

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

Wednesday, August 25, 1999

The National Industrial Security Program Policy Advisory Committee (NISPPAC) held its fourteenth meeting on August 25, 1999, 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.

The Chair noted the death of Rene Davis Harding, former Deputy Director for Policy, Defense Security Service (DSS) and DSS representative on the NISPPAC. He asked for a moment of silence in her memory.

After welcoming those in attendance, the Chairman asked for self-introductions. Attached is a roster of those NISPPAC representatives in attendance. The Chair presented letters from President Clinton to Shirley Krieger and Frank Martin, outgoing industry members, acknowledging the outstanding quality of their service to NISPPAC and to the NISP. The Chair added his deep appreciation on behalf of the NISPPAC, and stated that he hoped that they would maintain an ongoing dialogue with the NISPPAC and its members.

II. DSS Update.

Judith Hughes, Acting Deputy Director, DSS, remarked that retired General Charles Cunningham had assumed the directorship of DSS on June 7, 1999. Mrs. Hughes explained that General Cunningham has been actively working to address DSS' reorganization; the Case Control Management System (CCMS); the clearance backlog; the training academy; and the fee-for-services issue.

A. Reorganization

Mrs. Hughes stated that DSS has now been formed into six directorates. She shared that in response to concerns expressed about the quality of DSS clearance investigations, DSS is creating an office to focus on improving the standards, evaluation, certification, and quality assurance. She stated further that:

(1) General Cunningham has signed a letter to all field operations and staff that imposes these specific changes to DSS investigative policies and procedures to bring DSS back in compliance with national standards; and (2) DSS is in the process of finalizing a personnel security manual that will be provided to DSS field agents in the October time frame.

B. Case Control Management System

A big challenge has been deployment of the case management system over the past nine months. Mrs. Hughes shared that there were a series of database

crashes in the spring. Starting in April of this year, there have been three separate reviews of the system.

Mrs. Hughes shared that many attempted fixes have been made to the infrastructure that supports CCMS since the reviews. She stated that DSS has stabilized the system to a significant extent; there have not been any breakdowns in several months. Nonetheless, DSS is still looking for ways to fine-tune and streamline the system to make the software perform more effectively. The system is not providing clearances in a timely fashion. Specifically, Mrs. Hughes indicated that CCMS and industry are still experiencing lapse times far beyond what they need. DSS has been advised to start up a new system, but to date no funding has been promised or provided. Consequently, the current focus is on getting the current system where it needs to be.

C. Clearance Backlog

DSS has a significant backlog of investigations for security clearances.

Mrs. Hughes indicated that DSS needs to be at a point where it is closing more cases than it is opening. She said case openings have continued to increase.

The average for fiscal year 1998 was 11,000 clearances granted on a monthly basis.

She stated further that DSS is looking at many alternatives to increase its capacity. The alternatives include: turning over all DOD and civilian PR's to the Office of Personnel Management (OPM); issuing contracts for investigative work; and hiring 13 new agents, 7 new case analysts and bringing on 100 reservists for support.

D. DSS Academy

Mrs. Hughes indicated that DSS is reestablishing its Training Academy. She said DSS is going through intensive curriculum review, revalidation of requirements and is working very closely with customers to ensure that needs are being met.

E. Fee-for-Service

In her concluding remarks, Mrs. Hughes indicated that General Cunningham has decided, with support from the Deputy Secretary of Defense, Dr. John J. Hamre, to not go through with the fee-for-service proposal. She stated that in FY 2000 and FY 2001, DSS would be operating as a reimbursable (appropriated) activity within the Defense Working Capital Fund.

III. DOE Update: Security Policy Changes Under Consideration

Cathy Tullis, Security Specialist, Office of Security Affairs, Department of Energy (DOE), reported that on July 14, 1999, General Eugene E. Habiger, (Ret.) began work as the new Director of Security and Emergency Operations for DOE. He has identified several problem areas and is working with the staff to develop solutions to resolve them. General Habiger has reorganized the top level of DOE security,

with further reorganizations anticipated. Currently, Joseph Mahaley heads the Office of Security Affairs, which still includes the Office of Safeguards and Security and the Office of Declassification. The organizational changes are expected to be completed by the end of September.

Mrs. Tullis noted some of the recent policy changes in DOE security, including (1) zero tolerance for security violations; (2) amending legislation to establish penalties for contractors who violate security rules; (3) revamping the reporting system for security incidents, with a new rule anticipated within two months.

Mrs. Tullis further noted that DOE will no longer use the United States Postal Service Express Mail to transmit Secret or Confidential material. This temporary policy change came as a result of a loss of material using this service. DOE reported this change in policy to the Information Security Oversight Office (ISOO) and the Security Policy Board (SPB). The SPB representative stated that the SPB will form a working group to address this issue and make recommendations to ISOO as needed.

Mrs. Tullis also noted that DOE is enforcing its policy of "touching badges," which means that the security officers must "touch" badges as individuals are entering DOE facilities. She concluded by saying that DOE is in a reactive mode in light of the recent media attention regarding alleged espionage activities. She further

noted that the labs are very different from most DOE facilities in several areas of security. Consequently, these differences need to be considered as any new policies are developed.

IV. Executive Agent's Update: Incorporating a Discussion of the Status of Chapter 8, Oral Attestation for Cleared Personnel, Collecting Cost Data from Industry and the X07 Lock

1. Cost Collection from Industry

Rosalind Baybutt, Deputy Director for Industrial Security, Office of the Assistant Secretary of Defense, volunteered as a representative of the Executive Agent to administer the Executive order's mandatory cost collection program from industry next year (2000). The Chairman moved that the NISPPAC membership accept the DOD, through Ms. Baybutt, as the lead entity for collecting industry cost estimates. The motion passed unanimously.

2. Proposed Changes to the National Industrial Security Program Operating Manual

Ms. Baybutt presented a package of proposed revisions to the National Industrial Security Program Operating Manual (NISPOM). The package included a revised draft of Chapter 8, "Information Systems Security," that was developed closely with representatives from the Central Intelligence Agency and the Department of Energy. She noted that the draft is more prescriptive in nature,

and compliments the recently signed Director of Central Intelligence Directive DCID 6/3), "Protecting Sensitive Compartmented Information with Information Systems."

Other proposed changes to the NISPOM described by Ms. Baybutt included: the elimination of contractor-granted Confidential clearances by January 1, 2002, (Chapter 2); a requirement for oral attestation to one's security responsibilities if one has access to Top Secret, Special Access Program, or Sensitive Compartmented Information (Chapter 3); the elimination of non GSA approved security containers for storage of Secret information by October 1, 2012 (Chapter 5); and a requirement to retain an original, signed record when requests for investigations are submitted electronically (Chapter 5). The changes to Chapter 5 will bring the NISPOM in compliance with the recently approved Safeguarding Directive.

Ms. Baybutt urged members to allow their information technology professionals to review the draft revisions to Chapter 8. She also stated that the information distributed in the package could be found on the Defense Security Service web page. Comments on the draft will be accepted no later than October 15, 1999.

3. Conflict Resolution Regarding the National Industrial Security Program

Ms. Baybutt informed the committee members that, in response to the request of the NISPPAC chairman, a conflict resolution group of senior policy level officials had been formed. The group will be chaired by Dr. Linton Wells, II, Principal

Deputy, Office of the Assistant Secretary of Defense (C3I), representing the Department of Defense, as the assigned executive agent of the National Industrial Security Program (NISP). Comparable officials representing the other signatory agencies will be a part of the group. It is hoped that this interagency group will bring expeditious resolution to any future policy disputes within the NISP or relating to the NISPOM. Richard Williams, Director, Office of Security, Office of the Assistant Secretary of Defense (DOD), stated that Dr. John J. Hamre, Deputy Secretary of Defense, had also expressed his commitment to the project.

4. Mas-Hamilton Group X-07 Series Security Lock

Mr. Williams briefed the members on the status of the congressional mandate for DOD to retrofit security containers with locks that meet Federal Specification FF-L-2740. At the present, only the Mas-Hamilton Group's X-07 security lock meets the requirement. Mr. Williams stated that DOD was feeling pressure from members of Congress who hold the view that the X-07 security lock is essential to safeguarding national security information. He further stated that the Senate confirmation of Arthur L. Money as Assistant Secretary of Defense was being delayed pending agreement on the resolution of this matter. Mr. Williams reported that DOD officials plan to meet with Congress to resolve this issue. DOD's current position, as described by Mr. Williams, is that it will not immediately retrofit X-07 security locks for all industry security containers. He stated that DOD views the cost associated

with immediate retrofitting as prohibitive and that in some cases, DOD views the increased security provided by a retrofit as minimal.

V. STATUS OF SPB INITIATIVES

Dan Jacobson, Director of the Security Policy Board Staff, announced September 9, 1999, as the date for the next meeting of the Security Policy Board (SPB). At that time, the Chairman the Joint Security Commission, Gen. Larry Welch, will brief on the Commission's work. The OSD representative, Dick Williams, indicated that Deputy Secretary of Defense John Hamre was able to adjust his schedule in order to attend the upcoming SPB meeting. Mr. Jacobson informed the group that the Safeguarding Directive was signed recently. ISOO will now oversee the promulgation and issuance of the Safeguarding Directive through NARA/Federal Register channels.

E.O. 12968 requires the creation of a financial disclosure form for individuals in extremely sensitive positions. The Office of Management and Budget and the White House have already approved this form. It is now going to the Office of Personnel Management (OPM) for final processing and full implementation.

Within the context of the critical infrastructure arena, the SPB staff was asked to develop the means by which the government and private sector could dialogue in private regarding threats, vulnerabilities, and mitigation of vulnerabilities

associated with our current infrastructures. The reality at this time is that the government and private sector cannot dialogue in private regarding these issues. The SPB staff has put together a plan that has been signed out for coordination and review prior to transmittal to the NSC for further analysis. In the interim, the Department of Justice is drafting a plan for legislation that will provide some relief from expected requests for access under the Freedom of Information Act.

The SPB staff is in the final stages of coordination a threat requirement document to help agencies acquire specific threat data relative to their missions. The document is now under review by with the Critical Infrastructure Assurance Office, the National Information Protection Center, and the National Security Telecommunication and Information Systems Security Committee. Ultimately, the SPB staff will recommend that the Board forward it to the National Security Council for implementation nationwide. Requisite training to help translate and interpret threat data is next in the queue as a follow-on to this very important initiative.

The SPB has been asked to coordinate an effort to develop a “true” electronic SF-86: one form, user friendly, method based, and platform independent for use government and industry wide. The National Reconnaissance Office has agreed to fund the web-basing of it. A task force will be created soon to start this initiative.

The next meeting of the Security Policy Advisory Board is scheduled for September 27, 1999 at the ASIS Conference in Las Vegas, Nevada.

VI. Visit Certification and Clearance Request System via the Extranet for Security Professionals

Matt Donlon of the Carnegie Mellon Software Engineering Institute provided a briefing on the visit certification capabilities of the Extranet for Security Professionals (ESP). The ESP has the ability to pass clearances between cleared government and contractor facilities electronically within the security community. The current system involves faxes, and telephone verification. Our current system is plagued with frequent delays and is paper intensive. The ESP visit certification capability is intended to eliminate the current system by providing a secure, paperless, and more efficient means for security professionals to pass clearances of cleared travelers from one organization to another. The ESP creates a universal means to pass any type of clearance or access, and foster reciprocity between the various government systems. ESP Visit Certification features include organizational management, profile management and an audit log.

Organizational Management--ESP Mid-Managers (Profile Managers) from each organization can control access, control work flow, and allow other organizations to query their cleared traveler database to verify access of a traveler through the Visit Certification function for their organization.

For more information about the Extranet for Security Professionals (ESP), contact:

Matt Donlon (703) 908-8226 mdonlon@sei.cmu.edu

Jan Philpot (412) 268-7707 philpot@sei.cmu.edu

Jim Passarelli (703) 602-0937 jim.passarelli@spb.gov

VII. Status of Legislative and Policy Initiatives

The Chair informed the attendees that the President would probably sign the initiative to amend E.O. 12958 within a month at the latest. This amendment to the Order would extend the automatic declassification deadline 18 months from April 2000 to October 2001. For records involving more than one agency's equities or records pertaining to intelligence sources or methods, that date would be extended three years (April 2003).

Legislation (S.22) introduced by Senator Moynihan would create a legislative scheme for the security classification system for the first time. Senator Moynihan realizes that the legislation, as drafted, will not likely go very far in Congress. Senator Moynihan's staff is working with both House and Senate Intelligence Committees that have been most critical of the legislation. The possibility of the current version of this legislation being passed is very doubtful. However, the Chair feels that, given the fact that the sponsors are willing to look more pragmatically at coming up with an acceptable compromise, the possibility of such

legislation being passed before Senator Moynihan retires (at the end of 2000) has increased rather strongly.

VIII Adjournment

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

NISPPAC Attendees: Representatives

Wednesday, August 25, 1999

MEMBER REPRESENTATIVES

Maynard Anderson	Industry (Nominee)
Gregory Gwash	Industry
Edward P. Halibozek	Industry
Raymond Kang	Industry
Shirley Krieger	Industry
Bernard A. Lamoureux	Industry
Frank K. Martin	Industry
Susan Mitchell	Industry
Michael Nicholson	Industry (Nominee)
Carol Thomas	Industry
Bill Davidson	Air Force
Katherine H. Weick	Army
Alan Wade	Central Intelligence Agency
Stephen Lewis	Defense Security Service
Rosalind Baybutt	Department of Defense
Cathy Tullis	Department of Energy
Bernie Gattozzi	Department of Justice

Andrea Jones

Department of State

Mark Borsi

NASA

Ronald W. Marshall

Navy

Thomas O. Martin

Nuclear Regulatory Commission

Dan L. Jacobson

Security Policy Board