

Information
Security
Oversight
Office

**Annual
Report
to the
President
FY 1987**





Information Security Oversight Office
Washington, DC 20405



March 18, 1988

Dear Mr. President:

I am pleased to submit the Information Security Oversight Office's (ISOO) 1987 Report to the President.

This is the fifth and final Report that the ISOO will be submitting to you on the system that you established in Executive Order 12356, "National Security Information." After more than five years of operation, it is clear that the system is performing as you intended: To provide better protection for national security information without excessive classification. Of course, the system is only as good as the people who are responsible for it. Fortunately, throughout Government and industry thousands of dedicated individuals work diligently to strengthen our nation through the protection of its most sensitive information.

The ISOO's work has been aided immeasurably by your constant commitment to an effective oversight program. We look forward to similar support throughout the remainder of your incumbency and into the future.

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



Summary of FY 1987 Program Activity

The FY 1987 Report to the President is the fifth 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 6,721.
 - Original classification decisions increased 66%, to 2,030,770.
 - By classification level, 1% of original classification decisions were **Top Secret**, 51% were **Secret**, and 48% were **Confidential**.
 - Derivative classification decisions increased 3%, to 9,825,128.
 - The total of all classification actions increased 10% from FY 1986, to 11,855,898, but remained significantly below the level of classification activity for FY 1985.
 - Among executive branch agencies, DOD accounted for 70% of all classification decisions; CIA 22%; Justice 6%; State 1.5%; and all others 0.5%.
-



Declassification Activities

- Agencies received 4,134 new mandatory review requests.
 - Under mandatory review agencies processed 3,577 cases, 414 fewer than in FY 1986; declassified in full 107,935 pages; declassified in part 35,821 additional pages; and retained classification in full on only 11,554 pages.
 - Agencies received 273 new mandatory review appeals, 224 fewer than in FY 1986.
 - Agencies acted on 412 appeals, 28% fewer than in FY 1986, and declassified in whole or in part 26,583 pages in addition to those released in the initial mandatory review process.
 - Under the systematic review program, agencies reviewed 13,087,655 pages of historically valuable records, 20% fewer than in FY 1986; and declassified 8,984,613 pages, 37% fewer than in FY 1986.
-

Inspections

- Agencies conducted 27,522 self-inspections, a marginal increase over FY 1986.
 - Agencies reported 19,909 infractions, 44% more than in FY 1986.
- 



INFORMATION SECURITY OVERSIGHT OFFICE

THE INFORMATION SECURITY PROGRAM FY 1987

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 65 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 1987, the system's fifth year.

ISOO is an administrative component of the General Services Administration but receives its policy 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 numbers between 13-15 persons. For FY 1987, ISOO's budget was \$822,000.

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 in those agencies that create or handle national security information. During FY 1987, ISOO continued its program of special document reviews in the major classifying agencies in addition to regularly scheduled inspections. 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. During FY 1987, ISOO devoted considerable effort to the dissemination of its revised Information Security Briefing series as described in Appendix C, p. 36. ISOO's employees also 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. During FY 1987, ISOO continued its program for the development and issuance of standard security forms designed to promote uniform implementation of the Order and to achieve reduced Government costs by eliminating unnecessary duplication. Seventh, ISOO main-

tains 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.

These 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 also 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, 1986 through September 30, 1987. 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 enormous volume of classification activity in some of the larger 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 for FY 1985, DOD agreed to develop a revised sampling system that would 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 the major activities of the military departments, the DIA, and NSA. Originally, the revised method required the DOD activities to count classification actions over a one-week period. The final DOD submission to ISOO was obtained by multiplying the sampled results by 52.


To further improve the reliability and accuracy of approved sampling systems, ISOO recommended that both DOD and CIA conduct their sampling activity on more than one occasion during the reporting year. Both agencies agreed to do so and during both FY 1986 and FY 1987, sampled their classification activity for two separate weeks at different times of the year. These actions were taken in response to ISOO's concern that relying exclusively on a one week period may result in skewed statistics. For example, during one year, the week selected might be unusually slow in terms of the volume of classified information generated. Thus, the numbers reported would be too low. On the other hand, the week selected might coincide with a crisis, and result in unrealistically high figures.



After three years' experience with the revised DOD sampling system, neither DOD nor ISOO are satisfied that the results of the DOD sampling system are accurately reflecting DOD classification activity. Specifically, the results indicate a large disparity among the reporting activities, especially among the military departments. This may result from disproportionate sampling of some activities, or perhaps varying interpretations of reporting procedures by the sampled activities. The product of these disparities is reflected in some of the findings reported below.



These shortcomings have been recognized by DOD and action was taken in November 1987 to request approval for issuing a contract for the development of an improved DOD sampling system. The contract would require the creation of a general design and methodology for surveying DOD classification decisions and data collection/printing/storage methods. Moreover, the envisioned system would require the possible sampling of approximately 200 DOD original classification authorities and 6,000-12,000 DOD activities over the course of a year. ISOO will actively support this DOD initiative to improve statistical reporting accuracy and reliability.



Original Classification Authorities Continue to Decline (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 1987, 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 1987 was 6,721. This is the lowest number of original classifiers reported by agencies since ISOO began collecting these statistics. Moreover, it represents a reduction of 88% since 1971, when original classifiers numbered 59,316. ISOO particularly commends DOD for achieving a reduction of 104 original classifiers (5%) during FY 1987. This reduction alone more than offset increases by other agencies during the year.

While overall original classification authorities decreased by 35 (-0.5%) from FY 1986, the number of **Top Secret** original classifiers actually increased by 67 (+4.46%). Offsetting this increase were decreases in **Secret** authorities of 81 (-2%), and **Confidential** authorities of 21 (-2%).

ISOO congratulates those agencies in addition to DOD that achieved reductions in original classifiers during FY 1987, including Commerce, DOE and

USIA. Nevertheless, ISOO is convinced that additional decreases can be achieved and will continue to encourage agencies to survey classification authority needs and to justify such designations.

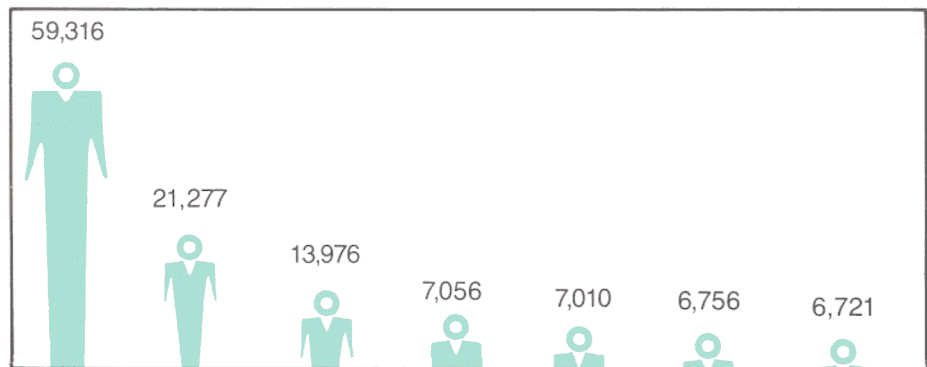
During FY 1988, ISOO will also closely monitor the designation of **Top Secret** original classification authorities to ensure that any further increases are warranted.

ORIGINAL CLASSIFIERS

Exhibit 1

FY 1971 – 1987

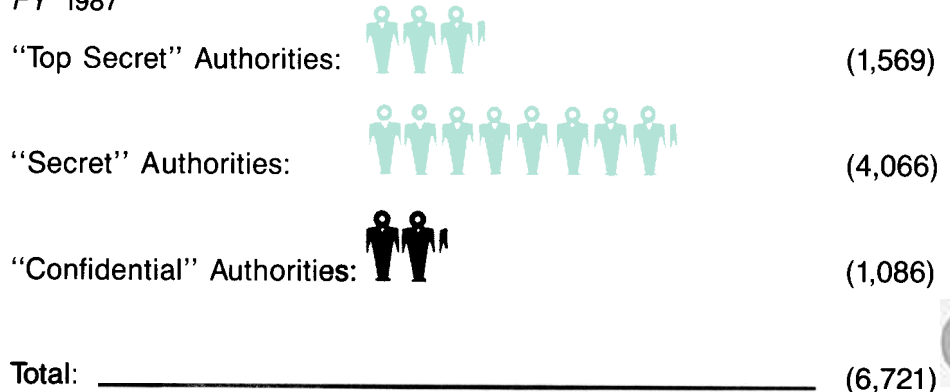
E.O. 10501 E.O. 11652 E.O. 12065 E.O. 12356
 1971 1972 1976 1982 1983 1986 1987



ORIGINAL CLASSIFIERS BY LEVEL

Exhibit 2

FY 1987



= 500 Authorities

Original Classification Decisions Increase Significantly (Exhibits 3-7)

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 third year that ISOO's data on classification decisions, both original and derivative, include the product of a revised sampling system introduced by DOD in FY 1985.

In FY 1987, agencies reported a total of 2,030,770 original classification decisions. This figure exceeds the 1,221,110 original decisions reported for FY 1986 by 809,660, or an increase of 66%. Because this increase far surpasses any upward or downward fluctuation in classification activity previously reported, either original or derivative, ISOO looked carefully into its causes in preparing this report. It discovered two related factors that account for this large reported increase in original classification. These factors examined in tandem also suggest that the total may be skewed as a consequence. They are (1) the naval operations being conducted in the Persian Gulf, which have given rise to an increase in original classification activity; and (2) the DOD sampling system for classification activity, which, for FY 1987, appears to have exaggerated the impact of the first factor in tabulating original DOD classification decisions.

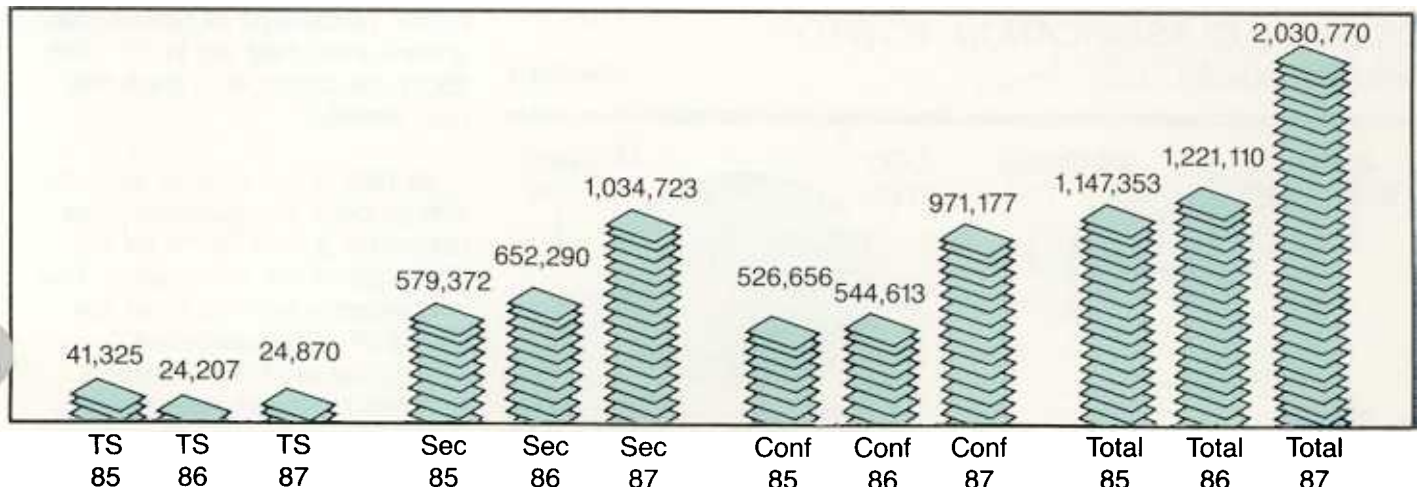
As ISOO has noted in previous reports, military operations or exercises have a greater short-term

impact on classification activity than any other factor. Of these, naval deployments appear to increase the number of classification actions most dramatically. Such was the impact of the Navy's preparation and implementation of operations in the Persian Gulf on the number of reported original classification actions for FY 1987. Even more significant for FY 1987's total, the DOD sampling system for classification actions appears to have exaggerated the impact of these deployments. As described above, the DOD system is based on sampling an actual count of classification actions during two separate weeks, and then multiplying their sum by 26 to estimate an annual total. By chance, both of the weeks during which DOD conducted its counts in FY 1987 involved a great deal of naval activity related to the Persian Gulf operations, and during one of these weeks, this activity was at its peak. Multiplying these two weeks worth of Navy data by 26 had a huge impact on the total number of original classification decisions reported Government-wide for FY 1987.

ORIGINAL CLASSIFICATION ACTIVITY

Exhibit 3

FY 1985 - 1987



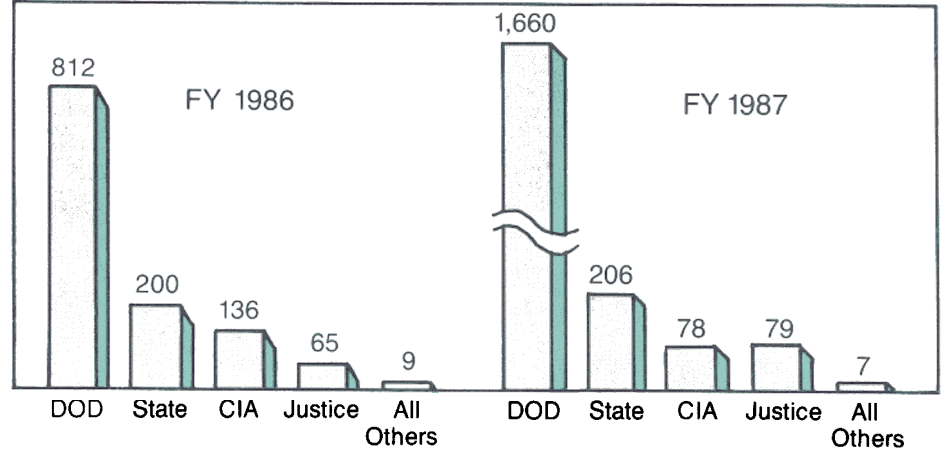
A comparison of the data for each of the major classifying agencies highlights these observations. While DOD reported an increase of 848,120 original classification decisions for a total of 1,660,178 (+104%) for FY 1987, all other original classifying agencies reported 38,460 fewer original decisions (-9.4%). CIA alone more than accounts for this decrease. It reported 57,460 fewer original classification decisions in FY 1987, for a total of 78,208 (-42%). State reported an increase of 6,343 original decisions, for a total of 206,187 (+3%), while Justice reported an increase of 13,754, for a total of 78,776 (+21%). Together, DOD, State, Justice, and CIA account for 99.6% of original classification activity. Among the agencies with more modest levels of classification activity, ISOO commends the following for achieving substantial reductions in original classification during FY 1987: AID (-41%); DOE (-70%); FEMA (-25%); NRC (-40%); OPIC (-50%); PFIAB (-83%); USIA (-13%); and USTR (-77%).

Of the 2,030,770 reported original classification decisions, 24,870 (1%) were at the **Top Secret** level; 1,034,723 (51%) at the **Secret** level; and 971,177

ORIGINAL CLASSIFICATION ACTIVITY BY AGENCY

Exhibit 4

FY 1986 – 1987
In Thousands



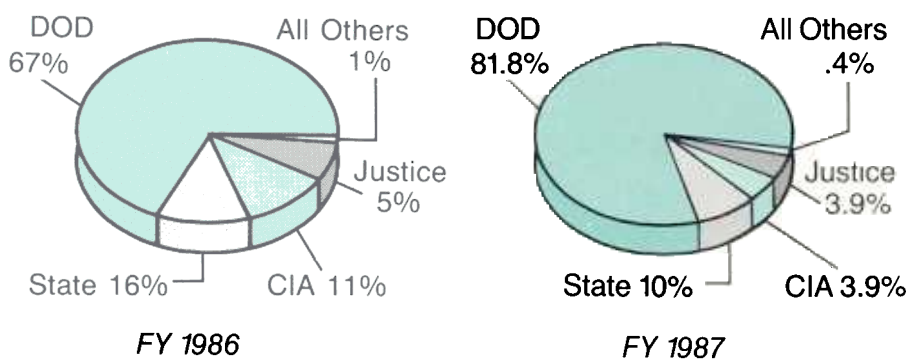
(48%) at the **Confidential** level. This ratio is very similar to that reported for FY 1986. Most significant is the very small percentage of **Top Secret** actions. It is consistent with every other indicator that ISOO has ever reported, including the product of its own document reviews (Appendix A, p. 23), except for the proportion of **Top Secret** derivative decisions reported for FY 1986 and FY 1987 (see p. 10). These indicators all suggest that the

derivative proportions for these years are statistical aberrations.

These figures also suggest that the trend toward more **Secret** level classifications, at the expense of **Confidential** classifications, may be leveling off. As discussed in its Annual Report last year, ISOO has been monitoring what appears to be the tendency of agencies to classify more information at the **Secret** level. All indicators for FY 1987, however, suggest that **Confidential** classifications represent a higher percentage of classification actions than they did in FY 1986. ISOO will continue to track this area closely.

ORIGINAL CLASSIFICATION ACTIVITY MAJOR AGENCIES

Exhibit 5



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

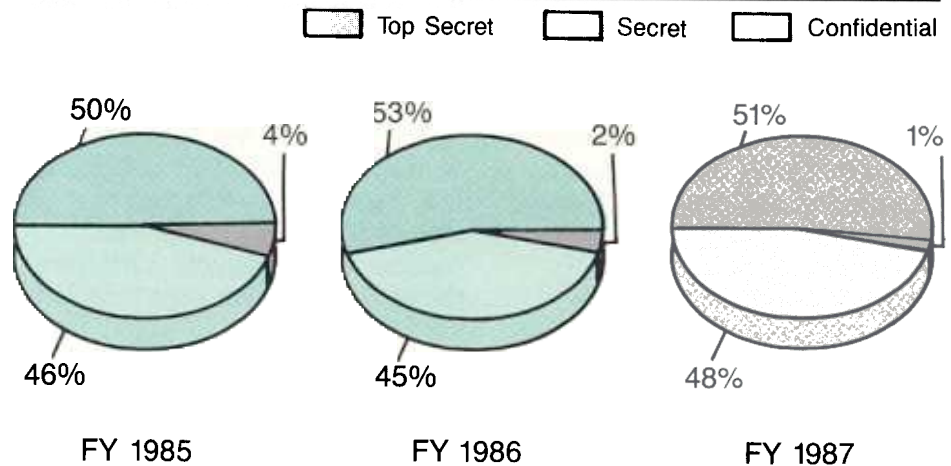
declassification upon a specific date or event. For example, a classifier may determine that the information's sensitivity will lapse upon the completion of a particular project. That event would be noted on the face of the document, and when the project had been completed, the information would automatically 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 1987, the percentage of original classification decisions assigned a specific date or event for declassification increased slightly to 14%, up from 13% the year before. This occurred even though the percentage of "date or event" declassification instructions decreased in DOD from 18% to 16%; in State from 6% to 5%; and in Justice from 1% to 0.3%. However, because DOD's classifications represent a significantly higher proportion of total original classification during FY 1987 (from 67% to almost 82%), and because DOD has always classified more of its information with a specific date or event for declassification than the Government-wide average, the overall rate still increased.

ISOO commends those agencies that increased the percentage of classification actions assigned a specific date or event for declassification. These include AID, from 12% to 28%; CIA, from 2% to 3%; Commerce, from 7% to 18%; NASA, from 16% to 30%; NRC, from 5% to 17%; OPIC,

ORIGINAL CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 6



ORIGINAL CLASSIFICATION/DECLASSIFICATION ASSIGNMENTS

Exhibit 7

FY 1987

Agency	% Assigned Date or Event for Declassification	% OADR (Must be Reviewed Before Declassification)	% "TS"	% "S"	% "C"
DOD	16	84	1	52	47
CIA	3	97	18	65	17
State	5	95	0	24	76
Justice	0.3	99.7	3	93	4
Treasury	12	88	0	4	96
All Others	6	94	3	26	71
Totals	14%	86%	1%	51%	48%

from 0 to 14%; OVP, from 0 to 11%; USIA, from 1% to 2%; and USTR, from 17% to 51%.

From its reviews of the Government's classified product, ISOO knows that there is still room for considerable improvement in this area. It will continue to urge agencies to establish a specific date or event for declassification whenever possible, and to address this issue forcefully when they fail to do so.

Derivative Classification Decisions Remain at Very Low Levels (Exhibits 8-11)

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.

Last year ISOO reported a dramatic decrease in derivative classification activity, down almost 4.5 million decisions (-32%) from the year before. Because this drop was unprecedented, ISOO anticipated a significantly higher number for FY 1987. However, during FY 1987, the number of derivative classification decisions only increased by 276,590, to a total of 9,825,128 (+3%). This number still represents 30% fewer derivative decisions than reported for FY 1985.

By classification level in FY 1987, agencies reported 1,490,643 **Top Secret** derivative decisions; 5,536,899 **Secret**; and 2,797,586 **Confidential**. The **Top Secret** and **Confidential** totals represent increases of 14.5% and 15%, respectively, from those reported for FY 1986, while the number of **Secret** derivative actions declined by almost 5%. **Top Secret** actions comprised 15% of the total number of derivative decisions for FY 1987;

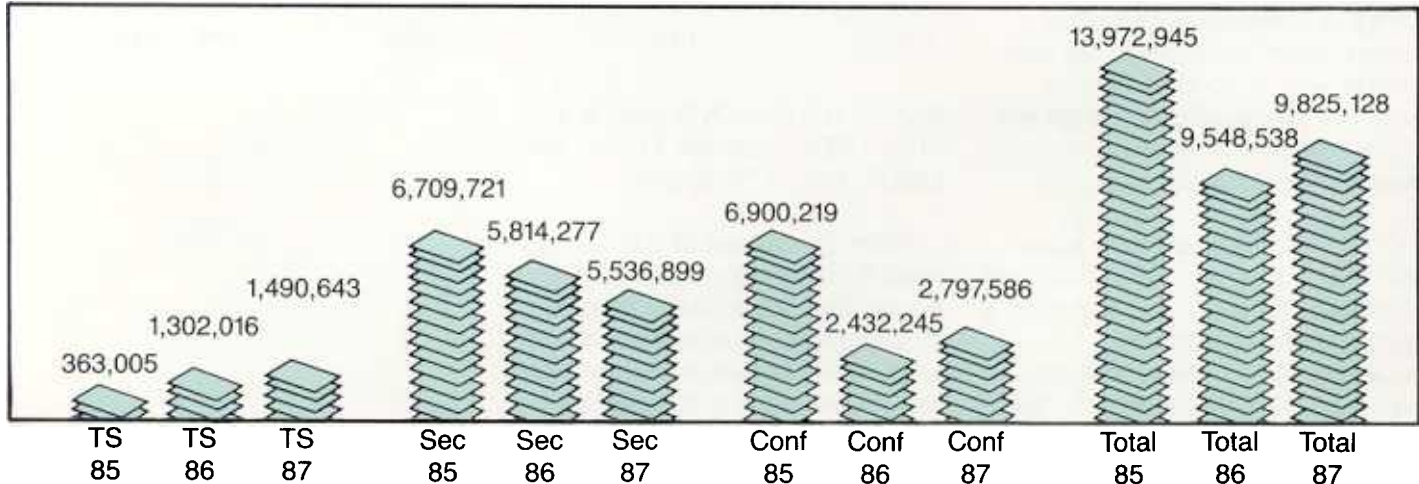
Secret 56%; and **Confidential**, 29%.

As in FY 1986, the proportion of derivative **Top Secret** decisions reported for FY 1987 strikes ISOO as a statistical aberration. With that one exception, it defies every other indicator reported to or observed by ISOO, including document reviews of agencies such as CIA, NSC, and NSA. For FY 1987, however, ISOO believes it has discovered the reason for this high figure in an analysis of the DOD data broken down by specific components. Again, the DOD sampled classification decisions during two separate weeks that involved a great deal of activity in the Navy's Persian Gulf preparations and operations. The derivative data reported by both Navy and DMA during these two weeks revealed an unusually large number of **Top Secret** actions. When factored by 26, these data had an inordinate impact on the percentage of **Top Secret** decisions reported Government-wide.

DERIVATIVE CLASSIFICATION ACTIVITY

Exhibit 8

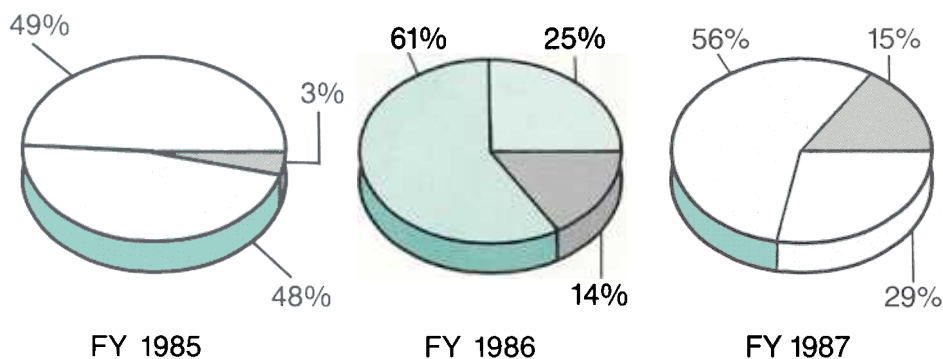
FY 1985 – 1987



DERIVATIVE CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 9

Top Secret
 Secret
 Confidential



ISOO believes that the reported number exceeds the actual number substantially, but it has no means of conducting a revised count.

Of possible significance also is the slight shift from **Secret** level to **Confidential** level classification. This is another indicator in FY 1987 that the opposite trend, i.e., **Secret** instead of **Confidential**, observed by ISOO in recent years may be slowing or stopping.

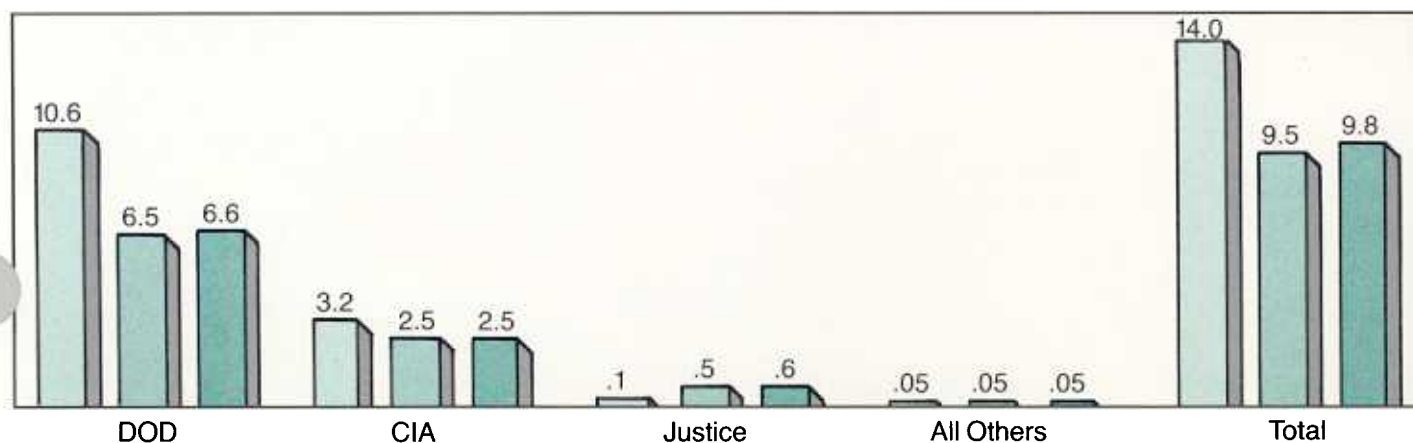
As in FY 1986, DOD, CIA, and Justice accounted for over 99% of the derivative classification decisions for FY 1987. DOD reported 6,641,622 derivative decisions, an increase of 125,476 (+2%) from the number reported in FY 1986, but 3,930,030 (-37%) fewer than reported in FY 1985. CIA reported 2,498,938, a bare increase of 1,482 from FY 1986, and 747,058 (-23%) fewer than reported in FY 1985. Justice reported 633,339, an increase of 145,460 (+30%) from FY 1986, and an increase of

DERIVATIVE CLASSIFICATION ACTIVITY BY AGENCY

Exhibit 10

FY 1985 – 1987
In Millions

FY 1985
 FY 1986
 FY 1987

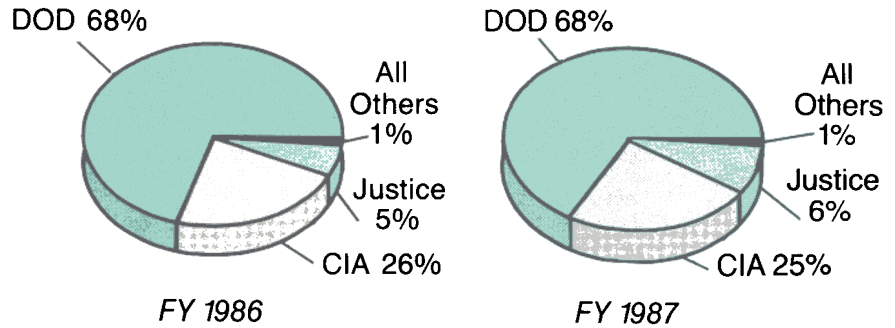


524,409 from the number reported in FY 1985. As noted in last year's report, however, the difference between the FY 1985 and FY 1986 Justice numbers resulted from the institution of a more accurate sampling system that fully accounts for FBI field office derivative actions.

All other agencies reported 51,229 derivative classification actions, an increase of 4,172 (+9%) over FY 1986. Among the agencies with more modest levels of classification activity, ISOO commends the following for achieving significant reductions in derivative classification in FY 1987: DOT (-7%); GSA (-20%); NASA (-15%); NRC (-10%); OVP (-21%); and USDA (-14%).

**DERIVATIVE CLASSIFICATION ACTIVITY
MAJOR AGENCIES**

Exhibit 11



Combined Classification Activity Increases Moderately (Exhibits 12-15)

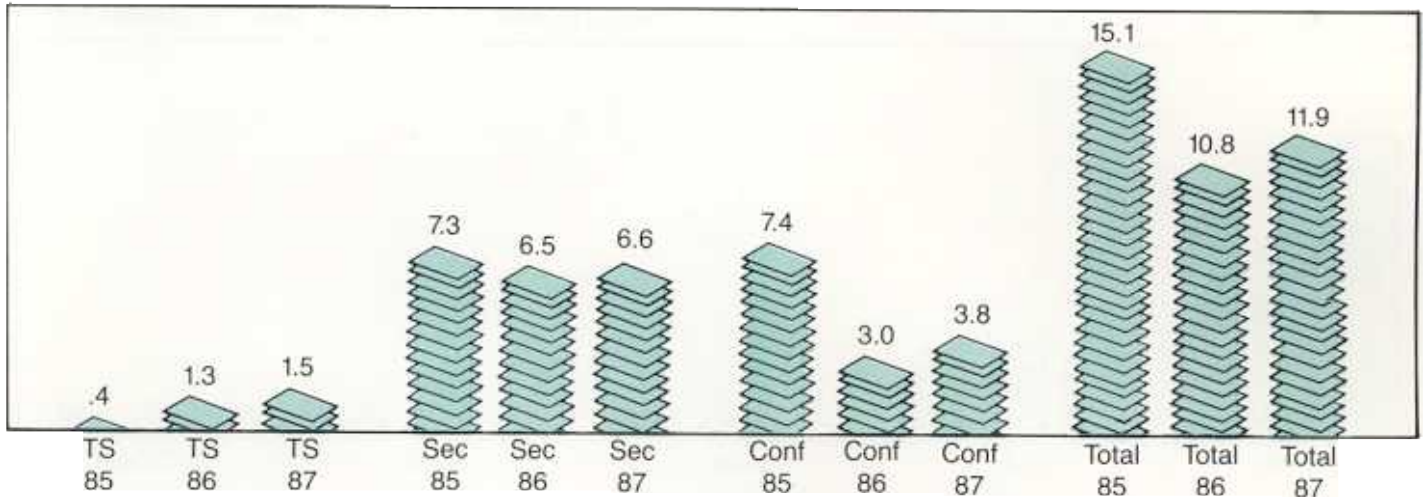
For FY 1987, the number of original and derivative classification decisions combined was 11,855,898. This represents an increase of 1,086,250 actions (+10%) from FY 1986. Combined classification for FY 1987 still represents 3,264,400 fewer actions (-22%) than in FY 1985.

Unlike other years, the increase in combined classification is largely the result of the increase in original classification discussed above. Original classification represents 17% of the total classification actions reported for FY 1987. This is a significantly higher proportion than reported by the agencies previously.

COMBINED CLASSIFICATION ACTIVITY

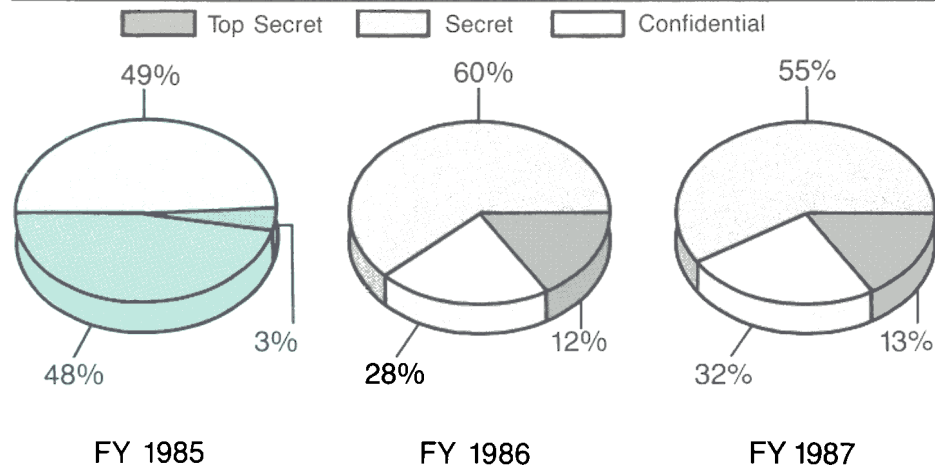
Exhibit 12

FY 1985 – 1987
In Millions



COMBINED CLASSIFICATION LEVEL ASSIGNMENTS

Exhibit 13

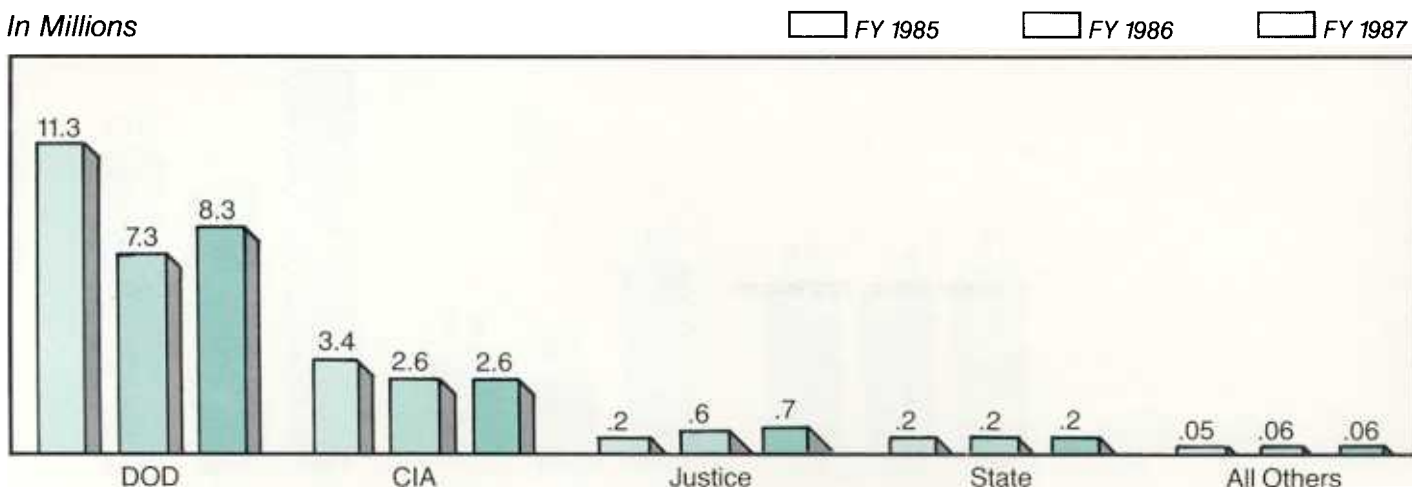


By classification level, the number of combined **Top Secret** actions increased by 189,290 to 1,515,513 (+14%); **Secret** actions increased by 105,055 to 6,571,622 (+1.6%); and **Confidential** actions increased by 791,905 to 3,768,763 (+27%). These figures represent a breakdown by percentage of **Top Secret**, 13%; **Secret**, 55%; and **Confidential**, 32%. Again, ISOO believes from all other indicators that the **Top Secret** number and proportion are significantly inflated. Also, the proportional increase in **Confidential** decisions may be significant if it continues. Previously, all trends seemed to suggest an ongoing shift from **Confidential** to **Secret** level actions.

COMBINED CLASSIFICATION ACTIVITY BY AGENCY

Exhibit 14

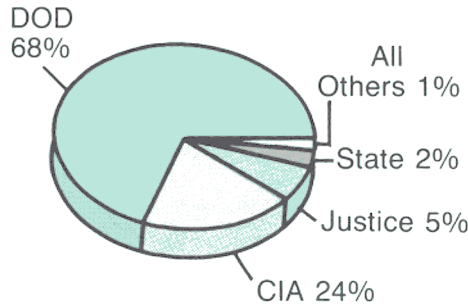
FY 1985 – 1987
In Millions



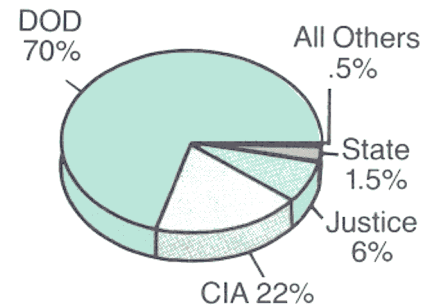
Once again, four agencies accounted for well over 99% of the combined classification decisions in FY 1987. Combined DOD decisions increased by 973,596, to 8,301,800 (+13%); combined CIA decisions decreased by 55,978, to 2,577,146 (-2%); combined Justice decisions increased by 159,214, to 712,115 (+29%); and combined State decisions increased by 6,343, to 206,187 (+3%). All other agencies accounted for only 58,650 combined classification actions, 3,075 more (+5.5%) than in FY 1986. In FY 1987, DOD accounted for 70% of all classification actions; CIA, 22%; Justice, 6%; State, 1.5%; and all others, 0.5%.

**COMBINED CLASSIFICATION ACTIVITY
MAJOR AGENCIES**

Exhibit 15

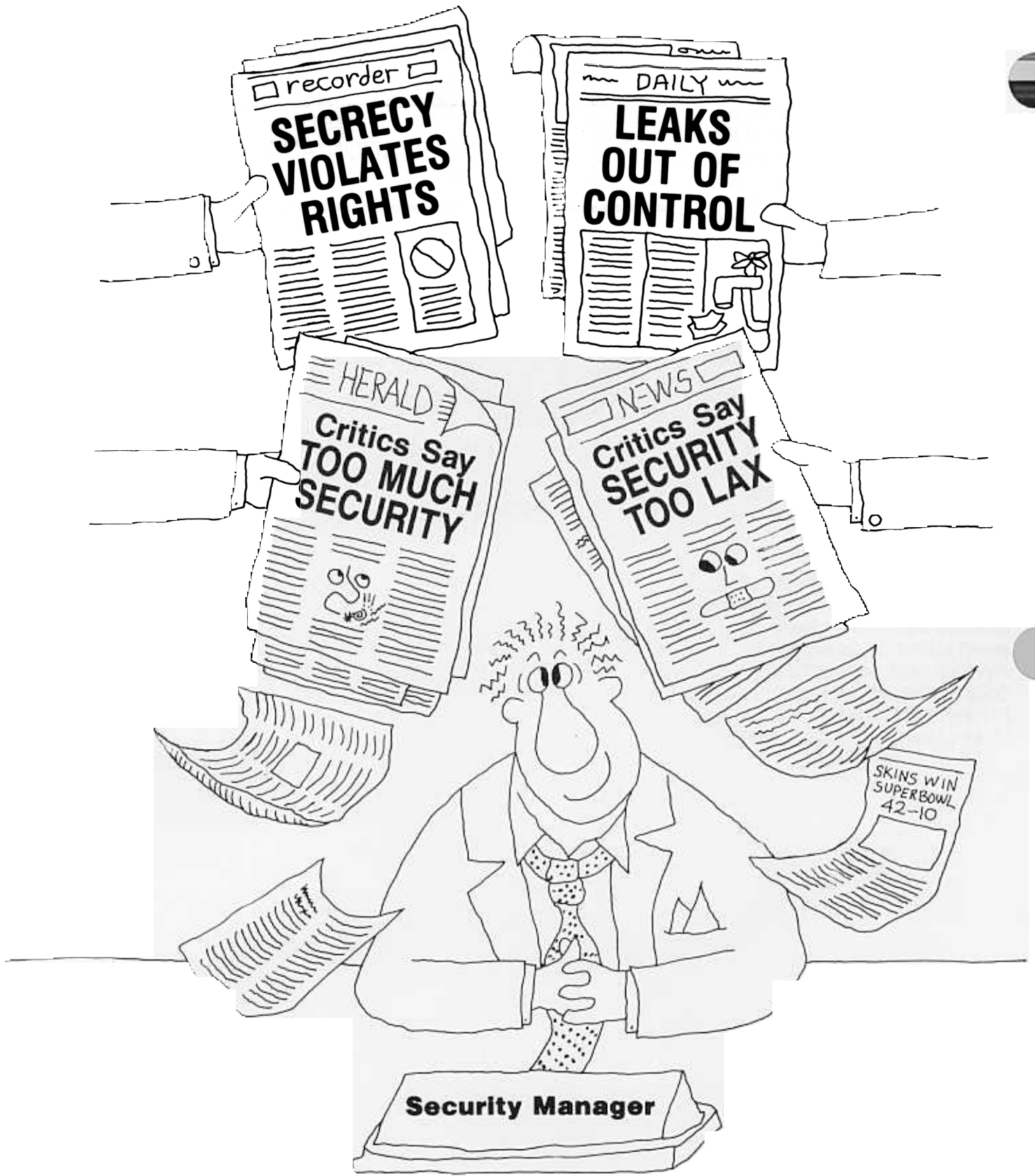


FY 1986



FY 1987

In addition to CIA, ISOO commends the following agencies that reported significantly fewer combined classification actions in FY 1987: AID (-40%); DOT (-7%); GSA (-20%); NASA (-15%); NRC (-11%); OVP (-14%); USDA (-14%); USIA (-13%); and USTR (-64%).





Mandatory Review Activity Decreases, Declassification Rates Remain High (Exhibits 16-21)

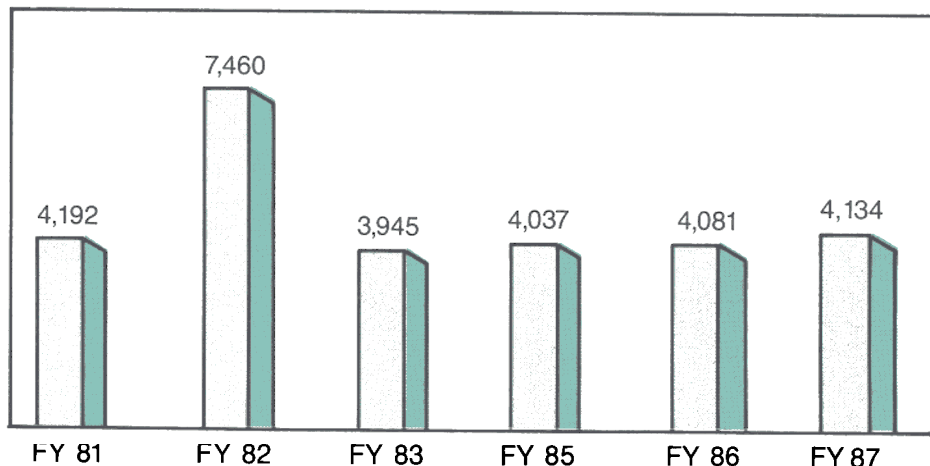
Under E.O. 12356, the mandatory review process allows agencies or citizens to require an agency to review specified national security information for purposes of seeking its declassification. These requests must be in writing and must describe the information with sufficient detail to permit the agency 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 1987 increased by 53 to 4,134. Agencies that experienced large increases included AID, DOD, and NARA. When the 2,137 cases car-

MANDATORY REVIEW REQUESTS RECEIVED

Exhibit 16

FY 1981 - 1987



ried forward from the prior year are added to the new cases received, agencies had a total caseload of 6,271 during FY 1987. This compares to a caseload of 6,027 in FY 1986. In FY 1987, agencies acted on 3,577 cases, 414 fewer than in FY 1986.

Since FY 1983, ISOO has collected data on agency actions in response to mandatory review requests in terms of cases, documents, and pages. The 3,577 cases processed during FY 1987 comprised 40,127 documents totaling 155,310 pages. These amount

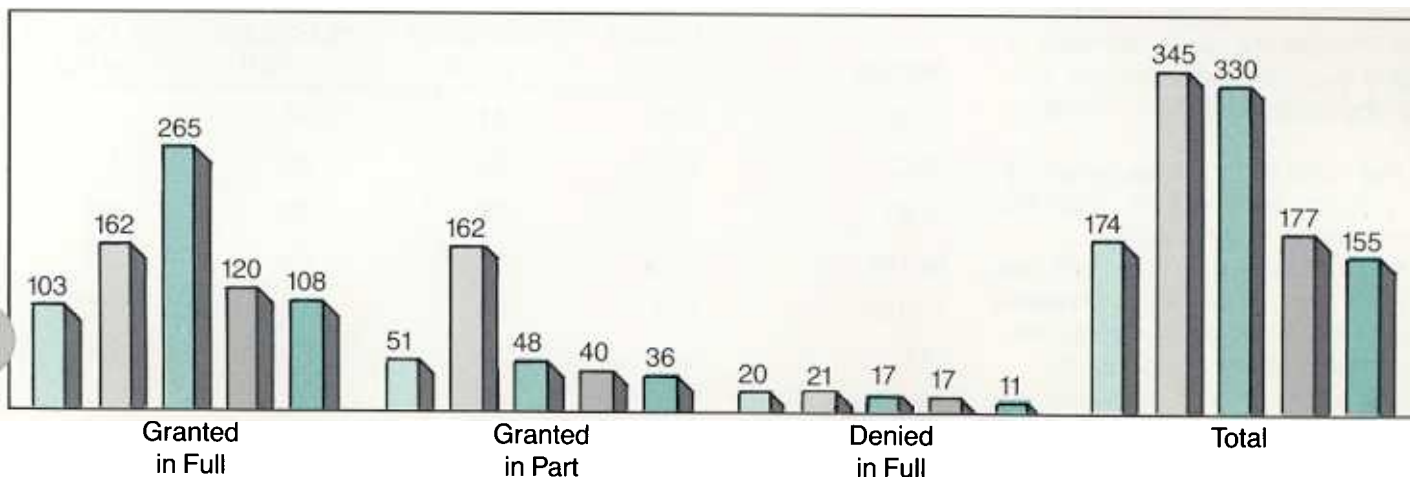
MANDATORY REVIEW PAGES PROCESSED

Exhibit 17

FY 1983 - 1987

In Thousands

Legend: FY 1983 (white), FY 1984 (light gray), FY 1985 (medium gray), FY 1986 (dark gray), FY 1987 (black)



to 17,547 fewer documents and 21,253 fewer pages than in FY 1986.

Of the 3,577 cases completed in FY 1987, 1,902 (53%) were granted in full, 1,319 (37%) were granted in part, and 356 (10%) were denied in full. These totals are consistent with the favorable results in prior years.

Of the 40,127 documents acted on in FY 1987, 34,349 were granted in full, 3,758 were granted in part, and 2,020 were denied in full. As a percentage of the total, agencies granted in full 86% of the documents, granted in part 9%, and denied in full 5%.

The percentage of documents declassified in whole or in part is comparable to the 96% declassification rate achieved in FY 1986. This continued high declassification rate reflects the importance agencies place in meeting their responsibilities under the mandatory review program.

Of the 155,310 pages processed, 107,935 (70%) were granted in full, 35,821 (23%) were granted in part, and 11,554 (7%) were denied in full. The percentage of pages declassified in whole or in part (93%) exceeds the FY 1986 rate by 3%. Given the high number of documents and pages declassified, mandatory review remains a highly successful mechanism for the declassification of information.

The number of pages reviewed in both FY 1986 and FY 1987 are substantially lower than in FY 1985. However, in FY 1985 the greater number of pages reviewed resulted from numerous requests for cables, which are generally easier to review and declassify than the more substantial classified reports and memoranda. ISOO commends ACDA, AID,

NARA, and State, the agencies that processed considerably more pages in FY 1987 than in FY 1986.

E.O. 12356 also provides that agencies or members of the public may appeal mandatory review denials to designated officials of the denying agencies, or, in the case of classified presiden-

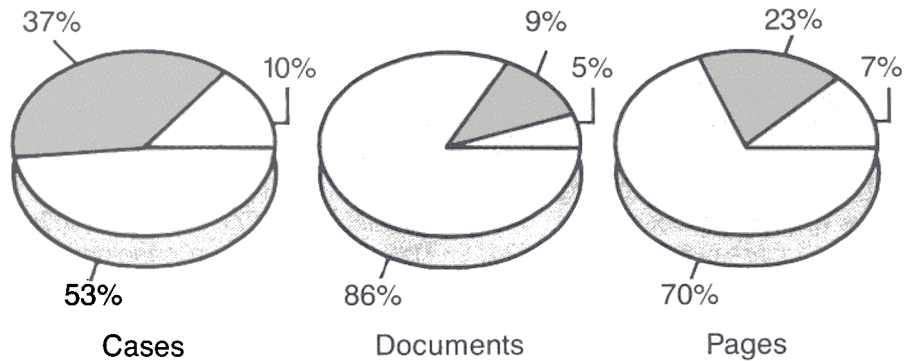
tial papers or records, to the Director of ISOO. During FY 1987, executive branch agencies received 273 new appeals. When added to the 460 appeals carried over from the previous year, agencies had a caseload of 733 appeals. Of these, the agencies processed 412 (56%), the same percentage as in FY 1986. Again, Justice

MANDATORY REVIEW ACTION TAKEN

Exhibit 18

FY 1987

Legend: Granted in Full Granted in Part Denied in Full



MANDATORY REVIEW ACTIONS BY AGENCY

Exhibit 19

FY 1987

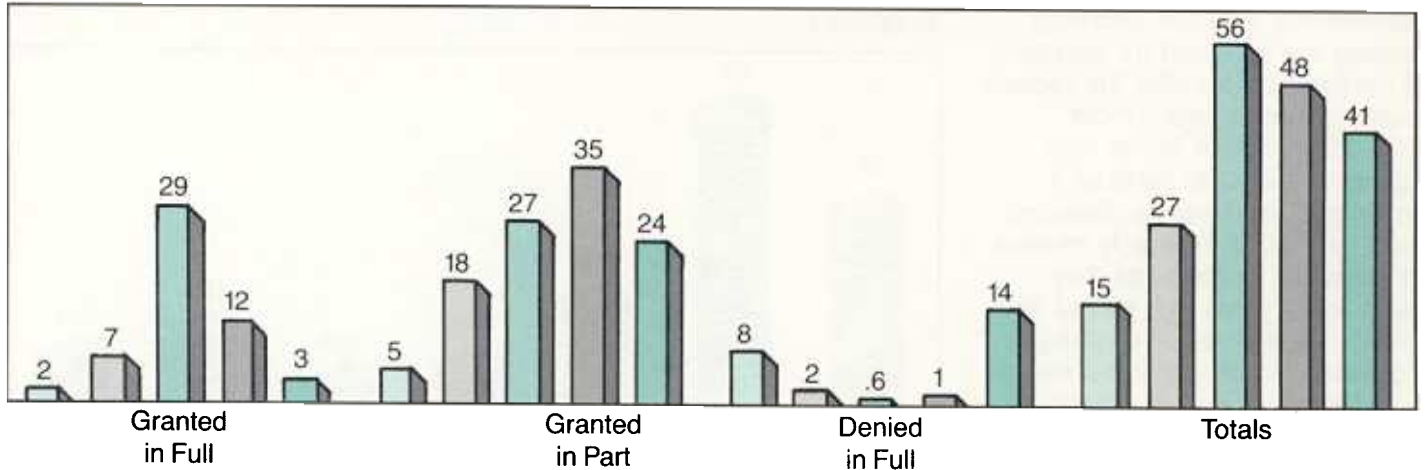
Agency	Total Cases Acted On	% Granted in Full	% Granted in Part	% Denied in Full
State	786	41	51	8
NSC	657	53	40	7
DOD	736	59	28	13
NARA	573	48	41	11
Justice	441	89	5	6
CIA	246	22	54	24
All Others	138	54	43	3
Totals	3,577	53%	37%	10%

**MANDATORY REVIEW APPEALS
PAGES PROCESSED**

Exhibit 20

*FY 1983 – 1987
In Thousands*

FY 1983
 FY 1984
 FY 1985
 FY 1986
 FY 1987



reported the highest number of processed appeals.

Of the 412 appeals processed, 64 (16%) were granted in full, 298 (72%) were granted in part, and 50 (12%) were denied in full. These appeals totaled 13,263 documents and 40,451 pages. Of the documents reviewed on appeal, 649 (5%) were released in full, 2,116 (16%) were released in part, and 10,498 (79%) were denied in full. Of the 40,451 pages reviewed, 2,461 (6%) were declassified in full, 24,122 (60%) were declassified in part, and 13,868 (34%) remained fully classified. The unusually high number of pages which remained classified resulted primarily from two cases appealed to Justice comprising 12,979 pages, over 32% of all pages processed. If these two cases are excluded, the percentage of pages denied in full in FY 1987 would be 5% instead of the 34% reported; a rate more comparable to the 3% achieved in FY 1986.

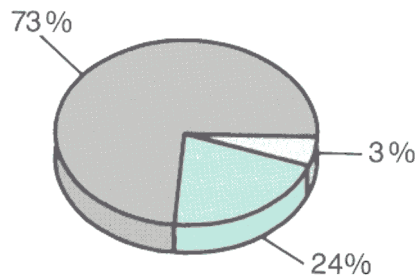
**MANDATORY REVIEW APPEALS
WORKLOAD IN PAGES**

Exhibit 21

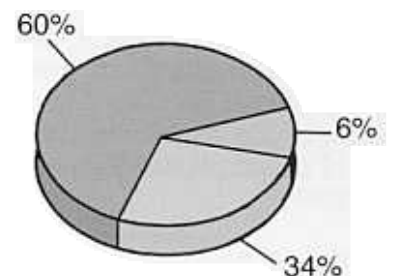
Granted in Full
 Granted in Part
 Denied in Full

Total of 47,995 Pages Processed

Total of 40,451 Pages Processed



FY 1986



FY 1987

Systematic Review Results Disappointing (Exhibits 22-24)

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 voluntarily conduct systematic review on their records that are less than 30 years old, or, may authorize NARA to do so.

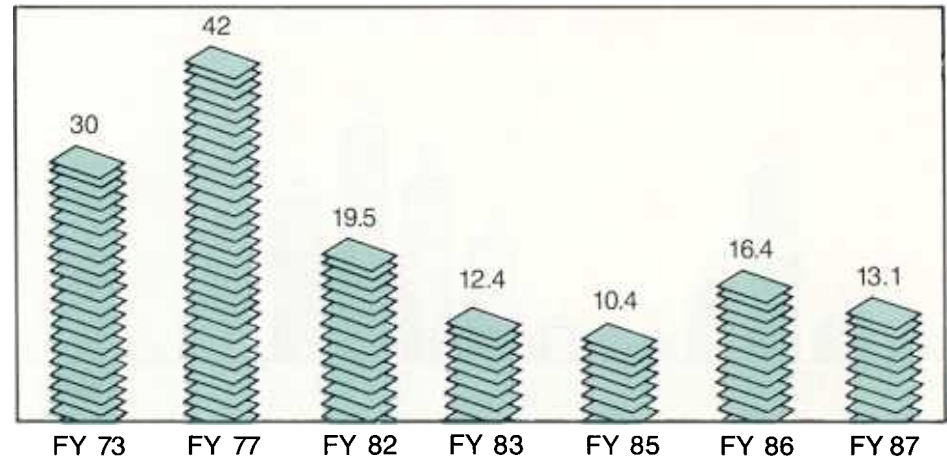
Unfortunately, in FY 1987, the product of the systematic review program decreased, following a significant increase in FY 1986, that ISOO hoped was a forecast of a revitalized program. Agencies reviewed 13.1 million pages, down slightly over 3 million pages (-20%), from FY 1986. Of the pages reviewed, almost 9 million (69%) were declassified, a significant decrease from the 14.3 million pages declassified (87% rate of declassification) reported in FY 1986.

Although the decrease in systematic review is due to the low figures reported by several agencies, DOD's figure clearly had the greatest impact. In FY 1987, DOD reviewed 4.75 million pages, a decrease of 2.1 million (-31%) from FY 1986. DOD's explanation for the decline was the absence of systematic

SYSTEMATIC REVIEW FOR DECLASSIFICATION PAGES REVIEWED

Exhibit 22

FY 1973 – 1987
In Millions



review activity in Army for over half of FY 1987's reporting period. Army has accounted for much of DOD's systematic review activity for the past several years. Budget cuts resulted in the loss of personnel and the transfer of Army's systematic review responsibilities from its Information Systems Command to the U.S. Army Center for Military History. Unfortunately, the Center was not a designated declassification authority and systematic review activity ceased for over a period of six months. In December of 1987, representatives from DOD met with ISOO and informed it that Army had resumed its systematic review efforts in FY 1988. ISOO strongly encourages other DOD components, especially the other military departments, to follow Army's example in maintaining a viable systematic review program. Because records of military operations are subject to higher rates of declining national security sensitivity over time than many other types of classified information, the

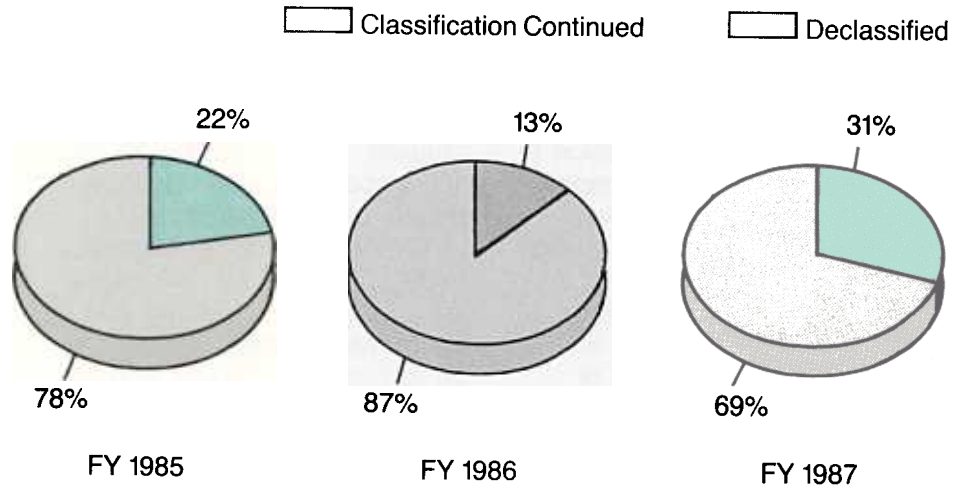
product of a systematic review program in military activities can be quite significant.

Although DOD's figures were low, it accounted for the second highest volume of pages reviewed. NARA accounted for the highest volume of pages reviewed during FY 1987. However, as predicted last year, the encouraging systematic review results recorded by NARA in FY 1986 did not signal a much desired trend. The number of pages NARA reviewed decreased slightly from 7,461,550 to 6,993,394 (-6%) in FY 1987, with a declassification rate of 96%, a slight increase. As of this writing, a NARA Records Declassification Task Force is searching for new ways to improve its declassification productivity. During FY 1988, ISOO will continue to work with NARA, seeking a goal of NARA reviewing at least 10 million pages annually. The achievement of such a goal depends on NARA's commitment and ability to acquire additional resources for its systematic review program.

Although NARA and DOD's systematic review programs are the most active, other agencies contribute to the systematic review product including AID, NASA, and State. ISOO encourages their efforts to maintain systematic review programs, and, if possible, to commit additional resources to them for FY 1988 and the future.

**SYSTEMATIC REVIEW FOR DECLASSIFICATION
PERCENTAGE OF PAGES DECLASSIFIED**

Exhibit 23



**SYSTEMATIC REVIEW FOR DECLASSIFICATION
ACTIONS BY AGENCY**

Exhibit 24

FY 1987			
Agency	Pages Reviewed	Pages Declassified	% Declassified
	6,993,394		96
	4,747,297		30
	1,166,907		63
	45,737		95
	45,696		86
	88,624		10

**Agency Self-Inspections/
Infractions Increase
(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.

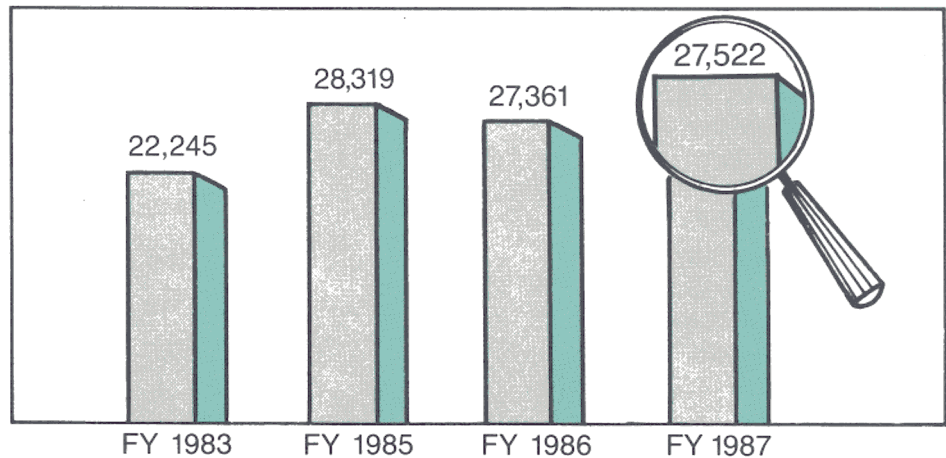
For FY 1987, agencies reported that they had conducted 27,522 self-inspections. This is a marginal increase (+0.59%) from the number reported for FY 1986.

Notwithstanding the small increase in overall inspections, some agencies merit special commendation for significant increases. These include CIA, up 156 inspections (+47%); Commerce, up 68 inspections (+309%); DOT, up 69 inspections (+39%); Justice, up 342 inspections (+125%); NASA, up 204 inspections (+232%); Treasury, up 66 inspections (+56%); and VA, up 80 inspections (+348%). On the down side, the number of self-inspections conducted within DOD decreased by 899 (-4%).

ISOO is pleased to note that the quality of self-inspections conducted by the agencies in FY 1987 appears to have improved somewhat as evidenced by the 44% (+6,097) increase in infractions detected as compared with FY 1986. The average number of infractions discovered per inspection rose from .50 in FY 1986, to .72 in FY 1987. Nevertheless, from ISOO's experience, thorough inspections, even in organizations with outstanding information security programs, disclose a far greater number of infractions than those routinely reported to ISOO by the agencies. See, for example, the results of ISOO's special document reviews conducted during FY 1987, Appendix A, p. 23.

AGENCY SELF-INSPECTIONS

Exhibit 25



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
Unauthorized Access	440	560	554
Mismarking	6,642	5,177	10,019
Unauthorized Transmission	1,688	1,969	2,232
Improper Storage	5,089	4,850	5,473
Unauthorized Reproduction	143	107	140
Overclassification	164	157	359
Underclassification	265	250	256
Classification w/o Authority	109	185	121
Improper Destruction	322	346	365
Other	292	211	390
Totals			

Appendix A

Findings of Special ISOO Reviews of Classified Documents

Background

The quality of the classified product of executive branch agencies is an important concern of the Administration, the Congress, the public, and, of course, ISOO. This concern prompted ISOO a number of years ago to include reviews of classified information as a regular component of its inspection program. However, ISOO has found that its small size limits the scope of its document reviews during routine inspections, and that agency self-inspections too often do not include an examination of the classified product. Because of this, in FY 1986, ISOO sought an additional means to evaluate the quality of agencies' classification actions.

In FY 1986, ISOO began what it expects will be an ongoing series of special document reviews. The key objective of these reviews is to provide an additional avenue for assessing compliance with the classification principles and marking procedures outlined in Executive Order 12356, ISOO directives that implement the Order, and agency security regulations. An equally important objective is to draw on ISOO's experience to improve classification practices and keep abuses in check. The reviews are conducted by three teams of two analysts each; each team has been headed by an experienced analyst with at least five years' employment by ISOO. In planning its FY 1987 document reviews, ISOO intended to increase substantially the size of the sample. This goal was achieved: the FY 1987 sample was almost double the size of the

sample drawn in FY 1986. In the FY 1987 document reviews, ISOO analysts examined a total of 5,557 documents generated by selected units of thirteen major agencies in the classification arena: AID, Air Force, Army, DARPA, DIA, DMA, Justice, Navy, NSC, OJCS, SDIO, State, and USIA.

A number of limitations exist for these document reviews and must be taken into account when assessing the data presented here. First, ISOO does not claim that the sample is 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 the sample were created within headquarters' units, rather than within field units. Third, foreign affairs agencies are more than proportionally represented; their classified product constitutes 33% of the sample. And, finally, almost all of the documents examined were created recently, and are maintained in active files. Logically, and from ISOO's experience, there is a very significant difference in the national security sensitivity between recent documents and those that have remained classified in inactive files for a number of years.

Another factor merits consideration. ISOO has summarized its findings for this report to present a clearer picture of the classified product as a whole. When broken down by agency, however, the

variation in results is often considerable. For example, 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.

For all their limitations, ISOO finds that document reviews are an essential element of an effective oversight program and that they provide a number of immediate and long-term benefits. In the short run, they provide documentary evidence of areas in need of increased security education and training. Also, in an indirect way, they encourage classifiers to act upon informed judgments in anticipation that these may be challenged. Further, the results, when broken down by agency, parallel the findings of ISOO's program reviews, thus providing valid indicators of the state of the information security programs in individual agencies. Similarly, the data collected during document reviews have implications for the longer term, providing a body of data to be used for reaching conclusions about the overall quality of the classified product and the effectiveness of program oversight.

The "Findings" section of this Appendix consists of two parts. The first part points out several of the characteristics of the FY 1987 sample and the discrepancies identified in the documents reviewed. Using the data gathered during the FY 1986 document reviews along with the data on classification actions reported to ISOO by the agencies for FY 1987,

it also makes comparisons with the FY 1987 sample whenever these comparisons shed additional light on the state of the classified product. The second part analyzes the FY 1986 and FY 1987 sample data in the aggregate. These data, with information from a somewhat more balanced mix of agencies, provide ISOO with an excellent opportunity to reach some tentative conclusions on the general state of the classified product.

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 the 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 appears to lack 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.

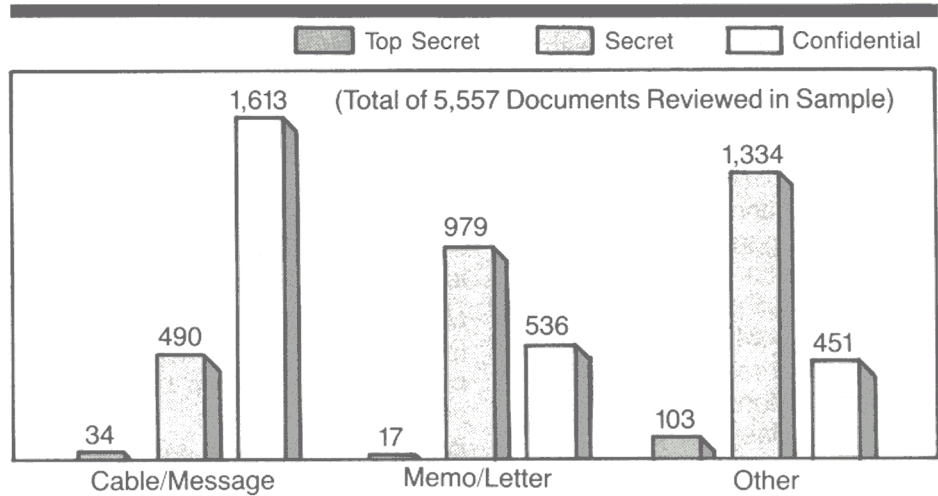
Findings

The 1987 Data: Information about the Classification of the Documents

Types of Documents Reviewed: Of the 5,557 documents reviewed, 2,137 (38%) were cables or messages; 1,532 (28%) were memoranda or letters; and 1,888 (34%) were other types of documents, predominantly reports or studies (see Exhibit 27). The only significance to this breakdown is ISOO's interest in ensuring that samples of classified documents include a fair representation of all types of documents that might be classified. A point of interest that the data reveal, however, is the difference between the classified product of foreign affairs and intelligence agencies. It is ISOO's experience that, in contrast to intelligence information, the classified product of foreign affairs agencies consists predominantly of cables or messages and tends to cluster around the lowest level of classification. The FY 1987 data confirm this finding. In the FY 1986 sample, intelligence agencies were overrepresented, while foreign affairs agencies are overrepresented in the FY 1987 sample. This helps explain why the FY 1987 sample contains a higher percentage of cables or messages than the FY 1986 sample—38% and 25%, respectively. Also of interest is that the FY 1987 data validate ISOO's experience that cables or messages are classified at the **Confidential** level more frequently than are other types of documents. The data show, for example, that documents in the "other" category, e.g., reports, are twice as likely to be classified **Top Secret** than a document generally,

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

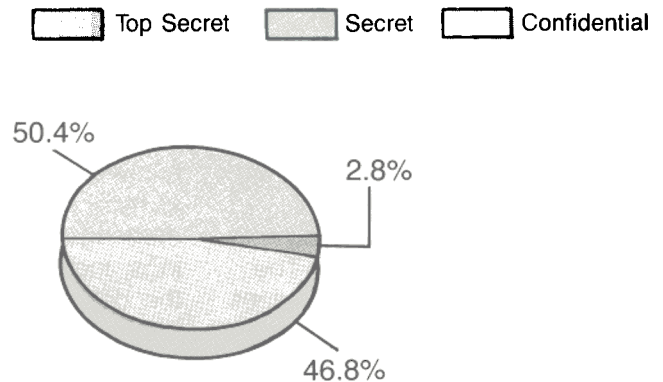
Exhibit 27



ISOO SPECIAL DOCUMENT REVIEWS CLASSIFICATION LEVELS

Exhibit 28

FY 1987



while cables or messages are more than 1.6 times as likely to be classified **Confidential**.

Classification Levels: Of the 5,557 documents reviewed, 154 (2.8%) were classified **Top Secret**; 2,803

(50.4%) were classified **Secret**; and 2,600 (46.8%) were classified **Confidential** (see Exhibit 28). Excepting **Secret** information, the distribution is at variance with that (**TS**: 13%; **S**: 55%; **C**: 32%) of the classification actions reported

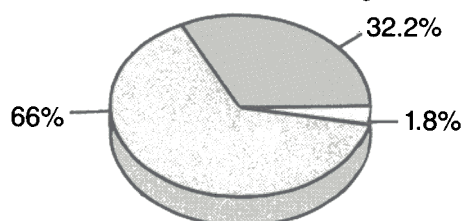
to ISOO by the agencies for FY 1987. ISOO finds the proportion of **Top Secret** actions in the sample a more accurate indicator of the actual distribution. As mentioned earlier in the report (see p. 9). ISOO believes that the number of **Top Secret** actions reported to ISOO by the agencies for FY 1987 is significantly inflated. The FY 1987 sample data, however, lend support to the ISOO contention that the **Secret** classification appears to be favored as a "middle ground." In last year's Annual Report ISOO noted that three out of five contemporary classifications were at the **Secret** level. The FY 1987 data still show a preponderance of **Secret** classifications, although a different ratio: one out of two classifications were **Secret**. This suggests that classifiers continue to favor this "middle ground" in determining the level of classification, in some instances because they lack confidence in the **Confidential** level.

Classification Basis or Source: The ISOO analysts could not determine the basis or source of classification for any of the 2,137 cables or messages examined. These are not cited as discrepancies because electronically transmitted information is not required to indicate the basis for classification. Of the 3,420 documents in the sample which were required to include the classification basis, 1,102 (32.2%) were classified originally, 2,255 (66%) were derivative classification actions, and 63 (1.8%) did not cite the classification source and are included among the discrepancies in the "Marking" category noted below. Exhibit 29 displays the characteristics of the sample by basis of classification. The breakdown for the 2,255 derivative classifications is as follows: 1,369 (60.7%) documents were classified

ISOO SPECIAL DOCUMENT REVIEWS BASIS FOR CLASSIFICATION DECISIONS

Exhibit 29

Original Derivative Unknown
(Based on Total of 3,420 Documents Requiring a Classification Source)

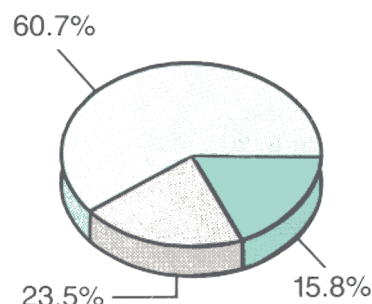


The "Unknown" category refers to documents which did not cite the classification source

ISOO SPECIAL DOCUMENT REVIEWS DERIVATIVE CLASSIFICATION ACTIVITY

Exhibit 30

Guide Multiple Source Single Source
(Based on 2255 Derivative Documents)



based on a classification guide; 529 (23.5%) were classified based on multiple sources, and 357 (15.8%) were classified based on a single source (see Exhibit 30).

ISOO found a considerably higher percentage of original decisions in the FY 1986 sample than in the data for classification actions reported by the agencies for that fiscal year. This pattern is repeated in the FY 1987 sample, which contained an even higher percentage of original decisions than in the data for classification actions reported by the agencies

for FY 1987: 32% and 17%, respectively. ISOO attributes this difference to three factors. First, ISOO analysts concentrated on headquarters', policy-making units, which are more likely to originate classified information than field or operations activities. Second, the letters, memoranda and reports in the sample generated by foreign affairs agencies were marked as original, even though some appeared to be derived from existing sources. And third, international events led some defense activities to generate more classified information on an original basis.

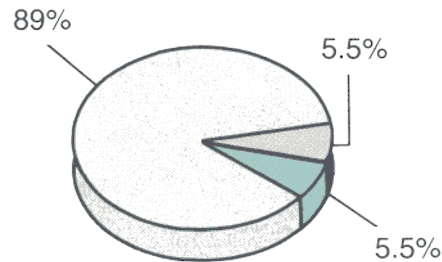
Duration of Classification: Of the 5,557 documents reviewed, 4,943 (89%) were marked "OADR," or "Originating Agency's Determination Required," on the "Declassify on" line. Only 308 (5.5%) documents in the sample had been marked with a specific date or event for declassification. The remaining 306 (5.5%) contained no declassification instructions at all, and are included among the discrepancies in the "Declassification" category below. (Exhibit 31 shows the distribution of the sample by declassification assignments.) As is the case with documents marked "OADR," when no declassification instruction appears on a document, the originating agency must review it before it may be declassified.

Of the 4,943 documents marked "OADR," the ISOO analysts identified 396 that they believed should have been marked for declassification at a specific date or event, and these are shown in the "Duration" discrepancy below. The percentage of documents in the sample having an indefinite duration of classification exceeds that reported to ISOO by the agencies for FY 1987 (see p. 8, above). The higher than necessary incidence of indefinite declassification actions in the present sample remains a matter of considerable concern to ISOO.

ISOO SPECIAL DOCUMENT REVIEWS DURATION OF CLASSIFICATION

Exhibit 31

OADR
 Date or Event
 Not Indicated



Discrepancies

The FY 1987 sample revealed a total of 2,619 discrepancies (see Exhibit 32). The high number of discrepancies should not be interpreted as an outright criticism of the classified product of all the agencies represented in the sample. In evaluating the discrepancies it is well to keep in mind that a number of documents had more than one discrepancy, some as many as three or four, and that the lack of portion marking represents a disproportionate amount of all discrepancies. As mentioned earlier in this appendix, the variation in results is often considerable. Indeed, a few agencies accounted for a disproportionate share of the discrepancies, while the classified product of a few others revealed surprisingly few discrepancies. The discrepancies included:

Clear-cut Overclassification—124 (2.2%) documents clearly did not meet the standards for classification;

Questionable Overclassification—148 (2.7%) documents appeared unnecessarily classified although there was an arguable basis for classification;

Partial Overclassification—the information in portions of 152 (2.7%) documents appeared unnecessarily classified, although the overall classification of the documents was correct;

Overgraded—all or some of the information in 27 (0.5%) documents appeared to be classified at a higher level than justified;

Undergraded—all or some of the information in three (0.05%) documents appeared to be classified at a lower level than necessary;

Unauthorized Classifier—one (0.02%) document appeared to have been classified by someone not authorized to do so;

Declassification—317 (5.7%) documents had improper declassification instructions or no declassification instructions at all;

Duration—on 396 (7.1%) documents the duration of classification was marked "OADR" when a specific date or event for declassification appeared feasible;

Original/Derivative—213 (3.8%) documents were marked and treated as original classifications although the classified information appeared to be derived from a guide or other source(s);

Marking—346 (6.2%) documents had improper classification markings or lacked required markings, including instances in which the document failed to cite or cited improperly the classification source. This does not include marking errors included under another discrepancy category;

Portion Marking—794 (14.3%) documents lacked required portion markings;

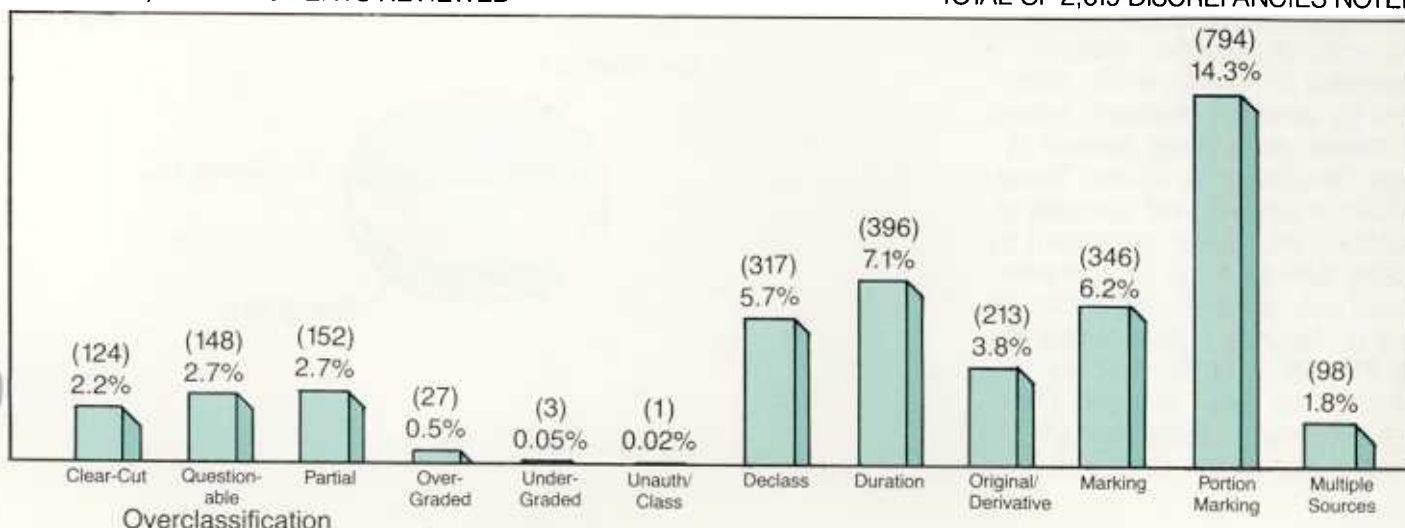
Multiple Sources—the official copy of 98 (1.8%) documents cited "multiple sources" as the basis for classification, but did not include these sources.

ISOO SPECIAL DOCUMENT REVIEWS DISCREPANCIES

Exhibit 32

TOTAL OF 5,557 DOCUMENTS REVIEWED

TOTAL OF 2,619 DISCREPANCIES NOTED



The FY 1986 and FY 1987 Aggregate Data

To extend the range of analysis, this section provides an overview of the characteristics of the combined FY 1986 and FY 1987 samples, in terms of the classification of each document (i.e., type of document, classification level, basis for classification, and assigned duration of classification), and the discrepancies in classification or marking. The intent is to determine whether the results are consistent with trends in classification and marking identified in ISOO's program reviews. The data also provide an indication of the overall quality of the classified product and point to areas in need of improvement. The 8,582 documents sampled contain a balanced mix of information produced by the major classifying agencies.

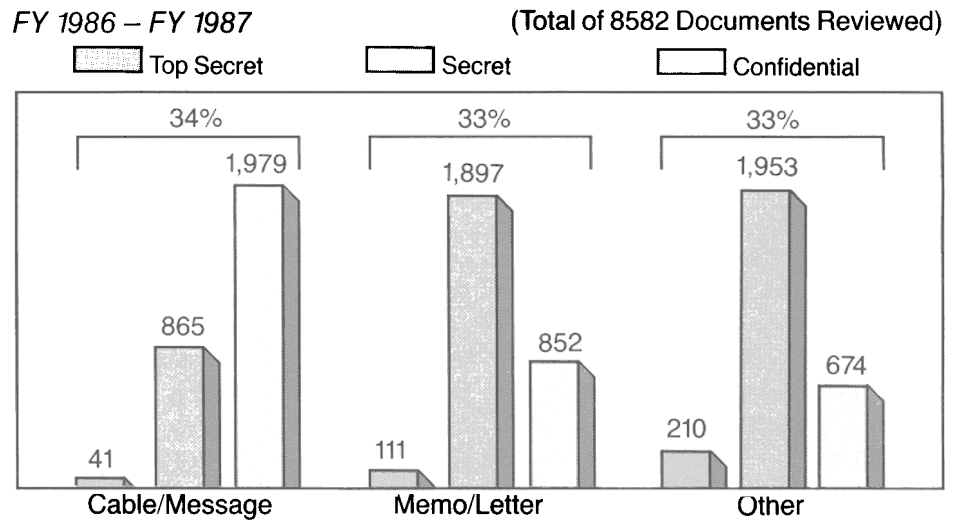
Information about the Classification of the Documents

Types of Documents: As mentioned earlier in this appendix, ISOO has observed that an agency's mission has implications for the predominant type of classified documents it generates. Evidence shows, for 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 most intelligence agencies. These variations suggest that samples of classified information generated by a fairly balanced mix of agencies would yield an even distribution by type of document. An analysis of the FY 1986 and FY 1987 aggregate data bears this out. The data are evenly distributed by types of document: Cables or

messages account for 34% of the sample; memoranda or letters, 33%; and reports and other types of classified materials, 33% (Exhibit 33).

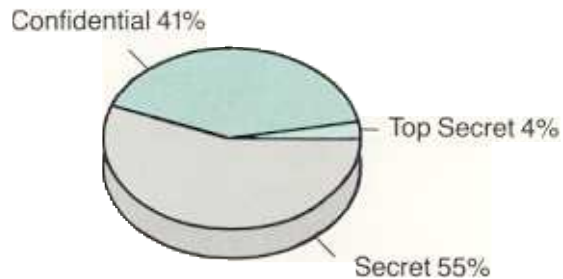
Classification Levels: As displayed in Exhibit 34, the distribution of the aggregate sample by classification levels is as follows: **Top Secret—4%; Secret—55%;**

ISOO SPECIAL DOCUMENT REVIEWS
DOCUMENT TYPE FY 1986-1987 AGGREGATE Exhibit 33



ISOO SPECIAL DOCUMENT REVIEWS
CLASSIFICATION LEVELS FY 1986-1987 AGGREGATE Exhibit 34

FY 1986 – FY 1987



and **Confidential**—41%. From ISOO's experience, this distribution reflects quite accurately the actual proportion of documents normally assigned to each classification level. As indicated on page 9 of this report, the proportion of **Top Secret** documents reflected in the FY 1987 statistics on classification actions submitted to ISOO by the agencies seems significantly inflated. With regard to **Secret** classifications, the aggregate data reinforce ISOO's observation that the majority of classifications are at this level. The prevalence of **Secret** classifications is not in itself a major concern for ISOO. It becomes more significant, however, when classifiers elect to classify information **Secret** because they lack confidence in the **Confidential** level. ISOO has begun to scrutinize **Secret** classifications closely to ensure that the damage criterion is the reason for assigning this level of classification.

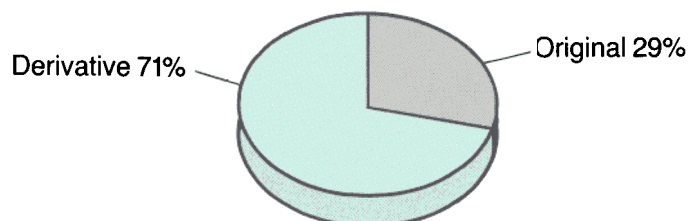
Basis or Classification Source: Of the 5,734 documents in the aggregate for which the basis of classification is known, 1,677 (29%) were original classifications and 4,057 (71%) were derivative actions (see Exhibit 35). This sample generally excludes cables and messages, which are not required to include this information. As displayed in Exhibit 36, the breakdown for the 4,057 derivative classifications is as follows: 2,365 (58.3%) were classified based on a classification guide; 1,202 (29.6%) were classified based on multiple sources; and 490 (12.1%) were classified based on a single source.

ISOO SPECIAL DOCUMENT REVIEWS BASIS FOR CLASSIFICATION DECISIONS FY 1986-1987 AGGREGATE

Exhibit 35

FY 1986 – FY 1987

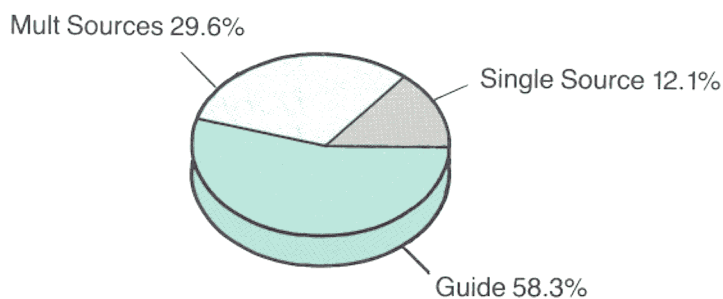
(Based on Total of 5,734 Documents Requiring a Classification Source)



ISOO SPECIAL DOCUMENT REVIEWS DERIVATIVE CLASSIFICATION ACTIVITY FY 1986-1987 AGGREGATE

Exhibit 36

FY 1986 – FY 1987



(Based on 4,057 Derivative Documents)

It is ISOO's experience that probably no more than 6% of all classification actions are actually original decisions. ISOO believes that the substantial deviation from the norm shown in the FY 1986 and FY 1987 sample data, with 29% of the sample representing original classifications, is due to a number of factors. First, most of the documents in the sample were created within headquarters' units, rather than field activities. Second, several DOD agencies have accounted for more original actions recently as a result of new programs. As these programs become established, or as sampling systems improve, the percentage of original classification is likely to decrease. Third, foreign affairs agencies tend to mark information as if it were original even when it is derived from other sources. Although this practice has proved very difficult to eliminate, ISOO has instructed these agencies to make renewed efforts in educating classifiers on

the distinction between derivative and original classification and in requiring them to mark the information accordingly.

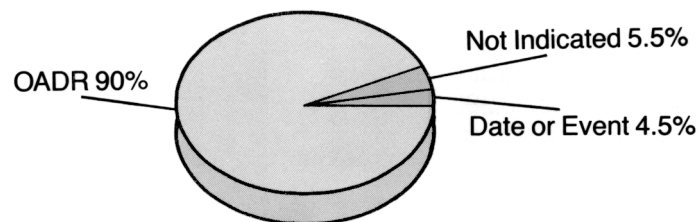
Duration of Classification: In terms of duration of classification (see Exhibit 37), the documents marked "OADR," or "Originating Agency's Determination Required," on the "Declassify on" line constitute 90% of the aggregate sample. Only 4.5% of the sample was marked with a specific date or event for declassification. The remaining 5.5% of the sample contained no declassification instructions at all, and is included among the discrepancies in the "Declassification" category below. As is the case with documents marked "OADR," when no declassification instruction appears on a document, the originating agency must review it before it may be declassified. The number of documents marked "OADR" seems excessive, particularly since the reviews indicated that 12% of

the sample could probably have been marked for declassification at a specific time or after the occurrence of a particular event. This remains an issue of significant concern to ISOO since the results of its program reviews indicate the same trend.

**ISOO SPECIAL DOCUMENT REVIEWS
DURATION OF CLASSIFICATION
FY 1986-1987 AGGREGATE**

Exhibit 37

FY 1986 – FY 1987



Discrepancies

Exhibit 38 shows a total of 3,709 discrepancies in the aggregate sample. They include:

Clear-cut Overclassification—176 (2.1%) documents clearly did not meet the standards for classification;

Questionable Overclassification—223 (2.6%) documents appeared unnecessarily classified although there was an arguable basis for classification;

Partial Overclassification—the information in portions of 167 (1.9%) documents appeared unnecessarily classified, although the overall classification of the documents was correct;

Overgraded—all or some of the information in 35 (0.4%) documents appeared to be classified at a higher level than justified;

Undergraded—all or some of the information in five (0.06%) documents appeared to be classified at a lower level than necessary;

Unauthorized Classifier—one (0.01%) document appeared to have been classified by someone not authorized to do so;

Declassification—491 (5.7%) documents had improper declassification instructions or no declassification instruction at all;

Duration—on 450 (5.2%) documents the duration of classification was marked “OADR” when a specific date or event for declassification appeared feasible;

Original/Derivative—371 (4.3%) documents were marked and treated as original classifications although the classified information appeared to be derived from a guide or other source(s);

Marking—541 (6.3%) documents had improper classification markings or lacked required markings, including instances in which the document failed to cite or cited improperly the classification source. This does not include marking errors included under another discrepancy category;

Portion Marking—969 (11.3%) documents lacked required portion markings;

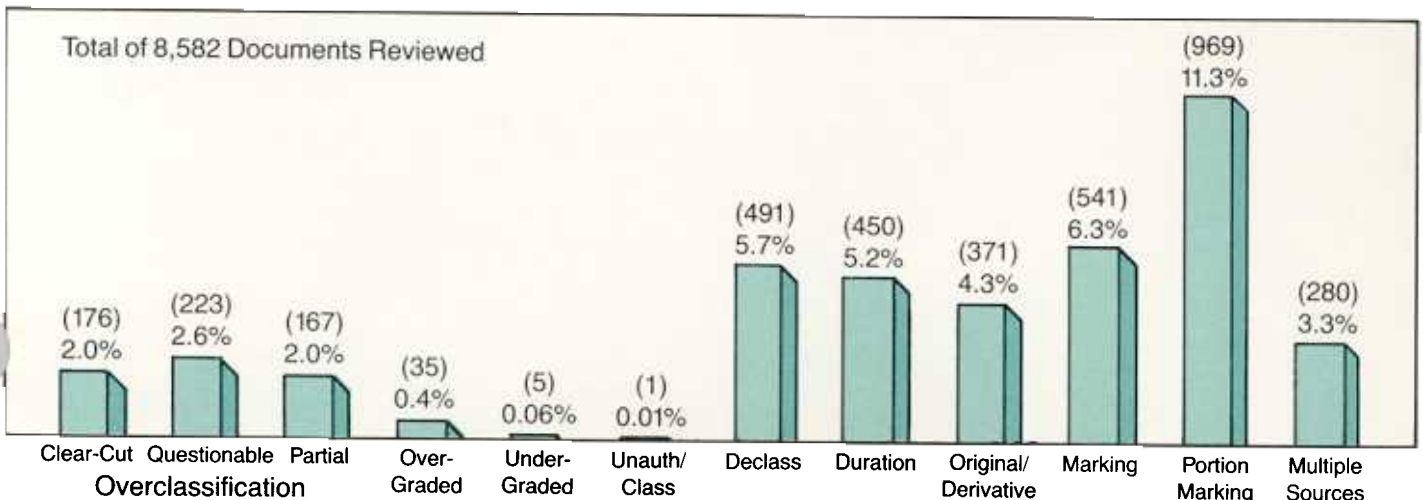
Multiple Sources—the official copy of 280 (3.3%) documents cited “multiple sources” as the basis for classification, but did not include these sources.

Generally, discrepancies in classification or marking are relatively minor technical deficiencies that do not have a major impact on the effectiveness of the program. Some types of discrepancies, however, are of critical concern to ISOO because of their implications for the viability and credibility of the classification system. Instances of clear-cut and questionable overclassification and abuse of “OADR,” the indefinite declassification notation, are three of these. Partial overclassification is most often the result of the failure to portion mark, and can be minimized by enforcing this requirement. By contrast, any knowledgeable reviewer can identify clear-cut cases of overclassifi-

ISOO SPECIAL DOCUMENT REVIEWS DISCREPANCIES FY 1986-1987 AGGREGATE

Exhibit 38

FY 1986 – 1987



cation since the content of the documents does not meet the criteria specified by the Order. Questionable overclassification situations are the type that lead requesters to question, "Why in the world was this classified?" 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 viability and 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.

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. The general pattern exhibited by the combined FY 1986 and FY 1987 sample data, and corroborated by the results of ISOO's program reviews, suggests that the program is generally working well except for the need for some minor adjustments. In this regard, the results provide evidence of two significant concerns: the overuse of the indefinite duration of classification and continuing instances of overclassification. Where such practices exist, ISOO has recommended renewed efforts to improve the performance of classifiers through training and, if necessary, sanction.

3. The FY 1987 sample data support ISOO's observation that the performance of agencies in the implementation of their classification programs varies widely. This is borne out by the fact that a few agencies consistently account for a substantial share of the discrepancies identified by ISOO, while the classified product of others is relatively error free.

4. Without minimizing the fact that weaknesses exist, the available evidence indicates that the critics of the system do not fully appreciate its strengths. More often than not, critics continue to view the performance of the system in narrow terms, glossing over the successes and emphasizing problem areas. The evidence indicates that in recent years there have been substantial gains in security awareness and in the commitment of senior agency officials to strive for improvements in their programs.

Appendix B Classified Information Nondisclosure Agreement

ISOO's Reports to the President for Fiscal Years 1985 and 1986 included an appendix showing the progress agencies had made during each of those years toward completing implementation of the Standard Form 189, "Classified Information Nondisclosure Agreement." Although implementation continued during FY 1987, several events impacted significantly on the SF 189 and eventually required a temporary moratorium on its implementation. The purpose of this appendix is to provide a chronology of events that highlight the SF 189 program, from its inception to its status as of January 31, 1988.

March 11, 1983: The President issues National Security Decision Directive 84, "Safeguarding National Security Information." Paragraph 1(a) directs ISOO to issue a standardized nondisclosure agreement to be executed as a condition of access to classified information.

September 1983: ISOO issues Standard Form 189, "Classified Information Nondisclosure Agreement," and directs agencies to work toward complete implementation as quickly as possible. ISOO notifies agencies of the issuance of the SF 189 in a letter dated September 13, 1983.

November-December 1984: ISOO reaches agreements with DOD and State that full implementation should be achieved in those departments by the end of calendar year 1987.

October 1985: At the end of FY 1985, ISOO requests information from the agencies concerning the status of implementation of the SF 189. This information is provided in Appendix B of ISOO's Annual Report to the President for FY 1985. Of the 67 agencies listed, 27 have fully implemented the SF 189, three have received waivers from its use, and 37 are in various stages of implementation.

October 1986: ISOO requests information concerning the status of implementation of the SF 189 for FY 1986. This information is provided in Appendix B of ISOO's Annual Report to the President for FY 1986. The number of agencies that have fully implemented the SF 189 has almost doubled to 43.

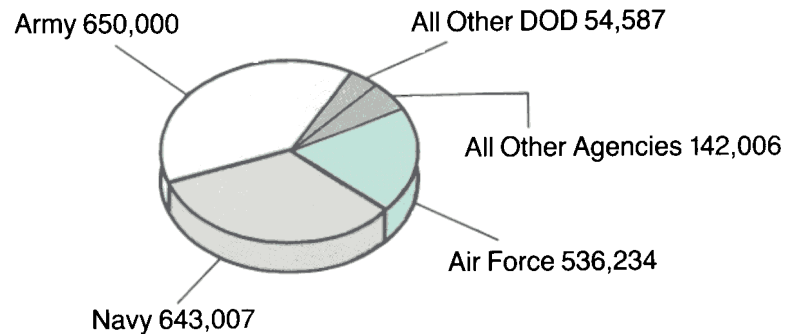
As in FY 1985, three agencies have waivers from the use of the SF 189. Twenty-one agencies are still in various stages of implementation, the predominant stage being "Full Implementation in Some Components."

November 1986: ISOO issues Standard Form 189-A, "Classified Information Nondisclosure Agreement (Industrial/Commercial/ Non-Government)" as an alternative agreement to be executed by employees of Government contractors, licensees, and grantees, or other non-Government personnel requiring access to classified information. ISOO notifies agencies of the issuance of the SF 189-A in a letter dated November 20, 1986.

CLASSIFIED INFORMATION NONDISCLOSURE AGREEMENT NUMBER OF SIGNED AGREEMENTS

Exhibit 39

(As of December 22, 1987)



Spring 1987: Responding to the complaints of several executive branch employees concerning the SF 189, Members of Congress send letters and initiate inquiries to the White House, OPM and ISOO expressing their concerns over the SF 189. ISOO responds to these inquiries as they occur. Media accounts critical of the SF 189 program commence.

August 3, 1987: As a result of repeated inaccurate reporting of certain provisions of the SF 189 and SF 189-A, ISOO publishes an amendment to the implementing rule for the two forms clarifying the meaning and intent of some of their provisions. ISOO notifies agencies of this amendment in a letter dated August 4, 1987.

August 11, 1987: ISOO publishes another amendment to the implementing rule for the SF 189. The rule provides additional clarifying information on the term "classifiable information."

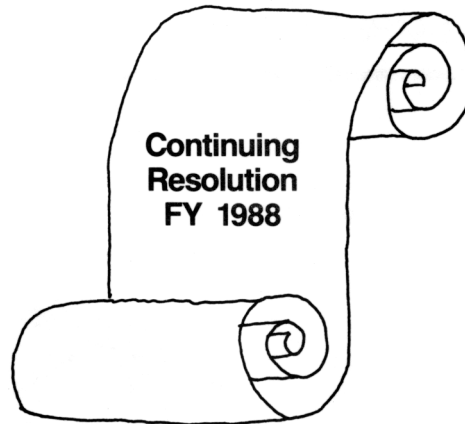
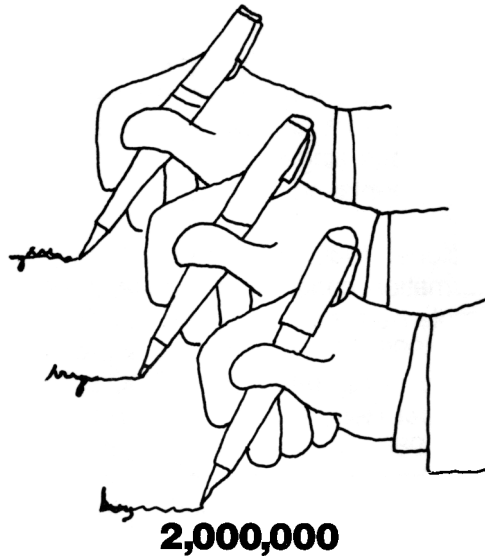
August 17, 1987: The National Federation of Federal Employees brings suit in the United States District Court for the District of Columbia challenging the constitutionality and legality of the SF 189.

August 21, 1987: ISOO imposes a temporary moratorium on the withdrawal of access and clearances of employees who refuse to sign the SF 189, pending further instruction based on the progress of the litigation. However, agencies are instructed to continue both the SF 189 and SF 189-A programs.

NSDD-84



SF-189



September 1, 1987: The American Federation of Government Employees also brings suit in the same court challenging the constitutionality and legality of the SF 189 and CIA's Form 4193.

October 15, 1987: The Subcommittee on Human Resources of the House Committee on Post Office and Civil Service holds a hearing on the SF 189.

December 22, 1987: A rider to the Continuing Resolution for Fiscal Year 1988 (Section 630 of Public Law 100-202) is passed by Congress. The provision appears to place limitations on the implementation and enforcement of the SF 189. The President signs the bill into law.

December 29, 1987: ISOO directs agencies in a letter to halt implementation of the SF 189 and the SF 189-A until further notice, pending a Justice Department opinion on the impact of the law.

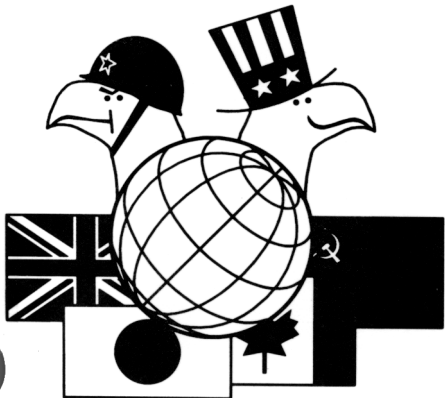
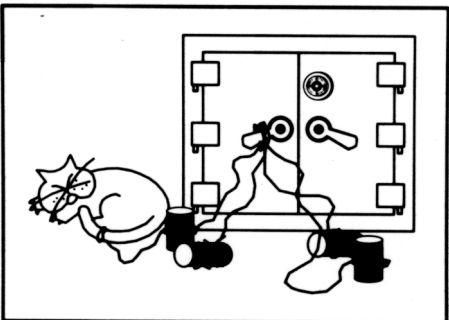
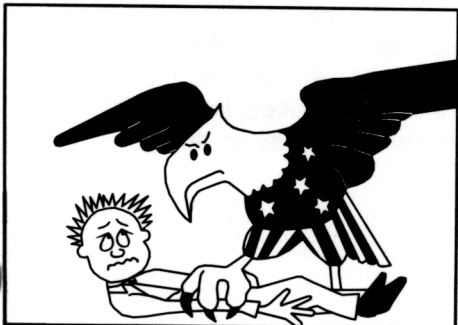
January 1, 1988: As of this date, approximately 2,183,400 Government employees have signed the SF 189.

January 27, 1988: ISOO directs agencies in a letter to void at the request of the affected employee any SF 189 or SF 189-A signed on or after December 22, 1987.

February 19, 1988: The American Foreign Service Association and seven Members of Congress file a third lawsuit in the same court alleging that the actions of the CIA and ISOO in responding to Section 630 of Public Law 100-202 violate the statute.

Appendix C Information Security Briefing Series

First the good news: Agencies and contractors have purchased or reproduced thousands of copies of ISOO's award winning video on the information security program. Now the bad news: Thousands of facilities and hundreds of thousands of individuals who could benefit from the briefing still don't have access to it and most don't even know it exists.



American Society for Industrial Security

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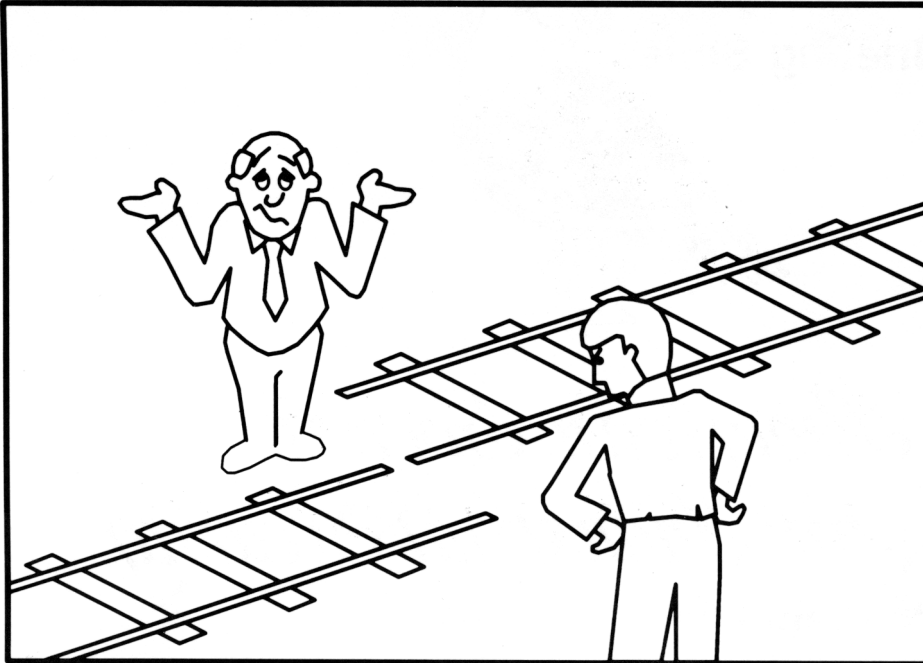
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"Information Security Briefing Category, Class: Government"



James Jesse, CPP
PRESIDENT

September 29, 1987
DATE



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