

## LESSON 4

# Classification Management

"Classification Management" (CM) is the system within the DoD for identifying that official information which requires protection in the national interest (classifying); how much protection (level of classification), and for what period of time protection is required (duration). It's basically the system our government employs to exercise control and management over its national security information. Within the NISP, industrial facilities are provided, generate, and handle national security information (classified material). Defense contractors are required to effectively safeguard and manage (protect) the classified material to which they have access.

In order to protect the material it handles or generates, contractors must know what is classified, at what level, and for how long. Under the terms of the Security Agreement (DD Form 441), the government is obligated to provide contractors with classification guidance. This is accomplished by indicating "by security classification (TOP SECRET, SECRET, or CONFIDENTIAL) the degree of importance to the national security of information pertaining to supplies, services, and other matters to be furnished by the Contractor to the Government or by the Government to the Contractor." Further, "the Government shall give written notice of such security classification to the Contractor and of any subsequent changes thereof."

CM within the NISP includes the receipt, application, and utilization of proper classification guidance and instructions; the assignment of appropriate derivative classifications, declassification, and other required markings; and, the regrading of classified materials.

## OBJECTIVES

When you have completed this lesson, you should be able to do the following:

- Recognize and explain the components of CM and discuss their importance to the NISP.
- Describe the general policies and procedures of Executive Order 12958.
- Distinguish between original and derivative classification, and explain the basic principles of derivative classification.
- Identify the requirements for issuance, purpose, and uses of security classification guidance (DD Form 254 and classification guides).

## CLASSIFICATION PROCESS

Why do we have a classification process and what do we mean when we talk about a classification process? History has shown that almost every administration has executed an executive order pertaining to the NISP. Executive Order (E.O.) 12958, issued by President Clinton, establishes policy and procedures for the government's Information

Security Program and CM in the NISP. The Information Security Oversight Office (ISOO) is the government activity designated in E.O. 12958 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 organization charged with the oversight prescribed by President Clinton's E.O. of April 17, 1995. Although ISOO is an administrative component of the National Archives Records Administration (NARA), it receives its policy guidance from the National Security Council. ISOO has developed a slide-tape presentation, which discusses the classification process and its history. It would be beneficial for you to obtain a copy from ISOO to include in your security education briefings. A copy can be obtained from the Director, ISOO, National Archives and Records Administration, Seventh and Pennsylvania Avenue, N.W., Washington, D.C. 20408.

Let's take a brief look at the Information Security Program. As we mentioned, E.O. 12958 establishes policy and procedures for the government's Information Security Program (ISP) and for CM in the NISP. It provides instructions on how to properly mark and safeguard classified information.

Implementation of E.O. 12958 is by means of ISOO Directive Number 1. All of our directives and regulations are driven by this ISOO Directive. In turn, DoD Directive 5200.1, the DoD Information Security Program, provides for the authority to issue DoD 5200.1-R, the Information Security Program Regulation. This regulation applies to OSD, Military Departments, Unified & Specified Commands, and the various Defense Agencies. The National Industrial Security Operating Manual (NISPOM) was developed to serve the needs of the departments of defense and energy, the Nuclear Regulatory Commission, and the Central Intelligence Agency. The NISPOM is provided to each cleared contractor facility and is, in fact, a part of the Security Agreement (DD Form 441).

## **CLASSIFYING INFORMATION**

As you know, information can be classified in one of two ways: originally or derivatively. Information which meets certain criteria may be classified originally by designated government officials. The derivative process is accomplished by government or contractor personnel who derive the classification to be assigned to new material from something already classified by an original classifier. In this process the level of classification is determined based on the degree of damage to the national security should the information be compromised. Also, the duration of the classification is determined. A specific date or event for declassifying the information must be determined.

Since no contractor has original classification authority, how does a contractor classify information? Contractors receive their authority from an original classification authority. This is done through the derivative classification process. Contractor personnel who in their official capacity incorporate, paraphrase, restate, or generate classified information from already classified sources may derivatively classify the newly created documents or material.

In order to properly accomplish this process the contractor must have some type of guidance from the original classification authority. In the NISP we refer to three possible sources:

- Classified source material, such as a classified document
- DD Form 254, which is the basic document for providing guidance to the contractor.
- Classification guide, which would contain more detail than a DD Form 254. Sometimes it is not necessary to provide the contractor a guide. The Classification Guide, if needed by the contractor should be provided as an attachment to the DD 254.

## **BASIC DOCUMENT - DD FORM 254**

In accordance with the DD Form 441, Security Agreement, the government has agreed to provide classification guidance to the contractor. This security classification guidance is the responsibility of the program/project manager. The basic document in providing this guidance is the DD Form 254, "DoD Contract Security Classification Specification." Whenever classified information is expected to be received, produced, or accessed by the contractor, a DD Form 254 must be issued (Para. 7-102, ISR). So that it provides comprehensive guidance to the "hands on" person at the facility, it should contain classification, upgrading, downgrading, and declassification instructions regarding the project. Although the DD Form 254 is the basic means of providing classification guidance to the contractor, it may be supplemented by a classification guide for a program or project.

DD Forms 254 are issued as follows:

- Original - With each RFP, RFQ, IFB or other solicitation. With GCA classified programs or projects. Upon award of a classified contract.
- Revised - When the security requirements change.
- Final - When the contractor has a need to retain classified material for more than 2 years after conclusion of contract.

## **CHALLENGES TO CLASSIFICATION**

In accordance with the NISPOM, contractors must establish a procedure to ensure the necessity, currency, and accuracy of the guidance they are provided. Should they question the guidance they are now required to contact the program/project manager for further guidance or clarification.

## **SUMMARY**

Classification is applied only to national security information owned by or under the control of the U.S. Government. The User Agencies through the Security Agreement have agreed to provide classification guidance throughout the acquisition cycle. The "DoD Contract Security Classification Specification," DD Form 254, is the basic document for conveying classification, regrading, and declassification requirements. Classification management must be performed at all levels where classified material is originated, generated, reproduced, or disseminated further. Contractors are responsible for applying the

classification instructions to any material they receive or generate. In order to provide proper protection of the material the principles of derivative classification must be understood and utilized as well as the marking requirements of the NISPOM. Therefore, you, the User Agency must be aware of your responsibilities as they apply to providing proper classification guidance to your contractors. Remember that they are protecting your information.

## REVIEW EXERCISE

Complete the following exercises for review and practice.

1. The Information Security O\_\_\_\_\_ O\_\_\_\_\_ is the government activity responsible for monitoring the information security programs of all executive branch agencies.
2. Information becomes classified information in one of two ways:  
o\_\_\_\_\_ and d\_\_\_\_\_.
3. Contractors receive classification guidance from classified documents, DD Form 254, and classification guides.

True  
False

4. In accordance with the DD Form 441, Security Agreement, the government is obligated to provide classification guidance to the contractors.

True  
False

5. The purpose of the DD Form 254 is to provide c\_\_\_\_\_ guidance to the "hands on" person at the facility.
6. DD Form 254 must be issued with each RFP, RFQ, or any formal solicitation and upon award of a c\_\_\_\_\_ c\_\_\_\_\_.
7. In accordance with the NISPOM, the contractor must establish a policy to ensure the current, n\_\_\_\_\_, and a \_\_\_\_\_ of the guidance they are provided.

## **ANSWERS**

### *Solutions and References*

1. *Oversight Office (p. 4-1)*
2. *originally or derivatively (p. 4-2)*
3. *True (p. 4-2, 3)*
4. *True (p. 4-3)*
5. *classification (p. 4-3)*
6. *classified contract (p. 4-3)*
7. *necessity, and accuracy (p. 4-3)*