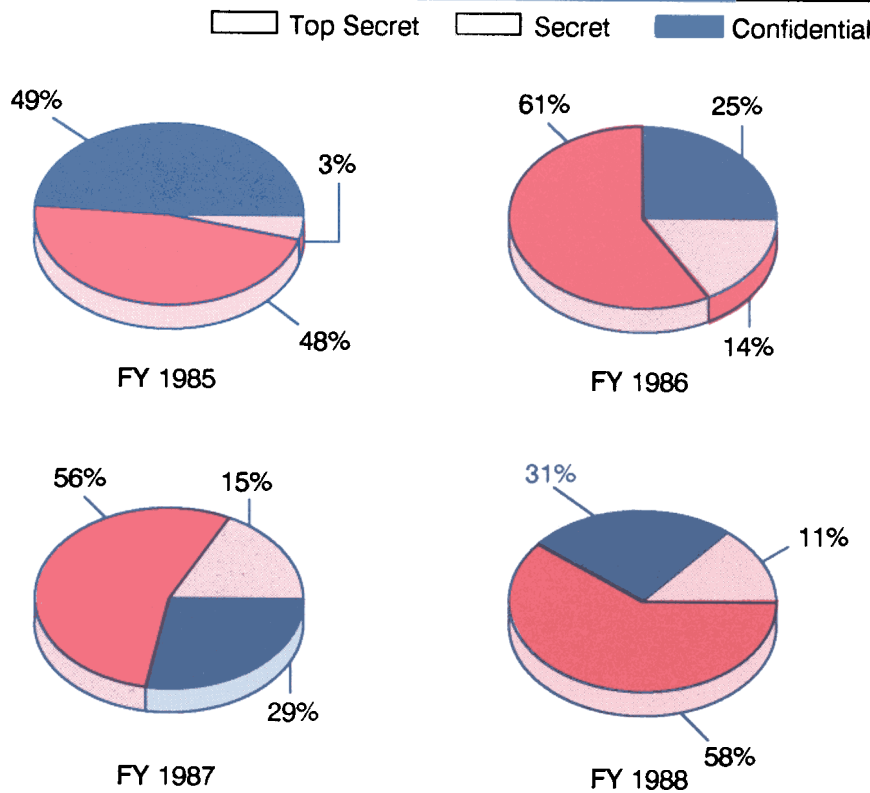
Exhibit 8

FY 1985 - 1988



DERIVATIVE CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 9



Once again, DOD, CIA, and Justice accounted for over 99% of the derivative classification decisions reported for FY 1988. DOD reported 4,831,476 derivative decisions, a decrease of 1,810,146 (-27%) from the number reported in FY 1987; CIA reported 2,469,922, a slight decrease of 29,016 (-1%) from FY 1987; and Justice reported 556,895, a reduction of 76,444 (-12%) from FY 1987.

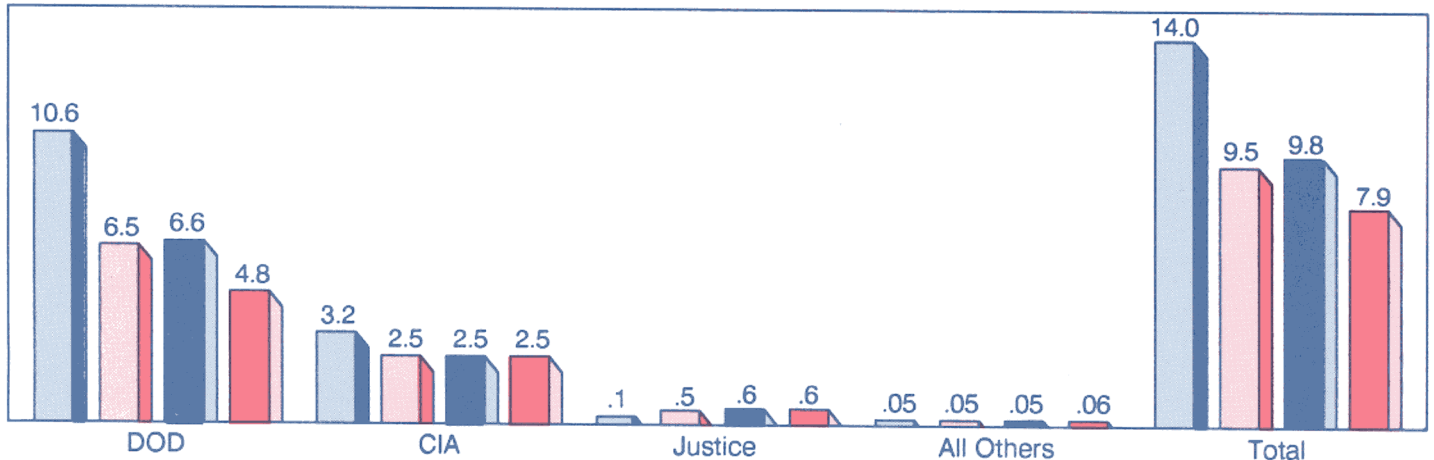
All other agencies reported 62,399 derivative classification actions, an increase of 11,170 (+22%) over FY 1987. Unusually high increases were reported at DOE (+9%); DOT (+79%); FEMA (+22%); NASA (+61%); and Treasury (+46%), while Interior achieved a significant 50% reduction in derivative classification actions in FY 1988.

DERIVATIVE CLASSIFICATION ACTIVITY BY AGENCY

Exhibit 10

FY 1985 - 1988
In Millions

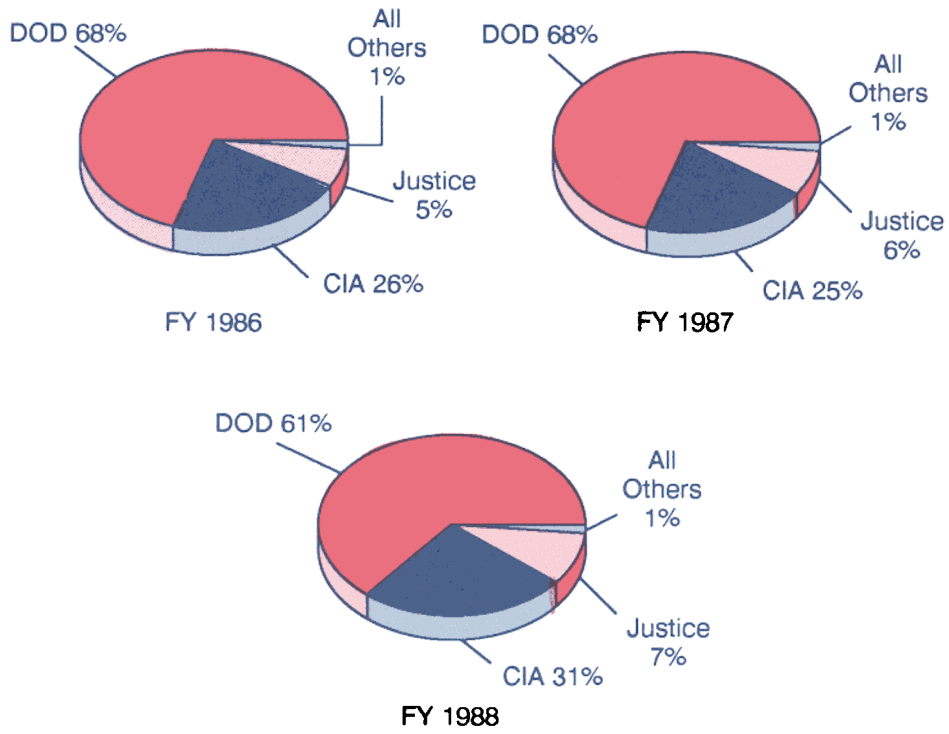
FY 1985 FY 1986 FY 1987 FY 1988





DERIVATIVE CLASSIFICATION ACTIVITY MAJOR AGENCIES

Exhibit 11



Combined Classification Activity Decreases Significantly (Exhibits 12 through 15)

For FY 1988, the number of original and derivative classification decisions combined was 10,429,385. This represents a decrease of 1,426,513 reported actions (-12%) from FY 1987; 340,263 fewer actions (-3%) than in FY 1986; and 4,690,913 fewer actions (-31%) than in FY 1985. FY 1988's reported decrease in combined classification activity results from the 19% decrease in derivative classification decisions discussed above. Since reported original classification activity increased during the same time period, original actions accounted for an unprecedented 24% of the total number of classification decisions. This proportion is well in excess of any previously reported breakdown between original and derivative activity, which causes ISOO to question its accuracy.

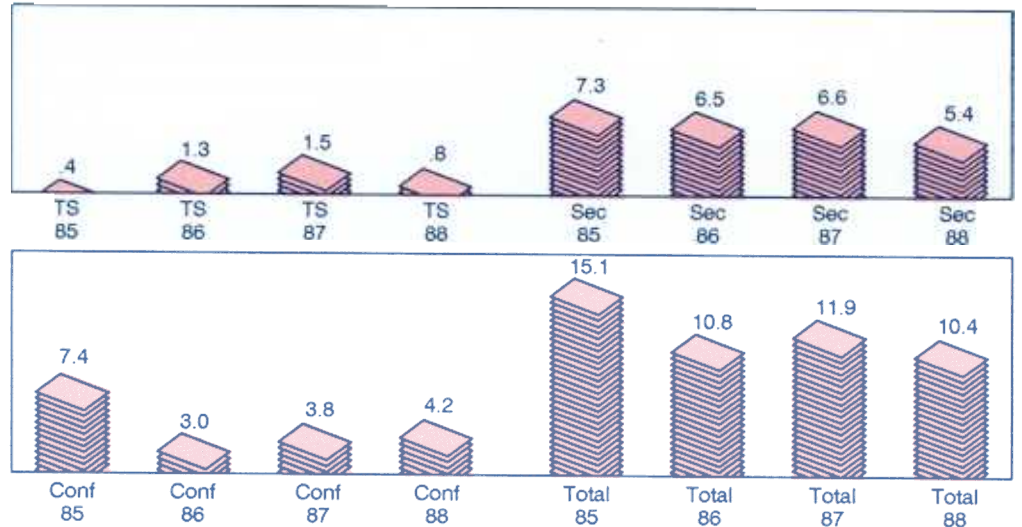
By classification level, the number of combined **Top Secret** actions decreased by 646,394 to 869,119 (-43%); **Secret** actions decreased by 1,187,683 to 5,383,939 (-18%); while **Confidential** actions increased by 407,564 to 4,176,327 (+11%). These figures represent a breakdown by percentage of **Top Secret**, 8%; **Secret**, 52%; and **Confidential**, 40%. Again, despite the decrease from FY 1987, ISOO believes from all other indicators that the proportion of **Top Secret** actions remains inflated.

Once again, four agencies accounted for well over 99% of the combined classification decisions in FY 1988. DOD decisions decreased by 1,327,729, to 6,974,071 (-16%); Justice

COMBINED CLASSIFICATION ACTIVITY

Exhibit 12

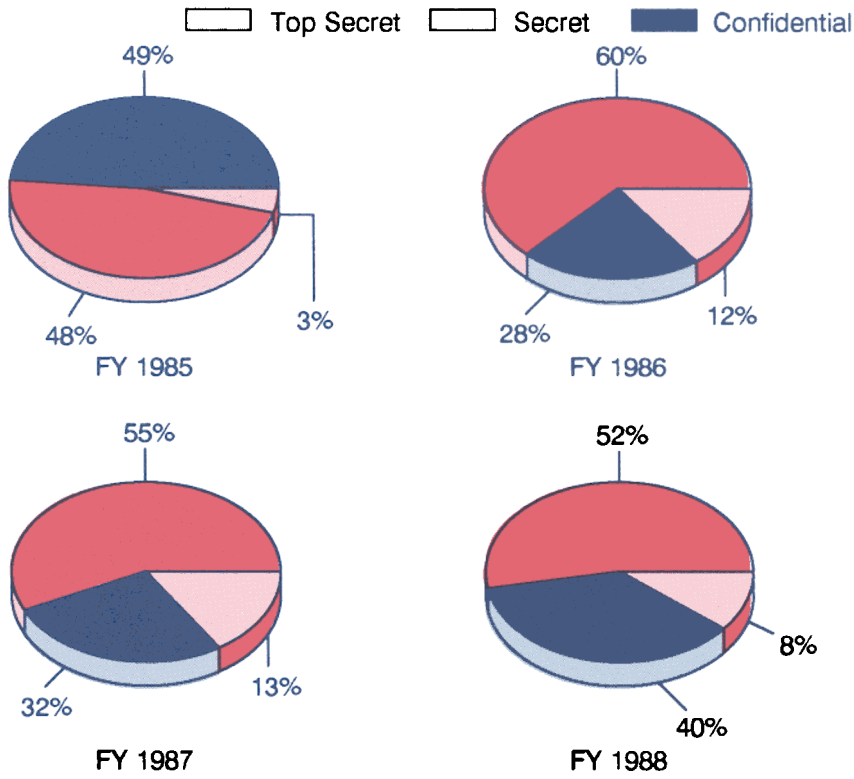
*FY 1985 - 1988
In Millions*





COMBINED CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 13

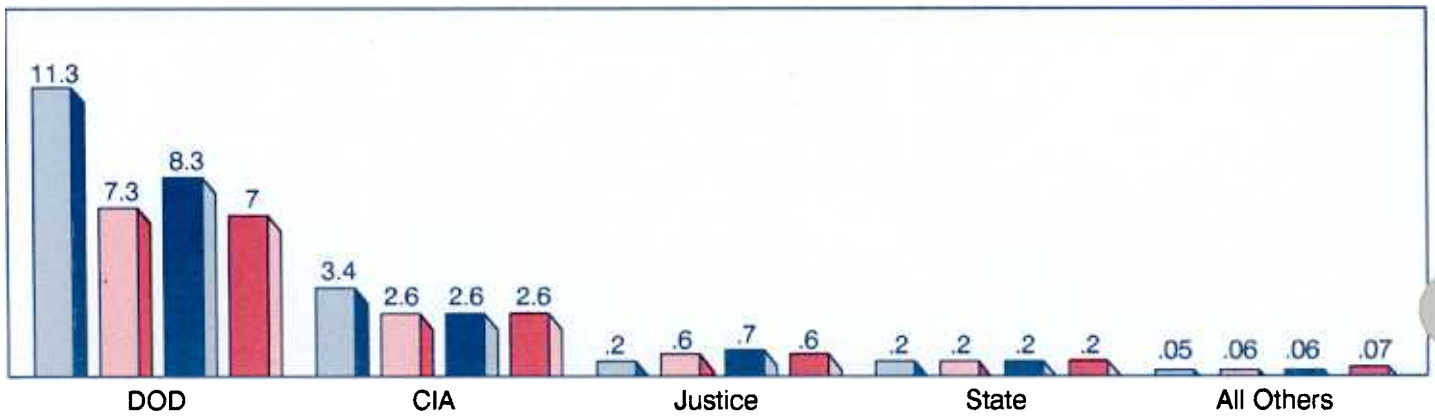


COMBINED CLASSIFICATION ACTIVITY BY AGENCY

Exhibit 14

FY 1985 - 1988
In Millions

Legend: FY 1985 (light blue), FY 1986 (medium blue), FY 1987 (dark blue), FY 1988 (light red)

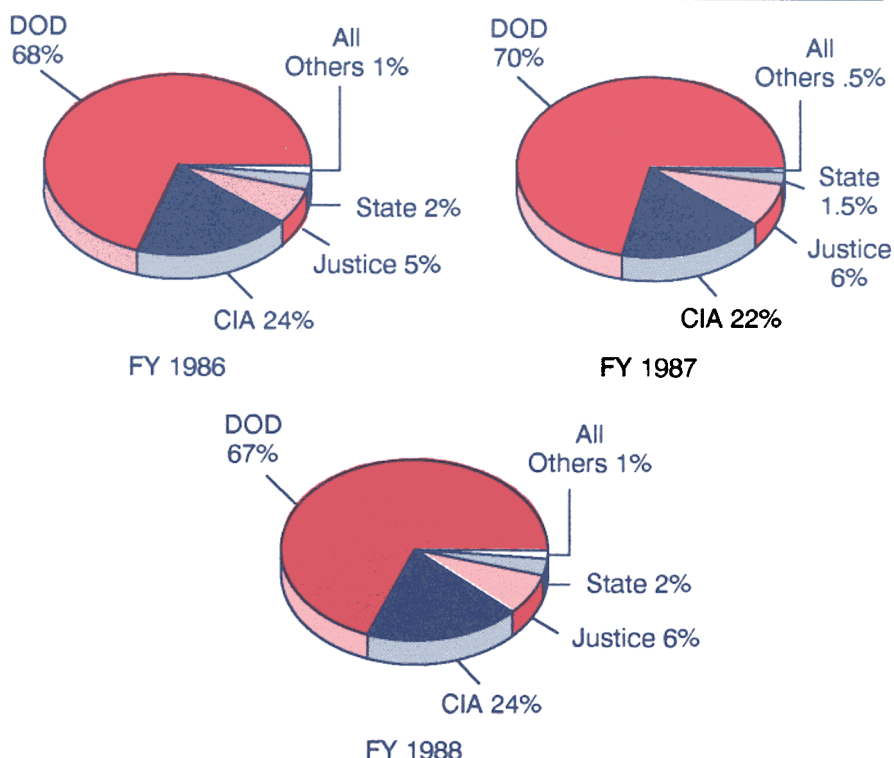


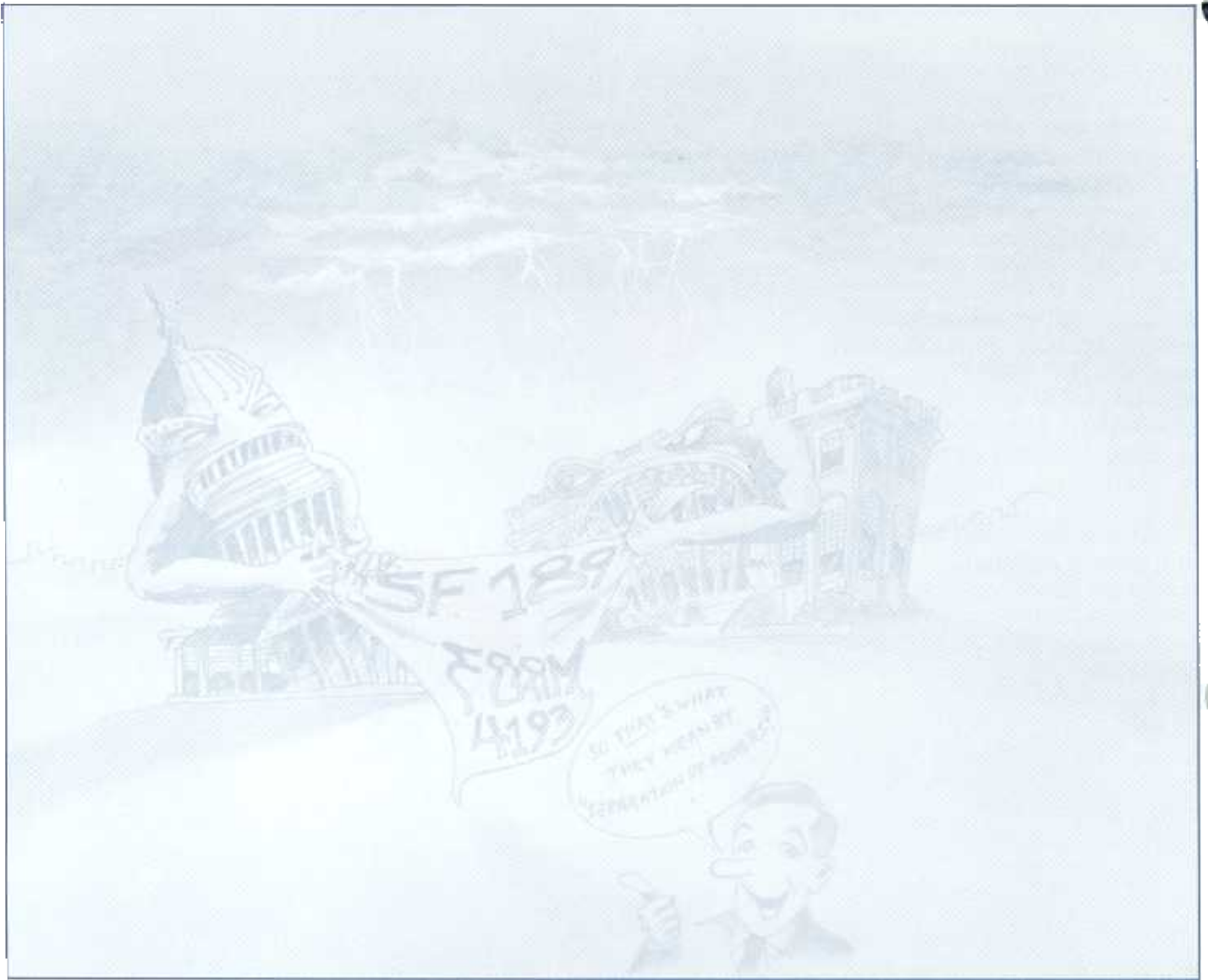
decisions decreased by 87,203, to 624,912 (-12%); CIA decisions decreased by 28,392, to 2,548,754 (-1%); and State decisions increased slightly by 1,213, to 207,400 (+0.6%). All other agencies accounted for only 74,248 combined classification actions, 15,598 more (+27%) than in FY 1987. Unusually high increases were noted by ACDA; DOT; NASA; and Treasury. In FY 1988, DOD accounted for 67% of all classification actions; CIA, 24%; Justice, 6%; State, 2%; and all others, 1%.

ISOO commends the following agencies that reported significantly fewer combined classification actions in FY 1988: Interior (-50%); NRC (-32%); and USIA (-83%).

COMBINED CLASSIFICATION ACTIVITY MAJOR AGENCIES

Exhibit 15





Mandatory Review Activity Increases, Declassification Rates Remain High (Exhibits 16 through 21)

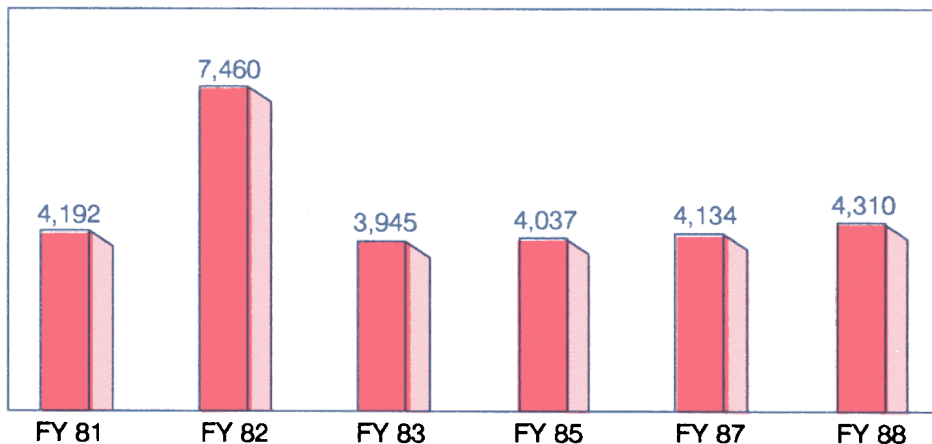
Under E.O. 12356, the mandatory review process allows agencies or citizens to require an agency to review specified national security information for purposes of seeking its declassification. These requests must be in writing and must describe the information with sufficient detail to permit the agency to retrieve it with a reasonable amount of effort. Mandatory review remains popular with some researchers as a less contentious alternative to Freedom of Information Act requests. It is also used to seek the declassification of presidential papers or records, which are not subject to the Freedom of Information Act.

The number of mandatory review requests received in FY 1988 increased by 176 to 4,310. Agencies that experienced large increases included DOD, DOE, FEMA, and NARA. When

MANDATORY REVIEW REQUESTS RECEIVED

Exhibit 16

FY 1981 - 1988



the 2,842 cases carried forward from the prior year are added to the new cases received, agencies had a total caseload of 7,152 during FY 1988. This compares to a caseload of 6,271 in FY 1987. In FY 1988, agencies acted on 3,569 cases, eight fewer than in FY 1987.

collected data on agency actions in response to mandatory review requests in terms of cases, documents, and pages. The 3,569 cases processed during FY 1988 comprised 70,022 documents totaling 242,831 pages. This activity represents 29,895 more documents and 87,521 more pages than in FY 1987.

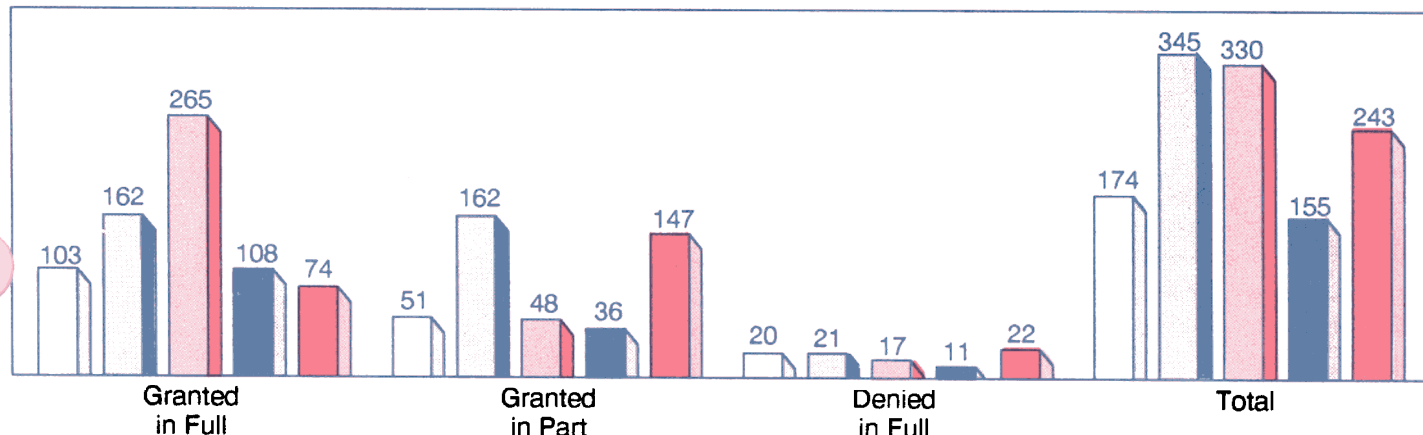
Since FY 1983, ISOO has

MANDATORY REVIEW PAGES PROCESSED

Exhibit 17

FY 1983 - 1988
In Thousands

Legend: FY 83 (light blue), FY 84 (medium blue), FY 85 (dark blue), FY 87 (black), FY 88 (red)



Of the 3,569 cases completed in FY 1988, 1,857 (52%) were granted in full, 1,182 (33%) were granted in part, and 530 (15%) were denied in full. These totals are consistent with the favorable results in prior years.

Of the 70,022 documents acted on in FY 1988, 18,536 (27%) were granted in full; 47,154 (67%) were granted in part; and 4,332 (6%) were denied in full. The percentage of documents declassified in whole or in part is 94% for FY 1988. This is just about the same as the 95% total achieved in FY 1987. This continued high declassification rate reflects the importance agencies place in meeting their responsibilities under the mandatory review program.

Of the 242,831 pages processed, 73,500 (30%) were granted in full, 147,297 (61%) were granted in part, and 22,034 (9%) were denied in full. The percentage of pages declassified in whole or in part (91%) is comparable to the FY 1987 rate of 93%. Given the high number of documents and pages declassified, mandatory review remains a highly successful mechanism for the declassification of information.

The total number of pages reviewed in FY 1988 is 56% higher than in FY 1987. ISOO commends Commerce, Justice, NARA, and State, the agencies that processed considerably more pages in FY 1988 than in FY 1987.

E.O. 12356 also provides that agencies or members of the public may appeal mandatory review denials to designated officials of the denying agencies.

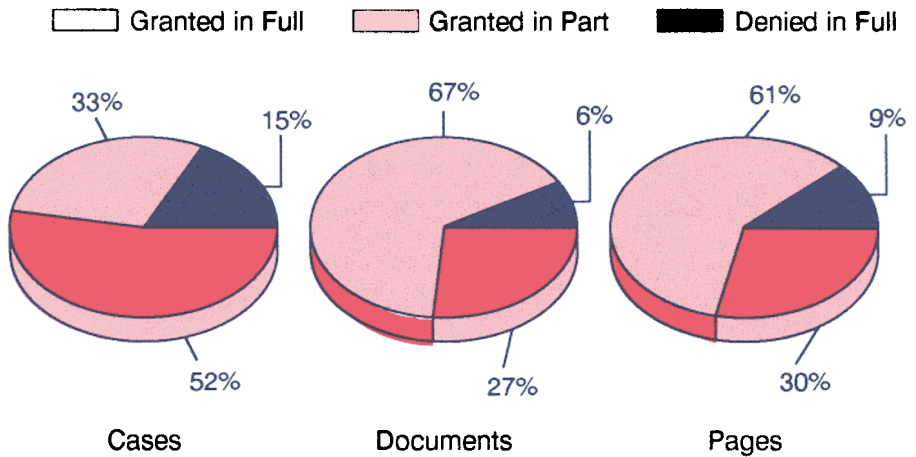
During FY 1988, executive branch agencies received 355 new appeals. When added to the 325 appeals carried over from the previous year, agencies had a caseload of 680 appeals. Of these, the agencies processed

224 (33%). On the other hand, agencies processed 56% of their appeals in FY 1987. As a result, the number of appeals carried over to FY 1989 increased by 42%.

MANDATORY REVIEW ACTION TAKEN

Exhibit 18

FY 1988



MANDATORY REVIEW ACTIONS BY AGENCY

Exhibit 19

FY 1988

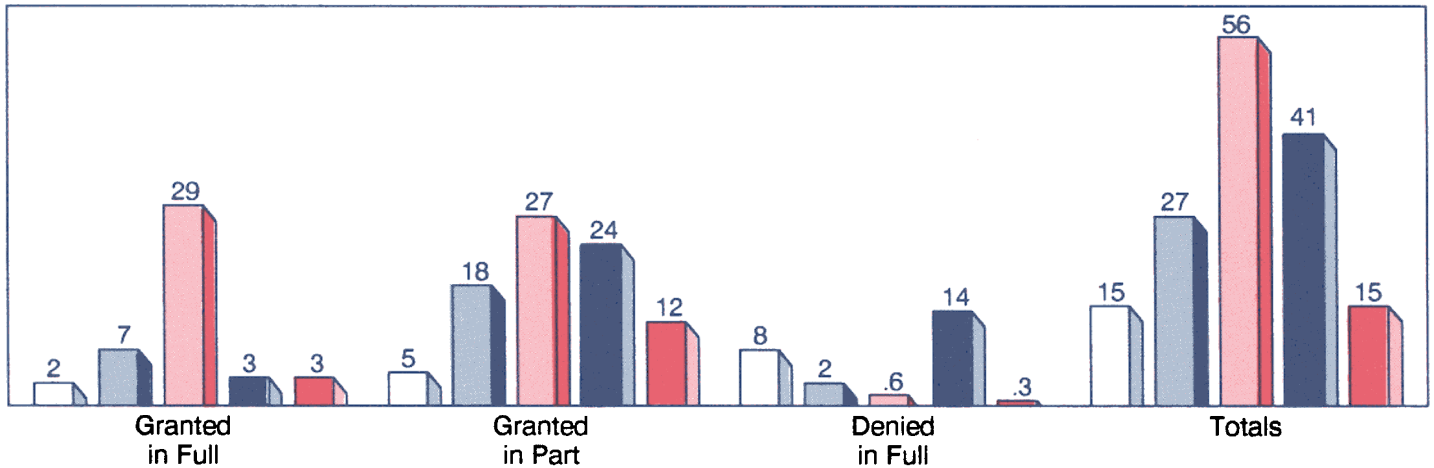
| Agency | Total Cases Acted On | % Granted in Full | % Granted in Part | % Denied in Full |
|--------|----------------------|-------------------|-------------------|------------------|
| | 806 | 42 | 45 | 13 |
| | 374 | 47 | 41 | 12 |
| | 825 | 64 | 27 | 9 |
| | 595 | 34 | 35 | 31 |
| | 410 | 89 | 7 | 4 |
| | 270 | 18 | 50 | 32 |
| | 289 | 70 | 25 | 5 |

MANDATORY REVIEW APPEALS PAGES PROCESSED

Exhibit 20

FY 1983 - 1988
In Thousands

FY 1983
 FY 1984
 FY 1985
 FY 1987
 FY 1988



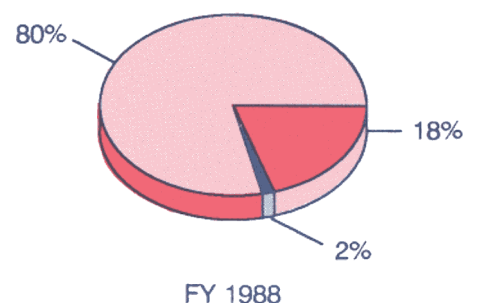
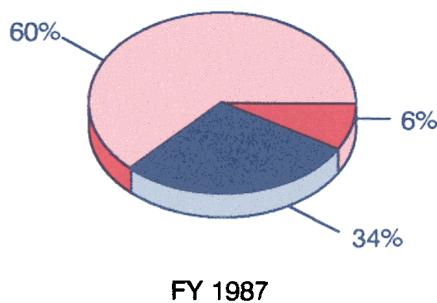
Of the 224 appeals processed, 33 (15%) were granted in full, 180 (80%) were granted in part, and 11 (5%) were denied in full. These appeals totaled 3,363 documents and 15,103 pages. Of the documents reviewed on appeal, 721 (21%) were released in full, 2,622 (78%) were released in part, and 20 (1%) were denied in full. Of the 15,103 pages reviewed, 2,763 (18%) were declassified in full; 12,081 (80%) were declassified in part; and only 259 (2%) remained fully classified. The fact that 98% of the pages were declassified in whole or in part bespeaks the agencies' commitment to a thorough scrub upon appeal.

MANDATORY REVIEW APPEALS WORKLOAD IN PAGES

Exhibit 21

Granted in Full
 Granted in Part
 Denied in Full

Total of 40,451 Pages Processed Total of 15,103 Pages Processed



Systematic Review Suffers Sharp Decrease (Exhibits 22 through 24)

Initiated in 1972, "systematic review for declassification" is the program under which classified, permanently valuable (archival) records are reviewed for purposes of declassification after the records reach a specific age. Under E.O. 12356, NARA is the only agency required to conduct a systematic review of its classified holdings. NARA ordinarily reviews its classified holdings as they become 30 years old, except for certain intelligence or cryptologic file series, which are to be reviewed as they become 50 years old. While other agencies are not required to conduct a systematic review program, ISOO encourages them to do so. Also, agencies may, with the permission of the originating agency, conduct a systematic review on records that are less than 30 years old.

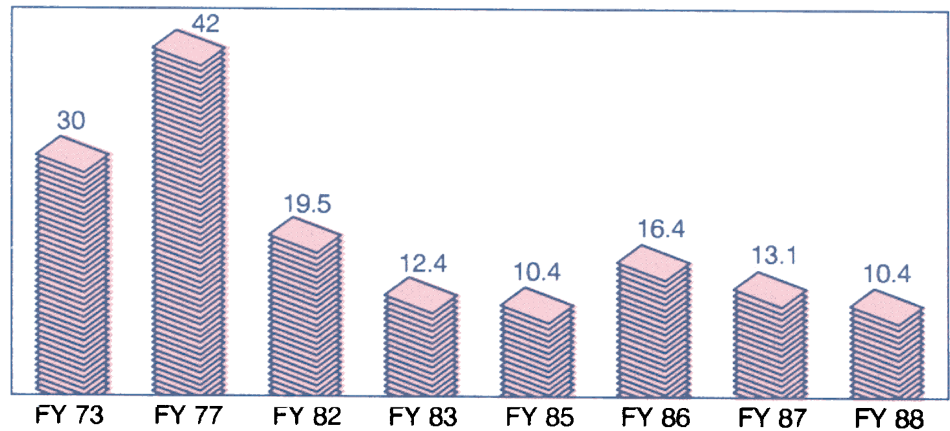
As a result of diminishing resources devoted to the systematic review program, its product decreased again in FY 1988. Unfortunately, the figure reported for the number of pages reviewed in FY 1988 matches the lowest reported figure since the program began. Even more disappointing, the percentage rate of declassification is the lowest ever reported to ISOO. Agencies reviewed 10.4 million pages, down 2.65 million, or 20%, from FY 1987. Of the pages reviewed, almost 5 million (47%) were declassified, a significant decrease from the 9 million pages declassified (69% rate of declassification) reported in FY 1987.

Although the decrease in systematic review is due to the

SYSTEMATIC REVIEW FOR DECLASSIFICATION PAGES REVIEWED

Exhibit 22

FY 1973 – 1988
In Millions



low figures reported by several agencies, NARA's figure clearly had the greatest impact. In FY 1988, NARA reviewed 2.9 million pages, a decrease of 4.1 million (-59%) from FY 1987. Since NARA's rate of declassification is traditionally very high, the more pages reviewed by NARA, the greater the rate of declassification for the systematic review program as a whole. NARA's explanation for the decline was the absence of a sufficient staff to fulfill its systematic review responsibilities. Two factors contributed to this. First, a considerable increase in Freedom of Information Act and mandatory review requests forced NARA to pull its staff members from their systematic review projects so that these other requests could be handled in an expeditious manner. Second, the Iran-Contra investigations produced a large volume of documents that required reviewing, redacting, arranging

and describing upon their transfer to the National Archives. Again, NARA had to rely on experienced staff members within its Records Declassification Division to perform this task and provide guidance to the White House, the National Security Council, and the Congress.

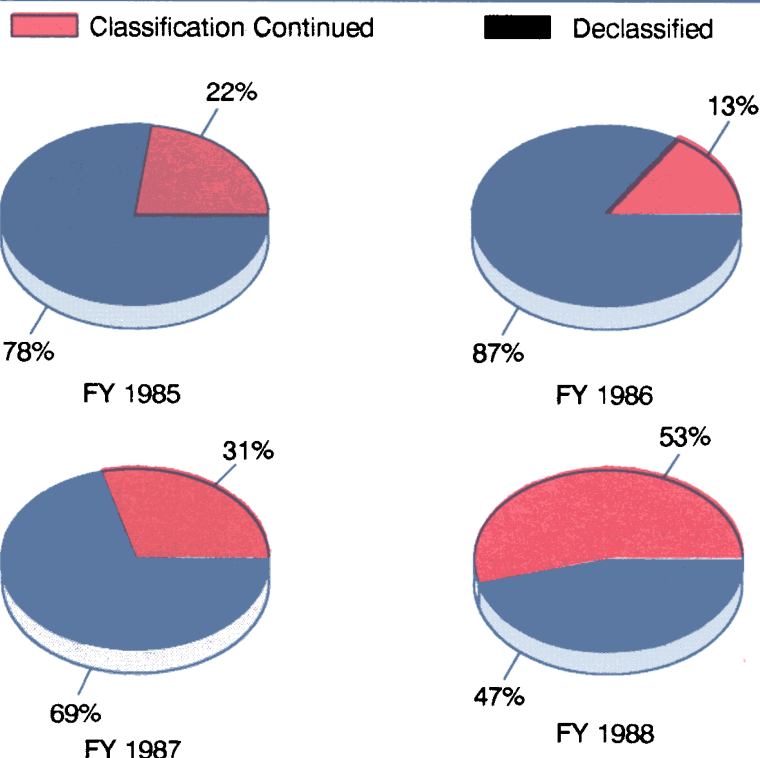
Ultimately, the success of the systematic declassification review program rests with NARA. ISOO will continue to work with NARA to seek adequate resources for its systematic review program, so that external demands do not have such a negative impact upon it.

DOD accounted for the highest volume of pages reviewed during FY 1988. The number of pages DOD reviewed increased from 4,747,297 to 5,339,880 (+12%) in FY 1988, but DOD's declassification rate was 24%, down from 30% in FY 1987. ISOO is pleased with DOD's voluntary efforts in this area, and hopes that it will continue to increase the number of pages reviewed.

Although NARA's and DOD's systematic review programs are the most active, other agencies contribute to the systematic review product, especially AID and State. ISOO encourages their efforts to maintain systematic review programs, and, if possible, to commit additional resources to them for FY 1989 and the future.

SYSTEMATIC REVIEW FOR DECLASSIFICATION PERCENTAGE OF PAGES DECLASSIFIED

Exhibit 23



SYSTEMATIC REVIEW FOR DECLASSIFICATION ACTIONS BY AGENCY

Exhibit 24

FY 1988

| Agency | Pages Reviewed | Pages Declassified | % Declassified |
|------------|----------------|--------------------|----------------|
| DOD | 5,339,880 | 1,291,222 | 24% |
| NARA | 2,880,124 | 2,712,363 | |
| AID | 2,131,529 | 897,737 | |
| State | 25,245 | 19,076 | |
| All Others | 59,382 | 6,795 | 21% |
| Totals | 10,436,160 | 4,927,193 | 47% |

**Agency Self-Inspections/
Infractions Decrease
(Exhibits 25 and 26)**

Executive Order 12356 requires that each executive branch agency that originates or handles classified information establish and maintain "an active oversight and security education program." Agencies are required to report to ISOO the number of self-inspections that they undertake each year. They also report the number and type of infractions found during the year. Infractions are minor violations of the Order, the implementing ISOO Directive or agency regulations. Agency statistical reports do not include the more serious security violations that agencies must report to ISOO as they occur.

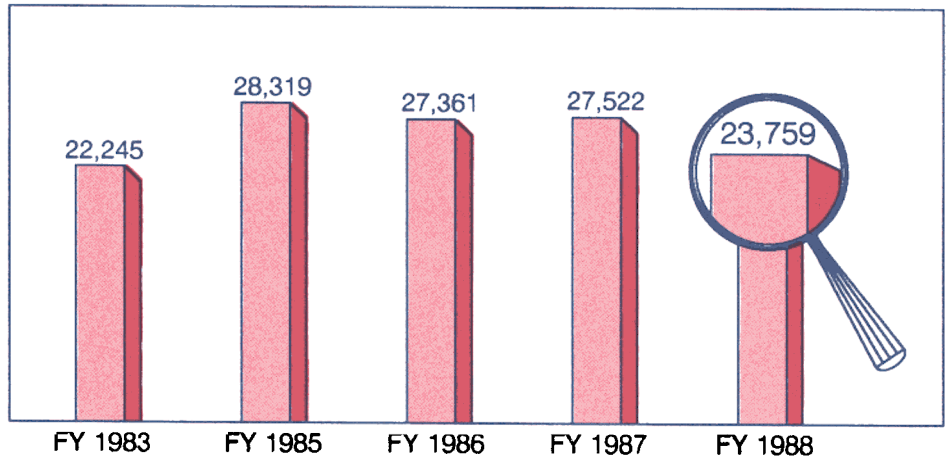
For FY 1988, agencies reported that they had conducted 23,759 self-inspections. This is a significant decrease (-14%) from the number reported for FY 1987. Those agencies reporting a decrease in the number of self-inspections conducted for FY 1988 include CIA (-62%); DOD (-13%); DOE (-8%); Justice (-4%); NASA (-7%); NRC (-39%); Treasury (-33%); and VA (-66%). However, several agencies significantly increased the number of self-inspections conducted within their information security programs. They include DOT (+13%); FEMA (+300%); GSA (+163%); and State (+30%).

In FY 1988, agencies detected a total of 16,624 infractions.

Compared to FY 1987, this figure represents a 17% (-3,285) decrease. Because the quality and quantity of self-inspections bears a direct relationship to the number of infractions detected, ISOO strongly encourages the agencies to enhance this area of their information security programs. The average number of infractions discovered per inspection slightly dropped from .72 in FY 1987, to .70 in FY 1988. On an infraction per inspection basis, this indicates that agencies continue to detect less than one infraction per inspection, a rate far below that experienced by ISOO in its own review of the agencies' programs. See, for example, the results of ISOO's special document reviews

AGENCY SELF-INSPECTIONS

Exhibit 25



conducted during FY 1988,
Appendix A, page 23.

ISOO strongly believes that a far greater number of infractions would be discovered if the agencies would increase their self-inspections, along with a greater emphasis on periodically sampling their classified product. ISOO urges a heightened effort by the agencies to increase both the number and quality of the self-inspections they are conducting. Only in this manner will the agencies themselves be able to evaluate employee compliance with the Order's provisions, and provide the basis for revising their security training programs.

INFRACTIONS

Exhibit 26

| Infraction | Total FY 85 | Total FY 86 | Total FY 87 | Total FY 88 |
|------------------------------|----------------|----------------|----------------|----------------|
| Unauthorized Access | 440 | 560 | 554 | 504 |
| Mismarking | 6,642 | 5,177 | 10,019 | 6,333 |
| Unauthorized Transmission | 1,688 | 1,969 | 2,232 | 2,710 |
| Improper Storage | 5,089 | 4,850 | 5,473 | 5,955 |
| Unauthorized Reproduction | 143 | 107 | 140 | 112 |
| Overclassification | 164 | 157 | 359 | 176 |
| Underclassification | 265 | 250 | 256 | 237 |
| Classification w/o Authority | 109 | 185 | 121 | 47 |
| Improper Destruction | 322 | 346 | 365 | 256 |
| Other | 292 | 211 | 390 | 294 |
| Totals | | | | |

APPENDIX A

Findings Of Special ISOO Reviews Of Classified Documents

Background

The quality of the classified product of executive branch agencies has been a focal point of analysis for ISOO for a number of years. Prior to 1986, ISOO reviews of classified documents were limited to those that took place during routine inspections of agencies' overall programs. In FY 1986, ISOO's decision to concentrate more directly on the quality of classification actions, together with the fact that most agency self-inspections do not include an examination of the classified product, prompted ISOO to establish a program of special document reviews.

The primary purpose of special document reviews is to assess compliance with the classification, declassification, and marking criteria specified in E.O. 12356, and ISOO Directive No. 1. In essence, these reviews provide an additional avenue for assessing compliance with the classification principles and marking procedures outlined in the Order and the Directive.

The benefits derived from special reviews of classified documents have made them an essential component of ISOO's oversight activities. Perhaps their principal value lies in the fact that they are sensitive to policy and procedural concerns.

Document reviews provide strong indications of the effectiveness of an agency's internal oversight activities, and an opportunity to respond to observed shortcomings. They may suggest, for example, gaps in implementation which require immediate policy

responses. Similarly, the information collected during special document reviews has implications for the longer term: it provides a body of data which can be used for reaching conclusions about the overall quality of the classified product of executive branch agencies and the effectiveness of their program oversight. Special document reviews also provide a measure of the effectiveness of an agency's security education program, often identifying areas in need of increased attention. Finally, document reviews have potential value in reminding classifiers that their judgments may be challenged. This may help improve classification practices and keep abuses in check.

Notwithstanding their many benefits, document reviews can be influenced by several factors that prevent any absolute conclusions in the interpretation of their results. First, ISOO does not claim that its samples are fully representative of the universe of classified documents. In fact, ISOO has doubts whether it is even possible to construct a sample that is fully representative, particularly since the amount and nature of classified information generated tends to ebb and flow with world events. Second, most of the documents in its samples were created within headquarters units, rather than within field units. Third, the document reviews were conducted by several different teams of ISOO analysts. Not every conclusion drawn during these surveys is entirely objective, e.g.,

does the national security sensitivity of information warrant its classification? Therefore, while ISOO tries to hold them to a minimum, individual differences in analysis do occur. Finally, almost all of the documents examined were created recently, and are maintained in active files. In ISOO's experience there is a very significant difference between the national security sensitivity of recent documents and those that have remained classified in inactive files for a number of years. In short, there is no easy answer to the question of how to select samples of classified documents for review. In these circumstances, the best that can be done is to gain some insight into the condition of the classified product of executive branch agencies. ISOO hopes to use this insight to contribute to the improvement of the quality of classification decisions.

Another factor needs to be considered in reviewing the data presented in this Appendix. ISOO has summarized its document review findings to present a clearer picture of the classified product as a whole. When broken down by agency, however, the variation in results is considerable. As has been the case in previous years, in FY 1988, a few agencies accounted for a substantially disproportionate share of the discrepancies described below, while the classified product of a few others revealed very few discrepancies.

In FY 1988, ISOO invested considerable effort in expanding the scope of its document reviews, examining 8,511 classified documents as compared to 5,557 in FY 1987. As in previous years, the FY 1988 document reviews were conducted by three teams of two analysts each; each team was headed by an experienced analyst with at least seven years' employment by ISOO. The total of 8,511 classified documents that ISOO examined in FY 1988 were generated by 22 agencies: ACDA, AID, Air Force, Army, CIA, Coast Guard, DARPA, DIA, DMA, DNA, FBI, Justice, Navy, NRC, NSA, NSC, OJCS, OSD, OVP, SDIO, State, and USIA. The following sections of this Appendix provide definitions for the discrepancies that ISOO looks for during reviews of classified documents, and report the results of the reviews. In analyzing the document review data, ISOO focused on two broad questions: How good a job have agencies done in classifying and marking documents in FY 1988, and what generalizations can be made about the state of the executive branch classified product by examining the combined samples for FY 1986, 1987 and 1988? The terms "combined data" or "aggregate data" refer to the results of the combined document review samples for FY 1986, 1987 and 1988.

Data Collection

The data ISOO analysts collect from samples of classified documents fall into two broad categories: (1) information about the classification of each document, such as type of document, classification level, basis for classification, and assigned duration of classification; and (2) discrepancies in classification or marking. In identifying discrepancies, ISOO analysts work with the following definitions:

Clear-cut overclassification—The information in the document does not meet the standards necessary for classification.

Questionable overclassification—While the question of meeting classification standards is arguable, classification does not appear to be necessary to protect the national security.

Partial overclassification—A portion(s) of the document appears to be unnecessarily classified, although the overall classification of the document is correct.

Overgraded—All or some of the information in the document appears to be classified at a higher level than justified.

Undergraded—All or some of the information in the document appears to be classified at a lower level than necessary.

Unauthorized Classifier—The document appears to have been classified by someone not authorized to do so.

Declassification—The document appears to have improper declassification instructions or has no declassification instructions at all.

Duration—The duration of classification is marked "OADR," when a specific date or event for declassification appears warranted.

Original/Derivative—The document is marked and treated as an original classification action although the classified information appears to be derived from a guide or other source(s).

Marking—The document appears to have improper classification markings or lacks required markings, including instances in which the document fails to cite or cites improperly the classification source. This does not include marking errors more specifically included under another discrepancy category.

Portion Marking—The document lacks required portion markings.

Multiple Sources—The official file copy of the document cites "multiple sources" as the basis for classification, but does not list these sources.

Findings

This section provides an overview of the characteristics of the FY 1988 sample in terms of the classification of each document (i.e., type of document, classification level, basis for classification, and assigned duration of classification). It also compares the results of the FY 1988 document review with the data on classification actions reported to ISOO by the agencies for FY 1988, whenever these comparisons shed additional light on the state of the classified product. Lastly, this section examines the characteristics of the combined FY 1986, 1987 and 1988 samples in the context of the classification characteristics described above.

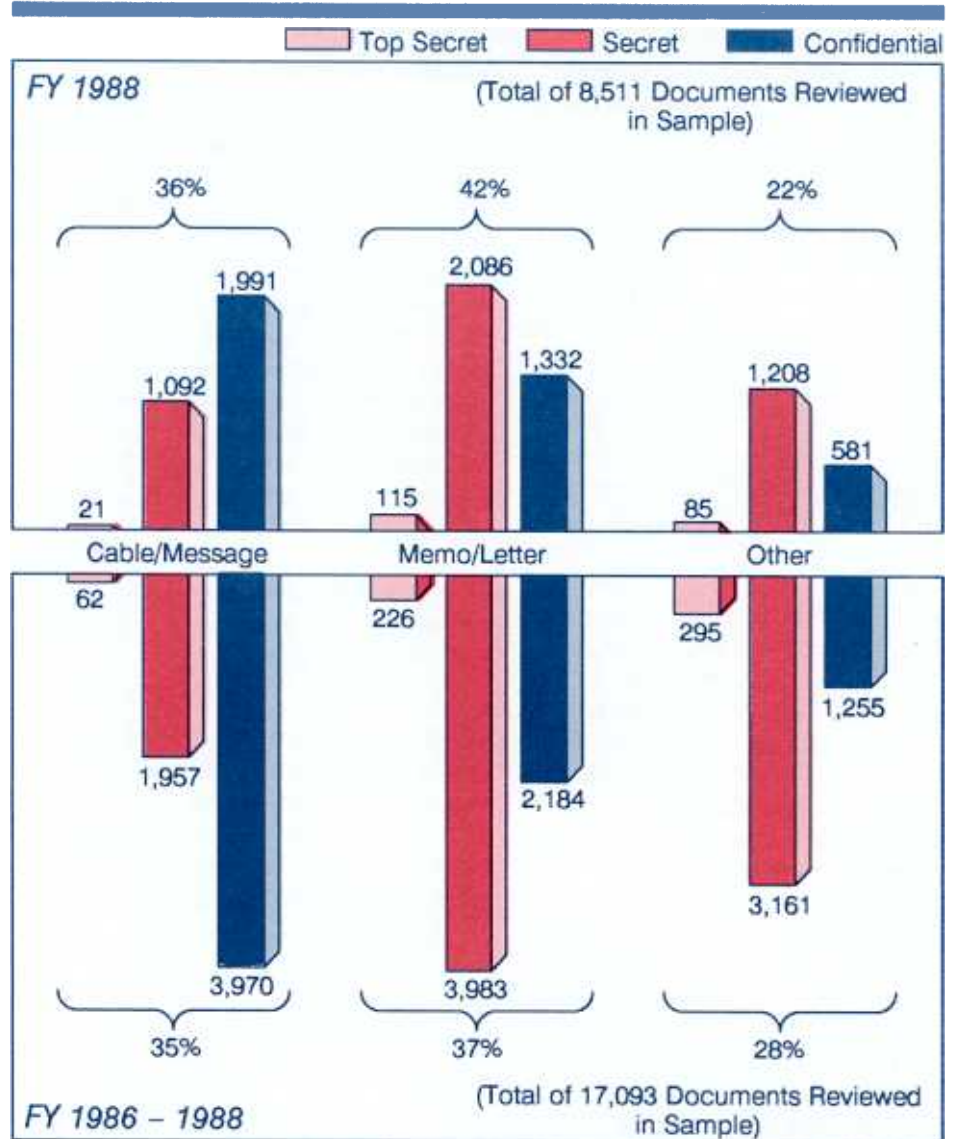
Types of Documents Reviewed—(Exhibit 27)

Of the 8,511 documents reviewed in FY 1988, 3,104 (36%) were cables or messages; 3,533 (42%) were memoranda or letters; and 1,874 (22%) were other types of documents, predominantly reports or studies. The aggregate data show a slightly more even distribution among document types. Of the combined total of 17,093 documents reviewed during the three year period, cables or messages account for 35% of the sample; memoranda or letters, 37%; and reports and other types of classified materials, 28%.

The primary significance of describing the sample by document type is ISOO's interest in ensuring that samples of classified documents include a fair representation of all kinds of documents that might be classified. The observed results, however, provide some valuable insights. Evidence shows, for

**ISOO SPECIAL DOCUMENT REVIEWS
THE SAMPLE: BY DOCUMENT
TYPE/CLASSIFICATION LEVEL**

Exhibit 27



example, that cables or messages constitute the largest proportion of classified material generated by foreign affairs agencies. By contrast, classified reports or studies are a major product of a large segment of the intelligence community. Because of this, review data by document type for a single year will tend to be skewed if either foreign affairs or intelligence agencies are over-represented. This generalization held for the FY 1986 and the FY 1987 review data. In the

FY 1986 sample, intelligence units were more than proportionally represented, while foreign affairs agencies were over-represented in the FY 1987 sample. When this situation exists, the imbalance may be counteracted by combining review data for two or more years. The aggregate data, with a more even mix of documents generated by all major classifying agencies, will yield a more accurate distribution.

Classification Levels— Exhibit 28

The distribution of the FY 1988 sample by level of classification is as follows: 221 documents (3%) were classified **Top Secret**; 4,386 (51%) were classified **Secret**; and 3,904 (46%) were classified **Confidential**. The proportion of **Top Secret** documents in the sample is an accurate reflection of the actual universe of material classified at this level. As compared with the data on classification actions reported to ISOO by the agencies for FY 1988, the FY 1988 sample contains a notably lower proportion of **Top Secret** documents: 3% as compared to 8%. The statistics for **Top Secret** actions reported by the agencies appear significantly inflated (p. 13). Refinements in agencies' current sampling systems would probably narrow the disparity.

The FY 1988 sample contained a fairly balanced mix of documents generated by the major classifying agencies. Therefore, it

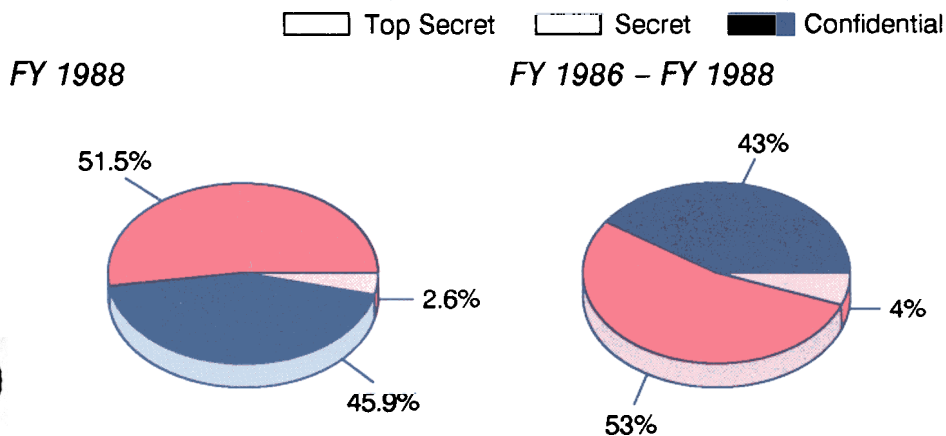
is not surprising that the distribution by level of classification of the combined data and the FY 1988 sample show a similar pattern. The proportion of **Top Secret** documents in the combined data and the FY 1988 sample is an accurate indicator of the actual distribution. ISOO has found that **Top Secret** documents comprise less than 5% of the classified universe, and the data in Exhibit 28 support this contention. The proportion of **Top Secret** documents in the aggregate data is 4% as compared to 3% in the FY 1988 sample.

The data presented in Exhibit 28 also indicate that **Secret** continues to be the preponderant level, particularly for documents other than cables or messages. In its last two Annual Reports, ISOO noted that **Secret** classifications appeared to be on the rise. The reason offered was that classifiers seemed to opt for the higher level of classification in some instances because of a lack of confidence in the **Confidential**

level. The data displayed in Exhibit 28 show that this condition continues. Both the FY 1988 sample and the aggregate data show a preponderance of **Secret** classifications, for documents other than cables or messages. Approximately one out of two classifications are **Secret**. The prevalence of **Secret** classifications is not in itself a major concern for ISOO. It becomes significant, however, when classifiers elect to classify information at this level because they lack confidence in the **Confidential** level, or they wish to avoid the additional administrative burdens associated with safeguarding **Top Secret** documents. To check abuses ISOO began, in its FY 1988 reviews, to scrutinize **Secret** classifications closely to ensure that classifiers were applying the damage criterion as the determining factor. Any document in the sample that did not appear to meet the damage criterion for **Secret** was cited as a discrepancy in the "Overgraded" category. ISOO did not note any instances in which a document classified **Secret** should have been classified **Top Secret**.

ISOO SPECIAL DOCUMENT REVIEWS CLASSIFICATION LEVELS

Exhibit 28



Also of interest is the fact that the aggregate data and the FY 1988 sample validate ISOO's experience that cables or messages are classified at the **Confidential** level more frequently than are other types of documents. The results of the FY 1988 sample and the combined data displayed in Exhibit 27 show that more cables or messages were classified **Confidential** than any other type of document: Cables or messages are about 1.5 times as likely to be classified **Confidential** than are other documents.



Classification Basis or Source—Exhibits 29 and 30

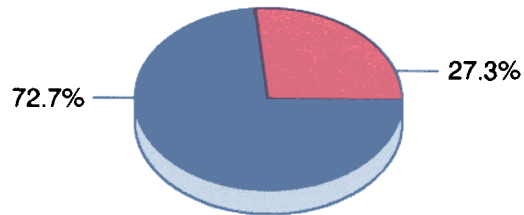
Electronically transmitted information is not required to indicate the basis for classification. Because of this, cables or messages that do not cite the basis for classification are not cited as discrepancies.

Exhibit 29 shows that of the 5,655 documents in the FY 1988 sample which indicated the basis for classification, 1,541 (27%) were classified originally and 4,114 (73%) were classified derivatively. It has been ISOO's experience that under 10% of all classification actions are actually original decisions. It is apparent from a look at Exhibit 29 that the results of the FY 1988 review and of the aggregate data show a substantial deviation from the norm, with 27% of the FY 1988 sample and 28% of the aggregate data representing original decisions. ISOO attributes these differences to two factors. One is that ISOO concentrates its document reviews on headquarters, policy-making units, which are more likely to originate classified information than field or operations activities. Another consideration is that foreign affairs agencies tend to place original markings on most of the documents that they generate. They follow this practice even in instances in which they generate documents that have been derived from existing sources. As a result, many of the documents in the samples were marked as original classifications and recorded as such, even though they appeared to be derivative actions. This practice has proved difficult to eliminate. In FY 1988, ISOO continued to impress upon these agencies the need to educate classifiers on the

ISOO SPECIAL DOCUMENT REVIEWS BASIS FOR CLASSIFICATION DECISIONS

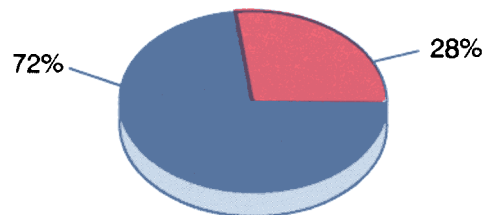
Exhibit 29

FY 1988  Original  Derivative
(Based on Total of 5,655 Documents for Which the Classification Source Was Known)



FY 1986 – FY 1988

(Based on Total of 11,389 Documents for Which the Classification Source Was Known)



distinction between derivative and original classification, and to require them to mark the documents accordingly.

The data for classification actions reported to ISOO by the agencies for FY 1988 also show a substantial deviation from the norm. Although the distribution is somewhat lower than that revealed in the FY 1988 document review sample (24% and 27%, respectively), it still does not appear to reflect accurately the actual number of original assignments. The reasons for the high incidence of original classifications in the data reported to ISOO by the agencies are somewhat more complex. Nevertheless, the probable reason for the imbalance is the need for more

reliable and improved sampling systems. As sampling systems improve, and classifiers begin to use derivative classification properly, the proportion of original classification is likely to decrease.

Exhibit 30 displays the breakdown of the FY 1988 sample for the 4,114 derivative classifications: 1,967 (48%) documents were classified based on a classification guide; 1,297 (31%) were based on multiple sources; and 850 (21%) were based on a single source. A comparison of the FY 1988 sample with the aggregate data reveals a similar distribution.

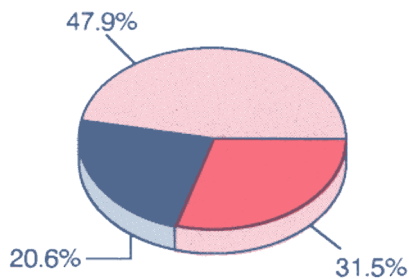
ISOO SPECIAL DOCUMENT REVIEWS DERIVATIVE CLASSIFICATION ACTIVITY

Exhibit 30

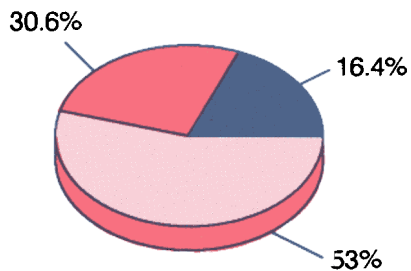
FY 1988

Guide Multiple Source Single Source

(Based on 4,114 Derivative Documents)



FY 1986 - FY 1988



(Based on 8,171 Derivative Documents)

**Duration of Classification—
Exhibit 31**

Of the 8,511 documents reviewed in FY 1988, 7,776 (91%) were marked "OADR," or "Originating Agency's Determination Required," on the "Declassify on" line. Only 218 (3%) documents in the sample had been marked with a specific date or event for declassification. The remaining 517 (6%) documents contained no declassification instructions at all, and are included among the discrepancies in the "Declassification" category. When no declassification instruction appears on a document, the originating agency must review it before it may be declassified, as is the case with documents marked "OADR." Of the 7,776 documents marked "OADR," the ISOO analysts identified 226 (3%) that they believed should have been marked for declassification at a specific date or event, and these are shown in the "Duration" discrepancy category.

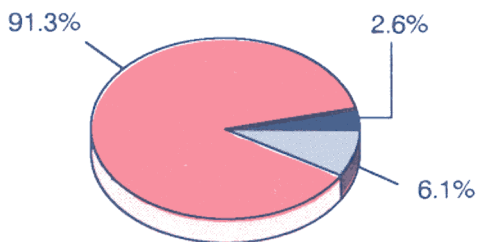
The classification actions reported to ISOO by the agencies in FY 1988 also disclosed a high number of documents marked "OADR" (p. 8). In fact, the percentage of documents assigned the indefinite duration in the reported data is slightly higher than that identified in the FY 1988 sample: 93% as compared to 91%. The consistently high incidence of documents marked "OADR" is a matter of continuing concern to ISOO, particularly in instances when it appears that this marking has been applied by rote rather than reason. As illustrated in Exhibit 31, the results of the combined data on duration of classification are consistent with the FY 1988 review results. The aggregate data provide further evidence that the number of documents marked "OADR" is excessive.

**ISOO SPECIAL DOCUMENT REVIEWS
DURATION OF CLASSIFICATION**

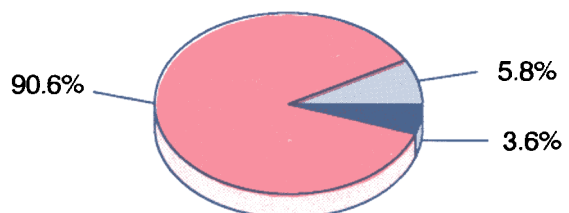
Exhibit 31

Legend: OADR Date or Event Not Indicated

FY 1988



FY 1986 - FY 1988



Discrepancies—Exhibit 32

In evaluating the discrepancies it should be noted that a number of documents in the samples had more than one discrepancy, some as many as three or four. In addition, the reviews continued to reveal wide disparities in the quality of agencies' classified product. Again, a few agencies accounted for a disproportionate share of the discrepancies identified in the FY 1988 sample, while the classified product of a few others revealed surprisingly few discrepancies. This section examines concurrently the discrepancies identified in the documents reviewed in FY 1988, and those in the combined FY 1986, 1987 and 1988 samples. As illustrated in Exhibit 32, the FY 1988 sample contained a total of 3,487 discrepancies, and the aggregate data 7,196. They included:

Clear-cut overclassification—103 (1.2%) documents in the FY 1988 sample and 279 (1.6%) documents in the combined data clearly did not meet the standards for classification;

Questionable overclassification—157 (1.8%) documents in the FY 1988 sample and 380 (2.2%) documents in the combined data appeared unnecessarily classified although there was an arguable basis for classification;

Partial overclassification—the information in portions of 153 (1.8%) documents in the FY 1988 sample and 320 (1.9%) documents in the combined data appeared unnecessarily classified, although the overall classification of the documents was correct;

Overgraded—all or some of the information in 86 (1%) documents in the FY 1988 sample and 121 (0.7%) documents in the combined data appeared to be classified at a higher level than justified;

Undergraded—all or some of the information in one (0.01%) document in the FY 1988 sample and six (0.04%) documents in the combined data appeared to be classified at a lower level than necessary;

Unauthorized classifier—four (0.05%) documents in the FY 1988 sample and five (0.03%) documents in the combined data appeared to have been classified by someone not authorized to do so;

Declassification—539 (6.3%) documents in the FY 1988 sample and 1,030 (6%) documents in the combined data had improper declassification instructions or no declassification instructions at all;

Duration—on 226 (2.7%) documents in the FY 1988 sample and 676 (4%) documents in the combined data the duration of classification was marked "OADR" when a specific date or event for declassification appeared feasible;

Original/Derivative—178 (2.1%) documents in the FY 1988 sample and 549 (3.2%) documents in the combined data were marked and treated as original classifications although the classified information appeared to be derived from a guide or other source(s);

Marking—637 (7.5%) documents in the FY 1988 sample and 1,178 (6.9%) documents in the combined data had improper classification markings or lacked required markings, including instances in which the documents failed to cite or cited improperly the classification source. These do not include marking errors included under another discrepancy category;

Portion Marking—1,108 (13%) documents in the FY 1988 sample and 2,077 (12.2%) documents in the combined data lacked required portion markings;

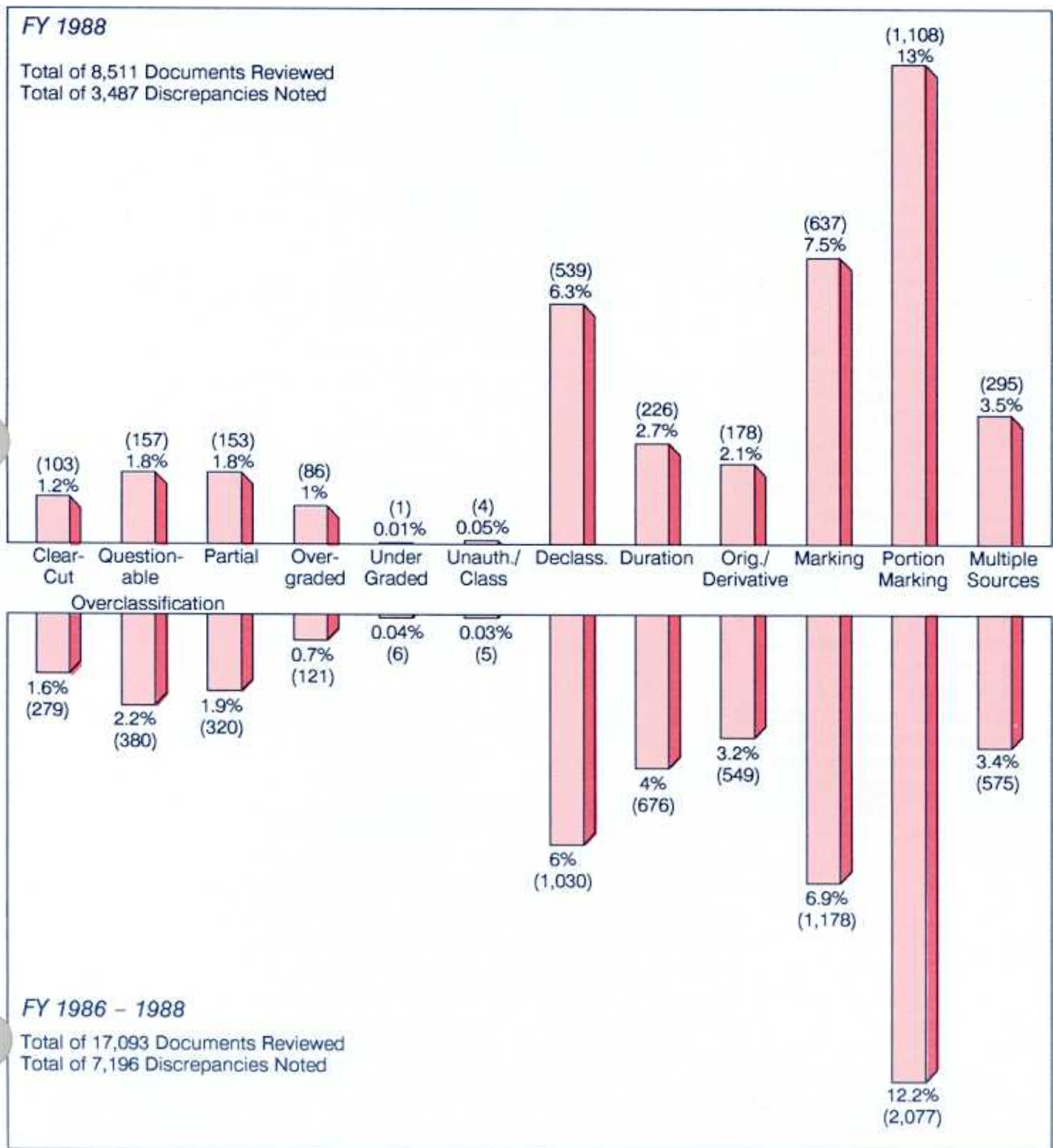
Multiple Sources—the official copy of 295 (3.5%) documents in the FY 1988 sample and 575 (3.4%) documents in the combined data cited "multiple sources" as the basis for classification, but did not include these sources.

Consistent with past trends, a significant number of the discrepancies in classification or marking identified in the FY 1988 review are relatively minor technical deficiencies that do not have a major impact on the effectiveness of the program. Some types of discrepancy, however, are of critical concern to ISOO because of their implications for the credibility of the classification system. Instances of clear-cut overclassification, questionable overclassification, and abuse of the "OADR" notation are three of these. Any knowledgeable reviewer can identify clear-cut cases of overclassification since the contents of the overclassified document do not meet the criteria specified in the Order. Questionable overclassifications are representative of the sort that causes people to ask, "Why in the world did they classify this?" when the information is declassified and released.

The use of "OADR" when the time sensitivity of the information does not warrant indefinite protection also has a damaging effect on the credibility of the system. Everyone concerned about national security information should react strongly when documents are overclassified or when documents that are marked "OADR" deal with information that loses its sensitivity upon the occurrence of a date or event. Each of these discrepancies is an invitation to critics to attack the system and exaggerate its weaknesses.

**ISOO SPECIAL DOCUMENT REVIEWS
DISCREPANCIES**

Exhibit 32



Conclusions

Several conclusions emerge from the preceding analysis:

1. Special document reviews have become a key component of ISOO's continuing search for better management of the classified product. Among other benefits, they provide an alternative for assessing its quality, and the quality of program oversight.

2. On balance, the analysis presented in this Appendix and throughout this report indicate that the classification system is generally working well. ISOO will continue to be critical of over-classification and of the improper use of the indefinite duration of classification. Where such practices exist, ISOO will continue to press agencies to improve the performance of classifiers through training and, if necessary, administrative sanctions.

3. The FY 1988 document review findings confirm ISOO's observation that the performance of agencies in the implementation of their classification programs varies widely. In FY 1988 the classified product of a few agencies continued to account for a disproportionate share of the discrepancies, while the classified product of others was relatively error free.

4. Without minimizing the fact that weaknesses exist, the available evidence is sufficient to reject claims that the system is severely flawed and should be replaced. The information security program has experienced significant improvements in the last few years. For this year and the future, the ISOO staff and concerned agency officials have had identified for them specific targets at which to aim in order to achieve significant new gains in the information security program.

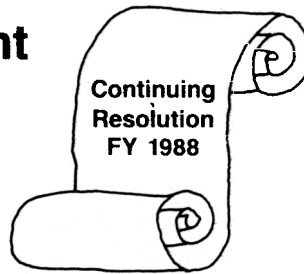
APPENDIX B

Classified Information Nondisclosure Agreement

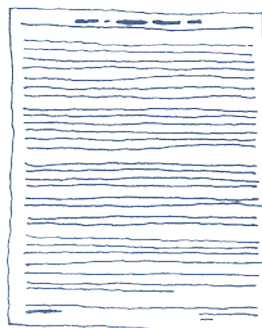
FY 1988 was a year of major change in the Government's Classified Information Nondisclosure Agreement program. The purpose of this appendix is to provide an update.

In Appendix B of ISOO's Report to the President for FY 1987, ISOO provided a chronology of events highlighting the nondisclosure agreement program from its inception to its status as of January 31, 1988. The most recent events included in this chronology were: (i) the imposition of a moratorium on the implementation of the Standard Form 189, "Classified Information Nondisclosure Agreement" (SF 189), and Standard Form 189-A, "Classified Information Nondisclosure Agreement (Industrial/Commercial/Non-Government)" (SF 189-A), as a result of a rider to the Continuing Resolution for Fiscal Year 1988 (Section 630 of Public Law 100-202); and (ii) the filing of three lawsuits challenging the constitutionality and legality of the agreements. These events brought the SF 189 program to a standstill.

Decisions on the three lawsuits by the United States District Court for the District of Columbia in May and July 1988, enabled the program to resume. The court ruled that: (i) Section 630 of Public Law 100-202 was unconstitutional; (ii) SF 189 was unconstitutional and legal; and (iii) in order to bring the scope of the word "classifiable," as used in the SF 189, within



SF 312



constitutional limits, the SF 189 must be modified, either (a) by providing each signatory a copy of ISOO's definition of "classifiable information," as published in the *Federal Register* on December 21, 1987; or (b) by striking the word from executed copies of the agreement. As a result of these rulings, on September 29, 1988, ISOO lifted the moratorium; advised agencies to notify employees of the deletion of the word "classifiable" from the signed copies of the SF 189; and issued Standard Form 312, "Classified Information Nondisclosure Agreement" (SF 312), as a substitute for both the SF 189 and SF 189-A.

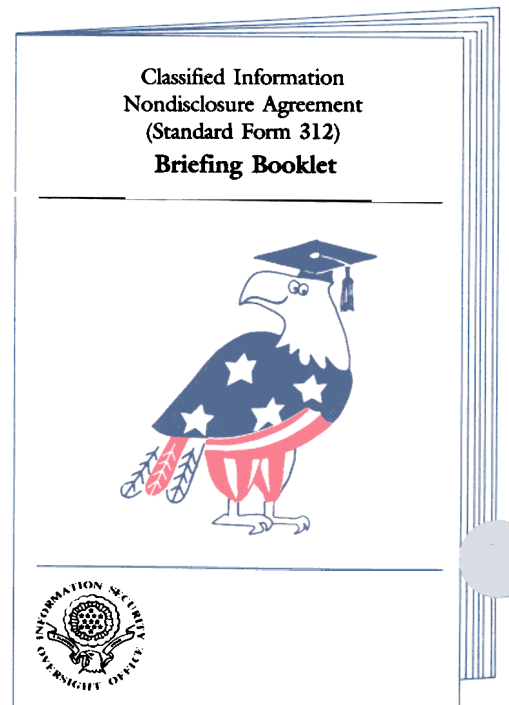
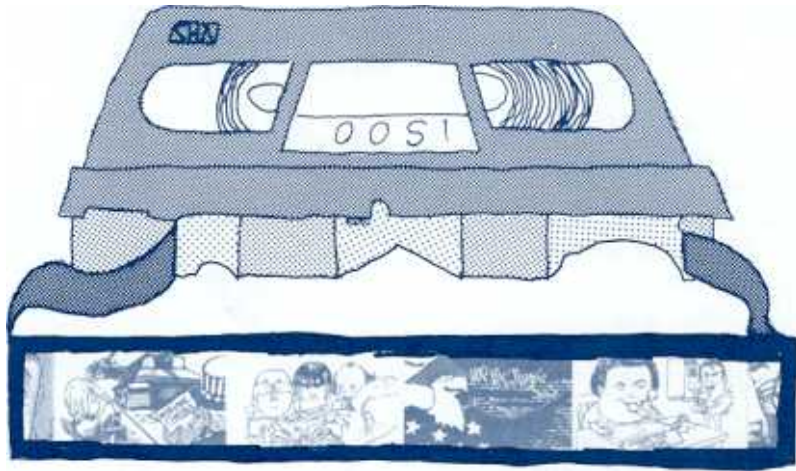
In issuing the SF 312, ISOO did not seek its execution by every cleared Government or industry employee who had already executed an SF 189 or an SF 189-A, since they totaled over two million individuals. However, the implementing rule for the SF 312 provided that every individual who had previously signed an SF 189 or SF 189-A may substitute a signed copy of the SF 312 at his or her choosing. Also, ISOO instructed agencies to enforce the predecessor agreements in a manner fully consistent with the enforcement of the SF 312.

To assist Government and industry in the implementation of the SF 312, ISOO developed two educational aids: (1) "The SF 312" video, and (2) "The SF 312 Briefing Booklet." The 13-minute video provides an entertaining but informative approach to answering most of the questions that employees have raised about the purposes of a nondisclosure agreement and their obligations under it. It is an ideal base for an employee briefing. The video is unclassified and copies are available through The Dub Center (toll free number: 800-382-0080). It is available in two formats, VHS and ¾ inch, and can be reproduced without permission. ISOO has designed the video for use by both civilian and military agencies, and their contractors. It is available by itself, or on a cassette that also features ISOO's three part Information Security Briefing video (see Appendix D, p. 39).

The "SF 312 Briefing Booklet" includes a copy of the SF 312, the complete text of all the laws and regulations referenced in the form, including Executive Order 12356, and answers that respond to almost all the questions that employees are likely to raise about the SF 312, and its predecessors, the SF 189 and SF 189-A. The booklet is a must for every person assigned to brief others about the SF 312, and copies should be available to give or lend to affected employees. ISOO has provided an initial supply to all executive branch agencies that create or handle classified information. The Defense Investigative Service (DIS) Regional Offices have been

given an initial supply of the booklet to distribute to contractors within each region. Each region also received a "camera-ready" copy of the booklet for loan to contractors that have a need for a continuing supply. Executive branch agencies that also have this need may also receive a "camera-ready" copy from ISOO.

For more information about the video or booklet, please call ISOO at FTS 535-7251 or commercial (202) 535-7251.



Appendix C

Highlights of the ISOO Symposium

Both live and national television audiences heard nine noted authorities address their own ideas about national security information during the Reagan years and beyond. The speakers included:

Lieutenant General

Colin L. Powell

Assistant to the President for National Security Affairs.

The Honorable

Henry J. Hyde

Member of Congress, 6th District of Illinois; Ranking Minority Member, Permanent Select Committee on Intelligence.

John Shattuck

Vice President of Harvard University (Government, Community and Public Affairs).

Robert M. Kimmitt

Former General Counsel, Department of the Treasury; former Executive Secretary and General Counsel, National Security Council.

John Walcott

National Security Correspondent, The Wall Street Journal.

Harold E. Daniels

Former Deputy Director for Information Security, National Security Agency.

Nicholas Rostow

Special Assistant to the President for National Security Affairs and Legal Adviser to the National Security Council.

Diane Dornan

Professional Staff Member of the House Permanent Select Committee on Intelligence.

Muriel Morisey Spence

Director of Policy Analysis, Harvard University, Office of Government, Community and Public Affairs.

The following quotes reflect some of the diverse opinions expressed by the speakers. They are intended as highlights, not comprehensive statements. Arrangements can be made with ISOO for copies of the transcript or videotape.

Colin Powell on secrecy in a democracy
[N]othing is more difficult than to balance a democracy's need for some secrecy to protect itself in a hostile world, and the equally compelling need for an informed public. . . . As National Security Adviser . . . I have fought the problem of . . . how to balance the needs of an informed public, and the need to protect the public's secrets — not the government's secrets, the public's secrets.

John Shattuck on secrecy in a democracy
National security, after all, is what protects us from our adversaries, but freedom of communication is what distinguishes us from our adversaries

Henry Hyde on tension between executive branch and Congress
[I]f you have prominent people in Congress who . . . demand the right to know all of the nuances of sensitive secret operations, and then reserve unto themselves the right to disclose these to the press out of a sense of heightened morality, then you have an Executive that has good reason not to disclose things

John Walcott on threats to national security
[N]egligence, incompetence, and political expedience pose a far greater danger to our national security and to the values we are supposed to be protecting than the activities of news reporters.

Harold Daniels on the era of "super-secrecy" at NSA
[W]hen [my children] were growing up, people would ask them where their father worked, and they said, "Fort Meade." . . . Finally, it was recognized that in order to get credit you had to have a place to work other than a fort

Robert Kimmitt on Executive Order 12356
[W]e should not be writing a new E.O. . . . [W]e should . . . try to devote the time that otherwise would have been devoted to the drafting, preparation and publication of a new executive order to implementing the one that we have more effectively.

Colin Powell on Executive Order 12356

I believe the incoming administration will inherit a sound and stable system, and, from my perspective, a system that certainly warrants retention and, of course, improvement.

Muriel Morisey Spence on outside review of proposed executive orders

If you wake up one morning and read that there is a final form of a new executive order, and you, whether you're an appropriate congressional committee [chairman] or someone else, have not really had a timely opportunity to comment on it, you don't really have a lot of options other than to complain.

Henry Hyde on matching wits with reporters

[P]eople of very strong personality feel that by dint of their personality, by the strength of their persona, they can overwhelm the natural adversary, and the question resolves itself down to, "Who is using whom?" . . . Instead of using a [reporter they] end up being used

John Walcott on a dilemma for journalists

[O]ne of the great frustrations of being a reporter is that you have no defense against being lied to, about being misled, about being, to use the current vernacular, "spun." . . . You can't put people under oath. You can't take depositions. You don't have security clearances, so you don't have access to documentary records.

**NATIONAL
SECURITY
INFORMATION:
The
Reagan Years
and
Beyond**

**INFORMATION SECURITY
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**A
Symposium
Sponsored by
the
Information
Security
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Office**

**December 6, 1988
Dean Acheson Auditorium
Department of State Building**

John Walcott on the purported political bias of reporters
I'd be hard put to tell you the political affiliations of a lot of my colleagues. Mostly, the political affiliation is to attack whoever is in office at the moment, which is as non-partisan as you can get.

Diane Dornan on riders to appropriations legislation
[T]he authorizing committees . . . often feel that the appropriations committees are taking over all the business of Congress. . . . [L]egislation is passed on an issue that they have followed closely and they don't even know about the legislation until after it's passed, much less do they have any opportunities to influence it with their expertise

Harold Daniels on the Communications Security Act of 1987
[The] legislative history . . . of that act would indicate to you that the real enemy was not some hacker, was not some insider who is making money selling stuff to the Soviets, was not some foreign adversary of ours, but was the [United States] Intelligence Community

John Shattuck on export controls
[T]he efforts to restrict foreign access to information and ideas has undoubtedly suppressed valuable scholarly exchanges for U.S. scientists [A]fter a decade of restricted scientific, technical communication, there is little major evidence . . . that the policies of restriction are really achieving their purposes, and considerable evidence that they are proving to be harmful

Robert Kimmitt on the declassification review process
I used to tell my colleagues on the declassification staff at the National Security Council . . . not to forget one fundamental point — any document we declassified in full, we would never see again.

Colin Powell on damage caused by leaks
I see our negotiating positions leaked in public before we have a chance to table them with the Soviets . . . and I see some of our intelligence sources and methods dry up, because the knowledge of those sources and methods become public information. This is not in the public's interest.

Nicholas Rostow on the role of the National Security Adviser
I don't think the National Security Adviser's the right guy for the job [of security czar] and I don't think the government is constructed in a way . . . where a czar is going to be appropriate. We have a constitutional czar. He is known as the president. I think there is more than enough power there to do what he has to do.

Robert Kimmitt on controlling classification
[T]he less information that is classified, the easier it is to protect that which is essential to the national security interests of the United States. . . . [I]f we can try to slow the rate of growth of classification decisions, we're going to have done all of [us] a favor.

John Shattuck on overclassification
[W]hile there are certainly plenty of leaks that come from highly sensitive areas, there's a great deal of information that comes cascading out that is simply the result of overclassification.

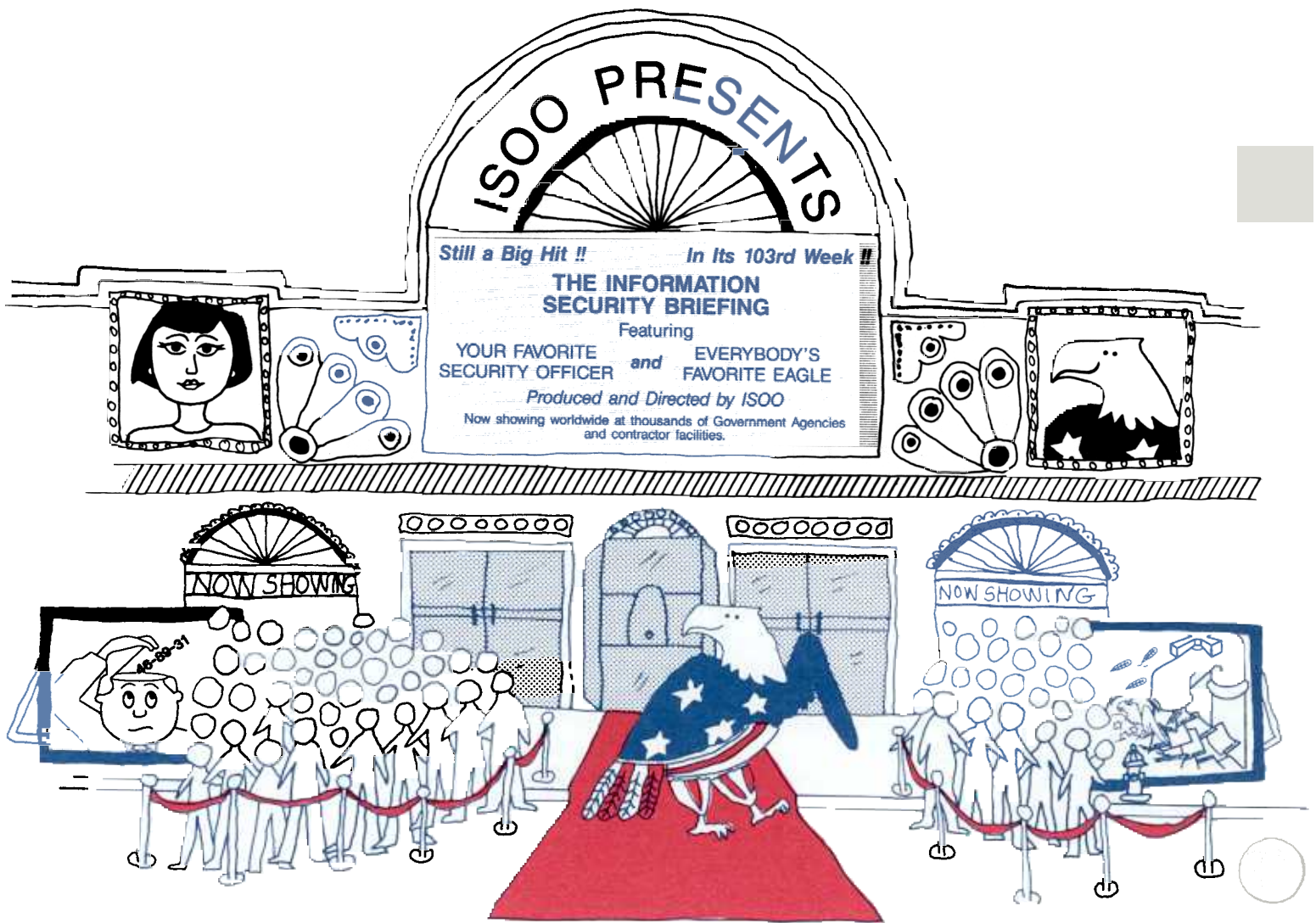
John Walcott on safeguarding national security information
[B]laming the press for revealing government secrets diverts public attention from the fact that the U.S. Government, by and large, has done a lousy job of protecting even its most sensitive compartmented intelligence.

Harold Daniels on the "need-to-know" principle and Congress
[T]he "need-to-know" principle is one of the basic tenets of our whole security apparatus. . . . [I]f you just give a blanket waiver to every Member of Congress . . . you just take the bottom out of that whole program.

Robert Kimmitt on the budget crunch for declassification programs
[D]eclassification has never been the first page in any budget book I've ever looked at.

Henry Hyde on the Intelligence Committees
I have had a bill pending for . . . many years . . . to consolidate the [Intelligence] Committees into a joint committee, with fewer members, fewer staff, on the theory that the fewer people in the loop, the more conductive, the more incentive will exist for the administration . . . to make disclosure.

Appendix D Information Security Briefing Series



Why should this video be your next video? Just ask anyone who's seen it!

If you don't now have this video but you want to indoctrinate new employees or refresh veteran personnel on the security classification system . . . if you want your staff on top of the basic security classification markings and safeguarding requirements . . . if you want a major return on an incredibly modest investment . . . don't miss this video!!

Phone 800-382-0080 for ordering information. If your petty cash account is as clean as a hound's tooth, *Don't Worry. Be Happy*, because you can call ISOO at FTS 535-7251 or (202) 535-7251, and we'll arrange for you to reproduce copies at your own facility.

