

**NATIONAL INDUSTRIAL SECURITY PROGRAM
POLICY ADVISORY COMMITTEE
MINUTES OF THE MEETING**

Thursday, April 6, 2000

The National Industrial Security Policy Program Policy Advisory Committee (NISPPAC) held its fifteenth meeting on April 6, 2000, at 10:00 a.m., at the National Archives Building, 700 Pennsylvania Avenue, Northwest, Washington, DC. Steven Garfinkel, Director, Information Security Oversight Office (ISOO), chaired the meeting. The meeting was open to the public.

I. Welcome, Introductions and Announcements/Recognition of Former Industry Members

The Chairman submitted the minutes of the August 25, 1999 meeting at the beginning of the meeting. They were approved without any changes. After welcoming those in attendance, and the self-introductions, the Chairman noted that it was a very special meeting for him and for the NISPPAC. He then welcomed all twelve former NISPPAC members, who were also in attendance as guests of the NISPPAC. They included Thomas Adams, Ernest Conrads, Carol Donner, Richard Grau, Robert Kettering, Shirley Krieger, William Lavalley, Frank Martin, Marlyn Miller, John O'Neill, James Van Houten and Harry Volz. Each former member provided a brief account of his or her current activities.

II. Executive Agent's Update: Cost Collection Data from Industry; NISP Dispute Resolution Process; Chapter 8 Revision; Oral Attestation; Additional NISPOM Changes; Mas-Hamilton Security Locks; Interim Security Clearances

Cost Data Collection from Industry

Rosalind Baybutt, Deputy Director for Industrial Security, Office of the Assistant Secretary of Defense (C3I), reported to the committee members on the status of the annual requirement to collect security costs from industry for the National Industrial Security Program (NISP). This year's effort revealed that industry's response to the data collection effort was outstanding, with 158 responses as compared to 85 for the previous year. This year's reported costs were \$1,228,839,000, as compared to last year's reported costs of \$1,371,086,000. OASD believes that the current data are more accurate than the data reported in previous periods due to the higher number of responses. However, it also feels that the data collection effort can be further refined. It is also coordinating an effort to assess the first five years of data.

NISP Dispute Resolution Process

Ms. Baybutt reported that the Dispute Resolution Group met recently for the first time. The group was chaired by Dr. Linton Wells II, Principal Deputy, Office of the Assistant Secretary of Defense (C3I), and attended by senior officials representing the Cognizant Security Agencies (CSA) and the NISPPAC Chairman. The group

discussed promising ideas and procedures for resolving disputes, but was unable to reach a final decision. Nevertheless, the group was confident that a dispute resolution process would be developed in the future due to improved relationships amongst the CSAs.

Chapter 8 Revision

Ms. Baybutt reported that a revised Chapter 8 has been approved by the CSAs and that J. William Leonard, Deputy Assistant Secretary of Defense for Security and Information Operations, has given permission to forward the revision for signature and publication to Arthur L. Money, Assistant Secretary of Defense.

Oral Attestation

Ms. Baybutt reported that the requirement for Oral Attestation by all cleared employees and contractors of the Department of Defense (DOD) will not be added to the NISPOM (Chapter 3), given the non-concurrence of such a requirement for non-DOD contractors by the Central Intelligence Agency. Instead, the requirement will exist for DOD contractors through the Defense Federal Acquisition Regulations (DFARs).

Additional NISPOM Changes

Other changes to the NISPOM described by Ms. Baybutt included: the elimination of contractor-granted Confidential clearances by the year 2003 (Chapter 2); and

the elimination of non-GSA-approved security containers (containers having a built-in combination lock, a rigid metal lockbar, or an agency head approved padlock) for the storage of Secret information by the year 2012 (Chapter 5).

Mas-Hamilton Group X-07 and X-08 Series Security Locks

Ms. Baybutt reported that there has been no recent interest from the Congress regarding their mandate to retrofit security containers with locks that meet federal specifications for security locks. Ms. Baybutt informed the committee members that the Mas-Hamilton Group, who supplies the only security locks that meet the federal specifications, had recently been sold to a Canadian firm. The owner of the Canadian firm has indicated that his lobbying efforts will not be as aggressive as those of the Mas-Hamilton Group.

Interim Security Clearances

Ms. Baybutt reported that there was a proposal for industry to perform interim clearances themselves, but individuals both from within and outside industry were not pleased with such a plan. Ms. Baybutt noted that such an option is no longer necessary since it appears that there is no longer a backlog of interim clearances.

She further stated that an Overarching Integrated Process Team (OIPT) had been created by Dr. Hamre to reexamine the clearance process. The team is comprised of technical experts rather than people from within the security field.

The handling by the Office of Personnel Management of Secret and Confidential initial and periodic reinvestigations for the military and DOD civilians had been approved. Initial and periodic reinvestigations for Top Secret military clearances and all industry clearances will be handled by DSS. All of this work will migrate back to DSS when the Joint Personnel Adjudication System (JPAS) developed by the Air Force for OSD is ready. She stated that 2.6 million dollars had been requested of the military services for JPAS, and that there was a desire to extend it to industry. Ms. Baybutt stated that beta testing of JPAS would likely begin in September.

III. DSS Update: Discussion of DSS Organizational Changes and Status and Forecast of Efforts to Repair the Clearance Problem.

Mrs. Judith Hughes, Chief of Staff, DSS, centered her remarks on DSS' reorganization; the status of the Case Control Management System (CCMS); and the clearance backlog. Mrs. Valerie Heil, Deputy Chief of Staff for Industrial Security, discussed the industrial security program and the DSS Academy.

A. Reorganization

In regard to the reorganization, Mrs. Hughes stated that DSS had completed the final phase of its reorganization on March 1, 2000. The final phase involved reorganizing along program lines, which included concentrating DSS industrial security representatives and special agents in specialized field offices; providing

sufficient supervisory expertise at the field level; and reducing supervisory range from as much as 35/1 to an average of 12/1.

B. Case Control Management System

The Case Control Management System (CCMS) continues to present challenges for DSS. As opposed to dismantling the whole system, the current focus, according to Mrs. Hughes, is to stabilize and improve the system. In April 2000, DSS was processing 2000 cases a day. Mrs. Hughes says DSS' goal is to increase output to 2500 cases daily.

C. Clearance Backlog

DSS still has a significant backlog of investigations for security clearances. However, Mrs. Hughes shared that DSS is now closing more cases than it is opening. By refocusing processes and priorities, DSS has been able to eliminate the backlog for interim clearances. She said that within 24 hours of an interim request coming in, a clearance decision could be made. She added that right now DSS is experiencing an eight-day turn-around for interims. DSS is also looking at several strategies to eliminate the backlog. The strategies include: increasing its Special Agent workforce by more than 10%; temporarily transferring specified investigations to OPM; using a variety of contract investigators for less sensitive cases; and using 50 or more reservists to conduct investigations.

D. Industrial Security Program

According to Mrs. Heil, DSS is focusing on its core competencies. They are: (1) evaluating contractor eligibility for a facility security clearance; (2) providing assurance of a contractor's continued eligibility to perform on classified contracts; (3) providing oversight of contractor facilities in the NISP, specifically, security advice and consultation; and (4) supporting other DoD Security Programs—Arms, Ammunition & Explosives (AA & E), Acquisition Systems Protection Program (ASPP), Critical Infrastructure Protection Program (CIPP). Other initiatives include working with industry to ensure classified information is properly protected; reviewing the DSS industrial security manual for quality, consistency and timeliness; and conducting security reviews—every 12 months for possessors, and every 18 months for non-possessors. Additionally, Mrs. Heil mentioned as priorities, continuing to evaluate resource needs and augment training to expand self-approvals, facilitate timely computer guidance and advice, and lessen time for training.

DSS Academy

Mrs. Heil indicated that the Defense Security Service Academy (DSSA), chartered in July 1999, is providing security education training, awareness and professional development services for the DoD components, DoD contractors, and employees of selected federal agencies. In FY 1999 there was 5320 enrollments. She mentioned that the first class of new DSS agents graduated March 24, 2000.

Mrs. Heil also mentioned that understanding the requirements (i.e., what is needed, how much, what method); information assurance, and building an awareness program are issues of concerns.

IV. Status of SPB Initiatives

Mr. Dan Jacobson, Director, Security Policy Board Staff, reported to the members on the status of SPB activities and initiatives. He indicated that the formation of the Executive Committee, as recommended by the Joint Security Commission, was a difficult undertaking. However, after considerable time and effort, the Executive Committee is now a functional body.

Mr. Jacobson indicated that the SPB is also working with the NSC to determine what, if any, authoritative parameters the SPB ExCom needs in order to promulgate its initiatives. He stated that their (NSC) lawyers would provide appropriate counsel in this area.

The Executive Committee planned to meet on Friday April 7, and one of the big issues on the agenda was to discuss how the SPB should oversee policies under its purview. While the SPB has amassed three pages worth of accomplishments, implementation is still a top priority. He stated further that they have several proposals for the Executive Committee to consider, such as having formal inspection teams going out annually along with the Executive Committee itself

leading the oversight effort. He reminded agencies to submit reports on an annual basis to the SPB noting all problems, which will be the basis for a report to the President.

Mr. Jacobson addressed the inclusion of information security systems security into the national policy. The SPB is charged with coming up with an integration plan under the provisions of PDD 29. He was very optimistic about the reasonable success of this effort in view of relevant changes throughout the government. He also underscored, as a growing community concern, the importance of properly protecting sensitive unclassified critical information.

He noted that a briefing on smart-card technology in badging is on the agenda for the next board meeting. He said that the security community may start out with one badge but ultimately would have two. GSA has the lead for the civilian agencies for the smart badge and DoD has the lead for defense. In addition to organizational affiliation and security data, the smart badges will be encrypted with medical, dental, and other vital information. In closing, Mr. Jacobson expressed his gratitude for the continued support shown to the SPB by the security community.

V. DOE Update

Cathy Tullis, Security Specialist, Classified Matter Protection and Control, discussed a myriad of internal changes at the Department of Energy since General Eugene Habiger came on as Director of Security. After an initial review of existing policies, Gen. Habiger indicated that there was a lot of work to do. Subsequently, the budget for security has been consolidated and many new offices have been added. Several of the new programs to oversee contractors focus on known deficiencies in the security disciplines. Additionally, the Office of Declassification is now called the Office of Nuclear and National Security Information. General Habiger also looked at how security incidents are reported. Consequently, several new policies in this area are pending. He intends to initiate a security campaign directed at the DOE population, i.e., recognizing and training people who contribute to the quality and effectiveness of the agency's security program. Ms. Tullis indicated that later this year DOE will hire a contractor to assist in updating and improving the clearance process for contractors.

VI. General Discussion Topic: Using the DFAR to Circumvent the NISPOM

Because of time constraints, the Chairman asked that the discussion about the use of the Defense Federal Acquisition Regulation (DFAR) to circumvent the National Industrial Security Program Operating Manual (NISPOM) be carried over to the next meeting. He indicated that it is appropriate to question whether or not

the NISPOM can be circumvented by the DFAR or other means. The Chairman indicated that NISPPAC, if it so chooses, can discuss whether it wants to take action and what kind of action. He noted a possible range of actions, including letters of concern written to particular agency heads, or, under his authority as the NISPPAC Chairman and ISOO Director, seeking a legal opinion from the Attorney General.

VII. Status of Legislative and Classification Policy Initiatives

To provide an update to the status of the Moynihan legislation, the Chairman reminded the members that what was previously being considered was a statutory substitute for Executive Order 12958. This legislation had been modified in the past, and very recently has been modified again. The Chairman indicated that the legislation is co-sponsored by Senator Daniel Patrick Moynihan and Representative Porter Goss, Chairman of the House of Representatives Permanent Select Committee on Intelligence. The current version of the bill recommends an advisory commission to advise the President on declassification projects of great public interest, on declassification in general, and for policies regarding classification and declassification. The legislative mandate has shifted from a very broad to a narrow interpretation. Its merits are currently being debated in the Congress and in the Executive Branch.

VIII. Discussion of Next Meeting and Adjournment

The Chairman announced that Ed Halibozek and Carol Thomas would be leaving the NISPPAC after the next meeting. He asked for recommendations and endorsements for other industry members to serve beginning in FY 2001, that is after October 2000.

The membership will be polled regarding the fall meeting to determine whether they want to meet in conjunction with the ASIS meeting in Orlando, Florida, or whether they want to meet again in Washington, D.C. The Chairman noted that a special luncheon honoring the former NISPPAC industry members was being held immediately following the meeting. He provided instructions to those attending on the vans that would be driving them to the restaurant.

There being no further business, the Chair adjourned the meeting at noon.