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GAO INSIGHTS INTO SECURITY CLEARANCE REFORM

HEARING

BEFORE THE

SUBCOMMITTEE ON INTELLIGENCE COMMUNITY MANAGEMENT

OF THE

PERMANENT SELECT COMMITTEE ON INTELLIGENCE

ONE HUNDRED TENTH CONGRESS

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GAO INSIGHTS INTO SECURITY CLEARANCE REFORM

WEDNESDAY, JULY 30, 2008

HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
SUBCOMMITTEE ON INTELLIGENCE COMMUNITY MANAGEMENT,
Washington, DC.

The subcommittee met, pursuant to call, at 3:07 p.m., in room 2212, Rayburn House Office Building, the Hon. Anna G. Eshoo (chairwoman of the subcommittee) presiding.

Present: Representatives Eshoo, Holt, and Issa.

Chairwoman ESHOO. Good afternoon, everyone. I hope you are all well. The first thing I would like to do is to thank you for your patience in waiting for us to begin the hearing.

My name is Anna Eshoo. I chair the Intelligence Community Management Subcommittee; and just as I was en route to be here a few minutes before 2:30, the bells went off. Perhaps it is better that they did then and won't interrupt our hearing.

I know the Ranking Member will be here. He has a very important vote over at the Judiciary Committee. So I will start out with an opening statement; and, again, thank you to everyone that is here.

This is our second hearing on security clearance reform. We all know that the clearance system serves two main functions. It should clear trustworthy people into the community so that they can serve without undue delay, and it is supposed to keep out those who pose security threats.

In recent years, the security system has been plagued by delays in clearing people into the community quickly, on a timely basis. These challenges have been amply documented by the GAO. I know no one has done the work that the GAO has done on this issue. It is highly instructive to all of us not only on this subcommittee but the full committee, and we salute the GAO for the work that they have done.

In response to these concerns, Congress enacted the Intelligence Reform and Terrorism Prevention Act of 2004, which had some very specific language for reform which directed improvements in timelines and in quality. The administration has made strides, though belated, in addressing the delays, but it has not been as aggressive in addressing other reforms until recently. And as my mother used to say, nothing like waiting for the last minute. But let's see what we can get done.

At our last hearing, we heard testimony from the GAO and the administration on their most recent reform efforts which were just

beginning. In the beginning of 2005, in compliance with the Intelligence Reform Act, the President issued an Executive Order that authorized OMB to reform the clearance process. Earlier this year, a joint DOD–ODNI reform team published an initial report on their vision of clearance reform.

Now these are all steps, but what it says to me is that we haven't even begun. I know that there are things that have to be done in preparation, but we still haven't gotten there. It is still what I consider to be mostly a Cold War system.

Now, most recently, on June 30, the President signed another Executive Order dividing responsibilities for clearance reform among the ODNI, OPM and OMB. Given the flurry of clearance reform activity by the administration and the constantly shifting division of labor, I think it is critical that Congress keep a watchful eye on the program and ensure that progress in this area is actually made.

There are a lot of people in a lot of functions that are dependent upon a 21st century looking, forward-leaning security clearance program. Members of the subcommittee remain concerned that the administration has not developed metrics to evaluate the quality of the process and has been inconsistent in interpreting congressional intent on reciprocity between the agencies, the consolidation of the process or uniformity of the process across agencies.

We need to get this right. And I will say it again. We need to get this right. I spent 2 years chairing this little subcommittee; and I really thought, if someone had asked me 2 years ago where we would be on this, I would have said we would have been at least maybe 60, 65 percent on the road to progress and the implementation was taking place. We are still in the planning stages of this thing. So we need to get this right.

What is at stake with clearance reform I think is the success of the Intelligence Community. Both the public and the private sectors both rely on it.

This is a function that has to be engaged in by our government. People can't go to Macy's or Neiman Marcus to get these clearances, to buy them or to process them. They have to come to us. Every intelligence community employee, whether they are working for the government or for a contractor, has to hold a clearance from top to bottom. Whether one is the director of an agency, an entry level translator, an aerospace engineer or an IT consultant, you need a clearance.

A malfunctioning clearance system keeps the right people out and lets the wrong people in, and it jeopardizes the security of our country. We have to ensure that we bring in the linguistic and the cultural talent that we need.

I am kind of a broken record on that along with several of my colleagues on the full committee. We have to ensure that intelligence professionals can transfer and collaborate between intelligence agencies. In other words, they have to fit into different settings; and reform has to fit the mission needs. To that end, we may need to re-evaluate some of the assumptions of the reform legislation and consider whether a different approach is necessary.

To assist us in our oversight, this committee asked the GAO to evaluate certain reform efforts, including the GAO's first assess-

ment of the Intelligence Community's security clearance process. We made a formal request for an assessment of the ongoing joint DNI–DOD reform pilot effort relative to best practice standards that GAO has used in the past. We also asked for a review of the criteria that the administration is using to assess the effectiveness of its efforts, and the GAO is here today to share their initial findings.

Our witness today is Ms. Brenda Farrell, the Director of Military and Civilian Personnel and Medical Readiness, Defense Capabilities and Management. She has had years of valuable experience and can provide this committee with a historical perspective on the challenges we face in our efforts to deal with the problems.

I hope that you will address a few key questions today; and they are:

Does the administration's reform plan offer solutions to the clearance problems GAO has identified in past assessments? And if anyone hasn't taken the time, I would recommend that you pour through all the work that GAO has done on this. I mean, these are volumes of really superb work.

Is the reform plan an improvement over the current system? I mean, is it going to take us to where we want to land? Or is it one layer over another of planning activities without the kind of direction or directive that it needs to be?

And has the administration developed adequate metrics to assess the quality of its system? Planning is wonderful. Ideas are always important. But if you can't measure these things to see if you are producing the outcomes that the initial process and planning was for. If not, then you are really, in my view, back to square one.

So we have also asked for an initial evaluation of the new Executive order on clearance reforms signed by the President at the end of June, and I look forward to that evaluation and especially your testimony.

So with that, since our Ranking Member is not here—I will recognize him as soon as he comes in. As I said, he had a vote, a very important vote at the Judiciary Committee. And then he said he would be over here to join us as well as some of the other members of the subcommittee.

I want to welcome you again, Ms. Farrell, and thank you for the very important, superb, professional work that you do. So, with that, I will ask you to make your statement.

Ms. FARRELL. Thank you so much.

Chairwoman ESHOO. It looks like it is just the two of us with an audience, right? It is kind of a luxury though, isn't it?

STATEMENT OF BRENDA S. FARRELL, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT

Ms. FARRELL. Thank you so much for those kinds words, too, about GAO. We are proud of the decades of work, that you are obviously very familiar with, on personnel security clearances. But, if I may, I will briefly summarize my written statement; and then, hopefully, the others will join us.

Again, thank you for the opportunity to be here today to discuss GAO's preliminary observations on the Federal Government's efforts to reform the security clearance process. My remarks today

are based on our preliminary review of the Joint Security and Suitability Reform Team's initial plan and the recently issued Executive Order 13467, our prior work on security clearance processes and best practices developed from GAO's institutional knowledge of organizational transformation.

Next month, we plan to officially begin our detailed review of the joint reform efforts as requested by the Chairman of the Permanent Select Committee on Intelligence and you, Madam Chairwoman, in your capacity as Chair of this Subcommittee.

GAO placed the Department of Defense's personnel security clearance program on our high-risk list in 2005 because of a variety of long-standing problems that increase a risk to national security. These problems include delays in clearance processing, incomplete investigations and the granting of clearances based on incomplete data.

Since then, the government has undertaken a number of clearance reform efforts, including an April 30, 2008, initial plan by the Joint Security and Suitability Reform Team. The plan outlines a new seven-step process for determining clearance eligibility.

Another effort was an issuance in June, 2008, of the Executive Order 13467 that responds to the initial reform plan by establishing a Performance Accountability Council to implement reform efforts.

The joint reform team's initial plan in the Executive order reflected the collaborative efforts of several key agencies, including the Office of Management and Budget, DOD, the Office of Director of National Intelligence, and the Office of Personnel Management. In addition, before this subcommittee in February of this year, we identified four factors key to reforming the security clearance process.

My written statement is divided into three parts. First, the recent security efforts as reflected in the joint reform team's initial plan and Executive Order 13467 consist of several positive elements, including responsiveness to the President's direction with an initial plan that identifies near-term actions to follow, input from key stakeholders and support and accountability of high-level leadership. For example, the initial plan described several near-term actions that will be taken to transform the security process across the Federal Government. These actions include establishing an executive branch governance structure to achieve the goals of reform and sustain reform momentum through the upcoming administration transition; developing and initiating automated systems for the application, adjudication and record-checking steps; and developing information technology strategy to enable improvements government-wide.

Second, the joint reform team's plan and the Executive order begin to but do not fully address the four factors that GAO identified before this committee as key to reforming the process. These factors are having a sound requirements determination in place, building quality into every step of the clearance process, heading a valid set of metrics for evaluating efficiency and effectiveness, and providing Congress with long-term funding requirements of security reform.

First, although the plan states that a reformed clearance process would begin with a step to validate the need for a clearance, neither the plan nor the Executive order includes discrete actions for implementing a sound requirements determination process.

Second, while the plan provides some information on building quality into the clearance process, it provides limited details on how the newly automated processes will ensure quality.

Third, the reform efforts emphasize timeliness but do not discuss the use of additional metrics that could be used to evaluate the performance of a reform process.

Finally, neither the plan nor the Executive order contain information about funding requirements, which limits their utility in helping decision makers.

The last part of my written statement addresses how moving forward the reform efforts could benefit from clearly incorporating additional best practices that GAO has identified for agencies to successfully transform their cultures. This is particularly important since a central theme of the 9/11 Commission Report was that one of the major challenges facing the Intelligence Community is moving from a culture of need to know to a culture of need to share.

These best practices include, among other things, establishing a coherent mission and integrating strategic goals to guide the transformation, focusing on a key set of principles and priorities at the outset of the transformation, setting implementation goals and a timeline to build momentum and show progress from day one and, last, establishing a communication strategy to create shared expectations and report related progress.

Further, the Intelligence Reform and Terrorism Prevention Act of 2004 sets clearance processing timeliness requirements, general specifications for an integrated database and reciprocity across government. Using the best practices to meet IRTPA requirements can assist the newly formed Performance Accountability Council in the development of a coherent mission, guide the transformation and focus efforts on key principles and priorities as the Council prepares its December, 2008, report which we understand from OMB will detail implementation of the reformed security process.

In summary, the current reform efforts represent positive steps forward. The key to successfully reforming the personnel security process is how these reform efforts will be implemented.

Again, GAO is honored to be before you today, and we look forward to conducting a more detailed review of these reform efforts, and in that review we plan to examine all of the considerations presented in my written statement as the efforts move forward. Thank you, Madam Chair, and I will be pleased to take questions whenever you are ready.

Chairwoman ESHOO. Thank you very much, Ms. Farrell.

[The statement of Ms. Farrell follows:]

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Intelligence Community Management, House Permanent Select Committee on Intelligence, U.S. House of Representatives

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PERSONNEL SECURITY CLEARANCES

Preliminary Observations on Joint Reform Efforts to Improve the Governmentwide Clearance Eligibility Process

Statement of Brenda S. Farrell, Director
Defense Capabilities and Management

GAO-08-1050T

July 30, 2008

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Highlights

Highlights of GAO-08-1050T, a testimony before the Subcommittee on Intelligence Community Management, Permanent Select Committee on Intelligence, U.S. House of Representatives

PERSONNEL SECURITY CLEARANCES

Preliminary Observations on Joint Reform Efforts to Improve the Governmentwide Clearance Eligibility Process

Why GAO Did This Study

GAO placed the Department of Defense's (DOD) personnel security clearance program on its high-risk list in 2005 because of a variety of problems, including delays in clearance processing and the granting of clearances based on missing data. A number of personnel security clearance reform efforts have since been undertaken, including an April 2008 initial plan by the Joint Security and Suitability Reform Team—with members from DOD, the Office of Personnel Management, Office of Management and Budget, and Office of the Director of National Intelligence—that outlines a new process for determining clearance eligibility. Another effort was the issuance of Executive Order 13467 in June 2008 that establishes a Performance Accountability Council to implement reform efforts. In addition, GAO previously identified four factors that are key to reforming the clearance process, as well as best practices for guiding transformation. This statement discusses GAO's initial observations on (1) elements of the most recent security clearance reform efforts, (2) the extent to which the recent reform efforts address the four key factors that GAO identified, and (3) best practices that can be used to guide security clearance reform efforts.

This statement is based on GAO's preliminary review of the joint reform team's initial plan and Executive Order, its prior work on security clearance processes, and best practices developed from GAO's institutional knowledge of organizational transformation.

To view the full product, including the scope and methodology, click on GAO-08-1050T. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

What GAO Found

Security clearance reform efforts, as reflected in the joint reform team's initial plan and Executive Order 13467, consist of several positive elements. First, the joint reform team's plan responds to the President's direction for an initial plan and identifies several primary near-term actions. The reform efforts also included input from key stakeholders. An additional element of the reform efforts, consistent with best practices GAO has identified, is that they have the support of high-level governmentwide leadership, and hold this leadership accountable to achieve the reform. The order identifies specific positions that are accountable. GAO believes that it is critical that this framework for key accountable leadership has been established before the upcoming change in administrations, because the senior leadership will change with administrations. Frequent turnover of leadership in the federal government has often made it difficult to obtain the sustained attention needed to make changes in government reform efforts.

GAO's initial review of the joint reform team's plan and Executive Order shows that these documents begin to but do not fully address the four factors that GAO identified as key to reforming the security clearance process. These factors are (1) having a sound requirements-determination process, (2) building quality into every step of the clearance process, (3) having a valid set of metrics, and (4) providing Congress with long-term funding requirements for security clearance reform. First, although the plan states that a reformed clearance process would begin with a step to validate the need for a clearance, neither the plan nor the executive order includes discrete actions for implementing a clearance determination process. Second, while the plan provides some information on building quality into the clearance process, it provides limited details on how the new processes will ensure quality. Third, the reform efforts emphasize timeliness but do not discuss the use of metrics that could be used to evaluate the performance of a reformed process. Finally, neither the plan nor the executive order contains information about funding requirements, which limits their utility in helping decision makers. These elements may be addressed in a more detailed December 2008 report.

Moving forward, the reform efforts could benefit from incorporating more best practices that GAO has identified for agencies to successfully transform their cultures. These best practices include (1) establishing a coherent mission and integrating strategic goals, (2) focusing on a key set of principles and priorities, (3) setting implementation goals and a timeline, and (4) establishing a communication strategy. The Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 sets clearance processing timeliness requirements, general specifications for an integrated database, and reciprocity across the government. Using the best practices to meet IRTPA requirements can assist the Performance Accountability Council in developing a coherent mission, guiding the transformation, and focusing efforts on key principles and priorities as the Council prepares its December 2008 report, which will detail implementation of the reformed security clearance process.

July 30, 2008

Madam Chairwoman and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss our preliminary observations of the federal government's efforts to reform the security clearance process. Over the past several years, we have performed extensive work and gained experience on government transformation. The expertise gained from these efforts, coupled with our decades of experience reviewing the DOD security clearance process, positions GAO to help guide the governmentwide security clearance reform efforts.[1] Moreover, we have identified useful practices and lessons learned from our work on transformation that agencies could use to successfully transform their cultures. Since January 2005, when we first placed the Department of Defense's (DOD) personnel security clearance program on our list of high-risk government programs and operations,[2] we have testified several times on clearance-related issues. We testified most recently before this Subcommittee in February 2008.[3]

We placed DOD's personnel security clearance program on our high-risk list in 2005 because of a variety of long-standing problems in the program. In the 2007 update to our high-risk report,[4] we described some of those problems, which included (1) delays in completing the end-to-end clearance processing; (2) incomplete investigative reports from the Office of Personnel Management (OPM), the agency that supplies about 90 percent of all federal clearance investigations, including those for DOD; and (3) the granting of some clearances by adjudicators even though required data were missing from the investigative reports used to make such determinations. Further, before this Subcommittee in February 2008, we identified four factors key to reforming the security

[1] See Highlights pages from select GAO products and list of related GAO Products at the end of this statement.
[2] GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005).
[3] GAO, *Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes*, GAO-08-352T (Washington, D.C.: Feb. 27, 2008).
[4] GAO, *High-Risk Series: An Update*, GAO-07-310 (Washington, D.C.: January 2007).

clearance process.[5] These factors are (1) having a sound requirements-determination process in place, (2) building quality into every step of the clearance process, (3) having a valid set of metrics for evaluating efficiency and effectiveness, and (4) providing Congress with the long-term funding requirements of security clearance reform. I would also like to add, however, that the security clearance reform process is evolving and a number of noteworthy actions have been taken to improve the security clearance process since our high-risk designation in 2005. We have reported on and testified about these actions regularly since our designation.

Over the past decade a number of requirements have been established with regard to the processing of security clearances for federal employees. The Intelligence Reform and Terrorism Prevention Act (IRTPA)[6] of 2004 established statutory clearance requirements for the executive agencies, military departments, and intelligence community. These requirements include, among other things, milestones for the reduction in length of time to complete personnel security investigations and adjudications, reciprocity of security clearance and access determinations, the establishment of an integrated database to track investigative and adjudication information with the authorization of appropriations for its implementation, and continuous evaluation of available technology in investigations and adjudications.

The most recent security clearance reform efforts include the Joint Security and Suitability Reform Team's (hereafter referred to as the joint reform team) *Security and Suitability Process Reform* initial report, which was issued on April 30, 2008 in response to a memorandum from the President, and the President's Executive Order 13467, which was released on June 30, 2008. The joint reform team's initial report contains a reform plan that outlines a new 7-step process for determining clearance eligibility, and the executive order establishes a Performance Accountability Council to implement that plan. The joint reform team's initial plan and the executive order reflect the collaborative

[5] GAO-08-352T.
[6] Pub. L. No. 108-458 § 3001 (2004).

efforts of several key agencies, including the Office of the Director of National Intelligence (ODNI), DOD, OPM, and the Office of Management and Budget (OMB).

Today, you asked us to discuss the personnel security joint reform efforts. As requested, my statement today will address our initial observations on (1) elements of the most recent security clearance reform efforts and (2) the extent to which the recent reform efforts address key factors that should be considered in efforts to reform the security clearance process. We also identified best practices that agencies can use to successfully transform their cultures and, accordingly, can guide the implementation of these personnel security clearance reform efforts. My statement is based on our preliminary review of the joint reform team's initial plan, issued April 30, 2008, the appendix to that plan, and Executive Order 13467, as well as our prior work on security clearance processes, which included reviews of clearance-related documents and interviews of senior officials at OMB, DOD, and OPM. In addition, this statement is based on key practices and implementation steps we developed from our institutional knowledge on organizational transformation.[7] Our preliminary review was performed in July 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our objectives. We also discussed this statement with the Deputy Director of OMB, who shared with us the progress the joint reform team has made toward meeting timeliness goals in completing clearance determinations. In addition, he noted that the Performance Accountability Council, which was established in Executive Order 13467, intends to submit a more detailed implementation plan for the reformed security clearance process to the President in December 2008.

As you know, the Chairman of the Permanent Select Committee on Intelligence of the U.S. House of Representatives and you, in your capacity as Chairwoman of this Subcommittee, have also requested that we conduct an in-depth review of ongoing

security clearance reform, assess these reform efforts relative to best practices that we have used to evaluate other government transformation, and review the criteria that the administration is using to assess the effectiveness of its initiatives in this area. We have recently begun this work and expect to fully report on our findings at a future date.

Summary

The recent security clearance reform efforts, as reflected in the joint reform team's initial plan and Executive Order 13467, consist of several elements, including responsiveness to the President's direction with an initial plan that identifies several primary near-term actions to follow, input from key stakeholders, and support from and accountability of high-level leadership. First, the joint reform team's plan responds to the President's direction for an initial plan and identifies several primary near-term actions. For example, the plan states that the joint reform team will develop an automated records check capability to expedite clearance investigations. Second, the reform efforts contain input from key stakeholders. In our previous work, we have found that stakeholder involvement in strategic planning is particularly important because of complex political environments and the potential for stakeholders to disagree strongly about missions and goals. A third element, consistent with the best practices we have identified for guiding agencies undergoing cultural transformation, is that the reform efforts have the support of high-level governmentwide leadership and hold this leadership accountable to the President to achieve the reform. We have previously reported that committed, sustained leadership and persistent attention by all parties is indispensable for the successful implementation of organizational transformations, such as making lasting changes to the governmentwide security clearance reform effort. The reform plan was developed under the leadership of four senior executives—the Director of National Intelligence, the Director of OPM, the Deputy Director for Management at OMB, and the Under Secretary of Defense (Intelligence)—who are described in the plan as reform champions. The executive order identifies specific positions that are accountable, and we believe it is

[7]GAO, *Results Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations,* GAO-03-669. (Washington, D.C.: July 2, 2003).

significant that the order established a framework for key accountable leadership before the upcoming change in administrations because the senior leadership currently occupying these positions will change with the transition of presidential administrations after the 2008 elections. Our experience has shown that successful major change management initiatives can often take at least 5 to 7 years to help create the accountability needed to ensure that the transformation initiatives are successfully completed. This length of time and the frequent turnover of political leadership in the federal government have often made it difficult to obtain the sustained attention needed to make changes in government reform efforts.

Our review of the joint reform team's initial plan and Executive Order 13467 showed these documents begin to but do not fully address the four factors that we identified in February 2008 as key to reforming the security clearance process. First, the joint team's plan states that a reformed security clearance process would begin with a step to validate the need for a clearance. However, neither the plan nor the executive order includes discrete actions for implementing a sound requirements determination process across all of the government agencies that issue security clearances. We previously reported that any reform effort should address whether the quantity and level of clearances are appropriate and include discrete actions or milestones for implementing a sound requirements determination process. We noted that unnecessary requirements or increases in the number or level of requested clearances result in increased costs and investigative and adjudicative workloads. Second, while the plan provides some information on building quality into the clearance process, it provides limited details on how the new automated processes will ensure quality. In February 2008, we identified quality control and quality monitoring as key factors in a reformed security clearance process. As we reported in September 2006, lack of full reciprocity of clearances is an outgrowth of agencies' concerns over the quality of other agencies' investigation and adjudication processes. Third, the reform efforts emphasize timeliness but do not discuss the use of additional metrics that the joint reform team and the Performance Accountability Council could use to evaluate the performance of a reformed process. In February 2008, we noted that the reformed clearance process should have a valid set of

metrics beyond those measuring timeliness to evaluate the efficiency and effectiveness of the process. We believe that including metrics on both the efficiency and effectiveness of clearance processes could add value in current and future reform efforts as well as supply better information for greater congressional oversight. Finally, neither the plan nor the executive order contain information about funding requirements, which limits its utility as a tool for decision makers. In February 2008, we noted that the plan should provide long-term funding requirements to implement the proposed changes. In addition to limiting the executive branch's ability to compare and prioritize the reform plan, we believe the absence of any funding requirements to implement the reforms limits the utility of the reform efforts as a tool for decision makers in both the executive and legislative branches to carry out their budgetary development and oversight functions. These factors may be addressed in a more detailed plan that OMB says it will issue in December 2008.

Moving forward, we believe that the reform efforts could benefit from clearly incorporating additional best practices we identified for agencies to successfully transform their cultures. These best practices include, among other things (1) establishing a coherent mission and integrating strategic goals to guide the transformation, (2) focusing on a key set of principles and priorities at the outset of the transformation, (3) setting implementation goals and a timeline to build momentum and show progress from day one, and (4) establishing a communication strategy to create shared expectations and report related progress. For example, using these practices to meet long-term IRTPA requirements can assist in the development of a coherent mission, guide the transformation, and focus efforts on key principles and priorities. OMB informed us in July 2008 that the Performance Accountability Council plans to issue a report detailing the implementation of the reformed security clearance process in December 2008. Going forward, incorporating these best practices could help to better ensure successful implementation of reform efforts as the Council prepares its December report. These practices become even more important given the upcoming change in administrations.

Background

In considering ways in which to reform the government's security clearance process, it is helpful to note that since 1997, all agencies have been subject to a common set of personnel security investigative standards and adjudicative guidelines for determining whether servicemembers, federal workers, industry personnel, and others are eligible to receive a security clearance.[8] Clearances are categorized into three levels: top secret, secret, and confidential. The level of classification denotes the degree of protection required for information and the amount of damage that unauthorized disclosure could reasonably cause to national security. The degree of expected damage that unauthorized disclosure could reasonably be expected to cause is "exceptionally grave damage" for top secret information, "serious damage" for secret information, and "damage" for confidential information.[9]

The President issued Executive Order 13381, *Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information* in June 2005[10] as part of the efforts to improve the security clearance process and to implement the statutory clearance requirements in IRTPA. Among other things, this order tasked OMB's Deputy Director for Management with ensuring the effective implementation of policy regarding appropriately uniform, centralized, efficient, effective, timely, and reciprocal agency functions relating to determining eligibility for access to classified national security information. Since 2005, OMB's Deputy Director for Management has taken several actions to improve the security clearance process. These actions include establishing an interagency working group to improve the reciprocal acceptance of clearances issued by other agencies and taking a lead role in preparing a November 2005 strategic plan to improve the timeliness of personnel security clearance processes

[8] The White House, *Implementation of Executive Order 12968*, Memorandum (Washington, D.C.: Mar. 24, 1997). This memorandum approves the adjudication guidelines, temporary eligibility standards, and investigative standards required by Executive Order 12968, *Access to Classified Information* (Aug. 2, 1995), as amended.
[9] 5 C.F.R. § 1312.4 (2007).
[10] Executive Order 13381 was revoked on June 30, 2008, by Executive Order 13467, which established OMB's Deputy Director for Management as the Chair of the Performance Accountability Council.

governmentwide. The November 2005 strategic plan included quarterly timeliness goals for initial investigations of clearances for the 13 months between the issuance of the plan and the date on which agencies are to be held accountable to the IRTPA timeliness requirements.

In June 2007 the OMB Deputy Director—in collaboration with the Director of National Intelligence and the Under Secretary of Defense for Intelligence—established the joint reform team to develop a reformed DOD and intelligence community security clearance process.[11] The joint reform team submitted a reform plan to the President dated April 30, 2008, which presents the design of a transformed hiring and clearing process. The plan developed a new process for determining clearance eligibility that involves several steps, including (1) validating the need for a clearance, (2) an electronic application, (3) automated records checks, (4) electronic adjudication, (5) an enhanced subject interview, (6) an expandable focused investigation, and (7) continuous evaluation between clearance investigations.

Since the release of the joint reform team's plan, the President issued Executive Order 13467 on June 30, 2008 that lists policy requirements to ensure an efficient, practical, reciprocal, and aligned system for investigating and determining suitability for government employment, contractor employee fitness, and eligibility for access to classified information. Specifically, it establishes a Performance Accountability Council with designated executive agents that are accountable to the President to achieve the goals of the reform effort stated in the order, which are ultimately to streamline the background investigation and clearance eligibility determinations across the federal government. The order also designates the Deputy Director for Management at OMB as the chair of the Council, who will have the authority to designate officials from additional agencies to serve as members, and the Deputy Director expressed his intention to us to reach out to federal agencies.

[11] Since June 2007, the goal of the joint reform team expanded to include the elimination of duplicative steps in the investigations for security clearances and suitability determinations for federal employment. In addition, OPM is also now a member of the joint reform team.

Reform Documents Show That Reform Efforts to Date Are Responsive to President's Direction, Include Stakeholder Input, and Emphasize Accountability

Based on our preliminary observations, the recent security clearance reform efforts in the joint reform team's plan and the June 30, 2008, executive order contain several important elements, including responsiveness to the President's direction, input from key stakeholders, and support from and accountability of high-level leadership. The first element of the plan is that it responds to the President's direction with an initial plan that identifies several primary near-term actions. The President issued a memorandum on February 5, 2008, that directed the team to submit an initial reform plan no later than April 30, 2008. As directed, the joint reform team submitted an initial plan to the President dated April 30, 2008, which describes several near-term actions that will be taken to transform the security clearance process across the federal government. These actions include (1) establishing an executive branch governance structure to achieve the goals of reform and sustain reform momentum through the upcoming administration transition, (2) developing and initiating automated systems for the application, adjudication, and record checking steps, and (3) developing an information technology strategy to enable improvements governmentwide.

In addition, progress has already been made in implementing one of these near-term actions. Executive Order 13467 was issued in response to the joint reform team's initial plan. This order establishes a formal structure for reform and directs changes to the oversight structure of the agencies spearheading the reform effort. It establishes the governance structure called for in the joint reform team's plan—called the Performance Accountability Council—and holds the council accountable to the President to achieve the goals listed in the executive order. These goals include (1) ensuring the alignment of the investigation and adjudication processes, (2) holding agencies accountable for implementation of processes/procedures, (3) establishing requirements for information technology, (4) establishing goals and metrics and preparing annual reports on results of the metrics, (5) overseeing development of tools/techniques for enhancing investigations and eligibility determinations, (6) arbitrating disparities in procedures between the

executive agents, (7) ensuring sharing of best practices, and (8) advising executive agents on policies affecting alignment of investigations and adjudications. The level of direction in the executive order and the establishment of a very specific, centralized structure make this latest reform effort stand out from past efforts.

Second, the reform efforts to date contain input from key stakeholders. In our previous work, we found that stakeholder involvement in strategic planning is particularly important because of complex political environments and the potential for stakeholders to disagree strongly about missions and goals. In a letter accompanying the joint reform team's plan, OMB's Deputy Director for Management highlights that the plan is the product of the collaborative efforts of several key agencies, including the ODNI, DOD Office of the Under Secretary of Defense (Intelligence), OPM, the Office of the Assistant to the President for National Security Affairs, and OMB. These agencies are key stakeholders given their various roles in government security clearance programs and processes. Furthermore, the joint reform team was composed of and consulted with government and industry subject matter experts. These experts included representatives from (1) ODNI's Special Security Center Director, (2) DOD's Personnel Security Research Center, (3) DOD's Defense Security Service, (4) OPM's Federal Investigative Services Division, and (5) intelligence community subject matter experts.

Furthermore, the reform efforts also have the support of high-level governmentwide leadership and hold this leadership accountable. Committed, sustained, highly qualified, and inspired leadership and persistent attention by all parties is a best practice that we have previously identified as indispensable for the successful implementation of organizational transformations, such as making lasting changes to the governmentwide security clearance reform effort. The joint reform team's plan was developed under the leadership of four senior executives who are described in the plan as reform champions. These four senior executives are the Director of National Intelligence, the Director of OPM, the Deputy Director for Management at OMB, and the Under Secretary of Defense (Intelligence). In February 2008, we reported additional indicators of high-level governmentwide leadership support in addressing problems in the security clearance

process.[12] For example, we noted that an August 9, 2007, memorandum from the Deputy Secretary of Defense indicates that DOD's clearance program is drawing attention at the highest levels of the department. Streamlining security clearance processes is one of the 25 DOD transformation priorities identified in the memorandum. The leadership involved in the development of the reform efforts is also held accountable to the President to ensure that the reform goals are achieved. For example, the new executive order is more directive than reform efforts in the past decade because it assigns specific responsibilities to the high-level leadership that it appoints to be members of the Performance Accountability Council. The order designates the Deputy Director of OMB as Chair of the Council, the Director of OPM as the Suitability Executive Agent, and the Director of National Intelligence as the Security Executive Agent.[13] In addition, the order states that the Council is held accountable to the President for the implementation of reform and to achieve the reform effort's goals. The order identifies the positions that are accountable, and we believe it is significant that the order established a framework for the involvement and accountability of key leadership before the upcoming change in administrations because much of the senior leadership currently occupying these positions could change with the transition of presidential administrations after the 2008 elections. In fact, it is possible that these positions could be vacant for a period of time or be temporarily filled during the transition. Our experience has shown that successful major change management initiatives in large public and private sector organizations can often take at least 5 to 7 years to help create the accountability needed to ensure that long-term management and transformation initiatives are successfully completed. This length of time and the frequent turnover of political leadership in the federal government have often made it difficult to obtain the sustained attention needed to make changes in other government reform efforts.

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[12] GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight.* GAO-08-350. (Washington, D.C.: Feb. 13, 2008).

[13] The Suitability Executive Agent is responsible for developing consistent policies and timely investigations and adjudications relating to determinations of suitability, of whether a person is suitable or is not suitable for employment in covered positions in the federal government or a specific federal agency. The Security Executive Agent is responsible for the oversight of investigations and determinations of eligibility for access to classified information.

Moreover, the plan also formalizes a specific role for the intelligence community, one of the key stakeholders in the security clearance process. Specifically, the leadership arrangement established by the executive order formalizes the role of the Director of National Intelligence in the reform process as the Security Executive Agent. Under the order, the Security Executive Agent is responsible for, among other things, developing policies and procedures for making clearance eligibility determinations and for ensuring governmentwide reciprocity of clearances. Formalizing leadership roles is essential to ensuring that the reform effort moves forward through the transition of the administration following the 2008 presidential election. Together, the joint reform team's plan and the President's executive order develop and assign leadership roles and establish a formal structure that was not previously in place and that intends to streamline the security clearance process.

Reform Efforts Could Benefit from More Fully Incorporating Four Factors Key to Reforming the Security Clearance Process

Based on our preliminary analysis, while recent security clearance reform documents begin to address key factors, the recent documents do not yet fully address the four factors that we identified in February 2008 as key to reforming the security clearance process. First, the joint team's plan mentions that a reformed security clearance process would begin with a step to validate the need for a clearance, but does not include discrete actions for implementing a sound requirements determination process across all of the government agencies that issue security clearances. Second, the reform efforts provide some information on building quality into the clearance process, but provide limited details on how the new automated processes will ensure quality. Third, the reform efforts emphasize timeliness but do not discuss the use of additional metrics that the team and stakeholders would use to evaluate the performance of a reformed process. Finally, neither the plan nor the executive order contain information about funding requirements, which limits their utility as tools for decision makers.

Plan Mentions the Need for a Step to Validate the Need for a Clearance, but Does Not Include Discrete Actions for Implementing a Sound Requirements Determination Process

Of the two recent reform efforts, only the joint reform team plan mentions the need for the reformed process to begin with a step to validate the need for a clearance, but it does not include discrete actions for implementing a requirements determination process across all of the government agencies that issue security clearances. The executive order does not establish any requirements or steps for clearance requirements determination In February 2008, we noted that the joint reform team should address whether the numbers and levels of clearances are appropriate, since this initial stage in the clearance process can affect workloads and costs in other clearance stages. The joint reform team's plan states that the first step in a reformed clearance process would be to validate the need for a clearance request against mission needs. The plan states that this step would focus on optimizing policy, procedures, and tools before investigations are requested and that the new clearance design would provide a process whereby managers only submit individuals to the clearance process as needed. The plan describes the benefits of validating needs, which include actively managing investigation requests to potentially result in the reduction of unnecessary investigative activity. While it is positive that the joint reform team's plan begins with a step to validate clearance needs, the plan does not include any discrete actions or milestones for implementing a clearance need process. As we noted in February 2008,[14] it will be important for the joint reform team to continue to ensure a strong requirements determination process is a part of its reforms as it develops its plans further.

As we noted in our testimony before this Subcommittee in February 2008, an increase in the number or level of requested clearances increases the investigative and adjudicative workloads. We have previously reported that a growing percentage of all DOD requests for clearances for industry personnel was at the top secret level.[15] This increase in the proportion of investigations at the top secret level affects workloads and costs because

[14]GAO-08-352T.
[15] GAO, *DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size*, GAO-04-344 (Washington, D.C.: Feb. 9, 2004).

top secret clearances must be renewed twice as often as secret clearances (i.e., every 5 years versus every 10 years). In August 2006, OPM estimated that approximately 60 total staff hours are needed for each investigation for an initial top secret clearance and 6 total staff hours are needed for the investigation to support a secret or confidential clearance. The doubling of the frequency along with the increased effort to investigate and adjudicate each top secret reinvestigation adds costs and workload for the government.[16]

As we noted in February 2008, we are not commenting on the appropriateness of the current numbers and levels of clearances; instead, we are pointing out that any unnecessary clearance requests use government resources that can be utilized for other purposes, such as building additional quality into other clearance phases or decreasing delays in clearance processing. Unless the new system developed by the joint reform team includes a sound requirements process, workload and costs may be higher than necessary.

[16] The cost of awarding and maintaining a top secret clearance for 10 years is approximately 30 times greater than the cost of awarding and maintaining a secret clearance for the same period. For fiscal year 2008, OPM's standard billing rate is $3,711 for an investigation for an initial top secret clearance; $2,509 for an investigation to renew a top secret clearance, and $202 for an investigation for a secret clearance. An individual getting a top secret clearance for the first time and keeping the clearance for 10 years would cost the government a total of $6,202 in current year dollars ($3,711 for the initial investigation and $2,509 for the reinvestigation after the first 5 years). In contrast, an individual receiving a secret clearance and maintaining it for 10 years would result in a total cost to the government of $202 ($202 for the initial clearance that is good for 10 years). The investigative workload is also affected by the scope of coverage in the various types of investigations. Much of the information for a secret clearance is gathered through electronic files. The investigation for a top secret clearance; however, requires the information needed for the secret clearance as well as additional data gathered through time-consuming tasks such as interviews with the subject of the investigation request, references in the workplace, and neighbors. Since (1) the average investigative report for a top secret clearance takes about 10 times as many investigative staff hours as the average investigative report for a secret clearance, and (2) the top secret clearance must be renewed twice as often as the secret, the investigative workload increases about 20-fold. Additionally, the adjudicative workload increases about 4-fold. In 2007, DOD officials estimated that it took about twice as long to review an investigative report for a top secret clearance, which would need to be done twice as often as for a secret clearance.

Reform Efforts Provide Some Information on Building Quality into the Clearance Process, but Include Limited Details on How Automated Processes Will Ensure Quality

The joint reform team's plan provides some information on building quality into the clearance process, but it includes limited details on how automated processes will ensure quality. In February 2008, we noted that a key factor the government should consider as it develops a reformed security process was the incorporation of quality control and quality monitoring into the clearance process. The joint reform team's plan includes references to quality and quality control in a number of instances. For example, in a section in which the key features of the reformed process are described, the plan states that relevant data would be better used for subsequent hiring or clearing decisions, reducing duplication of requests, and ensuring consistent quality and standards. In addition, the joint reform team plan describes new automated processes (e.g., electronic adjudication of cases with no issues) that it asserts will help ensure consistency and quality in the decision-making process. However, at this stage in the joint reform team's efforts, the plan provides limited details regarding how these new processes will ensure quality, and there is no discussion of any quality metrics the government would monitor and report to measure the performance of a reformed clearance process. While the executive order calls for metrics on the implementation of reform goals, it does not specifically discuss quality in the investigation and adjudication processes. As we noted in February 2008,[17] it will be important for the joint reform team to continue to build quality and quality reporting into a reformed clearance process as it develops its plans further.

We have previously noted the government's limited attention to reporting on quality measures in the security clearance process. In our November 2005 testimony on the previous governmentwide strategic plan to improve the clearance process, we noted that the strategic plan devoted little attention to monitoring and improving the quality of the personnel security clearance process, and that limited attention to and reporting about quality continues. In addition, when OMB issued its February 2007 *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and*

Terrorism Prevention Act of 2004, it documented quality with a single metric. OMB stated that overall, less than 1 percent of all completed investigations are returned to OPM from the adjudicating agencies for quality deficiencies. When OMB issued its February 2008 *Report of the Security Clearance Oversight Group*, it did not discuss the percentage of completed investigations that are returned to OPM or the development or existence of any other metric measuring the level of quality in security clearance processes or products. We have previously reported that it is problematic to equate the quality of investigations with the percentage of investigations that are returned by requesting agencies due to incomplete case files. For example, in October 1999 and again in our November 2005 evaluation of the governmentwide strategic plan, we stated that the number of investigations returned for rework is not by itself a valid indicator of quality because adjudication officials said they were reluctant to return incomplete investigations as they anticipated this would lead to further delays.[18] In our September 2006 report, we recommended that regardless of whether this metric continues to be used, OMB's Deputy Director for Management should require OPM and DOD to develop and report metrics on investigative and adjudicative completeness and other measures of quality.[19] In commenting on our 2006 report, OMB's Deputy Director for Management did not take exception to this recommendation, but the joint reform team plan does not describe any new quality measures or mention any plans to develop such measures.

In September 2006, we reported that while eliminating delays in clearance processes is an important goal, the government cannot afford to achieve that goal at the expense of quality.[20] We additionally reported that the lack of full reciprocity of clearances is an outgrowth of agencies' concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. An interagency working group, the Security Clearance Oversight Steering Committee, noted that agencies are reluctant to be

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[17]GAO-08-352T.
[18]GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, GAO/NSIAD-00-12 (Washington, D.C.: Oct. 27, 1999); and GAO, *DOD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DOD's Program, but Concerns Remain*, GAO-06-233T (Washington, D.C.: Nov. 9, 2005).
[19]GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, GAO-06-1070 (Washington, D.C.: Sept. 28, 2006).
[20]GAO-06-1070.

accountable for poor quality investigations or adjudications conducted by other agencies or organizations. To achieve fuller reciprocity, clearance-granting agencies need to have confidence in the quality of the clearance process. Without full documentation of investigative actions, information obtained, and adjudicative decisions, agencies could continue to require duplicative investigations and adjudications.

Reform Efforts Emphasize Timeliness, but Do Not Discuss Additional Metrics That Could Be Used to Evaluate Clearance Process Performance

The joint reform team plan emphasizes timeliness but does not contain a discussion of the use of additional metrics that the team and stakeholders would use to evaluate the performance of a reformed process. In addition, the executive order tasks the Performance Accountability Council with establishing annual goals and metrics for implementation of the reform effort, but not necessarily for the processing of clearance determinations. This order also states that the Security Executive Agent may establish guidelines for timeliness in the processes related to determining clearance eligibility, but does not make that task a requirement. In February 2008, one key factor we identified in reforming the security clearance process is the use of metrics beyond those measuring timeliness. We noted that by including additional metrics, the joint reform team could provide a more complete picture of the performance of a reformed clearance process. In our November 2005 testimony, we stated that a previous government plan to improve the clearance process placed an emphasis on monitoring the timeliness of clearances governmentwide, but that plan detailed few of the other elements that a comprehensive strategic plan might contain.[21] A similar emphasis on timeliness appears to be emerging in the joint reform team plan. In the letter accompanying the plan, OMB's Deputy Director for Management notes that the reforms proposed are projected to enable the government to complete initial security clearance decisions in 60 days, as called for by IRTPA.

[21]GAO-06-233T.

We have previously recommended a number of additional metrics the government could use to evaluate clearance processes and procedures.[22] As the joint reform team continues to develop its reform plans and the Performance Accountability Council establishes its progress metrics, they should consider including metrics beyond timelines measures to aid regular congressional monitoring of clearance process reform. Prior GAO reports as well as inspector general reports identify a wide variety of methods and metrics that program evaluators have used to examine clearance processes and programs. For example, our 1999 report[23] on security clearance investigations used multiple methods to examine numerous issues that included:

- documentation missing from investigative reports;
- investigator training (courses, course content, and number of trainees);
- investigators' perceptions about the process;
- customer perceptions about the investigations; and
- internal controls to protect against fraud, waste, abuse, and mismanagement.

We believe that including these and other types of metrics in regular monitoring of clearance processes could add value in current and future reform efforts as well as supply better information for greater congressional oversight.

Reform Efforts Contain No Funding Requirements Information

Neither the joint reform team plan nor the executive order contains information about funding requirements, which limits their utility as tools for decision makers. The executive order does not require the Performance Accountability Council or the Suitability and Security Executive Agents to estimate the costs of reforming the security clearance system across the military, executive branch, and intelligence community. In February 2008, we noted that the joint reform team should provide the long-term funding requirements to implement changes to the security clearance process. However, this

[22]GAO-08-352T.
[23]GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, GAO/NSIAD-00-12 (Washington, D.C.: Oct. 27, 1999).

information was not included in the plan or the executive order. In the letter accompanying the plan, OMB's Deputy Director for Management notes that updates will be provided to the President in the coming months as additional reforms are validated, cost-benefit analysis is completed, and funding made available.

We believe that not including the long-term funding requirements limits the utility of the joint reform team's plan as a tool for decision makers in both the executive and legislative branches to carry out their budgetary development and oversight functions. We noted in our February 2008 statement to this committee that without more information on funding requirements for the joint reform team's proposed process, the executive branch is limited in its ability to compare and prioritize this proposal for reforming the clearance processes against other pressing needs. In addition, as the joint reform team consults with Congress on its security clearance reform plans, the absence of any funding requirements to implement these reforms limits Congress's ability to fully assess appropriation requests.

As we have previously testified, incorporating these four factors will be key to reforming the security clearance process. These factors may be addressed in the implementation planthat OMB says it will issue in December 2008.

Implementation of Reform Efforts Could Also Benefit from Incorporating Additional Best Practices GAO Identified for Successful Transformation

Moving forward, as reform efforts transition into the implementation phase during the remaining months of this calendar year, the joint reform team, the Performance Accountability Council and all other agencies involved in reform implementation efforts could benefit from incorporating additional best practices for agencies to successfully transform their cultures. This is particularly important since a central theme of the 9/11 Commission Report[24] was that one of the major challenges facing the intelligence

[24] The National Commission on Terrorist Attacks Upon the United States, *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States*, Government Printing Office (Washington, D.C.: July 22, 2004).

community is moving from a culture of "need to know" to a culture of "need to share." These additional best practices include, among other things (1) establishing a coherent mission and integrating strategic goals to guide the transformation, (2) focusing on a key set of principles and priorities at the outset of the transformation, (3) setting implementation goals and a timeline to build momentum and show progress from day one, and (4) establishing a communication strategy to create shared expectations and report related progress. Table 1 provides more detail about these selected additional key practices and their associated implementation steps.

Table 1: Selected Additional Key Practices and Implementation Steps for Mergers and Transformations

Practice	Implementation Steps
Establish a coherent mission and integrated strategic goals to guide the transformation.	• Adopt leading practices for results-oriented strategic planning and reporting.
Focus on a key set of principles and priorities at the outset of the transformation.	• Embed core values in every aspect of the organization to reinforce the new culture.
Set implementation goals and a timeline to build momentum and show progress from day one.	• Make public implementation goals and timeline. • Seek and monitor employee attitudes and take appropriate follow-up actions. • Identify cultural features of merging organizations to increase understanding of former work environments. • Attract and retain key talent. • Establish an organizationwide knowledge and skills inventory to exchange knowledge among merging organizations.
Establish a communication strategy to create shared expectations and report related progress.	• Communicate early and often to build trust. • Ensure consistency of message. • Encourage two-way communication. • Provide information to meet specific needs of employees.

Source: GAO-03-669.

Further, IRTPA sets clearance processing timeliness requirements, general specifications for an integrated database, and reciprocity across the government. Using the best practices to meet IRTPA requirements can assist the Performance Accountability Council in the development of a coherent mission, guide the transformation, and focus efforts on key principles and priorities. For example, timeliness is an important strategic goal not only because IRTPA establishes phased milestones for reducing the time to complete clearances, but also because the reform efforts are intended to improve clearance processing times. In the first period, from December 2006 to December 2009, the act requires agencies to make a determination of eligibility for a clearance on at least

80 percent of all personnel security clearance applications within 120 days after the date that the application is received by an authorized investigative agency, with a maximum of 90 days allotted for the investigation phase and a maximum of 30 days allotted for the adjudication phase. After December 17, 2009, the act requires agencies to make a clearance determination on at least 90 percent of all applications within 60 days of the application receipt date, allowing no more than 40 days for the investigation and 20 days for the adjudication. To OMB's credit, it has placed great emphasis on meeting IRTPA's requirements since 2004 and clearance processing times are improving; however, an OMB official said that the December 2009 timeliness goal will be difficult to achieve. As the clearance determination process reform is implemented, one of the key transformation steps is to keep the implementation goals and timeline public, so that those exercising oversight can monitor the achievement and achievability of IRTPA timeliness requirements. The linkage of steps and timelines to long-term IRTPA requirements may help establish a coherent mission to guide the transformation.

In addition, focusing on a key set of principles and priorities at the outset of the transformation can help the joint reform team ensure that the core values of the plan are reinforced as the plan is implemented. For example, IRTPA requires the directors of OPM and OMB to establish an integrated and secure database system for security clearance data from all entities conducting investigations and adjudications across the federal government. The joint reform team is currently conducting demonstration projects across the federal government to determine which existing information technology system, or integrated set of systems, can best support the clearance process across the federal government. As these options are explored, it is important to identify the culture and operating environment of each agency that will use the data system to increase the joint reform team's understanding of each agency's needs. Establishing this integrated database is a complex process that would benefit from a timeline with milestones to build momentum and show progress toward the implementation of the integrated database across multiple agencies. IRTPA also requires reciprocity of clearances across federal agencies, meaning that all comparable security clearance background investigations and determinations completed by an authorized investigation

and adjudication agency should be accepted by all government agencies. Reciprocity would ease the transition of employees from one agency to another without having to undergo multiple clearance investigations and adjudications for similar clearances. We have previously reported that lack of reciprocity can lead to increased costs and workload. To demonstrate the importance for reciprocity governmentwide, it would be helpful for those leading the reform to articulate the compelling reason for accepting other federal agencies' clearances while continuing the granting of security clearances.

Furthermore, setting implementation goals and timelines to meet those goals up front, and also making them public, can enable those involved in reform efforts to demonstrate progress—from day one—in any transformation effort, and also enable them to identify steps still to be accomplished. Cultural transformation can take years, and having established implementation goals and timelines will be key to maintaining momentum for the reform efforts when the administration changes in January 2009. The process of establishing goals and timelines can also serve to help identify the cultures of all entities involved in the reform and, in so doing, increase understanding of the reform and bring clarity to the interim steps and milestones that need to be accomplished in order to achieve success.

Finally, during all phases of the reform process, it will be important for the joint reform team and the Performance Accountability Council to establish a solid communication strategy to create shared expectations and report progress, and to establish this communication strategy early in the process. Given that these reform efforts involve a number of agencies across the federal government, a solid communication strategy can promote momentum, build trust among affected agencies, and ensure consistency of message across agencies. Officials from OMB told us that the key elements of the best practices we identified are currently a part of the reform efforts, adding that the joint reform team and Performance Accountability Council are following these best practices as they develop their implementation plan. Any opportunity to make the use of these

practices transparent could serve to sustain progress in the reform efforts, not only over the next few months, but also in the coming years.

We believe that incorporating these best practices is key to the implementation of personnel security reform and will also help inform the implementation plan that will be issued before the upcoming change in administrations. OMB informed us in July 2008 that the Performance Accountability Council plans to issue another report in December 2008 that will provide details about the desired reformed process to be implemented, a general implementation and adoption schedule, the fiscal and related cost/benefit relationship issues, and an estimate of the likely timeliness and quality that will result from the reformed automated system. This report would benefit from incorporating these best practices and statutory requirements to the extent possible.

Concluding Observations

Our preliminary observations of the current reform efforts—the joint reform team's plan to develop a new governmentwide end-to-end security clearance process and Executive Order 13467 that establishes a leadership structure—are that they represent positive steps to address past impediments and manage security clearance reform efforts. The joint reform team plan includes the input of key stakeholders, addresses clearance need validation, and has begun to address some aspects of building quality into the clearance system. As the implementation of the security clearance reform efforts proceeds, we believe that the key factors we have previously identified for reforming the personnel security clearance process, key practices we have identified for guiding transformation, and IRPTA requirements could further inform and improve the process. Nonetheless, much remains to be done before a new system can be fully implemented. We look forward to conducting a more detailed review of these reform efforts as requested by the Chairman of the Permanent Select Committee on Intelligence of the U.S. House of Representatives and you in your capacity as chairwoman of this Subcommittee. In that

review, we plan to more fully examine the issues presented in this statement and others as the efforts move forward.

Madam Chairman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

Contact and Acknowledgments

For further information regarding this testimony, please contact me at (202) 512-3604 or farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony are David E. Moser, Assistant Director; Renee S. Brown, Sara G. Cradic, James P. Klein, Ron La Due Lake, and Gregory Marchand.

May 22, 2008

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-08-776T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

PERSONNEL CLEARANCES

Key Factors for Reforming the Security Clearance Process

Why GAO Did This Study

Since 1974, GAO has examined personnel security clearance processes and acquired a historical view of key factors to consider in reform efforts. GAO placed the Department of Defense's (DOD) personnel security clearance program, which represents 80 percent of federal government clearances, on its high-risk list in 2005 due to long-standing problems. These problems include incomplete investigative reports from the Office of Personnel Management (OPM), the agency primarily responsible for providing clearance investigation services; the granting of some clearances by DOD adjudicators even when required data were missing from the investigative reports used to make such determinations; and delays in completing clearance processing. Delays can lead to a heightened risk of disclosure of classified information, additional costs and delays in completing related contracts, and problems retaining qualified personnel. DOD has reported on these continuing delays. However, there has been recent high-level governmentwide attention to improving the process, including establishing a team to develop a reformed federal government security clearance process.

This statement addresses four key factors that should be considered in personnel security clearance reforms. This statement draws on GAO's past work, which included reviews of clearance-related documents and interviews of senior officials at DOD and OPM.

To view the full product, click on GAO-08-776T. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

What GAO Found

Efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: (1) a strong requirements-determination process, (2) quality in all clearance processes, (3) metrics to provide a fuller picture of clearance processes, and (4) long-term funding requirements of security clearance reform. In February 2008, GAO noted that a sound requirements process is important because requesting a clearance for a position in which it will not be needed, or in which a lower-level clearance would be sufficient, will increase both costs and investigative workload unnecessarily. For example, the cost of obtaining and maintaining a top secret clearance for 10 years is approximately 30 times greater than the cost of obtaining and maintaining a secret clearance for the same period. Also, changing a position's clearance level from secret to top secret increases the investigative workload for that position about 20-fold.

Building quality throughout the clearance process could promote positive outcomes, including more reciprocity governmentwide. However, agencies have paid little attention to this factor despite GAO's 2006 recommendation to place more emphasis on quality. For example, the Office of Management and Budget's (OMB) February 2007 report on security clearances documented quality with a single metric in only one of the six phases of the process. Further, OMB did not discuss the development or existence of any metric measuring the level of quality in security clearance processes or products in its February 2008 report. Concerns about the quality of investigative and adjudicative work underlie the continued reluctance of agencies to accept clearances issued by other agencies; thus, government resources may be used to conduct duplicative investigations and adjudications.

Federal agencies' efforts to monitor clearance processes emphasize timeliness, but additional metrics should be developed to provide a fuller picture of the performance of the clearance process. GAO has highlighted a variety of metrics in its reports (e.g., completeness of investigative reports, staff's and customers' perceptions of the process, and the adequacy of internal controls), all of which could add value in monitoring clearance processes. The emphasis on timeliness is due in part to the Intelligence Reform and Terrorism Prevention Act of 2004 which provides guidelines for the speed of completing clearances and requires annual reporting of that information to Congress.

Providing Congress with the long-term funding requirements to implement changes to security clearance processes could enable more-informed congressional oversight. Reform efforts should identify long-term funding requirements to implement proposed changes, so that decision makers can compare and prioritize alternate reform proposals in times of fiscal constraints. The absence of long-term funding requirements to implement reforms would limit decision makers'—in the executive and legislative branches—ability to carry out their budgetary development and oversight functions.

GAO
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Highlights

Highlights of GAO-08-470T, a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Department of Defense (DOD) maintains approximately 2.5 million security clearances on servicemembers, federal DOD civilian employees, industry personnel for DOD and 23 other federal agencies, and employees in the legislative branch. Delays in determining eligibility for a clearance can heighten the risk that classified information will be disclosed to unauthorized sources, increase contract costs, and pose problems in attracting and retaining qualified personnel. In this statement, GAO addresses: (1) the status of DOD's efforts to improve its projections of the numbers of clearances needed for industry personnel, and (2) other long-standing challenges that have a negative effect on the efficiency and effectiveness of DOD's personnel security clearance program for industry personnel. This statement is based on a report GAO is issuing today (GAO-08-350) and other prior work, which included reviews of clearance-related documents and interviews of senior officials at DOD and the Office of Personnel Management (OPM).

What GAO Recommends

GAO made recommendations to address DOD's security clearance challenges. For example, in the report we are issuing today, GAO recommended that DOD provide Congress with information on funding and quality in clearance processes. DOD concurred and indicated it would provide that information in its 2009 report to Congress.

To view the full product, click on GAO-08-470T. For more information, contact Jack Edwards at (202) 512-8246 or edwardsj@gao.gov, or Brenda Farrell at (202) 512-3604 or farrellb@gao.gov.

February 13, 2008

DOD PERSONNEL CLEARANCES

DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel

What GAO Found

DOD has had a long-standing challenge in accurately projecting the number of clearance investigations that will be required in the future for industry personnel. The Office of Management and Budget (OMB) developed criteria for these projections in November 2005. It established a governmentwide goal for agencies to refine their projections of the number of clearance investigations that will be required in any given year to be within 5 percent of the number of actual requests for investigation. At a May 2006 congressional hearing, an OPM Assistant Director stated that DOD had exceeded its departmentwide projection by 59 percent for the first half of fiscal year 2006. The negative effects of such inaccurate projections include impediments to workload planning and funding. GAO noted the problem with the accuracy of DOD's projections in its February 2004 report and recommended that DOD improve its projections for industry personnel. In the report it is issuing today, GAO noted that DOD has initiated changes to improve its estimates of future investigation needs and is conducting research that may change these methods further. For example, in 2006, DOD took steps to increase the response rate of its annual survey used as a basis for determining its projections. In 2007, it changed its methods for analyzing data that informs its projections. However, DOD has not yet demonstrated the effectiveness of these changes.

DOD must address additional long-standing challenges or issues in order to improve the efficiency and accuracy of its personnel security clearance program for industry personnel. First, continuing delays in determining clearance eligibility can result in increased costs and risk to national security. For example, when new employees' clearances are delayed, it affects their abilities to perform their duties fully since they do not have access to classified material. Second, DOD and the rest of the federal government provide limited information to one another on how they individually ensure the quality of clearance products and procedures, which affects reciprocity of clearances. Reciprocity occurs when one government agency fully accepts a security clearance granted by another government agency. GAO's September 2006 report noted that agencies may not reciprocally recognize clearances granted by other agencies because of concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. Third, in DOD's August 2007 report to Congress, it provided less than 2 years of funding-requirements information, which limits congressional awareness of future year requirements for this program. Fourth, DOD does not have a comprehensive DOD-specific plan to address delays in its clearance program. While there is a governmentwide effort to reform the clearance process, it is projected not to be operational until beyond December 2008.

Highlights of GAO-08-352T, a testimony before the Subcommittee on Intelligence Community Management, Permanent Select Committee on Intelligence, House of Representatives

Why GAO Did This Study

In 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act to reform security clearance processes. Much of GAO's experience in evaluating personnel security clearance processes over the decades has consisted of examining the Department of Defense's (DOD) program, which maintains about 2.5 million clearances on servicemembers, DOD civilian employees, legislative branch employees, and industry personnel working for DOD and 23 other federal agencies. Long-standing delays in processing applications—and other problems in DOD's clearance program—led GAO to designate it a high-risk area in 2005. GAO also has documented clearance-related problems in other agencies.

For this hearing, GAO was asked to identify key factors that could be applied in personnel security clearance reform efforts. To identify key factors, GAO drew upon its past reports and institutional knowledge. For those reports, GAO reviewed laws, executive orders, policies, reports, and other documentation related to the security clearance process; examined samples of cases of personnel granted top secret eligibility; compared documentation in those sampled cases against federal standards; and interviewed a range of cognizant government officials.

To view the full product, click on GAO-08-352T. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

February 27, 2008

PERSONNEL CLEARANCES

Key Factors to Consider in Efforts to Reform Security Clearance Processes

What GAO Found

Current and future efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: determining whether clearances are required for positions, incorporating quality control steps throughout the clearance processes, establishing metrics for assessing all aspects of clearance processes, and providing Congress with the long-term funding requirements of security clearance reform. Requesting a clearance for a position in which it will not be needed, or in which a lower-level clearance would be sufficient, will increase both costs and investigative workload unnecessarily. For example, changing the clearance needed for a position from a secret to top secret increases the investigative workload for that position about 20-fold and uses 10 times as many investigative staff hours.

Emphasis on quality in clearance processes could promote positive outcomes, including more reciprocity among agencies in accepting each others' clearances. Building quality throughout clearance processes is important, but government agencies have paid little attention to quality, despite GAO's repeated suggestions to place more emphasis on quality. Even though GAO identified the government's primary metric for assessing quality—the percentage of investigative reports returned for insufficiency during the adjudicative phase—as inadequate by itself in 1999, the Office of Management and Budget and the Office of Personnel Management continue to use that metric. Concerns about the quality of investigative and adjudicative work underlie the continued reluctance of agencies to accept clearances issued by other agencies; as a result, government resources are used to conduct duplicative investigations and adjudications.

Many efforts to monitor clearance processes emphasize measuring timeliness, but additional metrics could provide a fuller picture of clearance processes. The emphasis on timeliness is due in part to recent legislation that provides specific guidelines regarding the speed with which clearances should be completed and requires annual reporting of that information to Congress. GAO has highlighted a variety of metrics in its reports (e.g., completeness of investigative and adjudicative reports, staff's and customers' perceptions of the processes, and the adequacy of internal controls), all of which could add value in monitoring clearance processes and provide better information to allow improved oversight by Congress and the Executive Branch.

Another factor to consider in reform efforts is providing Congress with the long-term funding requirements to implement changes to security clearance processes. DOD's August 2007 congressionally mandated report on industry clearances identified its immediate funding needs but did not include information on the funding requirements for fiscal year 2009 and beyond. The inclusion of less than 2 future years of budgeting data in the DOD report limits Congress's ability to carry out its long-term oversight and appropriations functions pertaining to industry personnel security clearances.

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Highlights

Highlights of GAO-07-842T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Individuals working for the private industry are playing a larger role in national security work conducted by Department of Defense (DOD) and other federal agencies. As of May 2006, industry personnel held about 34 percent of DOD-maintained personnel security clearances. The damage that the unauthorized disclosure of classified information can cause to national security necessitates the prompt and careful consideration of who is granted a security clearance. Long-standing delays in determining clearance eligibility and other challenges led GAO to designate the DOD personnel security clearance program as a high-risk area in January 2005 and again in GAO's January 2007 update of the high-risk areas. In February 2005, DOD transferred its security clearance investigations functions to the Office of Personnel Management (OPM) and now obtains almost all of its clearance investigations from OPM. The Office of Management and Budget (OMB) is responsible for effective implementation of policy relating to determinations of eligibility for access to classified information.

This testimony addresses the timeliness of the process and completeness of documentation used to determine eligibility of industry personnel for top secret clearances in January and February 2006. This statement relies primarily on GAO's September 2006 report (GAO-06-1070).

www.gao.gov/cgi-bin/getrpt?GAO-07-842T.

To view the full product, click on the link above. For more information, contact Derek B. Stewart on (202)512-5559 or stewartd@gao.gov.

May 17, 2007

DOD PERSONNEL CLEARANCES

Delays and Inadequate Documentation Found for Industry Personnel

What GAO Found

GAO's analysis of timeliness data showed that industry personnel contracted to work for the federal government waited more than 1 year on average to receive top secret clearances, longer than OMB- and OPM-produced statistics would suggest. GAO's analysis of 2,259 cases in its population showed the process took an average of 446 days for initial clearances and 545 days for clearance updates. While the government plan has a goal for the application-submission phase of the process to take 14 days or less, it took an average of 111 days. In addition, GAO's analyses showed that OPM used an average of 286 days to complete initial investigations for top secret clearances, well in excess of the 180-day goal specified in the plan that OMB and others developed for improving the clearance process. Finally, the average time for adjudication (determination of clearance eligibility) was 39 days, compared to the 30-day requirement that began in December 2006. An inexperienced investigative workforce, not fully using technology, and other causes underlie these delays. Delays may increase costs for contracts and risks to national security. In addition, statistics that OMB and OPM report to Congress on the timeliness of the clearance process do not portray the full length of time it takes many applicants to receive a clearance. GAO found several issues with the statistics, including limited information on reinvestigations for clearance updating and failure to measure the total time it took to complete the various phases of the clearance process. Not fully accounting for all the time used in the process hinders congressional oversight of the efforts to address the delays.

OPM provided incomplete investigative reports to DOD, and DOD personnel who review the reports to determine a person's eligibility to hold a clearance (adjudicators) granted eligibility for industry personnel whose investigative reports contained unresolved issues, such as unexplained affluence and potential foreign influence. In its review of 50 investigative reports for initial clearances, GAO found that that almost all (47 of 50) cases were missing documentation required by federal investigative standards. Moreover, federal standards indicate expansion of investigations may be necessary to resolve issues, but GAO found at least one unresolved issue in 27 of the reports. GAO also found that the DOD adjudicators granted top secret clearance eligibility for all 27 industry personnel whose investigative reports contained unresolved issues without requesting additional information or documenting in the adjudicative report that the information was missing. In its November 2005 assessment of the government plan for improving the clearance process, GAO raised concerns about the limited attention devoted to assessing quality in the clearance process, but the plan has not been revised to address the shortcomings GAO identified. The use of incomplete investigations and adjudications in granting top secret clearance eligibility increases the risk of unauthorized disclosure of classified information. Also, it could negatively affect efforts to promote reciprocity (an agency's acceptance of a clearance issued by another agency) being developed by an interagency working group headed by OMB's Deputy Director.

January 2007

HIGH-RISK SERIES

Department of Defense Personnel Security Clearance Program

GAO Accountability • Integrity • Reliability

Highlights

For additional information about this high-risk area, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

Why Area Is High Risk

The Department of Defense (DOD) is responsible for about 2.5 million security clearances issued to servicemembers, DOD civilians, and industry personnel who work on contracts for DOD and 23 other federal agencies. The clearances give workers access to information, the unauthorized disclosure of which could, in some cases, cause exceptionally grave damage.

Long-standing delays in determining clearance eligibility and other challenges led GAO to designate DOD's personnel security clearance program as a high-risk area in January 2005. DOD transferred its security clearance investigations functions to the Office of Personnel Management (OPM) in February 2005 and now obtains almost all of its clearance investigations from OPM, which conducts about 90 percent of all federal clearance investigations. Executive Order 13381 assigned the Office of Management and Budget (OMB) responsibility for effective implementation of policy relating to determinations of eligibility for access to classified information.

What Remains to Be Done

To improve its security clearance program, DOD needs to take actions that include (1) improving the accuracy of its projected need for clearances, (2) working with OMB and OPM to fully measure and report all of the time required to determine clearance eligibility, (3) partnering with OPM to improve the timeliness and completeness of clearance-application submissions and investigative reports, and (4) implementing procedures to eliminate documentation problems.

What GAO Found

Problems continue with DOD's clearance program even though OMB, OPM, and DOD took positive steps to monitor some GAO-identified concerns. For example, their November 2005 plan outlined many timeliness measures, but included only two measures of quality, both of which were deficient. DOD's consistently inaccurate projections of clearance requests have impeded workload planning and funding. Although OMB set a government goal of projected cases and actual requests being within 5 percent of one another, OPM reported that DOD exceeded its projected number by 59 percent for the first half of fiscal year 2006. In addition, GAO reviewed 50 OPM-produced investigative reports and found documentation missing from 47. Despite the missing information, which in most cases pertained to residences, employment, and education, DOD adjudicators granted clearance eligibility but did not request missing investigative information or fully document unresolved issues in 27 of the 50 reviewed reports. Incomplete investigative or adjudicative reports could undermine OMB's efforts to achieve clearance reciprocity (an agency accepting a clearance awarded by another agency). OPM has reported that it is using new personnel and procedures to improve the quality of its investigative reports.

Furthermore, clearances continue to take longer than the time prescribed in government goals. This occurred in the application-submission, investigation, and adjudication (determining clearance eligibility) phases of the clearance process, despite positive steps that include additional congressional and OMB oversight, DOD's growing use of OPM's electronic application-submission system, and OPM obtaining more investigators. For example, GAO found that the application-submission phase averaged 111 days for industry personnel seeking initial top secret clearances, but the government goal is 14 days. Multiple reviews of applications and manually entering data from paper forms are two reasons for the delays. OPM stated that paper submissions take on average 14 days longer than electronic submissions. For August 2006, OPM reported that 54 percent of DOD applications were submitted using OPM's electronic submission system. In the investigation phase, GAO found that it took an average of 286 days for initial clearances—compared with the goal of 180 days—and 419 days for clearance updates for the 2,259 industry personnel who were granted clearance eligibility in January and February 2006. Although OPM increased its workforce, it faces many impediments to improving investigation timeliness, including the backlog of requests for investigations and difficulty obtaining national, state, and local records. The average time for adjudication was 39 days for industry personnel, compared with a mandate that starts in December 2006 requiring that 80 percent of adjudications be completed in 30 days. DOD adjudicators have, however, noted that current procedures to measure adjudication timeliness include 2-3 weeks for OPM to print and ship its investigative reports, rather than delivering them electronically. Delays in determining initial clearance eligibility can increase the cost of performing classified work, and delays in updating clearances may increase the risk of national security breaches.

September 2006

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Highlights

Highlights of GAO-06-1070, a report to congressional requesters

DOD PERSONNEL CLEARANCES

Additional OMB Actions Are Needed to Improve the Security Clearance Process

Why GAO Did This Study

The damage that unauthorized disclosure of classified information can cause to national security necessitates the prompt and careful consideration of who is granted a security clearance. However, long-standing delays and other problems with DOD's clearance program led GAO to designate it a high-risk area in January 2005. DOD transferred its investigations functions to the Office of Personnel Management (OPM) in February 2005. The Office of Management and Budget's (OMB) Deputy Director for Management is coordinating governmentwide efforts to improve the clearance process. You asked GAO to examine the clearance process for industry personnel. This report addresses the timeliness of the process and completeness of documentation used to determine the eligibility of industry personnel for top secret clearances. To assess timeliness, GAO examined 2,259 cases of personnel granted top secret eligibility in January and February 2006. For the completeness review, GAO compared documentation in 50 randomly sampled initial clearances against federal standards.

What GAO Recommends

To improve the timeliness and completeness of investigations and adjudications, GAO is making several recommendations to OMB. OMB did not take exception to any of GAO's recommendations. OMB, DOD, and OPM each provided agency comments.

www.gao.gov/cgi-bin/getrpt?GAO-06-1070.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

What GAO Found

GAO's analysis of timeliness data showed that industry personnel contracted to work for the federal government waited more than one year on average to receive top secret clearances, longer than OPM-produced statistics would suggest. GAO's analysis of 2,259 cases in its population showed the process took an average of 446 days for initial clearances and 545 days for clearance updates. While OMB has a goal for the application-submission phase of the process to take 14 days or less, it took an average of 111 days. In addition, GAO's analyses showed that OPM used an average of 286 days to complete initial investigations for top secret clearances, well in excess of the 180-day goal specified in the plan that OMB and others developed for improving the clearance process. Finally, the average time for adjudication (determination of clearance eligibility) was 39 days, compared to the 30-day requirement that starts in December 2006. An inexperienced investigative workforce, not fully using technology, and other causes underlie these delays. Delays may increase costs for contracts and risks to national security. In addition, statistics from OPM, the agency with day-to-day responsibility for tracking investigations and adjudications, underrepresent the time used in the process. For example, the measurement of time does not start immediately upon the applicant's submission of a request for clearance. Not fully accounting for all the time used in the process hinders congressional oversight of the efforts to address the delays.

OPM provided incomplete investigative reports to DOD, and DOD personnel who review the reports to determine a person's eligibility to hold a clearance (adjudicators) granted eligibility for industry personnel whose investigative reports contained unresolved issues, such as unexplained affluence and potential foreign influence. In its review of 50 investigative reports for initial clearances, GAO found that that almost all (47 of 50) cases were missing documentation required by federal investigative standards. At least half of the reports did not contain the required documentation in three investigative areas: residence, employment, or education. Moreover, federal standards indicate expansion of investigations may be necessary to resolve issues, but GAO found at least one unresolved issue in 27 of the reports. We also found that the DOD adjudicators granted top secret clearance eligibility for all 27 industry personnel whose investigative reports contained unresolved issues without requesting additional information or documenting that the information was missing in the adjudicative report. In its November 2005 assessment of the government plan for improving the clearance process, GAO raised concerns about the limited attention devoted to assessing quality in the clearance process, but the plan has not been revised to address the shortcomings GAO identified. The use of incomplete investigations and adjudications in granting top secret clearance eligibility increases the risk of unauthorized disclosure of classified information. Also, it could negatively affect efforts to promote reciprocity (an agency's acceptance of a clearance issued by another agency) being developed by an interagency working group headed by OMB's Deputy Director.

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Highlights

Highlights of GAO-06-748T a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The Department of Defense (DOD) is responsible for about 2 million active personnel security clearances. About one-third of the clearances are for industry personnel working on contracts for DOD and more than 20 other executive agencies. Delays in determining eligibility for a clearance can heighten the risk that classified information will be disclosed to unauthorized sources and increase contract costs and problems attracting and retaining qualified personnel. Long-standing delays in completing hundreds of thousands of clearance requests and numerous impediments that hinder DOD's ability to accurately estimate and eliminate its clearance backlog led GAO to declare DOD's personnel security clearance program a high-risk area in January 2005.

This testimony presents GAO's (1) preliminary observations from its ongoing review of the timeliness and completeness of clearances, (2) concerns about the upcoming expiration of an executive order that has resulted in high level commitment to improving the governmentwide clearance process, and (3) views on factors underlying DOD's decision to stop accepting clearance requests for industry personnel.

www.gao.gov/cgi-bin/getrpt?GAO-06-748T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or StewartD@gao.gov.

May 17, 2006

DOD PERSONNEL CLEARANCES

New Concerns Slow Processing of Security Clearances for Industry Personnel

What GAO Found

GAO's ongoing review of the timeliness and completeness of security clearance processes for industry personnel has provided three preliminary observations. First, communication problems between DOD and the Office of Personnel Management (OPM) may be limiting governmentwide efforts to improve the personnel security clearance process. Second, OPM faces performance problems due to the inexperience of its domestic investigative workforce, and it is still in the process of developing a foreign presence to investigate leads overseas. Third, some DOD adjudication facilities have stopped accepting closed pending cases—that is, investigations formerly forwarded to DOD adjudicators from OPM—even though some required investigative information was not included.

In addition, the expiration of Executive Order 13381 could slow improvements in the security clearance processes governmentwide, as well as for DOD in particular. The executive order, which among other things delegated responsibility for improving the clearance process to the Office of Management and Budget (OMB), is set to expire on July 1, 2006. GAO has been encouraged by the high level of commitment that OMB has demonstrated in the development of a plan to address clearance-related problems. Because there has been no indication that the executive order will be extended, GAO is concerned about whether the progress that has resulted from OMB's high-level management involvement will continue. Issues such as OPM's need to establish an overseas presence are discussed as potential reasons why OPM may not be in a position to assume an additional high-level commitment if OMB does not continue in its current role.

Finally, inaccurate projections of clearance requests and funding constraints are delaying the processing of security clearance requests for industry personnel. DOD stopped processing new applications for clearance investigations for industry personnel on April 28, 2006. DOD attributed its actions, in part, to an overwhelming volume of requests for industry personnel security investigations. DOD's long-standing inability to accurately project its security clearance workload makes it difficult to determine clearance-related budgets and staffing requirements. The funding constraints that also underlie the stoppage are related to the transfer of DOD's personnel security investigations functions to OPM. DOD has questioned some of the costs being charged by OPM and has asked OMB to mediate the DOD-OPM dispute. Information from the two agencies indicates that OMB has directed the agencies to continue to work together to resolve the matter. According to officials in the DOD and OPM inspector general offices, they are investigating the billing dispute and expect to report on the results of their investigations this summer.

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Highlights

Highlights of GAO-06-233T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Unauthorized disclosure of classified information can cause up to exceptionally grave damage to national security. The Department of Defense (DOD) is responsible for about 2 million personnel with clearances that allow them access to classified information. While most of these clearances are for servicemembers and DOD's employees and contractors, DOD is also responsible for contractors' clearances for more than 20 other agencies, as well as for congressional staff. Due to long-standing problems with DOD's clearance program, GAO designated it a high-risk area in January 2005. In February 2005, when DOD transferred its personnel security investigative functions to the Office of Personnel Management (OPM), the average wait for a top secret clearance governmentwide was over 1 year. In June 2005, Executive Order 13381 gave the Office of Management and Budget (OMB) authority to retain or assign to any executive agency any process relating to determinations of eligibility for access to classified information. OPM is assisting OMB with the development of the plan.

GAO was asked to assess the government plan. This testimony will provide GAO's preliminary review of how well the government plan (1) adheres to the standards of comprehensive strategic planning and (2) addresses the timeliness and quality of the security clearance process. Finally, GAO will discuss the actions required to remove DOD's program from GAO's high-risk list.

www.gao.gov/cgi-bin/getrpt?GAO-06-233T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

November 9, 2005

DOD PERSONNEL CLEARANCES

Government Plan Addresses Some Long-standing Problems with DOD's Program, But Concerns Remain

What GAO Found

We are encouraged by the level of commitment demonstrated by OMB in overseeing the preparation of the government plan for addressing problems in the personnel security clearance process. The plan represents an important step toward addressing some long-standing concerns GAO has raised in this area. It includes some elements that a comprehensive strategic plan should contain, such as metrics that will be used to monitor the timeliness of the security clearance process governmentwide. However, the plan provides few details on other features that GAO looks for in a comprehensive strategic plan. For example, in some cases, the plan does not provide details on discrete actions the government would take or their projected completion dates. In addition, the plan does not always include details on the resources required to accomplish the plan's objectives. Finally, the plan does not describe potential risks or mitigation plans to address potential risks.

Although the government plan establishes metrics to address the timeliness of the security clearance process, they focus on some phases of the process more than others. Specifically, the plan identifies a wide variety of metrics for monitoring the timeliness of security clearance investigations, but it does little to address timeliness in the adjudication phase of the process. The government plan also provides quarterly goals for different types of investigations. However, the plan does not identify baseline measures or interim goals for average adjudication processing time.

Although it explicitly acknowledges that agencies have concerns about the quality of investigations and adjudications, the government plan devotes little attention to monitoring and improving the quality of the personnel security clearance process. The plan's primary metric for measuring the quality of investigations—the percentage of investigations returned by requesting agencies due to incomplete case files—is not, by itself, a valid indicator of the quality of investigative work. Other or additional statistics, such as the number of counterintelligence leads generated from security clearance investigations, may be needed. The government plan did not identify a metric for assessing the quality of adjudications, although GAO and other agencies have identified actions that would facilitate monitoring and improvement of the quality of this portion of the personnel security clearance process.

DOD must correct previously identified problems before its personnel security clearance program can be removed from the high-risk list. Before removing DOD's personnel security clearance program from the high-risk list, GAO will examine whether OMB, OPM, and DOD have satisfied certain criteria, including the establishment of leadership support, sufficient resources to resolve the risk, and a corrective action plan. GAO's criteria also include the presence of a program to monitor and independently validate the effectiveness and sustainability of any corrective actions and the agency's ability to demonstrate the implementation of corrective measures.

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Highlights of GAO-05-842T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Threats to national security—such as the September 11, 2001, terrorist attacks and high-profile espionage cases—underscore the need for timely, high-quality determinations of who is eligible for a personnel security clearance which allows an individual to access classified information.

The Department of Defense (DOD) needs an effective and efficient clearance program because it is responsible for about 2 million active clearances and provides clearances to more than 20 other executive agencies as well as the legislative branch. Despite these imperatives, DOD has for more than a decade experienced delays in completing hundreds of thousands of clearance requests and impediments to accurately estimating and eliminating its clearance backlog. In January 2005, GAO designated DOD's personnel security clearance program as a high-risk area. In February 2005, DOD transferred its personnel security investigative functions and about 1,800 positions to the Office of Personnel Management (OPM), after 2 years of negotiation between the agencies.

This testimony provides an update on the challenges that led to GAO's high-risk designation. It identifies both the positive steps that have been taken to address previously identified challenges and some of the remaining hurdles. GAO will continue to monitor this area.

www.gao.gov/cgi-bin/getrpt?GAO-05-842T.

To view the full product, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

June 28, 2005

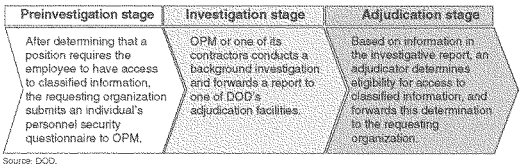
DOD PERSONNEL CLEARANCES

Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges that Led to GAO's High-Risk Designation

What GAO Found

While DOD has taken steps to address the problems that led to designating its clearance program as high risk, continuing challenges are found in each of the three stages of DOD's personnel security clearance process. Figure 1 describes the process.

Figure 1: DOD's Process for Determining Clearance Eligibility



Source: DOD.

Preinvestigation: To address previously identified problems in projecting clearance workload, DOD is identifying the military and civilian positions that require clearances. Identifying clearance requirements for contractor personnel is still in the planning phase. Another problem is the efficient submission of investigation requests. In the 2 years since DOD and OPM announced the transfer of DOD's investigative functions and personnel to OPM, the two agencies did not ensure the seamless submission of DOD requests to OPM. DOD is developing software to remedy this problem.

Investigation: Delays in completing investigations are continuing. For February 2005, OPM—which now supplies an estimated 90 percent of the government's clearance investigations—reported that over 185,000 of its clearance investigations had exceeded timeliness goals. OPM's effort to add investigative staff is a positive step, but adding thousands of staff could result in continued timeliness problems and quality concerns as the staff gain experience. OPM's workload should decrease because of two recent initiatives: (1) eliminating a few of the investigative requirements for some reinvestigations of personnel updating their clearances and (2) requiring the acceptance of clearances and access granted to personnel moving from one agency to another.

Adjudication: In the past, DOD had difficulty monitoring who had been adjudicated for clearances and when the clearances needed to be renewed. While the Joint Personnel Adjudication System has combined databases from DOD's 10 adjudicative facilities to enhance monitoring, wider consolidation of government databases may be required. The Director of OPM will need to integrate all federal agencies into a single governmentwide database in order to meet a requirement established in a recent law. As of September 30, 2003, DOD had a backlog of roughly 90,000 adjudications.

September 14, 2004

GAO
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Highlights

Highlights of GAO-04-1084T, a testimony to Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Governmental Affairs

INTELLIGENCE REFORM

Human Capital Considerations Critical to 9/11 Commission's Proposed Reforms

Why GAO Did This Study

GAO has performed extensive work and gained experience on government transformation and the critical role that human capital management can play in driving this change. Valuable lessons from these efforts could help guide the proposed reforms in the intelligence community envisioned by the 9/11 Commission.

At the request of this subcommittee, this statement focuses on (1) the lessons GAO has learned from successful mergers and organizational transformations; particularly the need for committed and sustained leadership and the role of performance management systems in these changes; (2) human capital flexibilities that can be used as essential tools to help achieve these reforms; (3) how the Federal Bureau of Investigation (FBI) is using these lessons and human capital flexibilities to transform to meet its evolving mission in the post 9/11 environment, and (4) GAO's findings to date on the factors that must be considered in the approach to the government's security clearance process, as a means to accelerate the process for national security appointments.

www.gao.gov/cgi-bin/getrpt?GAO-04-1084T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm (202) 512-6806 or mihmj@gao.gov.

What GAO Found

Recognizing that people are the critical element in transformation initiatives is key to a successful transformation of the intelligence community and related homeland security organizations. GAO's work in successful mergers and transformations shows that incorporating strategic human capital management approaches will help sustain any reforms in the intelligence community. Successful major change management initiatives in large public and private sector organizations can often take at least 5 to 7 years to create the accountability needed to ensure this success. As a result, committed and sustained leadership is indispensable to making lasting changes in the intelligence community. Accordingly, the Congress may want to consider lengthening the terms served by the directors of the intelligence agencies, similar to the FBI Director's 10-year term. One of the major challenges facing the intelligence community is moving from a culture of a "need to know" to a "need to share" intelligence information. The experience of leading organizations suggests that performance management systems—that define, align, and integrate institutional, unit, and individual performance with organizational outcomes—can provide incentives and accountability for sharing information to help facilitate this shift.

Significant changes have been underway in the last 3 years regarding how the federal workforce is managed. The Congress passed legislation providing certain governmentwide human capital flexibilities, such as direct hire authority. While many federal agencies have received human capital flexibilities, others may be both needed and appropriate for intelligence agencies, such as providing these agencies with the authority to hire a limited number of term-appointed positions on a noncompetitive basis.

Human capital challenges are especially significant for the intelligence organizations, such as the FBI, that are undergoing a fundamental transformation in the aftermath of September 11, 2001. For the last 3 years, we have been using the lessons learned from successful transformations to monitor the FBI's progress as it transforms itself from its traditional crime enforcement mission to its post 9/11 homeland security priorities—counterterrorism, counterintelligence and cyber crimes. For example, the FBI has undertaken a variety of human capital related initiatives, including major changes in realigning, retraining, and hiring special agents and analysts with critical skills to address its top priorities.

The 9/11 Commission recommended that a single federal security clearance agency should be created to accelerate the government's security clearance process. Several factors must be considered in determining the approach to this process. The large number of requests for security clearances for service members, government employees, and others taxes a process that already is experiencing backlogs and delays. Existing impediments—such as the lack of a governmentwide database of clearance information, a large clearance workload, and too few investigators—hinder efforts to provide timely, high-quality clearance determinations.

Related GAO Products

Personnel Clearances: Key Factors for Reforming the Security Clearance Process. GAO-08-776T. Washington, D.C.: May 22, 2008.

Employee Security: Implementation of Identification Cards and DOD's Personnel Security Clearance Program Need Improvement. GAO-08-551T. Washington, D.C.: April 9, 2008.

DOD Personnel Clearances: Questions for the Record Related to the Quality and Timeliness of Clearances. GAO-08-580R. Washington, D.C.: March 25. 2008.

Intelligence Reform: GAO Can Assist the Congress and the Intelligence Community on Management Reform Initiatives. GAO-08-413T. Washington, D.C.: February 29, 2008.

Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes. GAO-08-352T. Washington, D.C.: February 27, 2008.

DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight. GAO-08-350. Washington, D.C.: February 13, 2008.

Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers. GAO-08-350. Washington, D.C.: October 30, 2007.

Defense Business Transformation: A Full-time Chief Management Officer with a Term Appointment Is Needed at DOD to Maintain Continuity of Effort and Achieve Sustainable Success. GAO-08-132T. Washington, D.C.: October 16, 2007.

DOD Personnel Clearances: Delays and Inadequate Documentation Found For Industry Personnel. GAO-07-842T. Washington, D.C.: May 17, 2007.

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DOD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation. GAO-05-842T. Washington, D.C.: June 28, 2005.

DOD's High-Risk Areas: Successful Business Transformation Requires Sound Strategic Planning and Sustained Leadership. GAO-05-520T. Washington, D.C.: April 13, 2005.

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DOD Personnel Clearances: Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel. GAO-04-632. Washington, D.C.: May 26, 2004.

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Industrial Security: DOD Cannot Provide Adequate Assurances That Its Oversight Ensures the Protection of Classified Information. GAO-04-332. Washington, D.C.: March 3, 2004.

DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size. GAO-04-344. Washington, D.C.: February 9, 2004.

Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations. GAO-03-669. Washington, D.C.: July 2, 2003.

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Chairwoman ESHOO. We have been joined by the Ranking Member of our subcommittee, a very able and respected member of the Intelligence Committee and a wonderful partner in the Congress, a fellow Californian, Mr. Issa.

Mr. ISSA. Madam Chair, I would like to ask unanimous consent to have my written statement put into the record. And I will be so brief we will be in questioning before you know it.

Obviously, we have such a long series of these kind of hearings, open hearings whenever possible, because it is so important that we get this right. It is so important that something we have started down, that seems to be floundering in this Member's opinion. And particularly you touched on the metrics for speed but maybe not accuracy, budget, uniformity and the other issues.

So I will save the rest of my speech for my questions. And I thank the gentlelady. And let's move forward because this is a bipartisan issue that we have to get right.

Chairwoman ESHOO. Thank you, and thank you for being here.

[The statement of Mr. Issa follows:]

Opening Statement (as prepared for delivery)
By the Honorable Darrell Issa
Ranking Member
House Subcommittee on Intelligence and Community Management
July 30, 20008

Thank you Madam Chairwoman, and thank you to our witness, Ms. Farrell, for appearing here today. This hearing gives us a chance to discuss the critical issue of security clearance reform and a chance to hear the perspective of GAO on the ongoing effort to streamline and reform the system.

To use an analogy once used by the committee's Ranking Member, right now somewhere in America is a mathematical genius who is the key to unlocking new technologies that will revolutionize the way America collects intelligence. At the moment, not only do I wonder if we will be able to identify this phenom, I wonder whether we will be able to get this person through the security clearance process in a reasonable time so that they don't lose interest or move on to other opportunities.

Security clearance reform will never be viewed as a glamorous intelligence issue, but it is literally where our nation's intelligence effort begins. That is why it is critical that as the administration

undertakes reforms, such as moving to e-adjudication and continuous evaluation, we get it right, but it also important that we do not make changes just for the sake of making changes.

When I look at the current state of play with security clearances, I see a self inflicted wound. We have a paper intensive process, mired in cold-war thinking, and we have all heard the legendary anecdotes of people giving up on careers in intelligence because they could not outwait the time for gaining a security clearance.

The committee has been told that the intelligence community is close to meeting the goals for security clearance reform laid out in the Intelligence Reform and Terrorism Prevention Act (IRTPA), and we have been told the amount of money that annually goes into processing security clearances. The problems with security clearance reform do not seem to be ones of money or even ideas, the real issues seem to be stubbornness and a refusal to embrace system-wide efficiency over agency's proprietary desire to control the clearance process.

IRTPA called for reciprocity of security clearance and access determinations between agencies. It also called for a consolidated database on security clearance and authorizations. At the time

Congress approved these requirements, the nation was in dire need to quickly ramp up its intelligence effort in the wake of the 9/11 attacks. Though for some, the urgency of that moment may have passed, the need to streamline the security has not.

That means that Congress and the administration must continue to press on this issue, and that our national security agencies—defense and intelligence related—will need to give some in this process. The key players—the Office of the Director of National Intelligence, the Department of Defense, the Office of Personnel Management and the Executive Office of the President—have formed the Joint Reform Team in response, and I appreciate your review of the team's work to date, including its April 30 report.

It may come as a surprise to you to hear that I do not believe that there will ever be a perfect system. The best security clearance system in the world would not prevent spies. But I believe it is possible to create a system that better balances risk, efficiency and allows us to weed out those that should not have access to classified information.

As you testify today, I hope to hear your best analysis of where we are in the security clearance reform process. In particular, I would

like to hear what you have to say about the state of reciprocity between agencies, whether it is possible or even desirable to get agencies to accept non-SCI clearances at the same level. I also hope to hear your views on how we can build more efficiency and automation into the system on the front end without increasing risk to the overall clearance process.

In your review of this issue, what have you learned from the agencies on best practices and their willingness to reform and establish cross agency clearance databases. Additionally, what feedback have you received from industry as to the wait times and costs associated with getting employees through the clearance process. Is there an opportunity cost to America given the challenges of the current system?

I would also like to hear the witness' perspective on readjudication and reinvestigation. What are the standards that we should be using and what has your research revealed about the quality of investigators we have conducting background checks? Do you have any thoughts on the use of interim clearances while people are awaiting adjudication? Are they worth the risk?

Madame Chairwoman this is one of the most vital workforce issues facing the intelligence community today. It is important that we improve the efficiency of the security clearance system, but we must also ensure that the pendulum does not swing too far, and we increase America's national security exposure risk. With that, I want to thank you for holding this hearing.

Chairwoman ESHOO. One can't help but observe that this has gone on for a long time. And before we get into some of the specifics and the details of what is at hand now and how you measure it, why do you think it is, while the GAO placed the security clearance on a high-risk list—that should be an attention-getter, a high-risk list in 2005, because of the long-standing problems. What would you identify as maybe the top two or top three things that have kept this from actually being fixed?

Is it so complicated that the agencies don't know how to do it, that the overall planning has lacked something? Is it that there is not a designated heavy hitter, an effective leader in it? Is it that the agencies are proprietary and if they get involved they may have to give something up? What do you find to be the reason for this?

I am curious, given all of the reports.

Ms. FARRELL. Certainly. Well, I think that the requirements were laid out in the IRTPA of 2004, of what the intent was in terms of personnel security reform. Leadership was definitely needed. How that was to be achieved was not evident at the beginning. By the time we hit 2005, OMB, due to Executive Order 13383, stepped up to the plate and provided the leadership in terms of trying to move the agencies forward to a common goal.

A plan was issued in November of 2005. We testified a couple of days after that plan was issued. We said at that time that, although leadership was now evident with OMB, this was a very positive thing, we still did not see a plan with details in terms of goals, metrics, milestones; and these were the things that were needed in order to move a very significant transformation forward.

Since then, as you have noted, there have been other planning efforts. And the good thing that we are seeing, besides leadership at this stage, is the collaboration, among other things. You didn't see the collaboration when GAO was looking at these efforts in the past. And the collaboration being amongst the key players, the DNI, the DOD, OMB, OPM. I think they should be recognized for coming together at this stage and having at least a collaborative plan that is reflected in the April 30, 2008, plan of this year.

But, in 2005, we saw what you acknowledged earlier in your opening, a lack of clear milestones in how you are going to get there; and you need those so that when you are off course you can identify why you are off course and make a course correction. That is what has been missing.

Chairwoman ESHOO. I am going to run through some of the directives in the Act and ask you to give us a letter grade on them, what you think, where we are on them right now.

Creation of a single entity for oversight of security clearances.

Ms. FARRELL. We would probably give them higher marks because we, again——

Chairwoman ESHOO. Higher. What is higher? B?

Ms. FARRELL. Above meets.

Chairwoman ESHOO. B plus?

Ms. FARRELL. I don't give letter grades, but it would be at the upper end.

Chairwoman ESHOO. That sounds like a B plus to me.

Ms. FARRELL. A few years ago, the Executive order did establish OMB as being the single entity responsible for clearance oversight;

and that was recognized in 2005. Now there are some questions that are arising with the latest Executive order about the new Performance Accountability Council and their role. We do have some work that we have to do to understand the roles and responsibilities of that Council and how they act as a single entity in response to IRTPA.

Chairwoman ESHOO. Interagency reciprocity of security clearances.

Ms. FARRELL. That is an unknown. We hear anecdotal stories about reciprocity. The extent of the problem hasn't been clearly defined. If you ask OMB, OPM and others, they will tell you there is no issue with reciprocity. Our concern is OPM has oversight of what is going on in DOD, but they don't have oversight of what is going on in the Intelligence Community. And, as you know, we have ongoing work for this subcommittee to look at the Intelligence Committee, not just the timeliness and the quality but the issues of reciprocity and is it a problem.

Chairwoman ESHOO. Creation of a single, integrated database for security clearances, are we anywhere near that?

Ms. FARRELL. That doesn't exist. We have asked questions.

Chairwoman ESHOO. That is our hope and our prayer.

Okay. Evaluation of available information technologies.

Ms. FARRELL. PERSEREC, as you are probably familiar with, has been doing research for years about potential technology that can be used to streamline the process. So there has been a lot going on in that area. We will be looking even closer about where do those demonstration projects fit with the long-term goals that are laid out in IRTPA. So there is work going on in there.

Chairwoman ESHOO. Reducing the length of security clearance processing to 90 days by the end of the year. I think there has been progress made on that, in some areas, anyway.

Ms. FARRELL. The OMB report show that the numbers are going in the right direction. It is good to have interim goals to get to your long-term goal of 60 days. Whether they will get there or not remains to be seen. When you have reform efforts as major as the one that is being planned, they could be put off-course to some extent. But the numbers appear to be moving in the right direction.

When we looked at the numbers in 2006, there was quite a bit of disagreement, as you know, between OMB and GAO about the numbers for timeliness. But I will note that in the February, 2008, report of OMB, the numbers that they reported for 2006 were the same as the numbers that we reported. We are looking very carefully at this point to see what are the current numbers.

There are concerns still about the starting point for the clearance process. We disagree with OMB about—when you measure end-to-end processing, where do you start? Do you start with when the applicant submits the application or when the security officer submits it?

Then there is the question of, do you count the time to transfer the investigative report to the adjudicators? Does that go with the investigator's time or the adjudicator's time?

So there are still some points that we are asking about and looking at in great detail right now to see how accurate are those num-

bers and if they reflect what you are wanting to see as required with IRTPA.

Chairwoman ESHOO. Mr. Issa.

Mr. ISSA. Thank you, Madam Chair. I am going to follow up on the same line.

Although it is pretty easy to tell if you get a security clearance in 90 days, pretty easy to tell if the adjudication runs 30 days or less, of what real value is that unless all the other important issues of accuracy, uniformity, you know, if you will, reciprocity, if those aren't achieved, then in a sense aren't we simply saying, okay, deadline, give them that. It is a little bit like a court that has a 90-day requirement or that they have to let the felon go. Well, obviously, they are going to get him to trial, but it doesn't mean they are ready for trial. And, by the way, if they let him go, that is not good.

So my question is, did we fundamentally flaw in making 90 days and then the final goal of 60 days anything more than the last step, rather than the first step in the reform?

Ms. FARRELL. The reform effort, when it started in 2005, was focused on timeliness; and that was in response to IRTPA.

Some of the other issues with respect to—with transferring clearances across government fell to the bottom of the list. The target was the 60, as you mentioned. Our concern has been exactly what you are raising, that you might increase the speed but the quality of the investigations has been called into doubt. We are also looking at the adjudication phase for which there are no metrics. So it is something though that can be corrected with the reform effort.

The good news is that, in the April 30 plan, there is an acknowledgement of quality metrics needing be to be put in place, but we don't have any more information than that. As you know, for going back to 1999, GAO reported that the only metric that was being used was when investigations were returned; and that, by itself, was not enough to assess the quality of the investigations, much less the other steps in the process.

So we would like to see quality and quality metrics built into the reform process every step of the phase.

Mr. ISSA. Following up on that, because it is not in the Act, although we have a single point for oversight—and one could say that there is a single point for oversight and it is at the dais here, you know, in that the committees, in a sense, are the ultimate oversight. As we start looking at possible add-on or future follow-on legislation, since it has been 4 years, and that is about the time that we start on something that 6 years later often becomes law, would it be, from a management practice——

I come from the private sector, even though I have been here 8 years, I guess. In the private sector, we would say, well, wait a second, you want everyone to trust a common clearance. Well, the easiest way to do that is to say, okay, instead of CIA and Defense Intelligence and everyone having their own little fiefdoms, we will simply have a single entity, although they may be implanted in these various intelligence communities, that owns this. And, if you will, a little like the Corps of Engineers which not only does the Army Corps but also does NASA, probably is responsible for everything except this building.

In a sense, do you believe, from your experience and the progress we have made and failed to make, that perhaps that was something that Congress should have looked at, was that a uniform security agency—security clearance agency could have, in fact, guaranteed that the examiners, the computer systems, the processes, the interface with the FBI and those who—because that may not be the FBI as the agency.

But all of that would be uniform, by definition, if you created one career group that, in fact, this is what they did. They got a high-level clearance. They were then embedded in the appropriate places to do their job, because they need to be all over. But, at the end of the day, the oversight is pretty easy. We funnel up to one organization that is responsible, and then we have oversight on them.

And, yes, the CIA says, I need this. But they say it to the same entity that Defense Intelligence says and the NRO says and everyone else says so that, if they specified the same level, they get the same level. Looking back, is this something that we should have anticipated and perhaps done?

Ms. FARRELL. The Act was clear that a single entity, whether it was a department or an agency or an element of the Federal Government, was to be responsible for six—I think it was six aspects of the security clearance process. The law gave OMB leeway to proceed with how they saw that this could——

Mr. ISSA. My question is the leeway, if you will.

Ms. FARRELL. And, as I said, to respond to the 2005 Executive order, OMB did step up to the plate. They were provided the leadership to be that single entity that would be providing oversight and move on from there.

Now we have this Performance Accountability Council. The DNI that is the executive agent for the security clearance process. OPM is the executive agent for suitability. OMB though is still Chair of the Performance Accountability Council, but we will be questioning the Council about how do they see their role in terms of that single entity? Does OMB as Chair of the performance accountability rule what the executive agents do? Or does the DNI have responsibility that is separate from this Performance Accountability Council? This is something that we are going to be exploring further.

But you gave leeway again to OMB to see how they wanted to move forward, and that has been a stumbling block in terms of who is in charge to keep moving this forward. Right now, it appears to be OMB as Chair of that Council. But we need to talk to them more to see how they see carrying out their role.

Mr. ISSA. Well, working with the gentlelady, I think we are reaching that point where we are asking did we give too much leeway?

I will share with you very quickly. I was in another committee today where a sergeant had been electrocuted in Iraq, and the hearing dealt with a contractor who was sort of the plumber and the electrician for the buildings. And it was unclear what their role was, what they were supposed to do, not do. And I asked six people there, five of whom were former commissioned officers and the three commissioned officers behind them, well, didn't the sergeant have a lieutenant that was supposed to care for his health and

well-being and didn't that lieutenant have a captain and didn't that captain have a colonel?

Well, it turned out, yes, they had a chain of command, all of whom were responsible to make sure that the previously reported shocks that people were getting in the shower didn't allow him to later be electrocuted because no one should have been in that shower from the first time. There was that.

To a certain extent, I am seeing a correlation here that concerns me. If the basics of who is in charge—if we don't get that right, then we are going to have later questions that you are having now.

Is everyone playing well together in the sandbox? I am hearing and I think Ms. Eshoo and I both are hearing at every one of our hearings that people aren't playing as well in the sandbox and the usual question of, well, the DNI is an emerging power. Should they take the lead? All of this—and the DNI and the FBI are never going to play well together in the sandbox because they weren't mandated by Congress to be the same entities.

So we start seeing that, in fact, we may have had a fundamental mistake, which is that whether it is the people behind us on the dais needing clearances or contractors needing clearances, that, in fact, it wasn't easy to hand to one group and say, make everyone play. Am I hearing that correctly? Because that is the impression I am getting here, and it is not the first time I have gotten it.

Ms. FARRELL. Well, again, maybe one of the reasons why it has been taking so long is to get people to play together. But that is what we are seeing with the latest efforts with this Performance Accountability Council. You have heard OMB and OPM and the DNI say, this is the first time they have actually come together and tried to have an agreement to move forward.

But there are questions about who is in charge. And this again is something that we need to explore, with how do they see the Chair of the Performance Accountability Council or the executive agents fitting with this single entity that is described in IRTPA?

Mr. ISSA. Okay. Madam Chair, I have a markup to go to, but I would like to ask, if at all possible, that we look during the September session at asking to have a panel back before us to see whether or not, going into the next administration, we have to immediately act. Because it does appear as though—you know, we both know there is going to be a lot of new appointments, and we can either set the tone or not set the tone to get progress in that next administration. So I would hope that we could set a short fuse to revisit this to see whether that progress has actually come to fruition in as little as, let's say, July or August and the first part of September.

Chairwoman ESHOO. I think that is an excellent suggestion. I wanted to start out with the GAO first and then when we return after the August break to do exactly what you said. There is a short time frame here.

And I am delighted that you were here to participate. You are an important partner in this.

Mr. ISSA. And I apologize. Mr. Conyers will not wait.

Chairwoman ESHOO. He has got to get your vote. Thank you very much.

I think, in listening to both Mr. Issa's questions and your responses as well as your opening remarks, Ms. Farrell, that what I am reminded of is that nothing has really changed dramatically in terms of the structure, a new structure, a new way of doing business, something that is streamlined and timely and all that is attached to that, that in all of this planning there has not been one security clearance that these people have approved.

We have layers and layers of planning—and I am not one to diminish the need for good, solid planning. You have a good plan. Then that leads to, I think, that much more of an effective execution and implementation. But it seems to me that we are caught in layers here and that there are still questions about who may be in charge, if the others are buying in. We are not going to find that out until we bring them in and let's hear what they have to say to each other.

But what I am hearing from you really leads me to a place where I am still not satisfied. I am uncomfortable. Tell me this, do you think that there is hope for specifics in the reform plan that can be executed before the end of this administration? Or is that just too much to hope for?

Ms. FARRELL. Well, the good news is the April 30 plan does have some near-term primary goals. And that makes——

Chairwoman ESHOO. Do you think they can execute them? I mean, these are plans and intentions and more plans that direct the stakeholders to execute.

Ms. FARRELL. It is a plan that requires more planning with action. But it does differ from the 2005 plan that had no near-term primary goals. This April plan does have some primary near-term goals.

We don't see those near-term goals connected with the long-term goals of IRTPA. One of the near-term goals, again, was the governance structure, which is the Executive Order 13467 that establishes this Performance Accountability Council. That is an example of a near-term goal that they have put in motion. So I think we should keep in mind that that plan does differ from previous plans.

Initially, we were also thinking that we would be seeing some interim plans before the final implementation. Mr. Johnson informed us that there would not be any other interim plans. They decided it was in the best interest in order to keep moving forward to have everything wrapped up by December 2008. And we are told that much is under way. That is what we will be asking questions about. Do they have pieces of this out there that needs to be consolidated into one plan? And what is behind that?

But it is important I think to recognize that the difference with the April plan is that it does have some near-term actions. Our concern still is that—linking that to the long-term goals, of whether it is an integrated database and how you are going to get there, who is responsible for it, how are you going to measure your progress to get there, we don't see that.

Chairwoman ESHOO. Do you think that the agencies—which all need to have timely security clearances issued—have a sense that they have a sense of urgency about it?

Ms. FARRELL. The Intelligence Community agencies?

Chairwoman ESHOO. Yes. Or are they kind of comfortable with where they are and how they do it?

Ms. FARRELL. We hear anecdotal stories all the time, as I think you do; and in the course of our work we have had concerns expressed about DHS, FBI, individual cases. This is the first time that we have had work where we actually are going in to measure the timeliness and see if it is a problem and is quality a problem in the Intelligence Community the same way that we have seen with the DOD community. So that is work that you requested that I am happy to say is under way.

Chairwoman ESHOO. Where do you think this needs to be by the end of the year to hand over to a new administration?

Ms. FARRELL. The Joint Team needs to do what they say they are going to deliver in December, which is a very detailed implementation plan with the performance accountability council's roles even more defined in terms of who is in charge. Does that single entity meet IRTPA requirements? Does anyone have voting rights? They need a very coherent mission with common goals, with milestones so that they can hand it off to the next administration. If you don't have a detailed plan with specifics that can be measured, then you can't determine if you are on the right road to transformation.

Chairwoman ESHOO. This is OMB's security and suitability process reform initial report April 30, 2008. Under CY 08 they have a whole list of bullets, and the second one is to draft and submit an Executive Order to ensure fitness reciprocity and reinvestigation of individuals in public trust positions. Can you tell us about where that is? Do you know? Can you comment on this one?

Ms. FARRELL. Well, to our knowledge—again, we have just started this work—the only action that has been fulfilled in that plan is that of the Executive Order, establishing the governance structure which is one of their near-term goals.

For these other issues, those require action to be taken. It is possible, I guess, that they have taken that. The Executive order is about a month old at this point, which may move them a little bit further in terms of the accountability. But we have not seen the specifics.

Chairwoman ESHOO. Have you seen the full Executive Order and what it contains?

Ms. FARRELL. The Executive order, yes. But we haven't seen the specifics of any details behind that plan, other than the——

Chairwoman ESHOO. On the one I just asked about.

Ms. FARRELL. There is the appendix that accompanies that plan. It is more about hindsight of projects that they have completed, rather than where they are going.

Chairwoman ESHOO. I just have this overwhelming sensibility that we are driving with an emergency brake on. You know? We are moving, but none of this seems to have a sense of urgency relative to reforming the whole system.

I don't know if we didn't give them clear enough direction in IRTPA or if the GAO sees a further need for legislative direction from the Congress, from the Intelligence Committee to get this going. I mean, I think that that is an important consideration as well.

I am not suggesting just because we had language to direct something that it was perfect and absolutely clear. And if it needs to be more directive and have more clarity and have some time frames around it and some specifics, then maybe if you have any suggestions or views in that area——

Ms. FARRELL. I would want to see what is going to be in their December 2008 plan. We are told that—when we shared the message of our statement with Mr. Johnson last week, we were told that everything we were discussing would be reflected down the road, that it was in motion, it was evolving.

We also had a discussion about how the focus has been on timeliness. It has not been on these other issues that we have been discussing today with the database and reciprocity and the other issues. You can see that when you look at the February OMB 2007 report and the February OMB 2008 report. The focus is on timeliness. And, with timeliness, they had interim steps of how they were trying to get to the 60 days to issue a clearance. And that is good that they had those interim steps for timeliness, but you don't see interim steps to develop an integrated database that the agencies could use——

Chairwoman ESHOO. Well, it seems to me that the administration has made progress, in addressing timeliness—and I salute their having achieved a better time frame for some of these security clearances. But that is only one part of it. And the other pieces, in my view, are tougher to do. They are tougher to do.

And so I think the ball is being bounced and passed along through these various committees and executive orders and reviews and structure and plans, et cetera, et cetera, et cetera; and we are not doing ourselves any favor by this.

Has the administration indicated to you that they are planning to reform the suitability guidelines, you know, what I had asked about earlier?

Ms. FARRELL. We have been told that part of the reform effort is to look at suitability guidelines, look at the clearance guidelines in terms of investigations and adjudications and see how the two sets can work better together. As you know now, they are rather isolated and there are questions about duplication. We are told that guidelines are part of the reform effort.

Chairwoman ESHOO. Well, the Intelligence Reform Act stated that there should be a single entity. I mean, to me that is very clear. And I don't think the Congress' intent here when we referred to a single entity is a single planning group. I don't think that is what it is about. I have respect for planning, but I don't think that that is what the intention of the Congress was. And, yes, one has to take place in order to achieve the other.

Do you think that equal attention is being paid to adjudications and investigations?

Ms. FARRELL. In the past, you know, we have raised the issue of quality throughout the process; and the answer was no. Again, we are looking at that again right now.

Chairwoman ESHOO. Is there any way for that to be measured now in the present system?

Ms. FARRELL. Yes, we believe it is. We believe that you can have metrics in the present system from the beginning to the end.

Chairwoman ESHOO. But there aren't, though.

Ms. FARRELL. Currently, there is only, as we have discussed before, one metric; and we are not even sure that that metric is being used right now for the investigative phase, that being the number of investigations that are returned by the adjudicators to the investigators. Several years ago we know that that was the metric that was being used, but it has fallen out of reports recently. We are not sure that any metrics are being used for the current system.

Chairwoman ESHOO. Has the administration established a timeline or any specific objectives that have to be achieved to create a single adjudicative entity, do you know?

Ms. FARRELL. Not to our—again, the timelines are what are missing from this April 30 plan, that we are told that there will be more specifics in the December plan.

The Performance Accountability Council had their first meeting last Tuesday. We were over at OMB, and they were meeting that afternoon. They were going to be discussing how to form subcommittees to carry out some of these actions.

Chairwoman ESHOO. There we go. It is getting really hot. It is heating up. We are going to do subcommittees! We have to have a sense of humor about some things I guess.

Ms. FARRELL. There were discussions about bringing other stakeholders in, other Federal agencies, the Commerce Department, VA, others that might have a need to be players. But, again, it was their first meeting. It appeared that they would be meeting about once a month, maybe more often after August.

Chairwoman ESHOO. Why is this so hard to do?

Ms. FARRELL. Why is this so hard?

Chairwoman ESHOO. Why do you think return is so hard to do?

Ms. FARRELL. It is a complicated issue that has been around for decades.

Chairwoman ESHOO. Let me just dissect that word "complicated". Security clearances are not something that is brand new. We have been doing them for a long, long time. These reviews of the process are a service that has been rendered, whether it is inside of an agency or another agency, and they help the agency that needs to have clearances done. It is not something that we have never done before and have to maybe go to some liaison service to find out about on the other side of the world. It is something that we have been doing.

We know that there are processes that can help. Because technology—and I understand this coming from my district, which is where all the innovation and so much takes place—can certainly speed things up. It can advance. It can enhance. It can do a lot of things.

We know that agencies, especially within the Intelligence Community, have a need to hold things close to the vest rather than share. And I don't know how much of a problem that is, if they just don't want to let go of controlling their process and they want to have this within their own agency. But it seems to me that this old system has been in place, and served us well for a long time. And it certainly reflects the time that it served us well, during the Cold War. It seems to me that if there is anything that we have duplicated from that, taken from that Cold War system is this system;

but times have changed yet we don't seem to have an urgency to change the system. So I am wondering if there needs to be clearer, stronger directive legislative language to change the process.

But I agree with you. I think we have to wait until December to see progress. I am not exceptionally hopeful about what is going to happen until December. And this isn't aspersions against any of the people that are working on this. It just seems to me that they are complicating it more with their subcommittees.

Are you as frustrated as I am about this?

Ms. FARRELL. Yes, we are. Yes, we are.

When I first started at GAO early in the 1980s, we were looking at personnel security clearances.

Chairwoman ESHOO. And there is a long, long history on it.

Ms. FARRELL. And here we are many, many years later; and we are still looking at these same issues. It now has management attention, though. It goes back to what we were talking about. There was management attention in 2005. The problem is sustaining it. And management attention by itself won't get you transformation. As you know, there are a number of other best practices that you have to put in play.

And now, as we have been discussing, the Performance Accountability Council raises another set of questions. It looks like this could be a good thing in terms of assigning roles and responsibilities for certain areas. We haven't seen that before. But how does that really play out when we talk about——

Chairwoman ESHOO. Why don't we have one entity that actually is responsible for doing the things that we are describing? I mean, it seems to me that you need to establish the entity—and then the person that is in charge and goes forward to do these things.

I don't understand why it is being done this way. Because right now we are being planned and subcommitteed to death on this thing.

My guess in December is, is that there will be some kind of report on the plan and the subcommittees to a new administration. And then by the time they start up and they review everything that the GAO has said and tried to get the agencies to do, et cetera, et cetera, plus review all of this, that it will be well into 2009.

And I am not saying this to be disrespectful. I just think that there just isn't any "umph" to this thing. There isn't anyone that has a sense of urgency—you know, "fire, fire, house on fire," saying we have got to get this thing done.

I think it is being done the wrong way. I think you have somebody in charge. Then they say, all right, come on in, here is the plan. Here is how we are going to measure it. These are the assignments for people. This is the equipment that we need to buy in order to enhance the system that we have. This is the request we need to make of the Congress. These are some of the snags that need to be cleaned up legislatively.

Otherwise, I will be gone from the Congress. You will be retired from the GAO. Maybe that will make some of the people in these security clearance subcommittee happy, but reform won't be achieved.

Anyway, I will yield time to I think one of the most brilliant Members of the Congress and the House Intelligence Committee and this subcommittee, Mr. Holt from New Jersey.

Mr. HOLT. Thank you for the compliment. But, more important, thank you for holding this hearing; and thank you, Ms. Farrell, for coming.

How many people in the U.S. Government have security clearances?

Ms. FARRELL. The volume of security clearances is unknown to us at this time, due to past data reliability problems that we have identified with DOD's JPAS system and others. We can use the number of investigations that OPM tells us they do, which is only one portion of the community that you are interested in, the Intelligence Community. I can't tell you that number because there is not a reliable number out there that I can present to you.

Mr. HOLT. Well, that is what I thought you would say. I don't really need to know the answer. I just wanted it on the record that nobody knows the answer. I believe it is true.

Do you also believe it is true that nobody knows the answer?

Ms. FARRELL. We, based on our past work with DOD's program, would say that is correct. Again, we are just starting our work with the Intelligence Community; and we are trying to get a reliable number. I will be back to report that or my colleague, Ms. Davi D'Agostino, will.

Mr. HOLT. Why do you suppose that the requirement of the Intelligence Reform Act on the intelligence part that there be a comprehensive database has not been fulfilled? Why do you think that provision has not been?

Ms. FARRELL. There are multiple databases among the agencies. I think there are over 20 in various stages. One issue for them is going to be integrating those databases, deciding to use legacy or go with something brand new. That is a business transformation effort, and that will require an information technology strategy that they have acknowledged in the plan, but we haven't seen anything that will move them forward to developing that database.

Mr. HOLT. Thank you.

In April of this year, the Office of Management and Budget sent the President a report on security and suitability reform; and OMB stated it is now ready to adopt and pursue implementation of a process to reform the system that will include six concepts: to improve the relevancy of information collected, which makes sense because a lot of the investigation that goes into this seems to me to be irrelevant to the whole purpose of the investigation.

Ms. FARRELL. Yes.

Mr. HOLT. Second, to increase the use of automation to speed the process. Third, to focus field investigations on specific kinds of information, rather than fishing expeditions. Four, to make decisions based on modern analytic assessments of risk, rather than a risk-avoidance model. Five, to reduce duplication of data. And, six, to use continuous evaluation, rather than periodic investigations.

Did GAO—did you evaluate the methodology that the administration used to develop these concepts and do you have any idea how they decided to move away from periodic reinvestigation to

continuous evaluation? I'm not saying that is a bad move. I just wonder how they came up with these.

Ms. FARRELL. These concepts are familiar to us. If you look at the history of personnel security clearances, whether it is the old process or the new process, I think you can make some kind of relationship. We don't know the methodology that they used to come up with those, but they seem to be logical.

As far as the continuous evaluation, research has been done by DOD for years in this area of what technology can be applied to streamline the process and improve quality. So the continuous evaluation is a concept that has been discussed for some time. We know concepts that have been around. We don't know specifics on how to make them materialize.

Mr. HOLT. Thank you.

On reciprocity, do you think the administration—and forgive me, Madam Chair, if I am repeating ground that already has been plowed here. Does the administration security reform effort move toward reciprocity, transferability—and I am not sure that we will ever see an Intelligence Community, one badge, as has been suggested, but are we moving toward at least transferability, reciprocity, whatever name you want to use?

Ms. FARRELL. We don't see that movement in the plan. IRPTA clearly lays that out as a goal. But, again, that is where we would like to see a coherent mission with clear goals and steps of how the Council or whoever the single entity is in charge is going to get there. But you cannot tell what the movement is to reciprocity by looking at the plan or at the Executive order.

Mr. HOLT. Is it your job to evaluate the idea of a one badge or of a community-wide reciprocity or just to look at the process for getting there or not? Are you going to offer a judgment on the wisdom of such a clearance and clearance system?

Ms. FARRELL. We are going to look at that process in terms of what is the goal, just what you are raising. Is it one badge? Or what do you mean by reciprocity? First, that needs to be defined in the plan, what is that, and then what steps are going to be taken. We are not going to be specific in terms of this is exactly what you should do.

Mr. HOLT. More to the point, I am wondering if you think it is in your purview to make a judgment about the wisdom of doing that.

Ms. FARRELL. We make judgment based on criteria; and, in this case, the law is what we would be using as criteria or other best practices or something that very clearly lays out what it should be. GAO would not come in and offer this is exactly how it should be unless it is in the law and this is how it meets the intent of the law.

Mr. HOLT. It is the law, I think, that all the investigations and determinations shall be transferable, accepted by any agency. I guess you are not in a position to judge whether that will work well once we get there. Right now, all you can ask is whether there is a plan and activity to get there.

Ms. FARRELL. Right now, we have several efforts that are under way. Besides looking at the reform efforts, we are looking at timeliness, quality, and reciprocity within the Intelligence Community.

So that is part of what we are addressing for this subcommittee in terms of is it a problem or isn't it a problem.

Mr. HOLT. Well, this is enlightening. I will have to catch up on your testimony earlier today.

I thank you, Madam Chairman.

Chairwoman ESHOO. I thank you, Mr. Holt, for being here and the questions you asked.

We are planning when we return, when Congress returns after the August break, to have a hearing with the stakeholders—the planners, the major stakeholders. We will review with them where they are in their goals, when and how they plan to execute, really the questions and some of the points that were raised today.

But we wanted to start with you. Because if there is anyone who has been the very important thorn in the ointment, so to speak, it has been the GAO. And not just one report but reports over decades on this very issue. So we are very grateful to you for the work that you have done, that the agency has done.

I think today has been enlightening, both for myself, the ranking member, and for Mr. Holt as well as the staff, the minority staff and the majority staff. This is not a partisan issue. There is no reason for it to be. In fact, I think we keep developing more consensus about this as we move through it.

What is disturbing to me is when we don't know exactly how many security clearances are out there. The question comes up that can be raised is how do we protect those who have them if we don't know how many and who they are. I guess we know who they are, but why don't we know how many there are.

That raises the question, do we really know who they are? There is a whole new group that have been issued security clearances, and that is all these contractors. What happens when they leave and their contract runs out or is cut off, like some of those that have not respected the public dime or the taxpayer that provides it. It is a big concern of mine. And so I think, beyond the planning and as important as all of these things are really very, very serious issues.

Mr. HOLT. Madam Chairman, if I may add a comment along those lines. The proliferation of clearances and classified material just cheapens the process and makes it less and less reliable because it is less and less meaningful.

Thank you.

Chairwoman ESHOO. Thank you. I think on that note we will close the hearing. And again, Ms. Farrell, thank you again for your service to our country. And for everyone who is here and attended the hearing today, I thank you for being here and I hope it was as instructive and enlightening for you as it was for the rest of us. Thank you.

[Whereupon, at 4:12 p.m., the subcommittee was adjourned.]

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