

NATIONAL INDUSTRIAL SECURITY PROGRAM

POLICY ADVISORY COMMITTEE

MINUTES OF THE MEETING

FEBRUARY 24, 1994

The National Industrial Security Program Policy Advisory Committee (NISPPAC) held its second meeting on February 24, 1994, at 10:00 a.m., at the National Archives at College Park (Archives II), 8601 Adelphi Road, College Park, Maryland. The meeting was open to the public.

1. After a welcome and introductions, the Chairman thanked the National Archives for its hospitality and accommodations. The Chairman then submitted the minutes of the September 30, 1994, meeting for approval. The NISPPAC members approved the minutes without correction.
2. **The NISPPAC Bylaws:** The Chairman presented the draft bylaws with their proposed revisions to the NISPPAC members. After discussing the proposed revisions for the bylaws, the members unanimously voted to approve the bylaws as amended. The Chairman shall provide each NISPPAC member with a copy of the bylaws.
3. **Status of Presidential Review Directive 29 (PRD 29):** The Chairman reported that the PRD 29 Task Force submitted a draft executive order (including the agencies' objections to certain provisions of the draft) to replace Executive Order 12356, "National Security Information," to the National Security Council (NSC) on November 10, 1993. The Chairman explained that all decisions regarding

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the agencies' objections and comments on the draft order currently reside with the NSC. The industry members of the NISPPAC queried the Chairman about industry's opportunity to comment on the draft order. Following a brief discussion, the seven industry members unanimously voted that they, as a body, be formally included in any future outside review of the draft order. The 13 Government members of the NISPPAC abstained from this vote. Accordingly, the industry members asked the Chairman to write the National Security Adviser requesting that the industry members of the NISPPAC have an opportunity to comment on the draft executive order in an official status as representatives of industry.

4. **Report on Capturing Security Costs in Industry:** John T. Elliff, Office of the Secretary of Defense, and Stephanie Meise, Co-Chair, Resources Working Group, gave a status report on the Group's efforts to develop a viable methodology for reporting security costs for the National Industrial Security Program. Dr. Elliff reported that the Resources Working Group's report entitled, *Capturing Security Costs: Final Report and Recommendations of the National Industrial Security Program Resources Working Group*, was well received by the NISP Steering Committee and the Joint Security Commission. Copies of the Report were made available to the NISPPAC members. Ms. Meise briefly summarized the recommendations in the Report and discussed the proposed methodology for accounting for security costs.

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Dr. Elliff informed the NISPPAC members that, on behalf of the Executive Agent and the NISP Steering Committee, he intends to discuss proposals for tracking security costs within industry with Representative David E. Skaggs.

5. **Status of the Joint Security Commission Report:** John Elliff reported that the Commission is in the final stages of drafting the Joint Security Commission Report and expects to issue it within the week. Dr. Elliff and Harry A. Volz, Grumman Aerospace Corporation, reported that the Joint Security Commission Report will have a tremendous impact on the National Industrial Security Program because it calls for wide-range reform in almost every aspect of security policy: classification, physical and personnel security, special access programs and information security.

6. **Status of the National Industrial Security Program Operating Manual (NISPOM):** John F. Donnelly, Defense Investigative Service, reported that the drafting process is on schedule and that comments on the NISPOM are due February 28, 1994. He added that, in the course of drafting the NISPOM, the Defense Investigative Service determined that the draft does not meet the performance-based standards and objectives of the *Report of the National Performance Review*. To bring the draft NISPOM in line with the goals of the Report, Mr. Donnelly suggested that the NISPPAC submit a proposal to the Executive Agent that the NISP Task Force produce an experimental performance-based NISPOM by the deadline of June 30, 1994. After discussing the proposal, the NISPPAC members decided that a radical revision to the draft would delay the

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publication of the NISPOM and recommended that the Defense Investigative Service proceed with the issuance of the current draft.

Following a brief discussion of unresolved issues that are delaying the issuance of the NISPOM, the Chairman proposed to the NISPPAC members that they consider NISPPAC's role in resolving these issues. Harry Volz, with the concurrence of the NISPPAC members, stated that the NISPPAC should await the publication of the NISPOM before addressing policy issues. However, the NISPPAC members agreed that any member with proposals for settling the unresolved issues could forward them to the Chairman.

7. **Status of the NISP Steering Committee and NISP Task Force:**

Dr. Elliff and Mr. Volz reported that the NISP Steering Committee and the NISP Task Force continue to meet to resolve outstanding issues.

8. **Training for the National Industrial Security Program:** Dr. Elliff reported that the interagency group tasked to develop standard training for the NISP continues to make great progress. He added that the interagency group has submitted status reports and training proposals to the NISP Steering Committee for consideration.

9. **Open Forum for Members:** Because of industry's desire to have more information on threats to the national security and the recent espionage case at the Central Intelligence Agency, Dr. Elliff proposed that the NISPPAC establish a

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Threat Working Group. After a brief discussion, the NISPPAC members decided to table the creation of a Threat Working Group at this time.

10. The NISPPAC members raised no new business. The Chairman summarized the action items and adjourned the meeting.

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Adams, Thomas J.	Lockheed Missiles and Space Company
Brady, Raymond J.	Nuclear Regulatory Commission
Brown, June T. (Executive Secretary)	Information Security Oversight Office
Brown, Michael	Department of the Navy
Conrads, Ernest	Westinghouse Electric Corporation
Crawford, James W.	Central Intelligence Agency
Davidson, William	Department of the Air Force
Donnelly, John F.	Defense Investigative Service
Donner, Carol	General Research Corporation
Elliff, John T.	Office of the Secretary of Defense
Garfinkel, Steven (Chairman)	Information Security Oversight Office

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Gattozzi, Bernard	Department of Justice
Jones, Andrea	Department of State
Jones, David	Department of Energy
Lavallee, William F.	Vought Aircraft Company
Naper, Paul	National Security Agency
Van Houten, James H., II	Rockwell International, Inc.
Volz, Harry A.	Grumman Aerospace Corporation