

Information Security Oversight Office

1996 REPORT TO THE PRESIDENT



Authority

Executive Order 12958 “Classified National Security Information,” and Executive Order 12829, “National Industrial Security Program.” The Information Security Oversight Office (ISOO) is a component of the National Archives and Records Administration and receives its policy and program guidance from the National Security Council (NSC).

Mission

ISOO oversees the security classification programs in both Government and industry and reports to the President annually on their status.

Functions

- Develops implementing directives and instructions.
- Maintains liaison with agency counterparts and conducts on-site inspections and special document reviews to monitor agency compliance.
- Develops and disseminates security education materials for Government and industry; monitors security education and training programs.
- Receives and takes action on complaints, appeals, and suggestions.
- Collects and analyzes relevant statistical data and reports them annually, along with other information, to the President.
- Serves as spokesperson to Congress, the media, special interest groups, professional organizations, and the public.
- Conducts special studies on identified or potential problem areas and develops remedial approaches for program improvement.
- Recommends policy changes to the President through the NSC.
- Provides program and administrative support for the Interagency Security Classification Appeals Panel (ISCAP).

Goals

- To hold classification activity to the minimum necessary to protect the national security.
- To ensure the safeguarding of classified national security information in both Government and industry in a cost-effective and efficient manner.

SUMMARY OF FISCAL YEAR 1996 PROGRAM ACTIVITY

The following fiscal year 1996 Report to the President is the first report under Executive Order 12958. The following data highlight ISOO's findings.

Classification

- The number of original classification authorities decreased by 959 to 4,420.
- Reported original classification decisions decreased by more than 62,000 to 105,163.
- Reported derivative classification decisions increased by 2.2 million to 5,684,462.
- The total of all classification actions reported for fiscal year 1996 increased by 62 percent to 5,789,625.
- CIA accounted for 52 percent of all classification decisions; DOD, 44 percent; State, 2 percent; Justice, 1 percent and all others, 1 percent.

Declassification

- Under Automatic and Systematic Review Declassification programs, agencies declassified 196,058,274 pages of historically valuable records, more than 8 times the number of pages declassified by the agencies in fiscal year 1995.
- Agencies received 3,800 new mandatory review requests.
- Under mandatory review, agencies declassified in full 135,349 pages; declassified in part 108,335 pages; and retained classification in full on 27,277 pages.
- Agencies received 147 new mandatory review appeals.
- On appeal, agencies declassified in whole or in part 2,971 additional pages.

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A SUCCESS STORY: AIR FORCE NAILS HAMMER AWARD

After years of chiseling away at mountains of classified documents, the Air Force Declassification Team (the "Team") received Vice President Gore's Hammer Award on August 9, 1996, in a Pentagon ceremony.

The Team, created in 1989, was initially comprised of Air Force reservists assigned to the Administrative Assistant to the Secretary of the Air Force, and other attached Reserve and Air National Guard members. They were the catalyst providing the Air Force with a declassification plan in response to public and congressional demands for official Air Force documents. The Team initially tackled the still-classified documents from the Vietnam era. In 1992 came the added challenge of Prisoner of War/Missing in Action records. Later, Gulf War documents were reviewed and declassified.

The award is based on the Declassification Team's innovation in improving declassification policies and decision-making processes. The original Team literally reinvented the declassification decision-making process by creating the Air Force's first computer-based declassification guide. The Team developed the guide from experiences gained in declassifying Air Force information. The computer-based guide enables trained declassifiers to quickly review, coordinate, and if appropriate, declassify information in record time. Their innovations, resulting from the collective experience of the Team and their training, serve as a benchmark for the volumes of work ahead in responding to the declassification requirements of Executive Order 12958.

The Order creates a need for a broad approach to the total declassification effort. To meet this need, the original Team has expanded into a cross-functional task force including representatives from the Secretary of the Air Force's Office of Public Affairs, Air Force History, Air Force Chief of Security Police, and the Air Force Historical Research Agency. The Hammer Award recognizes these Air Force active duty members, reserve forces, and civilians for their continued value-added unique contributions to the implementation of the Executive Order and for their high professionalism.

The Vice President's National Performance Review provides a government environment in which creativity and attention to the taxpayer's demands for less costly solutions to government operations is rewarded. The Air Force Declassification Team accepted the challenge and institutionalized a new, creative process for making available to the American public information about the nation's Air Force.

AN INITIAL ASSESSMENT OF THE AUTOMATIC DECLASSIFICATION PROVISION OF EXECUTIVE ORDER 12958, “CLASSIFIED NATIONAL SECURITY INFORMATION”

I. Background

Executive Order 12958, “Classified National Security Information,” signed by President Clinton on April 17, 1995, and effective on October 14, 1995, is a radical departure from the secrecy policies of the past. The first order to revise the security classification system since the end of the Cold War, Executive Order 12958 includes major changes which should result in fewer new secrets and significantly more information being declassified. At the same time, the Order includes all of the necessary safeguards to protect appropriately classified information.

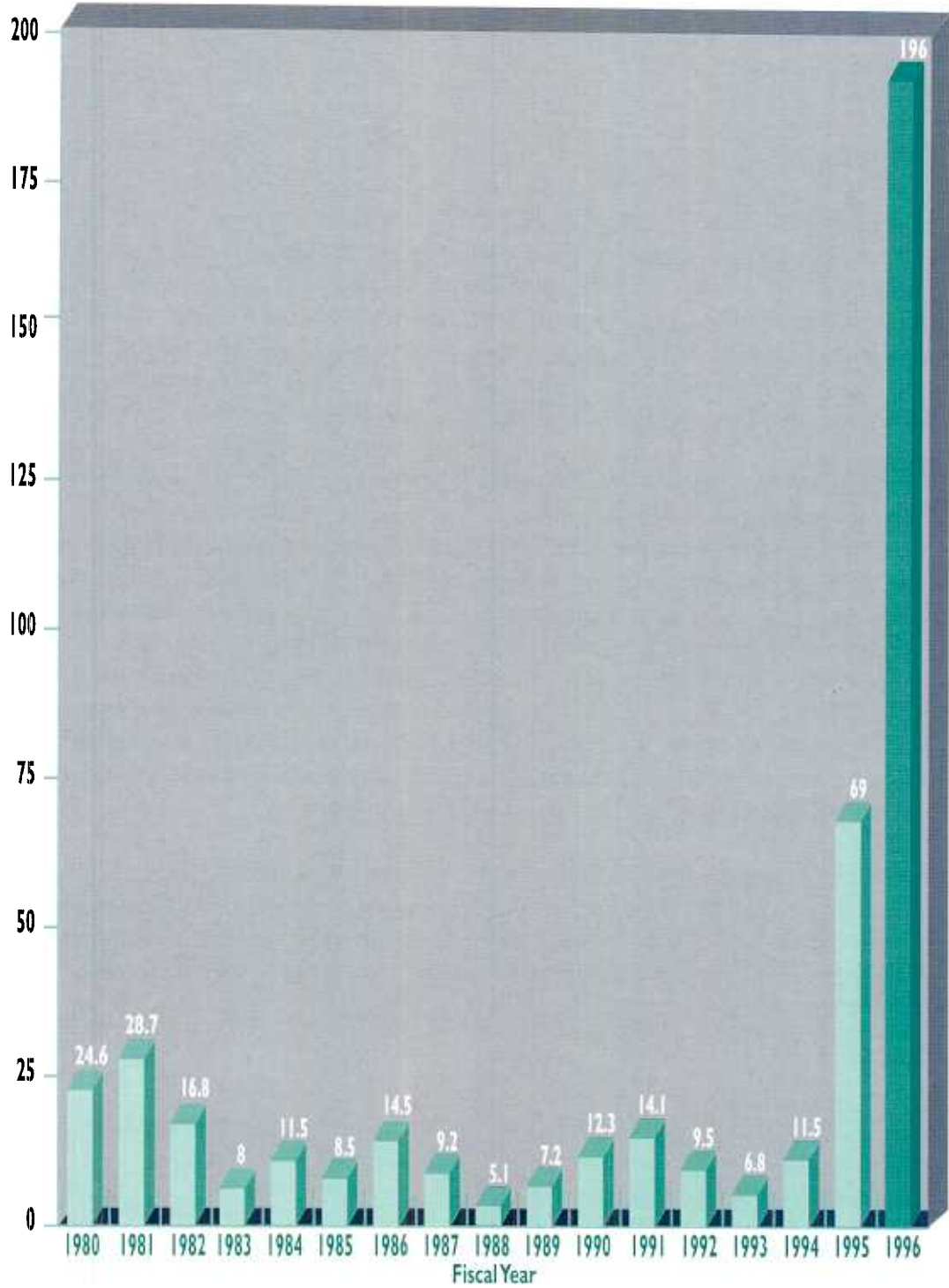
The declassification provisions of Section 3.4 contain the most far reaching reforms in the new security classification system. This section, entitled “Automatic Declassification,” requires the automatic declassification of most historically valuable information that is 25 years old. In the past, these older classified records remained classified indefinitely. Under Executive Order 12958, these same records, including what may be billions of pages created over the past 50 years, will become automatically declassified five years from the issuance date of the Order, or April 17, 2000. In order to keep information classified beyond 25 years, agency heads must be able to demonstrate that particular information falls within a narrow exception to automatic declassification. That determination is then subject to outside review by an interagency panel of senior officials.

In effect, Executive Order 12958 reverses the resource burden. Unlike the prior systems, in which agencies had to expend resources in order to declassify older information, under Executive Order 12958, agencies must expend the resources necessary to demonstrate why older, historical information needs to remain classified.

*Automatic
declassification
of most
historically
valuable
information*

PAGES DECLASSIFIED FISCAL YEARS 1980 - 1996

Pages in Millions



Almost half a billion pages declassified

II. Pages Declassified

Data collected and analyzed by ISOO, and reported in greater detail in the “Declassification” section of this report starting on page 25, reveal that the agencies of the executive branch declassified approximately 196 million pages of historically valuable records in Fiscal Year 1996. NARA is responsible for 57 percent of this total. The 196 million pages exceed any previously reported number overwhelmingly. It represents more than eight times the number of pages declassified by the agencies in fiscal year 1995, even though that year’s 24 million pages far exceeded almost all prior annual declassification products. (The President, through an Executive order issued in fiscal year 1995, declassified an additional 43-45 million pages of classified documents in the National Archives.) For fiscal years 1995 and 1996 combined, the executive branch has declassified approximately 265 million pages of historically valuable records.

III. 15 Percent Target

To meet the President’s declassification targets detailed in Executive Order 12958, executive branch agencies were to declassify during fiscal year 1996 at least 15 percent of their total records subject to the Order’s automatic declassification provisions. Existing records subject to automatic declassification have been appraised as historically valuable and will be at least 25 years old in April 2000. The data provided to date indicate uneven accomplishment of this requirement. The unevenness in implementation can be attributed largely to the time and resources required to establish programs to meet the President’s goals. Many of the agencies began implementing their programs toward the end of the fiscal year, and are reporting data on less than a full year’s operation. Others found that they needed to revise their original estimates of affected records. A number of the agencies who met or exceeded the 15 percent target did so because of the extraordinary product of the NARA in declassifying various agencies’ records within the National Archives of the United States.

From the data currently available, ISOO believes but cannot conclusively determine that the 196 million pages declassified by the combined agencies in fiscal year 1996 exceed 15 percent of the total universe of classified pages subject to automatic declassification. ISOO’s inability to make a conclusive determination follows from the fact that many agencies continue to revise their estimates of records subject to the automatic declassification provisions of Executive Order 12958 as their overall knowledge of their classified holdings improves.

NARA
responsible for
57% of pages
declassified

IV. Other Positive Trends

- An unprecedented effort to declassify older historically valuable information is in place.
- Agencies that have had only minimal declassification programs in the past are now engaged in significant declassification efforts.
- Communication and coordination between agencies' security and records management staffs have improved tremendously. As a result, agencies' knowledge of the extent of their classified holdings, which was very poor, has also improved greatly.
- A declassification infrastructure has been established in every agency that originates classified information.
- Communication among the agencies has increased significantly as they attempt to coordinate their declassification efforts. For example, under the auspices of the Intelligence Community, an interagency working group, the External Referral Working Group, began operating in January 1996. This Group, which now includes members from 40 agencies, is currently developing standards for a referral process for records containing multiple equities. These standards should help to foster uniformity and consistency in the declassification process, and expedite the review of documents containing multiple equities.

**Start-up and
compliance
are uneven**

V. Problems or Pitfalls

- In practice, automatic declassification at 25 years (rather than at a later date) means that more information requires review, more information is proposed for exemption, less bulk declassification occurs, and the cost of compliance increases.
- Start-up and compliance among the major classifying agencies has been uneven, including significant discrepancies in top management support and involvement. Several agencies were very slow in getting started, and they find themselves in a difficult catch-up situation. In addition, many agencies spent a year or more attempting to gain sufficient knowledge about the scope of their classified holdings.
- The rate of declassification at several agencies is lagging because of an apparent unwillingness to alter a highly overcautious approach to declassification. Despite the Executive Order's narrowed standards for continued classification, some agency declassifiers appear to be following decades old standards in distinguishing between that information that qualifies for continued classification and that information that does not. In addition,

several agencies are extremely reluctant to declassify any information that hasn't undergone a line by line review, notwithstanding the age of the documents or their subject matter. This method of review is obviously the most time consuming and costly.

- The file series exemption provided for in the Order is not being implemented as narrowly as envisioned in the Order. As a result, proposed series exemptions have not received final approval pending efforts to narrow them.
- Resource limitations are having a clear impact on agency compliance and oversight.
- Agencies, on the whole, have been slow in providing NARA with the timely and complete declassification guidance that would permit NARA to declassify more information. Resource and records management limitations increase this tardiness.
- In many cases, documents contain the classified information of several agencies (agencies with equities in the document). Dealing with multiple equities greatly complicates and delays the declassification review process.

Multiple
equities
complicate the
process

ISCAP
*performs
three critical
functions*

Section 5.4 of Executive Order 12958,
“Classified National Security Information.”

Functions

- (1) To decide on appeals by authorized persons who have filed classification challenges under Section 1.9 of Executive Order 12958.
- (2) To approve, deny or amend agency exemptions from automatic declassification as provided in Section 3.4(d) of Executive Order 12958.
- (3) To decide on mandatory review appeals by parties whose requests for declassification under Section 3.6 of Executive Order 12958 have been denied at the agency level.

Members

Roslyn A. Mazer, Chair
Department of Justice

Joan A. Dempsey
Department of Defense

Michael J. Kurtz
National Archives and Records Administration

William H. Leary
National Security Council

Frank M. Machak
Department of State

Richard J. Wilhelm
Intelligence Community

Support Staff

Information Security Oversight Office

Summary of Initial Activity

The President created the ISCAP under Executive Order 12958 to perform the critical functions noted above. The ISCAP, made up of senior level representatives appointed by the Secretaries of State and Defense, the Attorney General, the Director of Central Intelligence, the Archivist of the United States, and the Assistant to the President for National Security Affairs, began meeting in May 1996. The Director of ISOO serves as its Executive Secretary, and ISOO provides its staff support. Most of the ISCAP's initial activity involved mandatory review appeals. Included within these cases, the ISCAP decided appeals seeking the declassification of 32 documents that remained fully or partially classified upon the completion of agency processing. Of these, the ISCAP voted to declassify 26 of them in full, to declassify significant portions of five others, and to affirm the agency's action fully for only one document.

The work of the ISCAP is crucial to the implementation of Executive Order 12958, because its decisions will ultimately establish the cutting edge between what information is declassified and what information remains classified. For the first time, the Order provides that historically valuable information that is 25 years old will be automatically declassified. In order to keep information classified beyond 25 years, agencies must demonstrate that particular information falls within one of nine narrow exceptions. Not only does the ISCAP review these agency determinations, it applies those same new standards to similar information that comes before it on appeal from members of the public under mandatory declassification review.

Even in its initial decisions, the ISCAP considered a variety of subjects in documents that have been classified for many years and that have been the subject of considerable researcher interest. These included such topics as the United States' options in responding to the Berlin crisis; bi-lateral and multi-lateral relationships with our European allies; United States' policy in Asia in the pre-Vietnam war era; and world-wide technology in military aircraft and missiles. Several examples of portions of the documents declassified by the ISCAP are reproduced on the following pages.

For copies of the ISCAP's bylaws or other information, contact ISOO:

Telephone: (202) 219-5250
FAX: (202) 219-5385
E-Mail: isoo@arch1.nara.gov

ISCAP
decisions will
establish the
cutting edge

~~SECRET~~

Case # 83-152
Doc # 7

Declassified By DISCAP
E.O. 12958
Sec. 1.4(a)(3)

NATIONAL SECURITY COUNCIL

OPERATING COORDINATING BOARD REPORT
(March 18, 1959)

OR

U. S. POLICY TOWARD SOUTH ASIA
(NSC 6761)

~~SECRET~~

Cover and interior page from a National Security Council Report on "U.S. Policy Toward South Asia," March 18, 1959.

~~SECRET~~
ANNEX II
March 8, 1959

SINO-SOVIET BLOC ACTIVITIES IN SOUTH ASIA

Sino-Soviet Bloc Activities in South Asia. (Prepared by CIA without inter-agency coordination as an informal document for use by the OCB Working Group and as background for the information of the OCB and the NSC.)

33. General Bloc Policy. The Sino-Soviet bloc continues to give South Asia, especially India, high priority in its long-range plans for the expansion of communist influence in Asia. Moscow continues its efforts to reduce western political and economic influence and eventually to deny the area to the west by encouraging neutralism.

34. Both Moscow and Peking, however, have recently shown dissatisfaction with Indian Prime Minister Nehru and New Delhi's international posture during the period of this report. Chinese Communist delegates at the writers' residence at Yankton, in October bitterly accused India of following a "spineless" foreign policy and in December Pavel Yudin, a top Soviet theorist and ambassador to China, criticized Nehru's attitude toward communism and compared China's "marvelous successes" with India's relatively slow pace of internal development. Yudin asserted that under Congress Party leadership, India had failed to realize its full economic potential.

35. Peking's criticism has been most noticeable in regard to the problem of the Sino-India border, where, aware of Indian weakness, Peking has pursued a policy of public harassment. China blocked a proposed visit to Tibet by Nehru and hindered his visit to the principality of Bhutan. In December, Peking unilaterally expressed a willingness to consider "a new way of drawing the boundary of the Sino-India border" and in January, Peking's refusal to negotiate has resulted in a similarly hard position on the Chinese side. Nehru's subsequent refusal to negotiate has resulted in a similarly hard position on the Chinese side. Nehru's subsequent refusal to negotiate has resulted in a similarly hard position on the Chinese side. Nehru's subsequent refusal to negotiate has resulted in a similarly hard position on the Chinese side.

36. In January, Soviet leaders displayed considerable public deference to Nehru in an apparent attempt to dampen Indian criticism of Yudin's attempt to clarify the Sino-India international party line. Khrushchev wrote personally to Nehru offering additional specific economic aid. Nehru was positively greeted as "an outstanding leader of the East" at the 22nd Soviet Congress and by the high level government delegation that recently visited India. Meanwhile, continued to harass Pakistan with threatening warnings of consequences of a bilateral agreement with America, the same time praising Afghanistan for the beneficial effects of its neutrality.

"...Pavel Yudin, a top Soviet theorist and ambassador to China, criticized Nehru's attitude toward communism and compared China's "marvelous successes" with India's relatively slow pace of internal development..."

ISCAP

B/BJ

Declassified By ISCAP: WASHINGTON
E.O. 12958
Sec. 1.4(a)(3) August 8, 1973

3803
G. F.
COI-5

Handwritten notation of Henry Kissinger, in his capacity as National Security Adviser, added to a copy of a typewritten letter of August 8, 1973, from Kissinger to former National Security Adviser Walt Rostow.

Dear Walt:

Your report of your meeting with Prime Minister Heath was extremely interesting. We have, of course, been aware of various European criticisms, including those expressed by Heath. At the same time, I feel Europe must realize that what we are trying to do in the so-called Year of Europe is more in their interest than in our own.

In any case, I greatly appreciate the points you made during your European trip and in your New York Times article. Please stay in touch and send me your thoughts.

Warm regards,

Henry A. Kissinger

Mandatory Review
Case # 83-152-23
Doc # 7 (13 pp.)

Professor W. W. Rostow
The University of Texas
College of Social and Behavioral Sciences
Department of Economics
Austin, Texas 78712

REC-11
AUG 10 1973
GENERAL MAIL

"Heath's attitude is very worrisome - coming as it does from the country with which we have had the best relations of all."

WWR
Heath's attitude is very worrisome - coming from the country with which we have had the best relations of all.

~~SECRET~~

Cover and Table of Contents from
"A Study Regarding Berlin Prepared
in Response to NCS Directive
No. 58 of June 30, 1961.

Downgraded to SECRET by
action of the Interagency Security
Classification Appeals Panel on
December 19, 1996

NSC PRIMARY INTEREST

14
Exempt from
2015-1-27

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Mandatory Review
Case # NLJ 24-214
Document# 1

PORTIONS THAT REMAIN CLASSIFIED
AFTER ISCAP DECISION ARE
BRACKETED IN RED

ISCAP No. 003-96

Declassified By: ISCAP
E.O. 12958
Sec. 5.4 (b)(3)

**INTERDEPARTMENTAL COORDINATING GROUP
ON
GERMANY AND BERLIN**

**A STUDY REGARDING BERLIN
PREPARED IN RESPONSE TO
NSC DIRECTIVE NO. 58 OF JUNE 30, 1961**

July 12, 1961

Downgraded to SECRET by
action of the Interagency Security
Classification Appeals Panel on
December 19, 1996

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TOP SECRET

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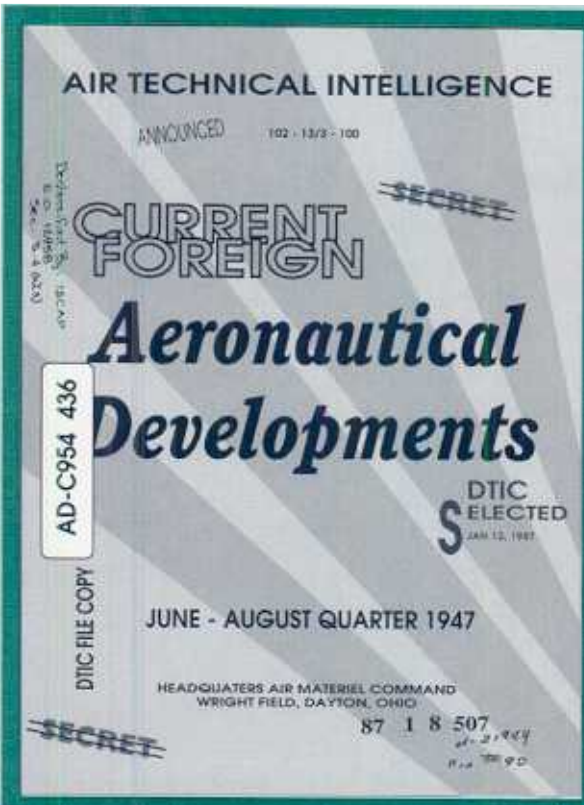
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A number of the subjects of
this paper are still under
review in the Department of
Defense and this paper does
not therefore represent a
final Department of Defense
position.

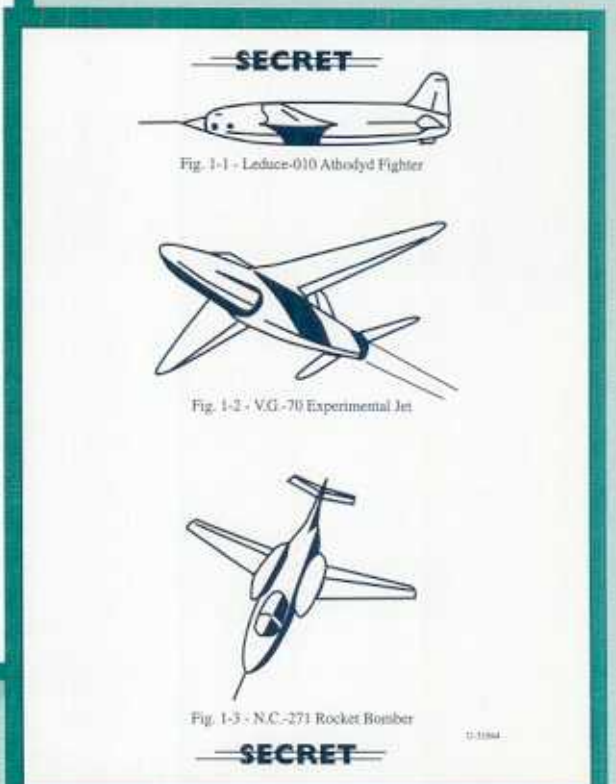
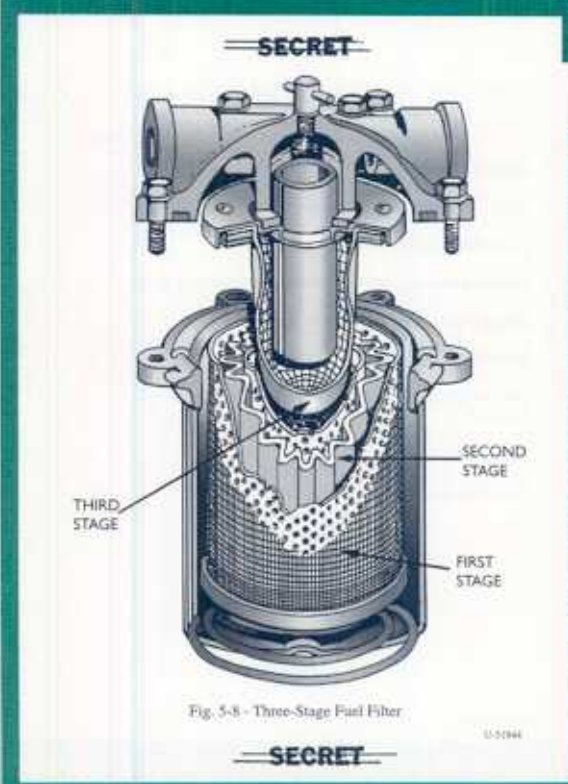
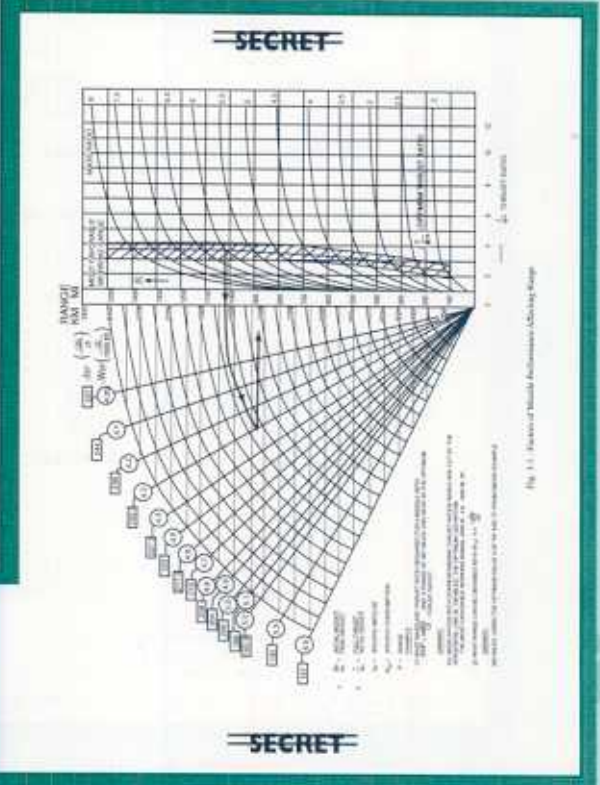
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ISCAP



Cover and internal pages from an Air Technical Intelligence report entitled "Current Foreign Aeronautical Developments, June - August Quarter 1947"



SECURITY CLASSIFICATION WHAT DOES IT COST?

Today, any responsible Government function or program must be able to answer the question, "What does it cost?" The security classification program is no longer an exception. Until the last few years, its costs were deemed non-quantifiable, intertwined with other somewhat amorphous overhead expenses. To be sure, many of the costs of the security classification program remain ambiguous. For example, how much of the security guard's salary goes for protecting classified information rather than people and property? Does the external perimeter chain link fence have any bearing at all in securing the classified document stored in an approved container inside an internal vault? Does the entire cost of the background investigation relate only to the applicant's trustworthiness with respect to classified information? Because we are unable to answer these and many other questions with certainty, and because our inquiries must rely on sampling to be affordable, our measurements of the costs of the security classification system remain estimates. Nevertheless, by maintaining stability in methodology, we should gain over time a good indication of the total cost burden and its upward or downward trend.

Congress first requested security classification cost estimates from the executive branch in 1994. The Office of Management and Budget reported those cost estimates to Congress while working with agencies to develop better sampling methodology for future years. Congress has continued to seek updated estimates. In addition, ISOO is now tasked through Executive Order 12958 to report these costs to the President. Executive Order 12928, "National Industrial Security Program," also requires that industry or contractor costs be collected and reported by ISOO to the President. This is ISOO's second year reporting security classification cost estimates.

Government

The data presented below were collected by categories based on common definitions developed by an executive branch working group. The categories are defined below.

Personnel Security:

A series of interlocking and mutually supporting program elements that initially establish a government or contractor employee's eligibility, and ensure suitability for the continued access to classified information.

Physical Security:

That portion of security concerned with physical measures designed to safeguard and protect classified facilities and information, domestic or foreign.

Information Security: (Includes two sub-categories)

Classification Management: The system of administrative policies and procedures for identifying, controlling and protecting from unauthorized disclosure classified information, the protection of which is authorized by executive order or statute. Classification management encompasses those

*The costs of
the system
remain
estimates*

resources used to identify, control, transfer, transmit, retrieve, inventory, archive, declassify or destroy classified information.

Information Systems Security: Measures and controls that ensure confidentiality, integrity and availability of the classified information processed and stored by a computer or information technology system. It can include, but is not limited to, the provision of all security features needed to provide an accredited system of protection for computer hardware and software, and classified information, material, or processes in automated systems.

Professional Education, Training and Awareness:

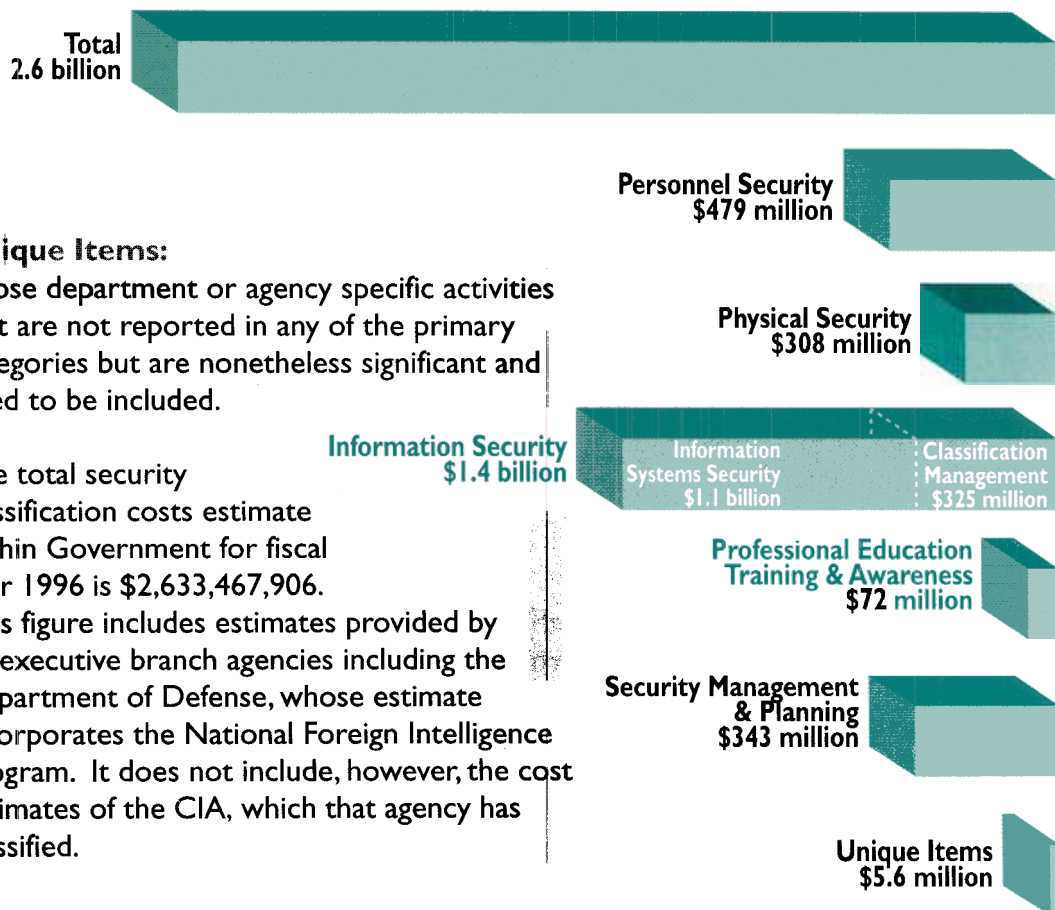
The establishment, maintenance, direction, support and assessment of a security training and awareness program; the certification and approval of the training program; the development, management, and maintenance of training records; the training of personnel to perform tasks associated with their duties; and qualification and/or certification of personnel before assignment of security responsibilities related to classified information.

Security Management and Planning:

Development and implementation of plans, procedures and actions to accomplish policy requirements, develop budget and resource requirements, oversee organizational activities and respond to management requests related to classified information.

Government estimate is \$2.6 billion

Government Security Classification Costs Estimate Fiscal Year 1996



Unique Items:

Those department or agency specific activities that are not reported in any of the primary categories but are nonetheless significant and need to be included.

The total security classification costs estimate within Government for fiscal year 1996 is \$2,633,467,906.

This figure includes estimates provided by 32 executive branch agencies including the Department of Defense, whose estimate incorporates the National Foreign Intelligence Program. It does not include, however, the cost estimates of the CIA, which that agency has classified.

Industry

A joint Department of Defense and industry group developed a cost collection methodology for those costs associated with the use and protection of classified information within industry. Because industry accounts for its costs differently than Government, cost estimate data are not provided by category. Rather a sampling method was applied that included volunteer companies from four different categories of facilities. The category of facility is based on the complexity of security requirements that a particular company must meet in order to hold a classified contract with a government agency.

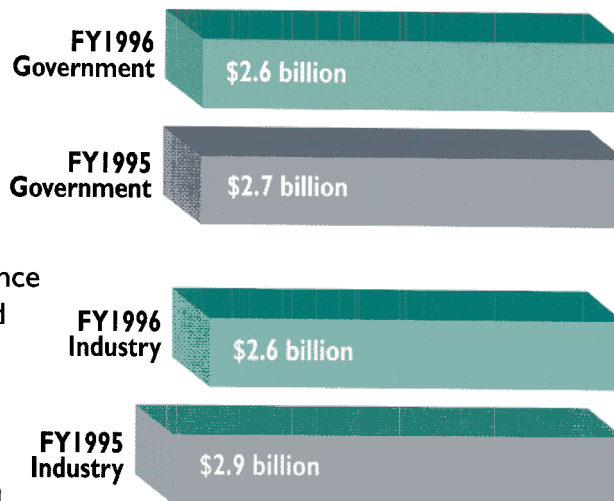
The 1996 cost estimate totals for industry pertain to the twelve month accounting period for the most recently completed fiscal year of each company that was part of the industry sample. For most of the companies included in the sample, December 31, 1996, was the end of their fiscal year. The estimate of total security costs for 1996 within industry was \$2.6 billion.

Comparing Total Costs for Government and Industry Fiscal Years 1995 and 1996



**Industry
estimate is
\$2.6 billion**

Both Government and industry appear to be working to refine their collection methods. As suggested above, agencies reported that security classification cost estimates in some of the categories were difficult to discern from other costs. For example, determining the difference in costs between protecting classified information and sensitive unclassified information contained in an automated information system was almost impossible because the level of protection was at the highest level



of information contained within the system. Any information at a "lower" level (lower level could be proprietary, privacy, etc.) benefited from the higher level protection. In such a situation, one means to estimate the security classification cost would be to estimate the proportion of classified information on the system and use that as the basis to determine the information systems security cost. As we continue to collect security cost estimates, more lessons will be learned. A better understanding of costs should help considerably in the management of the security classification program.

**WHAT THE DATA DON'T SHOW:
THE SIZE OF THE CLASSIFIED MOUNTAIN**
(Reprinted from the fiscal year 1995 ISOO Annual Report)

ISOO is repeatedly asked two questions for which, despite all the data that we collect and analyze, we cannot definitively answer:

- (1) How much classified information is contained in the total universe of classified information, i.e., how big is the classified mountain?
- (2) Which was greater this year, the build-up of the classified mountain through classification, or the erosion of the mountain through declassification?

Central to our inability to answer these questions with any statistical support is the lack of data concerning the duplication of classified information.

While ISOO collects, analyzes and reports data on classification actions or decisions, and has done so since 1979, a classification action is not readily convertible into a measurement that denotes size, e.g., a certain number of pages or even an estimated number of pages. A classification action may apply to a single word or two, or it may apply to a report hundreds of pages long.

Even if an archivist, records manager or statistician were able to tell us that the "average" classified document is a certain number of pages long, we could not multiply this number by the number of classification actions and arrive at the number of classified pages produced in that year. That is because of the widespread duplication that accompanies the production of almost every document, whether classified or unclassified, and whether the document exists in paper form, electronically, or both. Today, the producer of a document routinely does so on a computer that can distribute hundreds of "copies" electronically by pushing a single button; and the producer and receiver of the electronic document are usually only a few steps away from a printer and copier that can produce hundreds of paper copies in a few minutes.

Therefore, in terms of the size of the classified mountain, classification actions are the apples, and pages declassified are the oranges. Knowing about each enriches our understanding and monitorship of the security classification system. However, comparing ten classification actions to ten pages of information declassified tells us little or nothing about the overall size of the classified universe.

CLASSIFICATION

Original Classifiers

Original classification authorities, also called original classifiers, are those individuals designated in writing, either by the President or by selected agency heads, to classify information in the first instance. Under Executive Order 12958 and its predecessor, Executive Order 12356, only original classifiers determine what information, if disclosed without authority, could reasonably be expected to cause damage to the national security. Under Executive Order 12958, original classifiers must also be able to identify or describe the damage.

For fiscal year 1996, the number of original classifiers throughout the executive branch was 4,420, which represents a reduction of 959 classifiers from the previous year. This figure, for the sixth consecutive year, represents the lowest number of original classifiers ever reported by ISOO, and the largest yearly decrease reported by ISOO since 1979. While Government downsizing and the end of the Cold War continue to be factors contributing to this decrease, ISOO believes that the onset of Executive Order 12958, with its requirement that agency heads carefully scrutinize and re-issue delegations of original classification authority, is the largest contributing factor to this decrease. In ISOO's view, some agencies have reached a level in the number of original classification authorities that seems reasonable for the conduct of their missions. There are also a number of agencies that have comparable classification activity, but have many more original classification authorities. ISOO believes that reductions are possible in these agencies without having a negative impact on their operations. As agencies gain more experience implementing the requirements of Executive Order 12958, these reductions should be realized.

Largest decrease since 1979

Original Classifiers Fiscal Year 1996



In fiscal year 1996, agencies reported decreases in the number of original classifiers for all three classification levels. At the Top Secret level, agencies reported decreases of 13 percent, a 23 percent decrease was reported at the Secret level, while the number of Confidential original classifiers decreased by 9 percent. ISOO wishes to recognize several agencies for their efforts to reduce the number of original classifiers. Most impressive were the efforts of CIA, NASA, ACDA, and EXIMBANK, which reported decreases of 78 percent, 64 percent, 63 percent and 60 percent, respectively. Although the reductions in the number of original classifiers are not as significant as in those agencies mentioned above, ISOO wishes to recognize OVP, DOT, Commerce, NSC, OMB, DOD, and DOE for reducing their number of original classifiers.

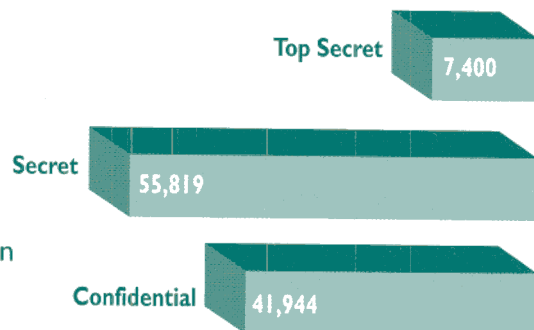
Original Classification

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

Original Activity Fiscal Year 1996



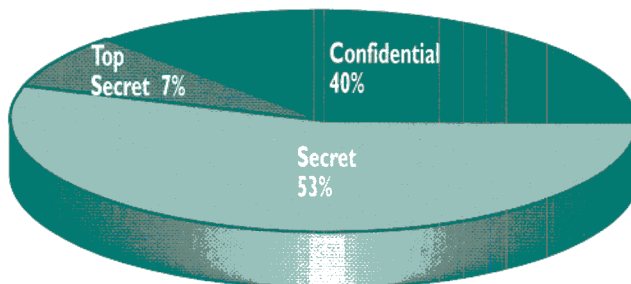
to identify the information as classified. By definition, original classification precedes all other aspects of the security classification system, e.g., derivative classification, safeguarding and declassification. Therefore, ISOO often refers to the number of original classification actions as the most important figure that it reports.



Original classification down 37%

For fiscal year 1996, agencies reported a total of 105,163 original classification decisions. This figure represents a decrease of 37 percent over the number of original classification decisions reported in fiscal year 1995, and replaces last year's figures as the lowest number of original classification actions ever reported by ISOO. ISOO maintains that the decrease in the number of original classification decisions over the past several years is a result of ongoing efforts to downsize Government and the end of Cold War tensions, and, perhaps most important in fiscal year 1996, the increased use of classification guides in conjunction with the effective date of Executive Order 12958. By classification level, Top Secret led the way with a 66 percent decrease, Secret by 38 percent and Confidential by 25 percent.

Original Classification Levels Fiscal Year 1996

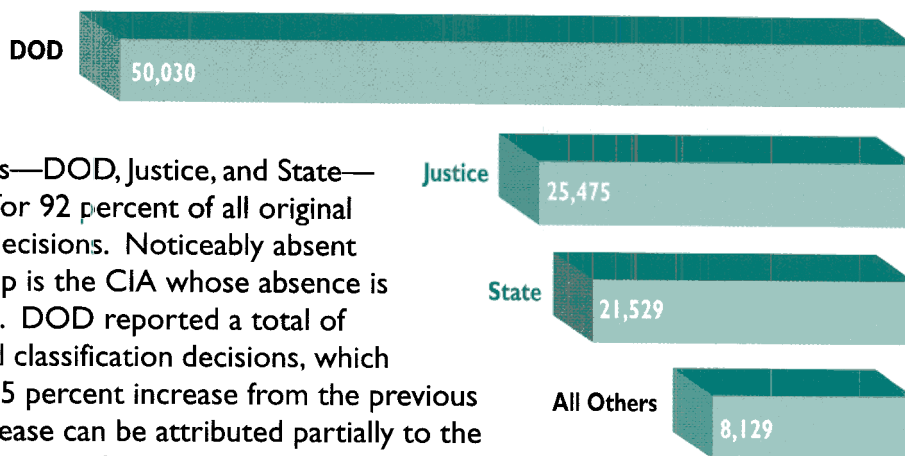


CIA led all the agencies with its dramatic decrease in original classification activity by reinventing its classification process to rely exclusively on its re-issued classification guide. In fact, the re-issuance of its revised classification guide under Executive

Order 12958 was its only original classification action, down from 55,822 in fiscal year 1995. The CIA has not ruled out any additional original classifications, but now requires that all original classification actions be reviewed before they become formal.

The Department of Justice, through the FBI, also had a significant decrease (36 percent) in the number of original classification decisions from its fiscal year 1995 figure. Over the past five years, the FBI has been transitioning into an automated collection process, which has caused non-program fluctuations in the number of classification decisions reported to ISOO. Fiscal year 1996 figures represent the completion of this transition, and from the FBI's perspective, the most accurate figures reported. Now, the FBI's automated system tracks only the record copy of FBI-generated correspondence, not copies of the correspondence, as apparently had been the case in past reports. The impact of the automated system on the number of classification decisions made by FBI classifiers is more clearly illustrated in the numbers reported for derivative activity (see the next section of the Report).

Original Activity by Agency Fiscal Year 1996



Three agencies—DOD, Justice, and State—now account for 92 percent of all original classification decisions. Noticeably absent from this group is the CIA whose absence is address above. DOD reported a total of 50,030 original classification decisions, which represents a 15 percent increase from the previous year. This increase can be attributed partially to the review and issuance of new security classification guides as part of implementing the requirements of Executive Order 12958. More significant, however, was the deployment and stationing of troops in Bosnia and elsewhere, the effects of which are even more pronounced in derivative classification activity. State and Justice reported decreases of 4 percent and 36 percent, respectively.

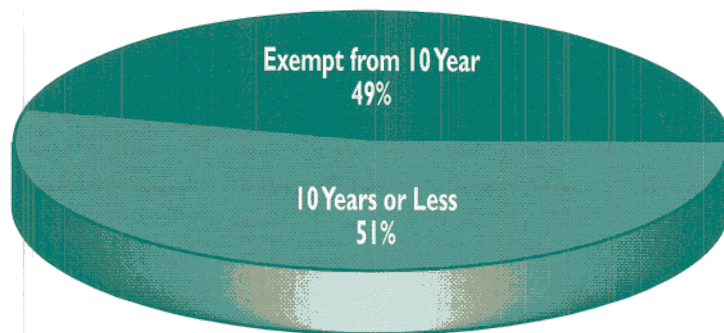
Several agencies with smaller security classification programs reported marked decreases in the number of original classification decisions. In particular, ISOO commends DOE, USIA, EXIMBANK and Treasury, which reported decreases of 97 percent, 87 percent, 80 percent, and 56 percent, respectively, in the number of original classification decisions.

As part of the original classification process, the classifiers must determine a time frame for the protection of the information. This is commonly called the “duration” of classification. Executive Order 12958 creates three possible outcomes at the time

CIA relies exclusively on classification guide

of original classification. First, if applicable to the duration of the information's national security sensitivity, information should be marked for declassification upon a specific date or event. For example, a classifier could determine that the information's sensitivity will lapse upon the completion of a particular project. The event would be noted on the face of the document, and when the project had been completed, the information would automatically be declassified. Second, if the original classification authority could not determine an earlier specific date or event for declassification, information should ordinarily be marked for declassification 10 years from the date of the original decision. Third, if the specific information falls within one or more of eight categories, the classifier may exempt it from declassification at 10 years. In almost all instances, this will result in the information being subject to automatic declassification at 25 years. The indefinite duration marking used under Executive Order 12356, "Originating Agency's Determination Required" or "OADR," was eliminated with the issuance of Executive Order 12958.

Duration of Classification Fiscal Year 1996



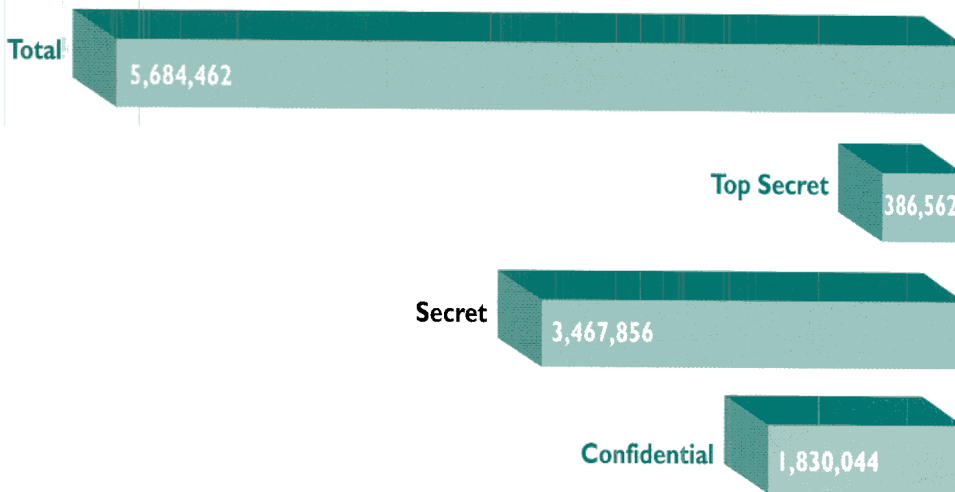
51% marked for declassification in 10 years or less

During fiscal year 1996, there were slightly more original classification decisions marked for declassification upon a specific date or event less than 10 years, or upon the 10-year date than there were original decisions exempted from 10-year declassification. Of the 105,163 original classification decisions, 51,482 or 49 percent, were marked as exempt from the 10 year declassification, while 53,681 or 51 percent, were marked for declassification in 10 years or less. This unusual statistic represents a dramatic change from the figures reported in previous years, when the overwhelming majority of original decisions were marked for indefinite classification. ISOO will be monitoring this aspect of the classification process closely. The long-term effect of assigning a specific date, event or 10-year date bodes well for the classification system in that more information will be declassified earlier, without the need for costlier reviews in the future.

Derivative Classification

Derivative classification is the act of incorporating, paraphrasing, restating, or generating in new form classified source information. Information may be 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.

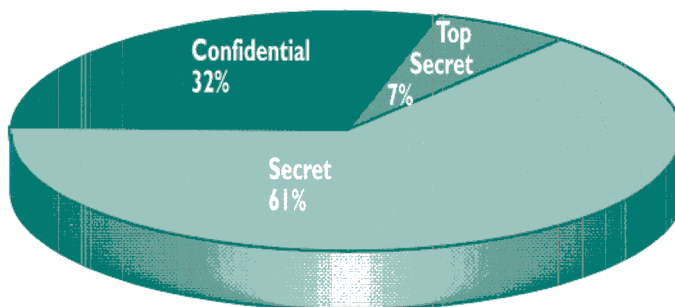
Derivative Activity Fiscal Year 1996



**Derivative
classification
increases
by 67%**

For fiscal year 1996, agencies reported 5,684,462 derivative classification actions. This figure represents a significant increase of 67 percent from that reported in fiscal year 1995, which represented the lowest number ever reported. The significant increase comes from two major classifying agencies, CIA and DOD.

Derivative Classification Levels Fiscal Year 1996

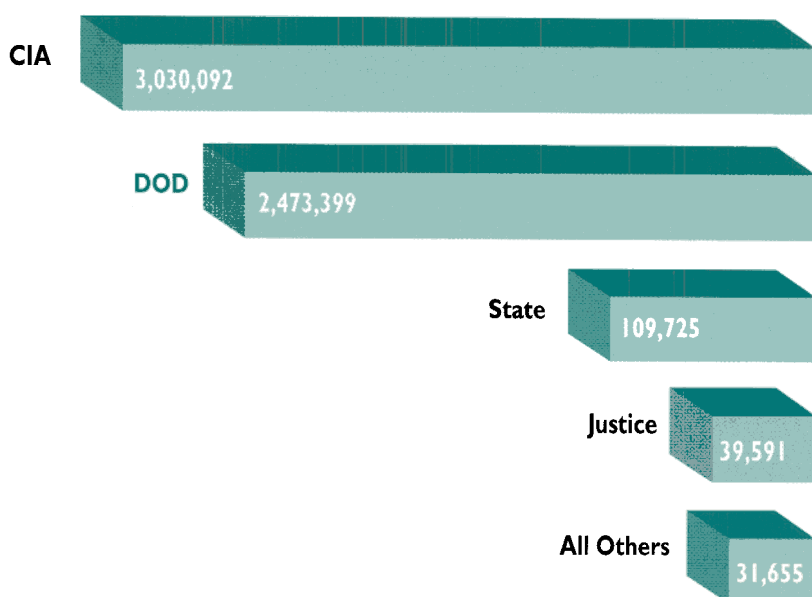


CIA's derivative decisions increased for two reasons. First, CIA trained its employees extensively on the requirements of Executive Order 12958, specifically emphasizing the difference between the original and derivative classification processes. By largely mandating the use of its re-issued classification guide, original classification decreased and derivative classification increased. The second reason offered by the CIA, and what is quite likely to be the most significant, is that its sampling system for the first time includes short-term internal automated traffic, primarily e-mail. In a large number of these transmissions, the classified status of the message may be unrelated to the information within the message. For example, in its e-mail system, a message to or from, or copied to a non-acknowledged CIA employee automatically carries a Confidential classification. The message itself could be as mundane as agreeing to meet for lunch. We do not know what percent of the CIA's classified product for fiscal year 1996 falls into this type of temporary record, but given the disparity between last year's numbers and this year's, it is likely to be significant. ISOO will be working with the CIA to refine the type of data collected through its automated information system to present a better indicator of its actual classification decisions.

DOD's derivative classification activity increased by 49 percent for fiscal year 1996. The deployment and stationing of troops in Bosnia and elsewhere contributed significantly to this increase. This is borne out by the fact that most of the DOD increase took place in the Army. Understandably, international conflicts or incidents affect classification activity more than any other stimulus. In ISOO's experience, this is especially true when a deployment is planned over a period of time, since that time frame will generate a large quantity of initial planning and intelligence information, much of which will be classified.

Troop deployment increases DOD's classification activity

Derivative Activity by Agency Fiscal Year 1996



During fiscal year 1996, the four major classifying agencies reported very different results for derivative classification activity. As noted earlier, CIA and DOD increased derivative activity by 123 percent and 49 percent, respectively. State reported a

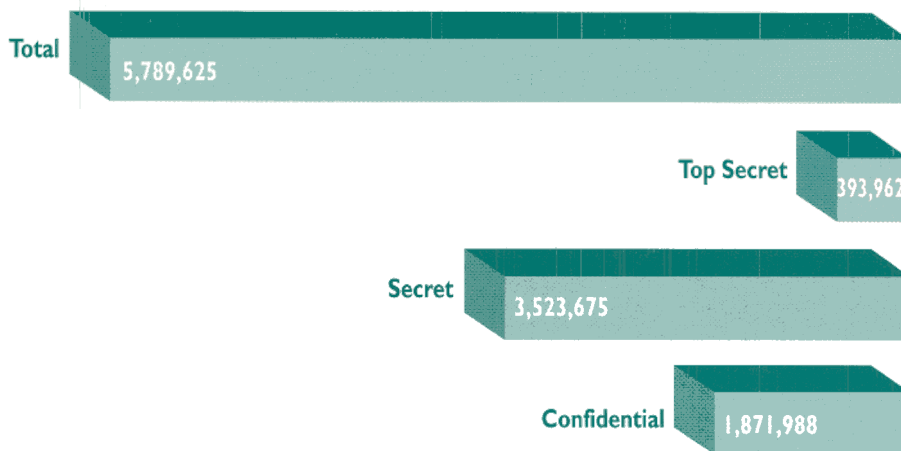
slight decrease of one percent, while Justice reported a dramatic decrease of 84 percent. The explanation for Justice's dramatic drop in derivative actions, as discussed earlier, has far more to do with more accurate automated sampling than with actual changes in its classified programs. With its automated system complete, the level of classification activity for Justice in fiscal year 1996 should serve as a much more accurate benchmark for future activity.

All other agencies reported 31,655 derivative classification actions, an impressive 26 percent reduction from the year before. Among those agencies, ISOO commends the following agencies for reducing the number of derivative classification actions for fiscal year 1996: AID (98 percent), ITC (75 percent), Commerce (68 percent), OMB (58 percent), NASA (55 percent), NRC (48 percent), DOE (38 percent), FRS (33 percent), and FEMA (26 percent).

Combined Classification

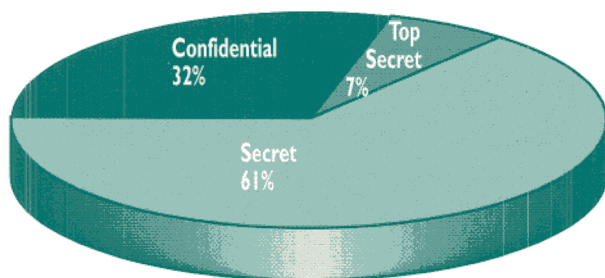
Together, original and derivative classification decisions make up what is called combined classification activity. In fiscal year 1996, combined classification activity significantly increased by 2,210,120 (62 percent) to a total of 5,789,625 actions. Since derivative actions outnumbered original actions by a ratio of more than 54:1, they had a much greater impact on combined classification activity.

Combined Activity for Fiscal Year 1996



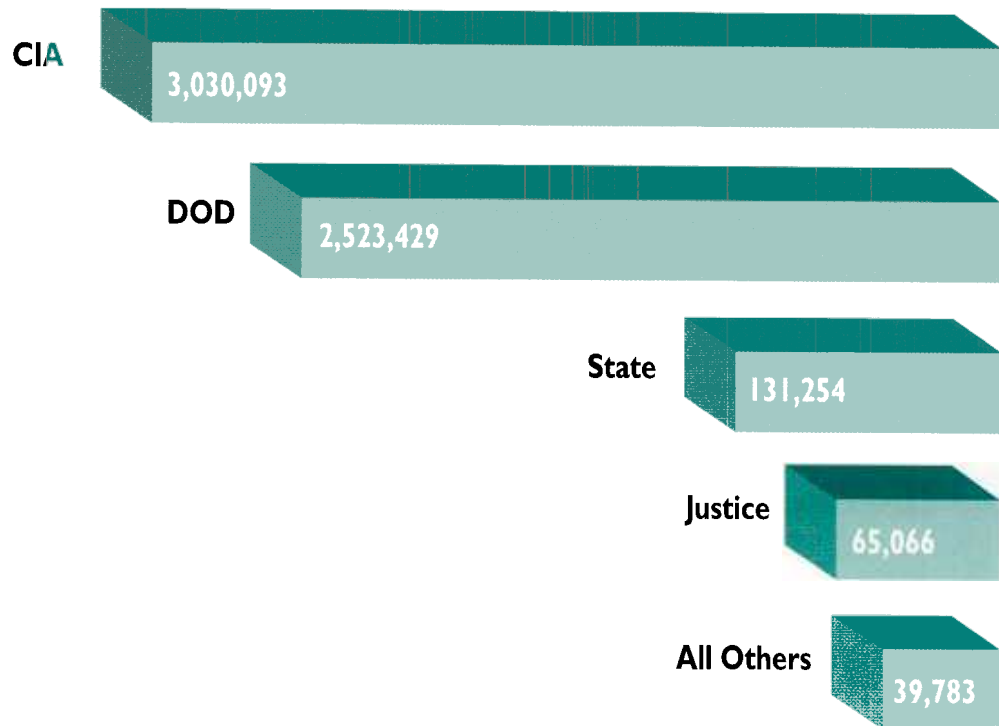
Combined classification increases significantly

Combined Classification Levels Fiscal Year 1996



CIA accounted for 52 percent of all combined classification activity reported for fiscal year 1996; DOD, 44 percent; State, 2 percent and Justice, 1 percent. As in the past, the remaining agencies accounted for only 1 percent of the combined classification activity.

Combined Activity by Agency Fiscal Year 1996



CIA accounts for slightly more than half of classification activity

DECLASSIFICATION

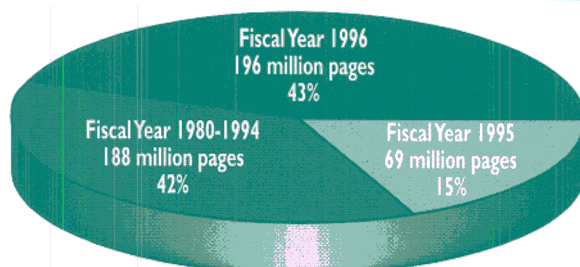
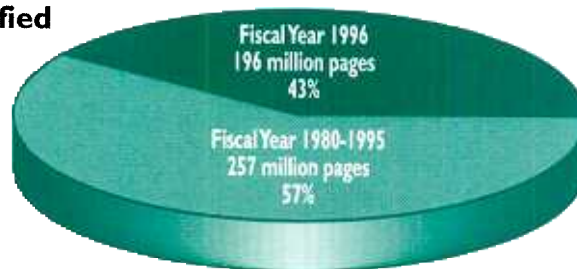
Automatic and Systematic Review

During fiscal year 1996, both declassification activity and declassification activities increased dramatically. This increase can be directly attributed to two declassification programs: (1) "Automatic Declassification," Section 3.4 of Executive Order 12958; and (2) "Systematic Declassification Review," Section 3.5 of the Order, which was clearly stimulated by the onset of an automatic declassification program. The "Automatic Declassification" program began in mid-October 1995 with the effective date of Executive Order 12958. Under the "Automatic Declassification" program, information appraised as having permanent historical value is automatically declassified once it reaches 25 years of age unless an agency head has determined that it falls within a narrow exemption that permits continued classification. Fiscal year 1996 was the first full year of implementation for this program. Started in 1972, "Systematic Review for Declassification" is the program under which classified permanently valuable records are reviewed for the purpose of declassification after the records reach a specific age. Under Executive Order 12356, NARA was the only agency required to conduct a systematic review of its classified holdings. Now Executive Order 12958 requires all agencies that originate classified information to establish and conduct a systematic declassification review program.

In effect, systematic review has become an appendage of the automatic declassification program. ISOO has collected data on declassification that does not distinguish between the two programs because they are now so interrelated. As noted earlier in this report, Executive Order 12958 contains the most far-reaching declassification reform ever imposed. The tremendous impact of the automatic declassification program is reflected in the amount of information declassified within the executive branch during fiscal year 1996. In one year, the executive branch declassified over 196 million pages. During fiscal years 1980 through 1995, the executive branch declassified 24 percent or 61 million more pages than in fiscal year 1996.

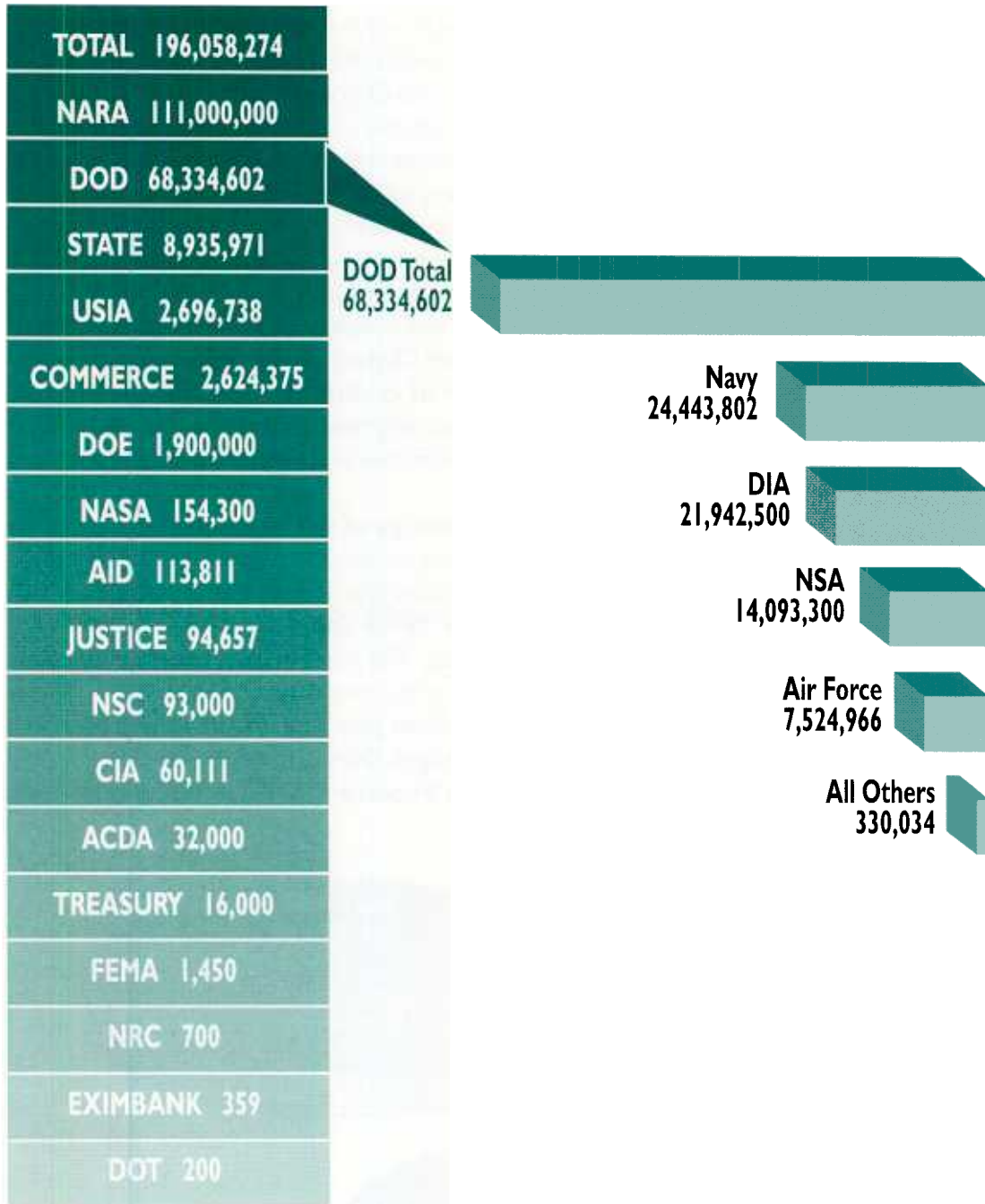
450+ Million Pages Declassified

Fiscal Years
1980-1996



Systematic review becomes an appendage of automatic declassification

NARA is responsible for 57 percent and DOD for 35 percent of the total declassified product in fiscal year 1996. In addition to their extraordinary contributions, ISOO commends the efforts of State, USIA, Commerce, and DOE. Commerce, Treasury, NRC, ACDA and EXIMBANK reported declassification figures for the first time since fiscal year 1991.

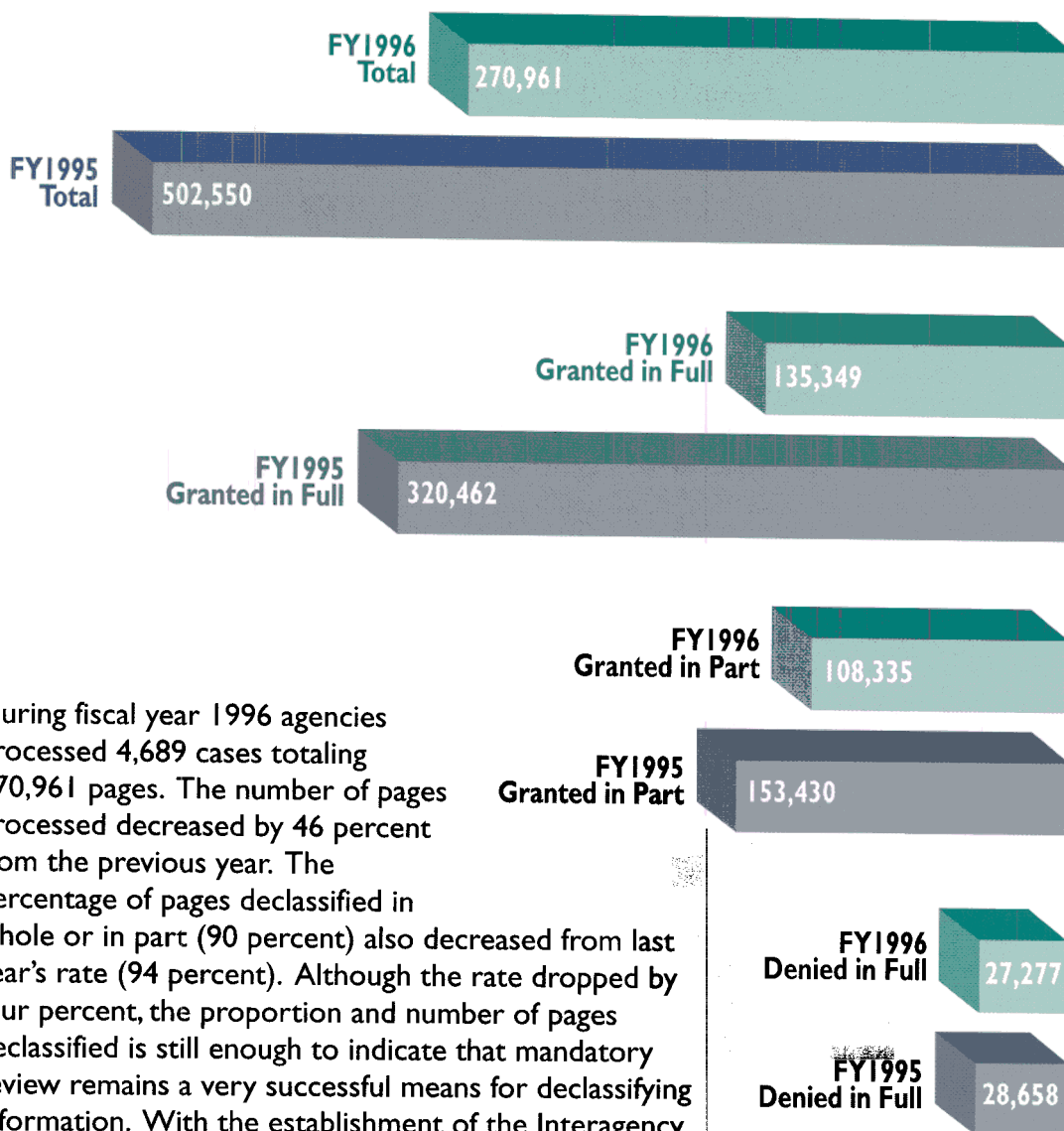


196 million pages declassified in fiscal year 1996

Mandatory Review

Under Executive Order 12958, the mandatory review process permits individuals or agencies to require an agency to review specified national security information for purposes of seeking its declassification. Requests must be in writing and 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 (FOIA) requests. It is also used to seek the declassification of presidential papers or records, which are not subject to the FOIA.

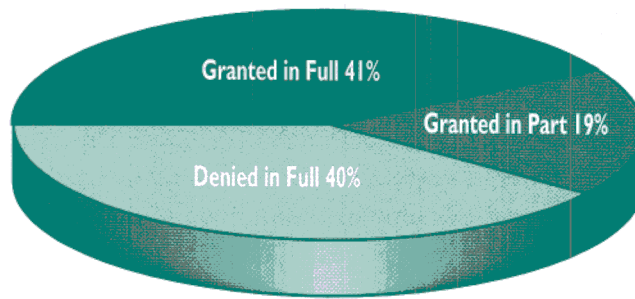
Mandatory Review Pages Processed Fiscal Years 1995 - 1996



*90% of pages
declassified
in whole or
part*

During fiscal year 1996 agencies processed 4,689 cases totaling 270,961 pages. The number of pages processed decreased by 46 percent from the previous year. The percentage of pages declassified in whole or in part (90 percent) also decreased from last year's rate (94 percent). Although the rate dropped by four percent, the proportion and number of pages declassified is still enough to indicate that mandatory review remains a very successful means for declassifying information. With the establishment of the Interagency Security Classification Appeals Panel (ISCAP), created under Executive Order 12958 and discussed earlier in this report, mandatory review requests are likely to increase significantly.

Mandatory Review Appeals Disposition Fiscal Year 1996



During fiscal year 1996, agencies processed 169 appeals that comprised 4,950 pages. Of these, 60 percent of the pages were granted in whole or in part. Although the rate is 20 percent lower than last year, this rate still suggests that researchers can continue to anticipate greater returns in declassified information if they pursue an appeal.

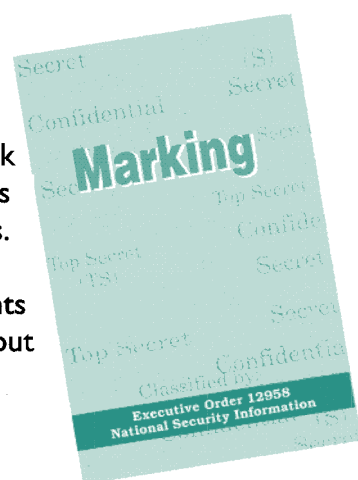
Requests are likely to increase in the future

SECURITY TRAINING AIDS

Executive Order 12958 brought many changes in principles, practices, and procedures. Security education is more critical than ever. Familiarizing those who have access to classified information with the requirements of the new classification system is a major undertaking for security professionals in both Government and industry. ISOO is currently exploring ways to coordinate or develop the dissemination of as many security education tools as possible within the context of budgetary considerations. For now, ISOO has developed a marking pamphlet to serve as a general guide for use by both original and derivative classifiers. We have also revised our popular Standard Form (SF) 312 briefing booklet by including the new Executive Order and updating the “Questions and Answers” segment.

Marking Booklet

This booklet is a general, illustrated guide on how to mark classified documents in accordance with the requirements of Executive Order 12958 and its implementing directives. Authorized original and derivative classifiers as well as administrative personnel who prepare classified documents can rely on this booklet whenever there is a question about the marking of a classified document.



SF 312 Briefing Booklet

This booklet remains popular with agency and industry security managers who provide briefings on the Standard Form 312, “Classified Information Nondisclosure Agreement.” It includes the complete text of all the laws and regulations that must be available if requested by someone signing the SF 312, including the text of Executive Order 12958, a copy of the SF 312 and updated answers to the most frequently asked questions about the nondisclosure agreement.



The SF 312 Video

This 13-minute video provides an entertaining but informative approach to answering most of the questions that employees raise about the purpose of the nondisclosure agreement and their obligations under it. It provides an excellent base for an employee briefing on the SF 312.

Executive Order 12958 and Implementing Directive Packet

This packet is a three-hole punched, shrink-wrapped document that includes Executive Order 12958, its implementing directives, the President's Original Classification Authority designations, and amendments. Tabs identify each of these items. They are printed in very clear and very easy to read format. This is one of the most "user-friendly" versions of the Order and its related documents.



For copies of these training aids, contact ISOO:

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Fax: (202) 219-5385

E-mail: isoo@arch1.nara.gov

AGENCY ACRONYMS OR ABBREVIATIONS

ACDA :	Arms Control and Disarmament Agency
AID :	Agency for International Development
Air Force :	Department of the Air Force
Army :	Department of the Army
CEA :	Council of Economic Advisors
CIA :	Central Intelligence Agency
Commerce :	Department of Commerce
DARPA :	Defense Advanced Research Projects Agency
DCAA :	Defense Contract Audit Agency
DIA :	Defense Intelligence Agency
DIS :	Defense Investigative Service
DISA :	Defense Information Systems Agency
DLA :	Defense Logistics Agency
DOD :	Department of Defense
DOE :	Department of Energy
DOT :	Department of Transportation
DSWA :	Defense Special Weapons Agency
ED :	Department of Education
EPA :	Environmental Protection Agency
EXIMBANK :	Export-Import Bank of the United States
FBI :	Federal Bureau of Investigation
FCA :	Farm Credit Administration
FCC :	Federal Communications Commission
FEMA :	Federal Emergency Management Agency
FMC :	Federal Maritime Commission
FRS :	Federal Reserve System
GSA :	General Services Administration
HHS :	Department of Health and Human Services
HUD :	Department of Housing and Urban Development
Interior :	Department of the Interior
ISOO :	Information Security Oversight Office
ITC :	International Trade Commission
JCS :	Joint Chiefs of Staff
Justice :	Department of Justice
Labor :	Department of Labor

ACRONYMS

ACRONYMS

MMC :	Marine Mammal Commission
MSPB :	Merit Systems Protection Board
NARA :	National Archives and Records Administration
NASA :	National Aeronautics and Space Administration
Navy :	Department of the Navy
NISPPAC :	National Industrial Security Program Policy Advisory Committee
NIMA :	National Imagery and Mapping Agency
NRC :	Nuclear Regulatory Commission
NSA :	National Security Agency
NSC :	National Security Council
NSF :	National Science Foundation
OA, EOP :	Office of Administration, Executive Office of the President
OIG, DOD :	Office of the Inspector General, Department of Defense
OMB :	Office of Management and Budget
ONDCP :	Office of National Drug Control Policy
OPIC :	Overseas Private Investment Corporation
OPM :	Office of Personnel Management
OSD :	Office of the Secretary of Defense
OSIA :	On-Site Inspection Agency
OSTP :	Office of Science and Technology Policy
OVP :	Office of the Vice President
PC :	Peace Corps
PFIAB :	President's Foreign Intelligence Advisory Board
SBA :	Small Business Administration
SEC :	Securities and Exchange Commission
SSS :	Selective Service System
State :	Department of State
STB :	Surface Transportation Board
Treasury :	Department of the Treasury
TVA :	Tennessee Valley Authority
USDA :	Department of Agriculture
USIA :	United States Information Agency
USMC :	United States Marine Corps
USPS :	United States Postal Service
USTR :	Office of the United States Trade Representative
VA :	Department of Veterans Affairs

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