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INTELLIGENCE

NOV 04 2011


Mr. John P. Fitzpatrick
Director, Information Security Oversight Office
National Archives and Records Administration
700 Pennsylvania Avenue, NW
Washington, D.C. 20408

Dear Mr. Fitzpatrick:

In response to the ISOO's letter dated January 27, 2011, I have enclosed a second interim status report for the DoD's ongoing Fundamental Classification Guidance Review. This report provides a summary of our ongoing efforts to facilitate implementation of section 1.9 of Executive Order 13526, the DoD Component responses received to date, and our overall milestones.

We appreciate the opportunity to work with your staff on this endeavor. If you should have any questions, please contact Mr. George Sturgis at (703) 604-1136 or George.Sturgis.ctr@osd.mil.

Sincerely,



Timothy A. Davis
Director of Security

Enclosure:
As stated

cc:
Principal Deputy Director of National Intelligence



**SECOND INTERIM STATUS REPORT:
DEPARTMENT OF DEFENSE
FUNDAMENTAL CLASSIFICATION GUIDANCE REVIEW (FCGR)**

I. Introduction/Purpose.

In accordance with Executive Order (E.O.) 13526, *Classified National Security Information*; 32 Code of Federal Regulation (CFR) Part 2001, *Classified National Security Information*; and Information Security Oversight Office memorandum dated January 27, 2011, *Fundamental Classification Guidance Review (FCGR)*, agencies are required to conduct an initial FCGR by June 27, 2012. This document provides DoD's second progress report and status of FCGR activities and results to date.

Since our July 29, 2011 report, the Department has continued to make impressive strides in updating our Security Classification Guides (SCGs) while successfully grappling with several major classification management issues (described further below). Our ongoing classification guidance reviews remain focused on ensuring that guidance reflects current operational and technical circumstances relevant to protection of properly classified information, and that dissemination and availability of the classification guidance is appropriate, timely and effective. As a result, approximately 45% of DoD's non-compartmented SCGs have been reviewed and declared accurate and in conformance with the E.O. by the responsible Original Classification Authority, and have likewise been posted in their updated form to the Defense Technical Information Center (DTIC) website.

As previously reported, under the ongoing FCGR we continue to see few changes or developments impacting actual topics meriting classification, but have maintained a positive momentum of reviews and are achieving further improvements in our standard operating procedure and workflow for SCG development, management, dissemination, and retirement. Relevant metrics are presented in Section II, below.

II. FCGR Status Report.

a) *DoD Collateral-level (non-compartmented) FCGR Results:*

To date, DoD Components have reported the following FCGR metrics:

- Total number of SCGs identified/reported: 1,787 (down from 1,878)
- Total number of SCGs for which a FCGR **has** been initiated: 1,637 (up from 1,349)
- Total number of SCGs for which a FCGR has **not been** initiated: 150 (down from 529)
- Total number of SCGs for which a FCGR has been completed: 799 (up from 648)
- Total number of SCGs scheduled for retirement/cancellation: 122 (up from 82)

Component-by-Component FCGR reporting details are presented at Attachment 1.

b) *Challenges:*

- The Joint Staff is consolidating the Combatant Commands (CC) FCGR reporting however, the CC situation remains extremely challenging. The operation tempo in their Areas of Responsibility (AOR) remains extremely high and in multiple theaters, reprioritization of key security assets has resulted in their limited submission of updates for their SCGs. The Joint Staff is working with the CCs and anticipates receiving validated reporting on the 72 existing CC SCGs by December 7, 2011. Results of that review will be reported in our next interim status report.
- Navy maintains the largest total number of SCGs and remains in the midst of a long-term consolidation effort. The importance of successfully resolving this issue has been previously elevated within the Navy hierarchy, and will be closely monitored by the Office of the Under Secretary of Defense for Intelligence (OUSD(I)).
- Certain Office of the Secretary of Defense (OSD) staff elements need to move more aggressively to assemble and promulgate up-to-date SCGs. To date, we have been unable to generate requisite focus on this matter, but it will be elevated during 1-2Q, FY12. This issue is likewise being closely monitored by OUSD(I), and may result in a slight increase in DoD's total numbers of SCGs.

c) ***Other Initiatives:***

- OUSD(I) has posted updated interim guidance on the development of security classification guidance to the Security Directorate website and via e-mail notification to the DoD Information Security Advisory Board members. Further, we have initiated a high-priority update to DoD 5200.1H, *Handbook for Writing Security Classification Guides*, and anticipate a draft release to Components for early coordination during 1Q, FY12.
- In collaboration with the Defense Technical Information Center (DTIC), OUSD(I) will pursue design of a simple web-based instrument to survey SCG users on recent classification decisions; SCG availability and completeness; ease of use; and whether classification decision-making is supported by the current guidance.
- OUSD(I) will continue close coordination with the Office of the Director of National Intelligence (ODNI), the Department of Energy, and other external agencies as applicable.
- In our previous FCGR status report, we noted that the DoD IG is evaluating the nomination of the FCGR as a Special Interest Item. However, Public Law (PL) 111-258, "The Reducing Over-Classification Act," October 7, 2010 (specifically Section 6.b, 'Inspector General Evaluations'), requires Federal Inspectors General to evaluate the policies, procedures, rules, regulations, or management practices that may be contributing to persistent misclassification of material; and ascertain if the applicable classification policies, procedures, rules, and regulations, have been adopted, followed, and effectively administered. On October 26, 2011, the Office of the Deputy Inspector General for Intelligence and Special Program Assessments established a new research project to evaluate PL 111-258, which will facilitate the timely reporting required by the Public Law to address efforts by the Department to decrease over-classification; as well as efforts by the Department to promote information sharing and transparency in operations in compliance with law. As FCGR and PL 111-258 goals are similar, we anticipate that

our parallel efforts will assist in answering these questions, and we anticipate that some collaboration will be necessary to ensure the issue is fully evaluated.

- Finally, we have initiated data gathering with the DoD Chief Information Officer to obtain their help in characterizing the total size (in storage) and number of users of classified information systems. Our goal here is to enable better visualization and explanation of the large amounts of classified information being generated in support of DoD's worldwide operations, versus a common conflation of that fact with the problem of over-classification. We expect to have preliminary assembly of some metrics for this project by the next status report.

d) *DoD Special Access Program (SAP) Community FCGR Reporting:*

Like all Components, the DoD SAP community is actively working the FCGR. As of this report, however, summarized metrics are not available. OUSD(I) will provide an update to this report when complete SAP community metrics are received and analyzed. **Summary:** no change.

e) *DoD Intelligence Community Element Reporting:*

OUSD(I) remains in close coordination with the ODNI/Principle Deputy Director of National Intelligence. Per the ODNI's previous guidance to the Intelligence Community, the following DoD Components will report their FCGR execution status directly to the Information Security Oversight Office: Defense Intelligence Agency, National Geospatial-Intelligence Agency, National Reconnaissance Office, and National Security Agency. Additionally, these DoD Components will provide a copy to USD(I) , and the execution of their FCGR status shall be reported to the Secretary. **Summary:** all DoD Intelligence Community elements have an FCGR activity underway.

f) *Air Force Developments:*

Our first progress report discussed an additional aspect of the Air Force's FCGR challenge--that of old SCG indexing data that still needed to be scrubbed, to include removing certain SCGs that were decades old. The Air Force is nearing completion of this indexing rebaseline (initiated in 2010) and as a result have reported a net decline in the numbers of valid SCGs from the first

progress report (see also footnote to table, below). Additionally, the Air Force reports a 17% decrease in Original Classification Authorities (OCAs) since initiating this FCGR phase – moving from 171 to 142 total OCAs. Additional realignment efforts continue and further reductions are anticipated as OCAs without demonstrable, current, and continuing need are identified.

g) *DCMA Phase II FCGR Pilot:*

The Defense Contract Management Agency (DCMA) is assembling plans to establish an internal working group consisting of senior DCMA personnel, Subject Matter Experts, and security personnel to conduct the horizontal and top-down classification management review encouraged by the FCGR. We are treating this DCMA initiative as a pilot for possible expanded Phase II FCGR activities across the Department.

h) *Training and Education Product Developments:*

The Center for Development of Security Excellence (CDSE) has completed a Derivative Classifier's course, available from the CDSE and Security Directorate website. The CDSE team is also well underway in their design and development of an OCA short course, intended to cover all training requirements for OCAs required by Executive Order 13526 and DoD regulation. The OCA Short Course is slated for completion and availability no later than 2Q, FY12.

i) *JROC Decision on Tactical Information Classification and Security (TICS):*

The Vice Chairman, Joint Chiefs of Staff on August 2, 2011, signed out a decision by the Joint Requirements Oversight Council (JROC) stating that tactical information exchanges between ground forces during combat and non-combat operations and aviation elements below battalion or squadron level be base lined as Unclassified//FOUO when sources and methods are removed. Accordingly, this decision will greatly facilitate the sharing of vital information at the tactical level. This fundamental classification management issue was closely studied for nearly two years by a JROC-driven working group from across the Military Departments, Joint Staff, and OSD elements. Resolution of the matter required extensive internal coordination given multi-billion dollar systems design and deployment implications. Next steps include a number of

related follow-up tasks to include the development of a Joint Classification Guide for tactical information at echelons below battalion.

j) *Migration of Legacy Classification Guidance from DoD Issuances:*

The DoD's FCGR has revealed the existence of potentially duplicative or obsolete classification management guidance or SGCs within DoD issuances (instructions, directives, regulations, etc.). Under the revised DoD 5200.1-R, *Information Security Policy*,¹ all SGCs are to be distributed through the DTIC's websites on NIPRNet and SIPRNet. A review of all issuances is now underway to compare any obvious SGCs posted with those in the DTIC's holdings. This comparison may result in new SGCs being developed (under/through the OCA-to-DTIC process); further cancellation of obsolete guidance on the issuances website; or merging of content between the two, in order to deliver an updated product to DTIC.

¹ Revision is in final pre-signature edit and will be released as DoD 5200.01-M, Volumes I-IV.

**COMPONENT-BY-COMPONENT
FUNDAMENTAL CLASSIFICATION GUIDANCE REVIEW
INTERIM DETAILED REPORTING**

Organization	Total Number of SCGs	FCGRs Initiated	FCGRs NOT Initiated	FCGRs Completed	SCGs to be Eliminated
Air Force	296(465) ²	264	32	115	12
Army	350	350	0	244	14
DARPA	148	130	18	113	0
DCMA	1	1	0	0	0
DISA	7	7	0	1	0
DTRA	56 (54)	28	28	9	11
JIEDDO	1	1	0	1	0
Joint Staff (includes COCOMs)	76	4	72	0	0
MDA	29	29	0	22	0
Navy	820	820	0	285	85
OSD Elements	3	3	0	0	0
DoD Totals	1787	1637	150	799	122

² The Air Force total SCG count is revised as indicated in this report as a result of a rebaseline of that Component's SCG index.

**DOD
FUNDAMENTAL CLASSIFICATION GUIDANCE REVIEW
“MILESTONES”**

Corrected copy: As of June 7, 2011

Action	Milestone Date
USD(I) Initiates DoD FCGR	April 2011
DoD Component FCGR Plan and Progress Report to USD(I)	July 15, 2011
USD(I) Progress Report to SecDef	July 29, 2011
USD(I) Progress Report to ISOO	July 29, 2011
DoD Component Progress Report to USD(I)	October 6, 2011
USD(I) Progress Report to SecDef	October 15, 2011
DoD Component Progress Report to USD(I)	January 6, 2012
USD(I) Progress Report to SecDef	January 16, 2012
USD(I) Progress Report to ISOO	January 31, 2012
DoD Component Final Report to USD(I)	March 9, 2012
USD(I) Final Report to ISOO	June 27, 2012
USD(I) Final Report to Public—Unclassified version approved for public release	June 27, 2012

DoD Component plan, progress reports and final report must be signed by the Component Senior Agency Official or designated representative.