AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. Hrg. 110–636

SECURITY CLEARANCE REFORM: THE WAY FORWARD

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

MAY 22, 2008

Available via http://www.gpoaccess.gov/congress/index.html

Printed for the use of the Committee on Homeland Security and Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE

47–095 PDF **STAR PRINT** WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

JOSEPH I. LIEBERMAN, Connecticut, *Chairman*

CARL LEVIN, Michigan
DANIEL K. AKAKA, Hawaii
THOMAS R. CARPER, Delaware
MARK L. PRYOR, Arkansas
MARY L. LANDRIEU, Louisiana
BARACK OBAMA, Illinois
CLAIRE McCASKILL, Missouri
JON TESTER, Montana

SUSAN M. COLLINS, Maine
TED STEVENS, Alaska
GEORGE V. VOINOVICH, Ohio
NORM COLEMAN, Minnesota
TOM COBURN, Oklahoma
PETE V. DOMENICI, New Mexico
JOHN WARNER, Virginia
JOHN E. SUNUNU, New Hampshire

MICHAEL L. ALEXANDER, *Staff Director*
BRANDON L. MILHORN, *Minority Staff Director and Chief Counsel*
TRINA DRIESSNACK TYRER, *Chief Clerk*

OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE

DANIEL K. AKAKA, Hawaii, *Chairman*

CARL LEVIN, Michigan
THOMAS R. CARPER, Delaware
MARK L. PRYOR, Arkansas
MARY L. LANDRIEU, Louisiana

GEORGE V. VOINOVICH, Ohio
TED STEVENS, Alaska
TOM COBURN, Oklahoma
JOHN WARNER, Virginia

RICHARD J. KESSLER, *Staff Director*
EVAN W. CASH, *Professional Staff Member*
JENNIFER A. HEMINGWAY, *Minority Staff Director*
TARA L. SHAW, *Minority Counsel*
JESSICA NAGASAKO, *Chief Clerk*

CONTENTS

	Page
Opening statements:	
Senator Akaka	1
Senator Voinovich	2

WITNESSES

THURSDAY, MAY 22, 2008

Brenda S. Farrell, Director, Defense Capabilities and Management, U.S. Government Accountability Office	6
Hon. Clay Johnson, III, Deputy Director for Management, U.S. Office of Management and Budget	7
Elizabeth McGrath, Principal Deputy Under Secretary of Defense for Business Transformation, U.S. Department of Defense	9
John P. Fitzpatrick, Director, Special Security Center, Office of the Director of National Intelligence	10
Kathy L. Dillaman, Associate Director, Federal Investigative Services Division, U.S. Office of Personnel Management	12

ALPHABETICAL LIST OF WITNESSES

Dillaman, Kathy L.:	
Testimony	12
Prepared statement	55
Farrell, Brenda S.:	
Testimony	6
Prepared statement	33
Fitzpatrick, John P.:	
Testimony	10
Joint prepared statement with Ms. McGrath	49
Johnson, Hon. Clay III:	
Testimony	7
Prepared statement	48
McGrath, Elizabeth:	
Testimony	9
Joint prepared statement with Mr. Fitzpatrick	49

APPENDIX

Background	59
Questions and Responses for the Record from:	
Ms. Farrell	64
Mr. Johnson	67
Ms. McGrath	73
Mr. Fitzpatrick with an attachment	78
Ms. Dillaman	93

SECURITY CLEARANCE REFORM: THE WAY FORWARD

THURSDAY, MAY 22, 2008

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE,
AND THE DISTRICT OF COLUMBIA,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:37 p.m., in Room SD–342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka and Voinovich.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Good afternoon, everyone. This hearing of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia is called to order.

This is our fifth hearing on security clearance reform and testifies to the difficulty of solving this important problem.

Three years ago, Senator Voinovich and I began this series after the Department of Defense's personnel security clearance program was placed on the Government Accountability Office's high-risk list. Since that time, we have uncovered several systemic problems which demonstrate that the current security clearance process is outdated and needs fundamental reform.

After last year's hearing, the Administration took steps to begin that reform. All of the Federal Government stakeholders in security clearances from the military, intelligence, and civilian communities came together, forming what we now know as the Joint Security and Suitability Reform Team, which is represented here today by many members of our panel. The team crafted a plan to finally bring the security clearance process into the 21st Century. I look forward to hearing more about this plan and how these reforms will move forward.

I want to applaud the hard work that has been put in over the past year to reduce the clearance backlogs and speed up processing. The Office of Personnel Management, who is in charge of most investigations, has made a huge investment in manpower to attack the backlog. The backlog finally seems to be under control and waiting times have come down. However, I still think that the processes and technology now in use do not allow for very much more improvement.

There is far too much manual activity going on in the clearance process today. Literally caves full of hundreds of thousands of file folders along with a dozen computer programs bolted together make up the backbone of the investigation process at OPM. Though some may consider this system the Cadillac of IT solutions, unfortunately, it is a 25-year-old model, probably suited for a car museum.

More of the security clearance process should be automated and electronic. That data must then be portable so that it can be efficiently sent to agencies for adjudication. The current process of shipping or printing off investigation files to adjudicators rather than sending data to agencies is very burdensome. The information must also be easily accessible for reinvestigations and readjudications.

Reforming clearances is a national security issue and increasingly a fiscal issue. Delays in the clearance process, especially for "Top Secret" clearances, cost taxpayers millions of dollars. Cleared individuals are in such high demand that they are paid inflated signing bonuses or given expensive cars just to work for a contracting firm hired to support Federal agencies. Those costs are eventually borne by the Federal Government in the form of more expensive contracts.

More importantly, however, getting people cleared is essential for national security. Rightly or not, it is a fact that the government relies on contractors to support critical national security functions, from the tanker drivers in Iraq to the intelligence analysts here at home. Whether an individual works for the Federal Government or works as a contractor, it is essential that we can fill positions that support our national security.

I have great hope that what has been outlined by the Joint Security and Suitability Reform Team are all steps in the right direction. Their recommendations go to what we have been pushing for over the course of these hearings. I will be interested in what GAO has to say about the report, as they are the ones that initially placed this issue on the high-risk list.

However, I note that the report is still short on much detail. I will be asking for some of those details today, and as recommendations are implemented over time, I will continue to ask those questions.

I am pleased that in looking at our panel, who will all play a role in implementing these reforms, that most are career civil servants who will still be here after January 20. I can assure you that this Subcommittee will still be here after January and that we will make sure that the progress made does not get lost in the shuffle of transitioning to a new Administration.

I now call on Senator Voinovich. Thank you, Senator Voinovich. I appreciate your continued dedication to this issue and look forward to continuing to work with you on moving this along. Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Senator Akaka. I first of all want to say that one of the joys of being on this Subcommittee with you is that the two of us have shared the same agenda for a long

period of time. There were some who were concerned that perhaps after the leadership change and I became Ranking and you became Chairman that some of the things that we worked on might disappear, but the fact of the matter is that you have stayed on top of them and have been very aggressive and hopefully the hard work that we do will bear some fruition.

While I commend the Joint Security and Suitability Reform Team for producing its April 30 reform document, I do have a hard time understanding why it took the Federal Government 4 years to get to this point, a 10-page outline on how to transform our current process, and I am hopeful that this effort will find result and sustained reform.

Since 2004, we have been attempting to bring a performance-based approach to how government manages access to sensitive national security information. In June 2005, following our first hearing on this matter after the Department of Defense security clearance process was added to the GAO's 2005 High-Risk List, I believed significant progress could be made in the short-term and this management challenge would be removed from GAO's 2007 High-Risk List. At the rate we are going, I am afraid the process will remain on the list in 2009.

Thus far, the most meaningful reform effort appears to be the hiring of additional investigative staff by OPM to support a cumbersome process reliant on antiquated computer systems. More investigative staff has helped. For our first hearing on this matter in June 2005, GAO estimated a backlog of about 270,000 clearance investigations for DOD alone. In February 2008, OPM has reduced that number to about 42,000 pending investigations over 180 days old for all agencies it conducts investigations for.

However, additional reforms are needed, including the use of 21st Century technology, as Senator Akaka made reference to. OPM highlights its success in transferring virtual files among agencies, but those files are printed prior to adjudication. The automated system, which is essentially a computerized fax machine that does not allow for online manipulation of case files, isn't really the type of system I envisioned when Senator Akaka and I began working on this management challenge.

Senator Akaka and I held hearings earlier this month to examine the Federal Government's outdated hiring process. At that hearing, witnesses tried to tout the ability of individuals to apply for Federal jobs using an online process, but many of those individuals, after wading through the Federal Government's hiring process and receiving a job offer, are being told that they have to apply on paper for a security clearance and that process could take months.

As Senator Akaka and I discussed at that hearing, Generation X and Y job seekers get frustrated with the lack of response from our agencies when applying for jobs. Imagine their level of frustration when they are told that clearances for such jobs could take months, reinforcing their impression of an inflexible bureaucracy. The delay in clearing individuals simply adds to the overall hiring delay and gives the wrong impression of those seeking to work for the Federal Government.

We need to create a seamless hiring and clearing process. Until we do, our human capital crisis will be exacerbated. The Federal

Government is trying to find the best and brightest people in an increasingly competitive era when we are losing high-skilled potential employees to a private sector that offers higher salaries and better benefits. This is a national problem. The government is competing now with the rest of the world and in this country with the private sector big time because of the baby boomer retirement.

We need to move expeditiously to hire individuals with the skill sets we need, but even when we find qualified individuals who are willing to be public servants, we subject them to a cumbersome hiring process and outdated security clearance system. It is no wonder that we lose qualified potential employees.

The February 2008 report by OMB and the Security Clearance Oversight Group identified several obstacles which impede the current security process. First, agencies had an April 2006 deadline to transmit all their security clearance applications to OPM electronically. After failing to meet the deadline, the 2007 Security Clearance Oversight Group Report indicated that all agencies had plans in place to transmit 100 percent of their applications electronically in fiscal year 2007. However, the 2008 report shows we failed to meet this goal, meeting 83 percent compliance government-wide.

The Department of Defense bears most of the burden for this failure. For the first quarter of fiscal year 2008, it submitted only 77 percent of its applications electronically to OPM. Electronic transmission of applications can cut weeks out of the investigation process and agencies need to fully utilize this tool.

I was also disheartened to see that the issue of security clearance reciprocity seems to be getting less and less attention, when we are going into a new Administration. I expect some of the people that work for this Administration may work for the other Administration and take on some new security responsibilities, but reciprocity was not listed as a priority challenge in the February 2008 report. The word "reciprocity" appears only five times in that April 30 reform outline, and that outline makes no real recommendations on how we are going to achieve reciprocity. Gordon England has a great story about how often he had to get security clearances as he moved from one agency to another agency. Reciprocity is still a problem. It is a problem, and I think that we need to address that.

The other thing that the February 2008 report highlighted is a new shortcoming in our current piecemeal approach to security clearance reform. Completing investigations in a more timely manner has simply shifted the security backlog from the investigation to the adjudication phase. At the time of that report, DOD had more than 76,000 adjudications that were over 45 days old. I am anxious to hear how our witnesses intend to deal with that problem.

And last, the Security Clearance Oversight Group's February 2008 report shows that our clearance system is not utilizing readily available technology. As important as technological growth has been in the last century, it is likely to be even more important in the coming years. However, making full use of new capabilities will only be possible in a system that values the need for investment in new technology over adding band-aids to antiquated systems, such as PIPS. Technology provides us the opportunity to expedite

the security clearance process while minimizing time, cost, and effort.

Automation, as described in some of the testimony today, does not mean the ability to e-mail a PDF file. It means using a paperless system at each step to process and allow for continuous reinvestigation based on risk. I think we have to address all of these issues and find a way to achieve meaningful and lasting reform of the current security clearance process. I think failure to do so is going to cost us in many ways.

Senator Akaka, I think you know that it costs the taxpayers $684 per day in lost salary and benefits because of the delays on these cases. Over 208 days' failure to complete a "secret" clearance for one person costs more than $140,000, almost three times the 2006 median U.S. household income of $48,200.

I have a lot more here and I am taking the witnesses' time, so I am just going to wrap it up and say I had really hoped that this would be off the high-risk list and it is not. It is very frustrating that after all this time and all this effort that we still have major problems issuing timely security clearance. I am glad to know that so many of you are going to be around, and as Senator Akaka has indicated, we are going to continue to monitor this process so that we can have a big celebration when this goes off the high-risk list. Thank you.

Senator AKAKA. Thank you very much, Senator Voinovich. You have been a great champion in human capital and we will continue to pursue this.

It is my pleasure now to welcome our witnesses here today: Brenda Farrell, Director of Defense Capabilities and Management for the Government Accountability Office; welcome back to the Hon. Clay Johnson, Deputy Director for Management for the Office of Management and Budget; Elizabeth McGrath, Principal Deputy Under Secretary for Business Transformation at the Department of Defense; John Fitzpatrick, Director of the Special Security Center for the Office of the Director of National Intelligence; and welcoming back Kathy Dillaman, Associate Director of Investigations for the Office of Personnel Management, Federal Investigative Services Division.

It is the custom of this Subcommittee to swear in our witnesses. Will you please stand and raise your right hand.

Do you swear that the testimony you are about to give to this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. FARRELL. I do.

Mr. JOHNSON. I do.

Ms. MCGRATH. I do.

Mr. FITZPATRICK. I do.

Ms. DILLAMAN. I do.

Senator AKAKA. Thank you. Let the record show that the witnesses answered in the affirmative.

Although statements are limited to 5 minutes, I want all of our witnesses to know that their entire statement will be included in the record.

Ms. Farrell, will you please proceed with your statement.

TESTIMONY OF BRENDA S. FARRELL,[1] DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. FARRELL. Thank you, Mr. Chairman. Mr. Chairman, Senator Voinovich, thank you for the opportunity to be here today to discuss reforming the Federal Government's personnel security clearance process. My remarks today are based on GAO's numerous reports that give us a historical view of key factors that should be considered in clearance reform. Our reviews have identified delays and other impediments in DOD's program, which represents 80 percent of the Federal Government's clearances. These longstanding delays resulted in our adding DOD's clearance program to our high-risk list in January 2005, as you noted.

In the past few years, several positive changes have been made to the security clearance process because of increased Congressional oversight, such as a number of clearance-related hearings that this Subcommittee has held, recommendations from our body of work, and new legislative and executive requirements, most notable the passage of the Intelligence Reform and Terrorism Prevention Act of 2004.

One important change is the formation of the Interagency Team, of which members of that team are present on the panel today. This team was established to develop a reform clearance process that would be applicable not only to DOD, but across the Federal Government, including the intelligence community. As directed by the President, the Joint Reform Team submitted its proposed design for the reform effort on April 30, 2008.

As the Joint Team moves forward, we encourage them to consider the four factors highlighted in my statement today. Two of the four key factors in my written statement essential to the Joint Reform Team achieving positive outcomes, such as greater security clearance reciprocity, involve, one, incorporating quality control steps, and two, establishing metrics for assessing all aspects of the process.

First, government agencies have paid little attention to quality, despite GAO's repeated suggestions to place more emphasis on it. For example, the government has documented quality with a single metric on only one of the six phases of the clearance process by using the percentage of investigative reports returned for insufficiency during the adjudicative phase. Further, GAO has identified this metric as being inadequate by itself.

Prior GAO work examined a different aspect of quality, the completeness of the documentation in investigative and adjudicative reports. We found that OPM provided incomplete investigative reports to DOD adjudicators, which the adjudicators then used to determine top secret eligibility. Almost all, 47 of 50, of the sampled investigative reports we reviewed were incomplete based on requirements in the Federal investigative standards. In addition, DOD adjudicators granted clearance eligibility without requesting additional information for any of the incomplete investigative reports and did not document that they considered some adjudicative guidelines when adverse information was present in some reports.

[1] The prepared statement of Ms. Farrell appears in the Appendix on page 33.

Further, our October 2007 report documented the reluctance of some agencies, particularly DHS and FBI, to accept clearances used by other agencies. To achieve greater reciprocity, clearance-granting agencies need to have confidence in the quality of the clearance process.

The second key factor I wish to discuss is establishing metrics for assessing all aspects of the clearance process. Many efforts to monitor the clearance process emphasize measuring timeliness, but additional metrics could provide a fuller picture of the process. GAO reports, as well as Inspector General reports, have highlighted a variety of metrics that have been used to examine clearance programs, such as completeness of investigative and adjudicative reports, investigators' training, staff and customers' perceptions, and the adequacy of internal controls. Including these and other types of metrics could add value in monitoring clearance processes and provide better information to allow greater Congressional oversight.

In summary, the current Joint Reform Team to develop a new government-wide security clearance process represents a positive step to address past impediments and manage security reform efforts. However, past experience has shown that Congress has every reason to remain vigilant. Much remains to be done and GAO stands ready to assist the Congress.

Mr. Chairman, this concludes my opening statement. I will be happy to take questions when the members are ready.

Senator AKAKA. Thank you very much, Ms. Farrell. Now we will hear from Director Johnson.

TESTIMONY OF HON. CLAY JOHNSON III,[1] DEPUTY DIRECTOR FOR MANAGEMENT, U.S. OFFICE OF MANAGEMENT AND BUDGET

Mr. JOHNSON. Mr. Chairman, Senator Voinovich, thank you very much for having me. A couple of comments.

One, the intelligence bill in December 2004 called for security clearance reform and the issue to be addressed in this reform was timeliness, and that has been our focus of this reform effort, was to improve timeliness. In 2005, it took approximately 162 days to make a security clearance determination for all clearances, the fastest 80 percent of all clearances. Today, it takes 112 days. Our most recent time, it takes 112 days.

The goal as defined by the intelligence bill was 60 days, so the intelligence bill called for us to go from 160 to 60 days. We are 50 days toward that 100 days. We are halfway there on timeliness. I am personally very proud of the work that the reform effort has done, has accomplished, and what we have accomplished to reduce timeliness by almost 2 months in 2006-2007, 2½ years that we have been working on this.

The reason there is not more, a new-fangled 21st Century technology reform in place is because of a decision that I made with the consent of the reform group, which was to initially focus almost exclusively on the lack of capacity and the lack of accountability in the process. We would not have achieved the 50-day improvement

[1] The prepared statement of Mr. Johnson appears in the Appendix on page 48.

in the process that has been achieved to date if we had focused on developing an altogether new system, if we had not focused before that on expanding investigative and adjudicative capacity and adding accountability across the government for conducting these clearances in a timely fashion.

So we have, as all have said, there is much to be accomplished still, but I am very proud, and when I leave here, I am going to be extremely proud for the accomplishments that have been realized and the increases in timeliness with continued emphasis on quality in the 3-plus years that we will have been working on this.

A couple of additional comments. You talk about reciprocity and Gordon England's concern, and Mike McConnell has a similar story, and I have a similar story, and so forth. That is a very different process. That is the White House clearance process for Senate-confirmed positions. That is more broken than the system that we are trying to reform, but we are working with the White House Counsel and the investigative units that they use to fix that system, as well. But that is a totally different process than the security clearance suitability determination process that we are trying to reform.

On terms of reciprocity, our belief is that there is not a security clearance reciprocity problem. We have checks and balances on whether reciprocity is granted or not. What does not exist is suitability determination reciprocity, and that is one of the reasons why we have decided and have pointed out in this April 30 report that we can't reform clearance determinations and not reform suitability determinations. Those have to be thought of as similar systems with similar levels of accountability and that we don't collect a piece of information to make a suitability determination and then collect the same piece of information according to a different schedule to make a security clearance determination. We need to collect data one time and use it for both, and then we need to have a high level of capacity and a high level of accountability for both of those, which is why we proposed the governance structure that we proposed in the April 30 report.

One final comment. The reason that there is not more specifics in the April 30 report about specifically what change in the process we are going to implement by what specific date and what impact it is going to have on the timeliness is the President's charge to us was you come tell me what you know, what you can validate, what you can support by April 30, and then when you know more, you can come and tell me as soon as you know it. So this April 30 is what we know by that date, which is here is the process design, here is the kinds of concepts we want to develop that will be our guiding feature, the guiding light for all future specific developments, but our challenge is and what we will deliver is by the end of this year, there will be the detail that you look for in terms of the specific implementations that are to be made and by when according to this process design, who is accountable, and there will be a governance structure in place to ensure that it happens as promised.

So I know both of you have talked about, are we going to have to start all over when the new Administration comes, and the answer is no. There will be a clear path forward. There will be a gov-

ernance structure to make sure that we proceed down that path with dates and implementation schedules and so forth.

And so we don't know all those details by April 30. That is why it is not included in the report. But we will know all of that and we will divulge all of that in a series of reports between now and the end of the year. We will have all of that by the end of the year.

Thank you very much.

Senator AKAKA. Thank you very much, Director Johnson.

Now I will call on Ms. McGrath. I understand that you and Mr. Fitzpatrick are giving a joint statement, but Ms. McGrath, you may begin.

TESTIMONY OF ELIZABETH McGRATH,[1] PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR BUSINESS TRANSFORMATION, U.S. DEPARTMENT OF DEFENSE

Ms. MCGRATH. Yes, sir. Thank you and good afternoon, Mr. Chairman and Senator Voinovich. I appreciate the opportunity to discuss security clearance reform and in particular the initial report that we provided from the Joint Team.

As the largest industrial organization in the world, the size, complexity, and mission of the Department of Defense presents unique challenges not faced by other entities undergoing transformational change. As in other parts of its operations, this contributes to the challenges and opportunities presented to DOD in clearance reform. For the past few years, the Department has built a strong foundation of agile business practices and management that supports the warfighter and provides accountability to the taxpayer.

Deputy Secretary of Defense, Gordon England, has devoted extensive time and energy to this effort and the senior leadership of the Department has been engaged and accountable for the performance of its business operations. Under Secretary England's leadership, we successfully established the Business Transformation Agency (BTA) in 2005 as the accountable entity for DOD-wide business and system improvement efforts. The BTA has brought the best and brightest career civil servants together with highly qualified experts hired from private industry to apply best practices to the business of government which we have applied to this reform effort.

As part of the larger business transformation efforts, the Deputy Secretary identified clearance reform as one of the Department's top 25 transformation priorities. Championed by the Under Secretary of Defense for Intelligence, the Office of Business Transformation, my office, which also oversees the implementation, enterprise implementation of continuous process improvement and Lean Six Sigma was asked to apply this methodology to the clearance reform challenge.

While recent progress has been made in reducing the security clearance backlog, it is clear that larger reforms remain necessary, leveraging modern methods and tools which are standards based and data driven. For example, the Defense Industrial Security Clearance Office is now meeting the adjudication timelines estab-

[1] The joint prepared statement of Ms. McGrath and Mr. Fitzpatrick appears in the Appendix on page 49.

lished by the Intelligence Reform and Terrorism Prevention Act. Adjudications of those clearances are now down to 17 days. They have also achieved a 20 percent overall reduction in adjudication timelines for the first 6 months of this fiscal year. This improvement was achieved, however, through increased capacity, accountability, and local process improvements, not the broader transformation effort that we are discussing in our report.

Opportunities exist for further improvements across the defense enterprise through the implementation of standard processes and information technology. The Department is taking a holistic view of its operations to include processes and the co-location of the 10 adjudicative facilities at Fort Meade as part of their Base Realignment and Closure Commission. This effort is also being led through the Office of Business Transformation in concert with the joint reform efforts also applying the Lean Six Sigma methodologies. The goal of our collective effort is to eliminate arcane and arbitrary processes and procedures that hinder progress.

Mr. Chairman, thank you for the opportunity to appear before you today. That concludes my statement.

Senator AKAKA. Thank you very much, Ms. McGrath. Mr. Fitzpatrick.

TESTIMONY OF JOHN P. FITZPATRICK,[1] DIRECTOR, SPECIAL SECURITY CENTER, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Mr. FITZPATRICK. Good afternoon, Chairman Akaka, Senator Voinovich. Thank you for this opportunity. I am pleased to offer additional information to this Subcommittee regarding ongoing efforts to meet the goal of making hiring and clearing decisions more quickly, effectively, and efficiently.

As you are aware, the Joint Security and Suitability Reform Team is composed of representatives of the Office of the Director of National Intelligence (ODNI), the Department of Defense (DOD), the Office of Management and Budget (OMB), and the Office of Personnel Management, all represented before you today. I make particular note of the defense and intelligence partnership in this enterprise. Our leaders and organizations greatly desire the outcome of a reformed process, putting people to work in support of our missions. Our commitment is reflected in the joint manner in which we pursue reform, as well as in our presentation of a joint statement for the record today.

As this Subcommittee is well aware, the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 established the first-ever legislated measures of success with regard to the timeliness of security clearance processing, with goals for 2006 and more ambitious goals for 2009. While progress has been made across the Executive Branch, and we note the intelligence community (IC) agencies that conduct their own investigations and adjudications are compliant with the current IRTPA goals, the existing process is not in our estimation likely to allow the U.S. Government to achieve the additional efficiencies needed to meet the 2009 objec-

[1] The joint prepared statement of Mr. Fitzpatrick and Ms. McGrath appears in the Appendix on page 49.

tives. Further, improvements in terms of timeliness, consistency, and quality require adoption of a standard process across government using end-to-end automation and modern technologies.

The Director of National Intelligence (DNI) recognized the need for transformational change to meet such future needs and identified security clearance reform as a top priority in his 100- and 500-day plans. To that end, the DNI along with the Under Secretary of Defense, Intelligence, and the Deputy Director for Management at OMB commissioned a Joint Security Clearance Process Reform Team to systematically examine and improve the way we process and manage security clearances as an enterprise. Recognizing the need to align suitability and security clearance processes where appropriate, this effort combined forces with the Office of Personnel Management to form the Joint Security and Suitability Reform Team, thereafter accelerating and expanding efforts to develop transformed, modernized, fair, and reciprocal security clearance and suitability processes applicable across the Executive Branch.

On April 30, 2008, the Joint Team submitted its initial plan to the President, announcing its intent to adopt and pursue implementation of a transformed process that manages the hiring and clearing process from an enterprise end-to-end perspective. This plan proposes a governance structure to drive implementation and near-term actions to develop and put into use modern investigative tools, end-to-end information technology, a risk management philosophy, and efficient, standardized business practices.

Also of note, modifications to intelligence community policies are being made to allow for the clearing of more first- and second-generation American candidates. This effort includes careful consideration of ways to balance risk while increasing opportunity for such citizens to be considered by the clearance process. We have studied existing programs within the intelligence community that may offer a model for other IC agencies to build upon. We fully expect the near-term outcome of this DNI-level policy change to result in more applications from first- and second-generation Americans and ultimately a more robust mission capability within the IC.

While we do not underestimate the challenge that a reform effort of this magnitude represents, we are resolute in our determination and dedication to achieve the change necessary to ensure effectively and timely hiring and clearing decisions. With the continued interest and commitment from the President, the Congress, and senior executive leadership, we are confident that this effort will ultimately succeed.

Mr. Chairman, thank you for the opportunity. This concludes my remarks.

Senator AKAKA. Thank you very much, Mr. Fitzpatrick.

And now we will hear from Ms. Dillaman.

TESTIMONY OF KATHY L. DILLAMAN,[1] ASSOCIATE DIRECTOR, FEDERAL INVESTIGATIVE SERVICES DIVISION, U.S. OFFICE OF PERSONNEL MANAGEMENT

Ms. DILLAMAN. Chairman Akaka, Senator Voinovich, thank you for inviting me back to talk to you about our progress in improving the timeliness of security clearance process and OPM's support of continuing reform efforts.

As you know and as you said, OPM conducts over 90 percent of the background investigations required by agencies to support their security clearance and suitability decisions for civilian, military, and contractor personnel. The extent of the investigations conducted is based on the subject's level of clearance or access and the type of work or position they are assigned. Investigations are completed for over 100 Federal agencies and their security offices across the country and around the world.

With a vast network of field investigators and our current automated processing system, we have sufficient capacity to handle the government's high-volume demand for background investigations. Last fiscal year, we conducted over two million investigations of varying types, including 850,000 for national security positions.

Since May 17, 2007, when I last spoke before your Subcommittee, we have continued to improve the overall timeliness for the security clearances process. We are not only meeting the initial goals for 2006, outlined in the Intelligence Reform Act, we also are exceeding these goals for investigations and have substantially reduced our pending inventory.

In November 2005, the Performance Improvement Plan that was provided to Congress identified critical areas that had to be addressed. First, agency workload projections had to be reasonably accurate to ensure that there were sufficient resources available to meet the investigation and adjudication staffing needs. We are noting improved accuracy in agencies' projections, which has helped to ensure that enough resources are in place to get the job done.

Next, we focused on the timeliness and quality of agencies' requests for investigations. The increased use of OPM's electronic questionnaires for investigations processing (e-QIP), which is a web-based system that allows applicants to submit their background information electronically, has reduced handling and transmission time, while improving the quality of subject-provided information. In the second quarter of Fiscal Year 2008, 86 percent of all submissions for security clearance investigations were made online.

The Intelligence Reform Act established a specific goal that 80 percent of the background investigations for initial security clearances be completed within an average of 90 days or less by the end of 2006. We have exceeded that goal. There is a chart in my written testimony that reports the processing time for all initial clearance investigations and further breaks that data down by the level of clearance. As you will note, we are currently completing 80 percent in an average of 60 days, 84 days at the top secret level, which are much more extensive, and 56 days at the secret-confidential level.

[1] The prepared statement of Ms. Dillaman in the Appendix on page 55.

With a current staff of over 9,300 Federal and contractor employees, there is no longer a backlog of initial clearance investigations due to insufficient resources and we have seen a substantial decrease in the time it takes to complete all types of background investigations.

In addition to maintaining an adequate staff level, we are working closely with Federal, State, and local record agencies so that their records required as part of the investigations are provided to OPM more rapidly. We also are working with the State Department and the international community to improve the process of obtaining required international coverage. In 2007, we had 360 agents who were stationed abroad complete more than 24,000 international leads.

While improving the timeliness of investigations, we have worked equally hard to retain the quality of these investigations. The quality control processes we have in place ensure that the investigations we conduct meet the national standards and the needs of the adjudicating communities. I should note that many of the metrics that Ms. Farrell described we are now incorporating into our quality measurement process.

Once the investigation is completed, we also are tracking the time agencies take to adjudicate and record their adjudication actions in our record system. To speed up and streamline that process, we developed the capacity to transmit completed investigations to adjudication facilities electronically rather than hard copy through the mail, and this does allow for adjudication online, on-screen.

In October 2007, we piloted this capability with the Department of Army. To date, over 190,000 investigations have been sent electronically to Army for adjudication, making the process between OPM and Army virtually paperless. Based on the success of this pilot, the Department of Transportation and the Federal Aviation Administration have converted to receiving completed investigations online and we are in the final stages of implementation with the Department of Energy and Department of Commerce. This capability will be made available to all agencies this fiscal year.

The initiatives I have outlined have substantially improved the timeliness of the clearance process. However, we have taken it just about as far as we can take it. In order to achieve the aggressive goals outlined in the Intelligence Reform Act for 2009, additional reform is necessary. As a partner with OMB, the Office of the Director of National Intelligence, and the Department of Defense, we are optimistic that the additional reform opportunities that have been identified for the overall security clearance process will allow us to meet these goals.

This concludes my remarks and I would be happy to answer any questions you have.

Senator AKAKA. Thank you very much, Ms. Dillaman.

Ms. Farrell, this Subcommittee took on the security clearance issue in large part because of faults found with it by GAO. You and your predecessors have testified about ongoing problems with the process and outcomes since 2005. Could you tell me what milestones generally would need to be met in order for GAO to move the security clearance process off the high-risk list?

Ms. FARRELL. We would like to see that happen. There are a number of criteria that we use to determine whether or not we move a program off of the high-risk list. One is we look at leadership. Often these issues need sustained top management attention and we have seen that leadership since 2005 from OMB and OPM in focusing top-level attention on this very important issue.

Other criteria that we look at include an action plan that is results oriented, that clearly identifies the roots of the problem, what the goals are in order to correct it, and how you are going to get there, in other words, a road map of how to fix the problem.

Another criteria we look for is resources in terms of often additional resources. It may be people. Ms. Dillaman talked about the advances that have been made at OPM in terms of building up the human capacity to handle the backlog. We look for not only the human resources, but funding that may be necessary, such as in the case of using the advanced technology, what is it going to cost, visibility and transparency over that, as well.

We currently have work underway—it has been underway for about 6 weeks or so—looking at timeliness and quality and what progress has been made in these areas. We will be positioned later this year to make a determination whether or not the Personnel Security Clearance Program remains on our January 2009 High-Risk List.

Senator AKAKA. Yes. Do you think that if the Joint Team's recommendations move forward that you may be able to get the issue off the high-risk list in the near future?

Ms. FARRELL. We look forward to looking at the plan and the accompanying documents that Mr. Johnson mentioned in order to make that determination. Again, we are pleased with the leadership that has been shown and focused on this area and we are pleased to see the concept paper that came out in April. But we are in the process of looking at this paper and seeing what are the details behind it to actually make these actions happen, to show that there really is clear progress being made.

Senator AKAKA. Thank you, Ms. Farrell.

Director Johnson, one of the cornerpieces of the new reform proposal, and you have told us the forthcoming Executive Order, will be the creation of the Performance Accountability Council. Can you tell me more about its make-up, such as who will be on it, who will oversee the security side, and what, if any, input there will be from non-government stakeholders?

Mr. JOHNSON. You have asked several questions. One, as you know, there are two so-called Executive Agents designated, a Suitability Executive Agent and a Security Executive Agent. OPM now is the suitability entity and so OPM will remain the keeper of all things related to suitability. The term "Executive Agent" is a new term, but their responsibilities remain largely the same in terms of the keeper of the policy and being one who is officially responsible for suitability performance.

There is no Security Executive Agent today. The National Security Council, if there is one, is the closest to being that. There are some policy clearance processes with the National Security Council. Some recommendations have been made about who that Security Executive Agent should be. That decision will be included in the

Executive Order that will be produced by the end of June and it would be premature to talk about what has been recommended and what is under discussion, but that will be finalized by the time that Executive Order comes out by the end of June.

The industry is one of our most important customers on this process because it costs them money, which means it costs us money, and they are generally—when security clearances are involved, they are working on really important things for our national security, homeland security, and nobody benefits from them taking a long time to get their people on the job. And so we have mechanisms in place to stay in touch with them, to compare what they perceive the situation to be to what the reality is, and they perceive the situation to be not what our numbers indicate, which means that there is a gap between what they perceive to be the timeliness and what our numbers suggest the timeliness.

But we reach out to them a lot, particularly DOD, because that is where the industry people are. There are meetings with all their associations. I met with a group of industry folks the first week in May after the April 30 report came out. We are constantly getting information from them, looking for ways to even better communicate what the average timeliness is and the range of timeliness is to get the clearances for the people that they are trying to put on jobs that we are hiring them to do.

In terms of who else is on the council, that hasn't been determined yet. Right now, I suspect it will be very similar to—from the security clearance standpoint, to the people that are on our oversight group right now, which is the large customers, DOD, Commerce, State, Transportation, Energy, Department of Homeland Security. It will be the primary people that are involved in the process, OPM, FBI. There will also have to be the large suitability customers, so-called. They are people that make a lot of hiring decisions that don't have much need for a security clearance determination, but now that suitability is being folded into this overall process, we have to look at the suitability process just like we are looking at the clearance process.

But all that determination will be made in the latter part of June and the early part of July and our first meeting is already scheduled. Our first meeting, I think, is July 22, which would be the first meeting of this Performance Accountability Council. And the name is important because it is defining what the performance level should be and then holding everybody accountable for doing it, being develop and implement the new processes, new ways of making these determinations, but then also using those processes to perform as they are designed to be adhered to.

Senator AKAKA. The Joint Team's report also says that the new Security Executive Agent created in that council will consolidate clearance responsibilities that are now spread out among the members of the security community. Can you elaborate on exactly what responsibilities you hope will be consolidated and from who?

Mr. JOHNSON. No, I can't, and I don't know the answer to that question. I don't know what is disseminated throughout the community. So Mr. Fitzpatrick.

Senator AKAKA. Mr. Fitzpatrick.

Mr. FITZPATRICK. Yes. Thank you, Mr. Chairman. If you will note in the report in the area where it describes the functions of the council, there are policy, process, information technology, and training considerations that apply to these processes. In the realm of the current national security clearance policy development and oversight process, that happens in different communities and it is rolled up to some extent with the Security Clearance Oversight Group and the performance measures that are in that report but are not to date driven to operational impact in the areas of training and technology and touching the process as it is executed in the agencies. So I expect that in the area of the Security Executive Agent, the council will look to that entity for input, performance measures, an organizational approach to achieving the training needs of that process, the information technology needs, to ensure that they are driving towards implementation.

In the present day, policy development happens in a series of disconnected working groups that eventually drive a single recommendation up to the Policy Coordinating Committee. That could be better leveraged in the Executive Branch and singly coordinated with the Suitability Executive Agent. One of the keys here is to identify a single point of contact for the security side so that when things need to be brought into alignment with suitability operational needs, that there is a person accountable for leading that charge.

Senator AKAKA. Senator Voinovich.

Senator VOINOVICH. Thank you. I, first of all, want to thank all of you for the good work that you have done. I know we are up here complaining about the fact that things aren't exactly the way we would like them to be, but I know all of you have conscientiously undertaken the responsibilities that you have had and I want you to know that I appreciate it.

Mr. Johnson, I want to say to you, thank you very much for all of your hard work staying on top of this. I don't know whether you are going to stick around until the end—I hope you do—and I know that between now and then you are going to put the frosting on as much of the cake as you can so you can look back and say, we got something done. So thank you very much.

I need some clarification here, and that is this. I think we hired somebody from the CIA about 3 years ago after we had the gigantic foul-up over money. We ran out of money and we had to find the money to do the adjudication or whatever it was. I was kind of optimistic about it, that we were going to really take off with that hire. I am not sure whether that person was looking at the big picture or if she was just looking at the DNI aspect of security clearance reform, but it is my understanding that McConnell had said that in his first 100 days and his first 500 days that modernizing the security clearance process was a core initiative and that DNI had come in, they looked at it and said, you know what, this system that we have is from the dark ages and we have to get together and change the system, and that system is different than the system that we are talking about here where the investigations go to OPM and then you send it back for adjudication.

Is that all—Mr. Fitzpatrick, why don't you share that with me.

Mr. FITZPATRICK. Thank you, sir. You could see me getting ready to speak. I think it is important to note that Mr. McConnell, along with Mr. Johnson, the Under Secretary of Defense for Intelligence, Jim Clapper, and the Director of OPM, Linda Springer, are the four champions of this effort that is represented by the April 30 report, and so while your description of Mr. McConnell's initiative in his first 100 days is entirely accurate, that interest and initiative to do something about the security clearance process led him about 1 year ago into Mr. Johnson's office with General Clapper and launched the security clearance reform effort that I made reference to in my statement that quickly then joined up with suitability and said, if we are going to tackle this, we are going to tackle it at the Federal enterprise level and with security and suitability together. So what you may have discussed with Mr. McConnell in the past is this self-same effort to affect the Federal enterprise process.

It is also important to know from the intelligence community perspective that the standards that drive investigations and secret and top secret clearances in all of the Federal space are the same standards used in the intelligence community for secret and top secret clearances——

Senator VOINOVICH. OK, but do they do the investigations for everybody, including the DNI?

Mr. FITZPATRICK. Within the intelligence community, there are six agencies that handle their own investigations and adjudications. Statistically, it is about 5 percent of the total that Ms. Dillaman discussed in her workload, and so some portion of the intelligence community is serviced by the OPM model, a good portion, and the Department of Defense being the largest customer in both the Federal stake and in the intelligence community.

Senator VOINOVICH. But the part of it, that 5 percent or whatever, that is the thing that they were going to try and—it looks like they are trying to put a new personnel system into DNI. In fact, one of my former staffers, Andy Rickardson, is over there working on that. But that is internal within the intelligence community. They have their own investigation and own adjudication procedure.

Mr. FITZPATRICK. They operate their own, but to the same Federal standards that we are affecting by this reform.

Senator VOINOVICH. OK. So the point is they are doing it on their own, but you are trying to assimilate the standards that they have set within this big picture that came out in this report, is that right?

Mr. FITZPATRICK. Yes.

Senator VOINOVICH. OK. And——

Mr. JOHNSON. Senator, can I take a shot at this?

Senator VOINOVICH. Sure. Go ahead.

Mr. JOHNSON. The intelligence agencies not part of DOD do their own investigations and adjudications and they do it within the standards that were called for—timeliness standards that were called for by the intelligence reform bill. The intelligence agencies that are part of DOD, their investigations are done by OPM and then they do their own adjudications.

When General McConnell came in, it was a very rare opportunity because the head of the DNI and the Under Secretary for Security and Intelligence at DOD, Jim Clapper, and the Secretary of De-

fense all grew up together in this in the government and they all shared a huge dissatisfaction with the security clearance process.

Senator VOINOVICH. Now you are getting at it.

Mr. JOHNSON. OK. There was this coming together, a crescendo——

Senator VOINOVICH. Yes.

Mr. JOHNSON. So they came together and they said, we need to fix this system. Tell us what you are already working on. And so we gathered and we say, here is the concept. Here is the process. And they said, well, when are you going to have this done and that done and they said, July, and they said that is not fast enough. It needs to be April. And then what are you thinking about this and doing—well, that is not—so what they have done is taken on the concept.

It is not what they have aspired to do and put in their top five goals or 10 goals or whatever it is. It is not a different process than the one that was laid out in concept in the April 30 report. They have come in and, because of their influence, caused us to emphasize this, speed this up, do this faster, do this coincident with this, and so forth, and they have helped us bring government-wide attention to this, particularly within DOD, which is 80 percent of overall.

So that short-term, for instance, one of the big problems we laid out and challenges for this year was that industry adjudications be conducted as quickly as employee adjudications. It was taking 20 or 25 days longer because there were a lot of extra steps or they had to go over here or something and nobody could figure out why. Well, I think it is true that as of April, the industry adjudications are being performed as quickly as employee adjudications. That would never have happened if the priority hadn't been placed on it by the Secretary and the Under Secretary.

So what they have done is add impetus to it. They were the one that argued strongly for let us get the President to endorse this formally with his letter of February 5. So there was a lot of attention being paid, but when the President issues a letter and those three people say it is going to be done, mountains start moving. And so they have been tremendously helpful to us to provide even a greater force and speed and timeliness, attention to this, which gives us even greater assurance that when I am talking about where we will be at the end of this year, in fact, we will be there.

You asked what the CIA—I think that was DOD. I think they were talking about when they—there were adjudications—DOD a couple of years ago stopped accepting applications for security clearances from industry because they ran out of money. It was like in June, I think. Nobody could understand why and there was a hearing and it was not their most comfortable——

Senator VOINOVICH. So they got somebody over there to go over and——

Mr. JOHNSON. So then they went and got the money and they got it started again and then they got smarter about what they needed to budget and so forth.

Senator VOINOVICH. The fact of the matter is that the statistics are that right now, in terms of the adjudication, they are still kind of—there is a logjam there.

Mr. JOHNSON. Well, as you talked about earlier, a lot of the jam that was in the investigative world, they got through that. It moved through there. So it is working its way through the snake. There are—you said seventy-some-odd-thousand, whatever the backlog was, their goal is to get it down to—and then we talk about it in the February report what their goal is, and they are on track to achieve that. But for a good bit of this fiscal year, they were going to be working down that backlog. And then we will be, starting in fiscal year 2009, we anticipate virtually no backlogs anywhere in this process.

Senator VOINOVICH. OK. I just want to stay with this. They came together and said the system has to be changed. My assumption is that within the intelligence agencies that do their own investigations and adjudications, there was some frustration about the way that the system worked and the process of doing their work within that framework. That whole business, I would suspect, is in better shape because it is a smaller number of people than the overall problem that you are talking about here today.

Mr. JOHNSON. I will make a general comment, and then Ms. McGrath and Mr. Fitzpatrick—who work firsthand with that—but there were not timeliness problems with the intelligence community the way we looked at it. What we were trying to address was the other 95 percent of the system, because the feeling, the feedback that was coming from the data we were getting from the intelligence community was, by and large, the timeliness of those clearance determinations was satisfactory.

Mr. FITZPATRICK. That is also entirely true, and the IRTPA laid out the need to measure performance. The intelligence community did not measure its performance before the rest of government did and joined right along with Mr. Johnson's oversight group when we did, and we discovered at that time what we thought to be true, which seems like the intelligence community agencies get this done faster, turned out to be measurably true, in part because they own both the investigative and adjudicative stages and are able to integrate those better, and that is——

Senator VOINOVICH. Right, and the point is that in terms of industrial people that need clearance within that, probably there aren't that many of those people who are going to work for the Department of Defense or do a special contract or whatever it is. There probably aren't that many private sector people that you are going to have to clear to do stuff within the DNI and all the agencies.

Mr. FITZPATRICK. I am not sure what your perception of not that many is, because it includes the National Security Agency, the National Reconnaissance Officers, and the CIA, there are significant industry partnerships there——

Senator VOINOVICH. OK, but those people that they are hiring are not in the system you are talking about here. Those are within the internal system of those other agencies.

Mr. FITZPATRICK. But they get cleared to the same investigative standard and adjudicative standard as——

Senator VOINOVICH. Does Ms. Dillman do the work on the investigation?

Mr. FITZPATRICK. For some.

Senator VOINOVICH. Yes.

Mr. FITZPATRICK. For some agencies. The CIA, for example, handles its workload entirely. NSA, a portion of the NSA industrial program goes to OPM. The priority cases, they keep at home. So it is a little different. These are small in scale. We sometimes refer to them as boutique operations——

Senator VOINOVICH. I am going to finish, Senator Akaka, because I have taken too much time already, but the complaints that I continue to get from the industry people are not people that are within the DNI group. They are working for the Department of Defense or somebody else and say, we got the contract and we can't get the clearance. We are going to put them on the payroll and they can't do intelligence work. If we don't do that, they are going to do something else. They are still not happy with the process because I continue to get complaints about it. But they are the ones that are involved in this big system that we are talking about right now.

Mr. JOHNSON. Yes.

Senator VOINOVICH. Senator Akaka.

Senator AKAKA. Thank you. Ms. Dillaman.

Ms. DILLAMAN. Yes, sir.

Senator AKAKA. As you know, following our hearing last year, and from what I said here this afternoon, I believe that the systems in use by OPM are outdated and antiquated. I do not think that many outside experts believe that OPM is truly leveraging more modern systems. What is OPM doing to modernize or replace or improve its aging systems?

Ms. DILLAMAN. Up until the point where we joined with this reform effort, there certainly were plans and continue to be plans to keep our systems up to date and viable. Now partnering with this reform effort, of course, we are going to keep any modernization consistent with the National Enterprise Plan for an end-to-end system.

The core system that you described as an antique Cadillac, and I am thrilled that you at least described it as a Cadillac and not a Pinto, but that system alone is an in-house internal management system that much more modern systems are, in fact, bolted to. Our electronic questionnaire is a relatively newer system designed by industry. Our fingerprint transmission system is actually quite a state-of-the-art system designed by industry to support automated fingerprint processing. Our current imaging system, which allows for transmission of data and images and conversion of paper that we are forced to receive from information suppliers, is a brand new system deployed last year.

We are in various stages of antique to modern configuration. But from this point forward, all investments—and there are planned investments—will be made in conjunction with where the national reform effort is taking us all.

Senator AKAKA. Let me ask Ms. McGrath and Mr. Fitzpatrick, has DOD or DNI commented or consulted with OPM on any of these proposed improvements? Ms. McGrath.

Ms. MCGRATH. Every week, Office of Personnel Management (OPM) is part of the overall joint reform effort and we meet on a weekly basis and have detailed project plans where we go over every, if you will, step of the end-to-end process, information tech-

nology being one of them. If you will note in the report, we are proposing in the near term—as a near-term opportunity some of the next-generation application capability in addition to automated records checks capability. Some of that technology currently exists within the Office of Personnel Management and we are looking to leverage those systems, if you will, and the platforms that are currently in use to see if they can be adopted to fit into the overall strategy. We still are not—we have not finalized the IT strategy. We will not be in position to do that until definitely the end of the fiscal year, but it might be closer to the fall.

Senator AKAKA. Mr. Fitzpatrick.

Mr. FITZPATRICK. I would only add that that is a very complete answer.

Senator AKAKA. Ms. Dillaman.

Ms. DILLAMAN. And if I may, sir, not only have I been involved personally with the reform effort with Mr. Johnson and the team from the very beginning, I have assigned a career senior executive to work with the reform team virtually full time on this effort. So, OPM has a very dedicated staff that has been partnered with this from the beginning.

Senator AKAKA. Ms. Dillaman, to follow up on an IT-related issue, I wanted to mention an article that was in this morning's *Washington Post* about the Investigative Services Division.

Ms. DILLAMAN. Yes, sir.

Senator AKAKA. The article focused on a billing error——

Ms. DILLAMAN. Yes, sir.

Senator AKAKA [continuing]. Attributed to your case processing and your billing systems. What role did your investigation processing system, PIPS, play in this error, and are we likely to see such problems with these linked-together systems in the future?

Ms. DILLAMAN. I believe any automated system is capable of having logic errors in programs that are isolated and hard to detect. The billing error in question—the automated processing system, PIPS, tracked it accurately. What failed to happen was an electronic signaling. It was an odd error because it affected certain adjustments. There were no errors in case billing. All cases were billed accurately. But there were adjustments that had to be made and they were not predictable adjustments. They were ad hoc-type adjustments that an automated signal did not relay properly into OPM's billing system. Because it was infrequent and it happened sporadically, it was not detected quickly. It was a manual audit that identified it.

Can it ever happen in an automated program? Of course, it can. The resolution of it is to have good, solid auditing programs to identify it and fix it quickly.

Senator AKAKA. Ms. McGrath, last week, the Army announced that they would pilot a more automated investigation system using elements found in the Joint Team's recommendations, such as automated records check. The system is known as the Automated Continuing Evaluation System (ACES). If the pilot is successful, would this mean that a significant part of OPM's investigation work could be bypassed by using this system?

Ms. MCGRATH. The Army pilot is actually being driven by the Joint Team effort, so we are using the Army's case management

system, which is called Central Adjudication Tracking System (CATS)—don't ask me for all of the DOD acronyms. But in addition to the Army case management system, because they can receive files electronically from OPM today, we use their receipt of electronic files from OPM into their adjudication system tied to the ACES capability, which I referred to as the automated records checks. ACES is the capability that DOD has today in a very—we use it in a very limited capacity, much more for research than full-blown implementation. We are trying to demonstrate what we would have from an end-to-end perspective because there is no end-to-end solution that exists today.

So we expect to obtain—the Joint Team expects to obtain—to identify performance gaps, capability gaps, so that at the end of the calendar year we would be able to put together a comprehensive IT strategy that would be applicable broader than the Department of the Army. As you well know, they have most of the casework within the Department of Defense, but it is not tied to the elimination of the investigative piece. It is the automated receipt of the investigative material to then much more quickly screen and make adjudicative decisions.

Senator AKAKA. Thank you. Let me ask Ms. Dillaman for any comment on this question.

Ms. DILLAMAN. I think the implementation of electronic searches in any capacity certainly could have the benefit of reducing the amount of labor necessary to apply to background investigations. We have seen this for the past couple of years as we have converted other types of record checks from a labor-intensive, feet on the street, sending an agent, knocking on a door to get a record, to an electronic records system. We have converted over one million law checks annually from agents going and visiting police departments to having individuals who have online keyboard access to State records systems and saving a tremendous amount of investigative resources.

The types of searches envisioned in ACES or in the automated record check system means that we will have more electronic information available early in the process. It is possible that some of the investigations may be able to be cleared with electronic information up front rather than having labor-intensive field work associated with it. But it also is entirely possible that we will identify issues in these electronic checks that will require an agent to go out and do further probing and resolution.

The impact has yet to be determined. At the end of the day, we do end up, though, with a better investigation and much earlier in the process a clear identification of whether or not the individual will be a risk or not.

Senator AKAKA. Thank you very much. Senator Voinovich.

Senator VOINOVICH. To get back to just the process, I am the Defense Department. I decide that this individual that I have hired and qualified for the job has to get a security clearance. I suspect the Defense Department may have that application up on a computer screen. When they make the request to you, do they do it by computer or do they fax something to you and then you get the piece of paper and you start to investigate it?

Ms. DILLAMAN. No. It comes to us electronically, sir, today.

Senator VOINOVICH. OK. You get it electronically.

Ms. DILLAMAN. Yes.

Senator VOINOVICH. OK. Now you do the research investigation.

Ms. DILLAMAN. Yes.

Senator VOINOVICH. Is the information that you do on the investigation inputted on that screen?

Ms. DILLAMAN. Yes.

Senator VOINOVICH. OK. And then you have done your job and then electronically you get the information back to the Department of Defense, is that right?

Ms. DILLAMAN. Yes, sir.

Senator VOINOVICH. OK. At that stage of the game, they have all this information in front of them, and one of the things that Ms. Farrell said was that in many of those cases, the information is not complete and rather than go back to you to get the information, they just go ahead and take what they have got and make a decision and adjudicate it based on that. Ms. Farrell, maybe you could comment on that at this stage of the game.

OPM is talking about some new things that you are doing electronically, but if it was all electronic, it seems to me that if there is something wrong with it, all you have got to do is look at the form and say, you know what? I don't have this information, so I will send it back to OPM, saying "this is not complete. Give us more information so I can do a better job of adjudicating." It is all seamless, all up there.

Ms. DILLAMAN. If I could first address this, sir, I think the quality of the investigation is absolutely of primary concern to everyone. No sense doing it fast if you are not doing it right. Ms. Farrell's study citing the investigations they looked at were from the process during the heart of the transition when merging DSS and OPM. When we had recognized that there were serious problems in how OPM versus the Department of Defense had interpreted the investigative standards, reporting style, etc., we were quite anxious for GAO to come in and take another look.

I think there also is a dissatisfaction in some areas of the community. Not with the quality of the investigation, but the investigative standards themselves. There are different levels of investigations for different positions. Certainly what you do at the secret level does not come anywhere near close to what you do at the top secret level, nor should it, because the impact is not the same.

And so, measuring the quality of the investigations, agencies do have an option to reject an investigation that they receive that they believe is deficient. That is, in fact, one measure of the quality of our work. We go out annually and ask for quality feedback from all the major clearance-granting agencies, suitability and security. Last year, we surveyed 622 offices. Those were agency offices that had submitted at least, I believe, 200 or 500 investigations for the year. We had about a 50 percent response rate on the survey with a 91 percent satisfaction rate in quality and content of the investigation.

And so I do not believe that the quality of the investigations compared to the standards that they are conducted is a problem today. Can we have an agent fail to do what he or she should? Yes, we can. But I believe we have built a very strong structure with tiered

review systems and allowed agencies immediate feedback opportunities to correct any deficiencies that are found.

Senator VOINOVICH. Ms. Farrell, you have had a chance to sit here and listen to all this. Would you share with us what is going on in your head in terms of some of the things that have been said here today?

Ms. FARRELL. I am pleased to hear Ms. Dillaman acknowledge that there are plans to build in quality metrics other than the single metric that has been referred to in the past, which we have said that is inadequate. Regarding the number of investigative reports that are returned by the adjudicators, as a metric, one reason why we have said it is inadequate is because the adjudicators have told us they are reluctant to return those reports because that will just add to the time. Thus, in some cases, they will go ahead and determine the eligibility without it.

We believe that not only do they need to establish metrics for that phase of the investigation, which Ms. Dillaman oversees, but also for the other phases. There are six phases, as I said, from the requirement-setting phase to the application-submitting phase to the investigation to the adjudication to the appeals and then the renewal of the clearances. There is very little attention that has been focused on any of these phases. Just one phase, again, had one metric that we had some indication of what was going on.

What you were referring to about the adjudicators, with the timeliness issue, we are looking at this right now as we are with the quality, and as I said, we are pleased to hear that there are quality metrics being considered and we are going to be looking at those very carefully to see what they are, and if they do give a fuller picture of the timeliness, as well. In the past, we have had concerns about how the data is presented in terms of the timeliness. It may look like the numbers are going in the right direction, but perhaps they aren't.

We have had concerns in the past, for example, regarding the time that is spent sending back a report to the investigators being counted against the adjudicators instead of the investigators. Another concern is the time that is needed to do additional investigative work when it is sent back by the adjudicators, it often takes less time to redo the investigation to satisfy the requirement, but that second time around with the investigation is what is counted instead of the first time. Maybe these issues have been resolved, hopefully so, but we are going to be looking very carefully at the timeliness to see what is behind those numbers.

Senator VOINOVICH. Let us go to reciprocity. And one thing I want to make sure I clear up for the record, Mr. Johnson, you indicated that your metric was timeliness and I don't want anyone to think that you aren't interested in quality, too. I think that——

Mr. JOHNSON. Yes.

Senator VOINOVICH [continuing]. Timeliness plus you want to make sure it is done right. Why haven't we made the progress in terms of reciprocity that we all would like to have? What is holding it up? Why aren't we doing more there?

Mr. JOHNSON. Again, our belief is that we do not have a security clearance reciprocity problem and that problems that did exist have been largely eliminated. Why do we know that? Why do we think

that? If somebody requests an investigation for a security clearance in the 90 percent done by OPM, if they already have a clearance at that level, she doesn't initiate an investigation. So——

Senator VOINOVICH. OK. What you are saying is that the system that was in place where you had to get another investigation, or the system that was in place where Mr. England had one clearance and then he was told, we are moving you from here to there and——

Mr. JOHNSON. That is the White House. That is a another whole world.

Senator VOINOVICH. OK. So the point is that it would seem to me that within that framework, are the folks at DNI interested in having that——

Mr. JOHNSON. For PAS-es? For Senate-confirmed people?

Senator VOINOVICH. Yes.

Mr. JOHNSON. We are separately from this reform effort, separately, I am working with Ms. Dillman and working with Presidential personnel presently and with Fred Fielding to fix that process. But that is separate from this effort and that——

Senator VOINOVICH. OK. So that is the White House process——

Mr. JOHNSON. That is the White House.

Senator VOINOVICH. I am worried about the fact that we are going to have a new Administration——

Mr. JOHNSON. Right. Oh, yes.

Senator VOINOVICH [continuing]. And I suspect there are some really good people out there that may not be of the same party, but they are qualified people. You want to bring them on board and you want to get them through, get them approved, but you have to get a security clearance on them, and you are saying that you think that——

Mr. JOHNSON. That process needs to be fixed, and there are a number of things we are looking at and if we want to change that process, we have to do that with the Senate because they give their consent and they review people, their backgrounds, prior to a confirmation hearing and they are used to getting certain kinds of information at certain parts of the process. And if we want to make that process faster and maybe give them this information instead of that information, we have to do that with the Senate.

Senator VOINOVICH. The Senate is not—the law doesn't require the White House to come up with a separate investigation on somebody. You look at the thing and they have had a security clearance and—are you telling me that we are the ones responsible——

Mr. JOHNSON. No, never. I would not suggest that, sir.

Senator VOINOVICH. Well, sometimes we are. [Laughter.]

Mr. JOHNSON. Well, I have heard rumors, but I personally haven't experienced that, sir. We have to both agree, the White House and the Senate have to agree on what constitutes a background check for a PAS. So if any changes are going to be made, we are going to do it with each other, not to each other, and I am confident that nobody likes that process, either. It takes too long to get a new team on the field, and so there will be a lot of interest, I would suspect, in the Senate.

Senator VOINOVICH. Is there any work being done on it right now?

Mr. JOHNSON. Not in the Senate. What we want to do is we want to get what we think is a smart way forward and then sit down with Senate leadership, and I would hope that you and Senator Akaka would help us bring attention to that and get the right people to sit down and look at this.

Senator VOINOVICH. Well, the sooner you get it to us, I will get a hold of Senator McConnell and talk to Majority Leader Reid and——

Mr. JOHNSON. Right.

Senator VOINOVICH [continuing]. See if we can facilitate that.

Mr. JOHNSON. Great.

Mr. FITZPATRICK. Senator.

Senator VOINOVICH. Yes?

Mr. FITZPATRICK. Could I add on the topic of reciprocity, you made reference earlier to perhaps it is a scarce mention in the report and I wanted to highlight a couple of aspects of the transformed process that will serve reciprocity. Mr. Johnson is right in that the security clearance reciprocity issue has been addressed by standards and policy issued out of OMB subsequent to the IRTPA. It is, however, a key component of the automation proposed in this report that will serve the information needed to enable reciprocal decisions. Often, agencies don't have the ability to reach to where the answer is to see that an individual is already cleared and so they revert to their local habits and put someone into the process.

Senator VOINOVICH. In other words, if it is automated, you get the full picture of the individual. They can look at it, see what kind of clearance they have, and say, ah, that is fine. But if you don't have that, then they might say, gee, we better have him checked out or her checked out.

Mr. FITZPATRICK. Yes. The transparency of that data, the accessibility of that data. Also, the alignment of security and suitability in this vision are critical, because sometimes an individual is first investigated for one of those purposes and later put into process for the other. Mobility across government, you can go from contractor to government or back and forth, and our goal is to allow the investigative package, if you will, that was used in one decision to serve the other one to reduce or eliminate the need to do re-work, and that, I think, would also fit into the goal of reciprocity.

Senator VOINOVICH. Senator, when we were talking about the REAL ID Act recently when we had the hearings on that, one of the things that we were concerned about is the quality of the databases. And the better they are and the more confidence you have in them, it seems to me that, if you just accessed those databases, that should give you a pretty good idea. In fact, I think Admiral McConnell talked about that, that a lot of this could be done that way. That is the way a lot of businesses look at clearances. How is that coming along?

Mr. JOHNSON. Let me make a comment on that. Admiral McConnell talks about Wall Street firms, in particular, it takes 5 days, and it takes us multiples of 5 days to get this done. If you lay out what Wall Street looks at versus what the Federal Government looks at, it is multiple times longer and there are things we would all agree are important for us to look at for suitability determinations and security clearances that are not concerns of Wall Street.

What Wall Street does, they conduct something that is probably not even equivalent to a secret clearance here. They do it very quickly and relatively automated plus—are there lie detectors? Anyway, but it is all automated, but it is not the same thing. It is not the same information.

But it does point out very clearly what we have all talked about here is a lot of very relevant data can be gathered electronically. We are doing a good bit of that now. We can do a good bit more of that and save manpower and so forth, and check that data and review it and adjudicate it and make some assessment of it electronically, and we do some of that now. We can do a lot more of it going forward.

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you, Senator Voinovich.

Senator Voinovich raised a concern that I have, as well. Mr. Fitzpatrick, as you know, some of the computer systems that the intelligence community uses to track investigations and store clearance information makes our oversight more difficult due to the classified information scattered throughout the process. I think this is a concern.

One concern I have is that any combining of intelligence systems with Defense and civilian systems could make it harder for us to conduct oversight of the process. Do you believe that it will be necessary to keep the intelligence IT system separate from the rest of the systems in order for this Subcommittee and GAO to continue their oversight?

Mr. FITZPATRICK. Very familiar with the concerns regarding the—what is known as the Scattered Castles database. That is the intelligence community repository for clearance and eligibility decisions, which exists on a classified network. We have an initiative underway now—let me back up and say there are three primary such repositories that are relevant to the security clearance reform effort. They are the CVS database operated by OPM, a Joint Personnel Adjudication System (JPAS) database that is operated by the Department of Defense, and Scattered Castles.

OPM and DOD's databases are available at an unclassified level. The intelligence community's Scattered Castles database is on a secure network. There are several—this impairs access to the information and impairs reciprocity that we just discussed, so there are several initiatives underway to improve the accessibility of this data.

Today, JPAS data is combined in Scattered Castles so that users of Scattered Castles have access to a wider amount of data to make the reciprocal decisions. So that puts more information where the classified users can get to it, but it does not address the opposite issue.

So what initiative we have ongoing now in the Special Security Center where I am the Director is an effort to identify the unclassified records in the intelligence community's database for secure transmission down to the unclassified level, to make them more broadly available to where the greater number of users are searching for them and can leverage them.

That raises some concerns in the intelligence community. Aggregating data, even though it is unclassified, can lead to conclusions

that we don't want to put out there. But the intent is to study and overcome those problems. There are technologies that can permit databases to exchange information in more secure ways, even at the unclassified level, and we are pursuing those.

So I share your concern with that, but I hope to assure you that there is attention on that and that this reform effort lays out a standard that the intelligence community is intended to meet to the best of its ability while still protecting those sources and methods.

Senator AKAKA. Mr. Fitzpatrick, just to follow up on that, how could you open up more of the intelligence community clearance process for additional oversight through changes in your IT system?

Mr. FITZPATRICK. To ensure that I understand the question, the emphasis is on access to the classified systems as a means of oversight?

Senator AKAKA. Yes.

Mr. JOHNSON. Senator, can I make a comment, I think in answer to that question?

Senator AKAKA. Yes.

Mr. JOHNSON. The whole security clearance community needs to be held accountable, and for performance and quality. We, being the community, which means Congress, can get the information it needs from the intelligence community to track timeliness, quality. We don't have that now to the GAO's satisfaction or to your satisfaction. But when we want timeliness information from the intelligence community, we get it.

What we can't get, and I don't think should get, is what is the status about a specific individual who is working on something that nobody knows about or—I think we would all agree, we don't want access to that information. That is why getting into that database should be highly restricted. But performance and quality information can be pulled from that system and pulled from the managers of that system to provide you and the community and the Executive Branch the information it needs to hold the intelligence community accountable for how it is granting these clearances, making these determinations, just like it can be with DOD, the Interior, and Agriculture.

Senator AKAKA. Ms. Farrell, would you make any comment on that question?

Ms. FARRELL. We are going to find out what our access is to the intelligence community's security clearance program. We have two requests that have been accepted from the House Permanent Committee on Intelligence, one is to look at the timeliness and quality of the security clearance process within the Intelligence Committee. That is those 16 agencies. That work parallels what we have already begun looking at timeliness and quality with DOD.

The second request is to look at the joint reform efforts. As you know, it is more than just a plan. There have been a series of task force and other efforts underway for some time, and our focus will be again looking at what is going on in the intelligence community as well as with DOD.

Our people have clearances. There should not be any access problem. We will test that. How reciprocal is it? But we will be getting

that work underway shortly and then we will see what our access issues are, if any.

Mr. JOHNSON. The difference between what I just said and what she said about GAO is I assume that if the intelligence community tells me this is their timeliness and their quality and their whatever, I don't believe I have to collect the data myself to verify that it is true and GAO, I think, feels differently. They have to go in and collect the data themselves as opposed to receive summaries from the intelligence community, so that is the difference.

Senator AKAKA. Director Johnson, two of the major aspects of the Joint Team's reform proposal is the use of more automated record checks from commercial sources and continuous checking of records to replace periodic investigations. Are there any privacy concerns or safeguards envisioned to protect the privacy of individuals that are checked against these commercial sources?

Mr. JOHNSON. One of the things, and it has been a big priority of the reform team that is officed where Mr. Fitzpatrick is officed is to look at privacy issues, legal issues. When someone signs an application, do they know that they—an SF–86—do we have authorization to do periodic or continuous reinvestigations? Do we have the authorization to go look at these databases? And if we don't, what do we do to get that authorization and so forth? So it is a big question for us and we make sure that we aren't going to do anything that we don't have the authority to do and we won't do anything where we put the person's privacy rights at risk. It is a very important part of this process. It is a very relevant question.

Senator AKAKA. Yes. Well, in a sense, the REAL ID problem is one of these, and that is being careful about privacy.

Mr. JOHNSON. Yes. There are some changes that do need to be made in the consent form the person signs and we are in the process of making those changes.

Senator AKAKA. Senator Voinovich.

Senator VOINOVICH. No. I have done my thing.

Senator AKAKA. Well, I thank Senator Voinovich for his abiding faith in what we are doing. We are all trying to work together to take care of these problems.

I want to thank our witnesses today. I have other questions that I will submit for the record. Thank you. This is a critically important issue, without question, and it has been now taking years for us to try to set up a system that really cuts the time of the process. Getting the clearance processes working is vital to our national security and we must continue to work to get it off of GAO's high-risk list. We have heard very valuable testimony today from all of you and I think that this will be useful as we go forward.

The hearing record will be open for 2 weeks for additional statements or questions from other Members, and we again thank you very much——

Senator VOINOVICH. Senator Akaka, can I make just one final point?

Senator AKAKA. Senator Voinovich.

Senator VOINOVICH. I am really anxious to get this off the high-risk list.

Senator AKAKA. So it is unanimous.

Senator VOINOVICH. Ms. Farrell, does everybody at this table know what it is going to take to get it off the list?

Ms. FARRELL. We have had conversations with OMB and OPM since 2005 regarding their strategy to work toward that end, and we have continued to have discussions and we are available at any time for those discussions. There is a lot going on with these reform efforts and we will have to—it is one of those issues that you are going to have to stay tuned to see what happens.

Senator VOINOVICH. Well, from my perspective, if I were in their shoes, I would like to know what it is going to take to get it off the list, and from my perspective in the oversight capacity, I would like to know from you what you think—at least I would like to know what your standards are, your metrics, to judge whether they have done their job or not.

Ms. FARRELL. Well, first, there are several criteria that I mentioned, but the No. 1 that I think you are going to be interested in is the work that we have ongoing looking at the timeliness. There has been much discussion about the improvements in the numbers. We will be going back and looking at timeliness to see if those issues that were there in 2006, about how those numbers were derived, are still there or if there actually has been progress in the time it takes for the investigation or the adjudication phase for the top secret, the secret, and that is a key thing, real progress. That is one thing we will be looking for in terms of those numbers.

Another one that we will be looking for that we have not seen are the resources that it is going to take to implement these IT plans that we have been discussing to some extent today. We believe, if you are going to use technology, what is it going to take in terms of resources so that you can make decisions that are transparent and trade-offs, if necessary, with competing demands. That is another example of what we will be looking for.

Senator AKAKA. Before I call on Director Johnson, may I tell the rest of the panel that I am going to ask you to make any final comments on what has happened today. Director Johnson.

Mr. JOHNSON. Just one comment about resources. We were, in fact, talking about this Tuesday, I think it was. There are two primary resources that we have access to. One, the Defense Department has budgeted in this year and next money to reform their database, JPAS, and because that is 80 percent of all the system, that money can—in effect, if you reform JPAS or replace JPAS, you in effect have a system that is used by the entire community. So that is one major source of resources.

Another source of financial resources is the revolving funds—is that what it is called?—a part of the fees that they charge at OPM for their investigative work that is set up to make refinements and reforms to their system. So those are the two primary sources before we get into the need for additional resources.

Now, again, we have not spec-ed out if it is going to cost this much or that much. We haven't done that but plan to do that by the end of the year. But right now, our belief is that those two primary sources of financial support will be sufficient to do it. But I can't document that. But there are sufficient sources available to us today.

Senator AKAKA. Ms. McGrath.

Ms. MCGRATH. Yes, sir. Thank you. I would like to thank you for the opportunity to address the Subcommittee today and I want to ensure, although we have had a lot of discussion around the information technology piece, if we don't get the process and the policies right, it won't matter what we build, which is why we have focused the last almost year that we have been on this joint reform effort on those things. So process first, policy, and then information technology informed by those, and that is where we are right now in the reform effort. We did, I will say, issue a strategic pause within the Department on ongoing modernization efforts to ensure alignment with the overall strategy and the vision to at least get a handle on most of the transactions. So thank you again for the opportunity.

Senator AKAKA. Thank you. Mr. Fitzpatrick.

Mr. FITZPATRICK. Just briefly, a chance to express gratitude for the opportunity to come here and also for your leadership and attention to this problem. It is holding us accountable that will get this done. It is the goal of the Performance Accountability Council and the governance structure to do that, I will say amongst ourselves, but it also is in response to your own attention to this as well as the champions of this reform. Thank you.

Senator AKAKA. Thank you. Ms. Dillaman.

Ms. DILLAMAN. I think I told you previously that I have spent 32 years as a civil servant, all of it devoted to the background investigations program, and in those 32 years, I have never seen the government come together and be more focused and more dedicated to resolving issues than they are today. When I say I am optimistic, that is putting it lightly. I think that we have swallowed the frog. The worst of it is behind us now and everything we see from this point forward is going to be great improvement.

Senator AKAKA. Well, I thank you very much. You have the last word on the record.

Senator VOINOVICH. I don't want to have the last word, but——

Senator AKAKA. Senator Voinovich.

Senator VOINOVICH [continuing]. One thing that bugs me about this place, big time, is the issue of continuing resolutions and omnibus appropriation bills. Mr. Johnson, it is your last year. Each of you can give stories, I am sure, about what has occurred because we don't pass our budgets on time, or our appropriations on time. It looks like this time around, from everything I can ascertain, that we may not do the appropriations until after the next President is elected and until that next President is sworn in, which means it could be February before we finish our appropriations.

I just think that, Mr. Johnson, it would be wonderful if as a gift to the country this Administration would talk about how difficult it is to manage a situation where you really don't know what your budget is for 5 months of the fiscal year, because I don't believe we can continue to do this. And from our oversight position, if you have this kind of budgeting going on, or procedure, it makes it really—it gives an excuse to some people to say, "We can't perform. We didn't know really what the numbers were for 5 months. We have got plans. We think money is appropriated, we can go forward with it, but it hasn't been authorized yet, or appropriated yet."

I know I have been doing some work on it and it is a nightmare. It is a nightmare for the Federal Government. It is a nightmare for State Government. It is a nightmare for county government. It is a nightmare as a mayor because of the Federal budget and the impact that it has.

I just would really like, Mr. Johnson, to talk to you maybe about that, because I think you could do this country a great favor if you pointed out to the American people that this system that we have been following really doesn't lend itself to good management and delivering the services that the public and the citizens deserve.

Mr. JOHNSON. I understand.

Senator AKAKA. Again, thank you very much. This hearing is adjourned.

[Whereupon, at 4:28 p.m., the Subcommittee was adjourned.]

APPENDIX

United States Government Accountability Office

GAO

Testimony

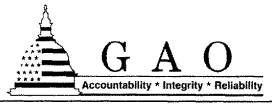
Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 2:30 p.m. EDT
Thursday, May 22, 2008

PERSONNEL CLEARANCES

Key Factors for Reforming the Security Clearance Process

Statement of Brenda S. Farrell
Defense Capabilities and Management



GAO-08-776T

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

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.

May 22, 2008

PERSONNEL CLEARANCES

Key Factors for Reforming the Security Clearance Process

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.

Chairman Akaka and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss reforming the federal government's personnel security clearance process. Since 1974, we have been examining personnel security clearance processes to assist Congress. Through scores of reports and testimonies, we have acquired broad institutional knowledge that gives us a historical view of key factors that should be considered in clearance reform efforts. A list of our related GAO products is provided at the end of this statement. Specifically, we have testified on clearance-related issues in four prior hearings that this Subcommittee has held since January 2005, when we first placed the Department of Defense's (DOD) personnel security clearance program—which represents about 80 percent of the security clearances adjudicated by the federal government—on our list of high-risk government programs and operations.[1]

We placed DOD's personnel security clearance program on our high-risk list in 2005 and again in 2007[2] because of a variety of long-standing problems in the program. Some of those problems included (1) 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; (2) the granting of some clearances by DOD adjudicators even though required data were missing from the investigative reports used to make such determinations; and (3) long-standing delays in completing clearances. We have recently initiated additional work to examine the timeliness and quality of personnel security clearances in DOD. This work will help determine whether DOD's personnel security clearance program should remain on our 2009 high-risk list.

[1]GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005).

[2]GAO, *High-Risk Series: An Update*, GAO-07-310 (Washington, D.C.: January 2007).

In February 2008, we testified[3] that DOD's August 2007 report to Congress[4] noted continuing problems with delayed processing of industry personnel security clearances. We testified that the time required to process clearances continues to exceed time requirements established by the Intelligence Reform and Terrorism Prevention Act of 2004. This law currently requires adjudicative agencies to make a determination on at least 80 percent of all applications for a security clearance within an average of 120 days after the date of receipt of the application, with no longer than 90 days allotted for the investigation and 30 days allotted for the adjudication. DOD's August 2007 congressionally-mandated report on clearances for industry personnel described continuing delays in the processing of clearances. For example, during the first 6 months of fiscal year 2007, the end-to-end processing of initial top secret clearances took an average of 276 days; renewal of top secret clearances, 335 days; and all secret clearances, 208 days. Moreover, DOD's February 2008 congressionally-mandated report[5] on clearance investigations for industry personnel noted that problems persist. Specifically, during the second half of fiscal year 2007, DOD reported that the end-to-end processing of initial top secret clearances averaged 311 days, renewal of top secret clearances averaged 444 days, and both initial and renewal of secret and confidential clearances averaged 229 days.

Problems in the clearance program can negatively affect national security. For example, delays reviewing security clearances for personnel who are already doing classified work can lead to a heightened risk of disclosure of classified information. In contrast, delays in providing initial security clearances for previously noncleared personnel can result in other negative consequences, such as additional costs and delays in completing national security-related contracts, lost-opportunity costs, and problems retaining the best qualified personnel.

[3]GAO, *DOD Personnel Clearances: DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel*, GAO-08-470T (Washington, D.C.: Feb. 13, 2008).

[4]DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (August 2007). This first of a series of annual reports was mandated by the John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, §347 (2006).

[5]DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (February 2008).

While delays continue in completing the end-to-end processing of security clearances, recent high-level governmentwide attention has been focused on improving the clearance process. For example, we previously reported that the Office of Management and Budget's (OMB) Deputy Director for Management has led efforts to improve governmentwide security clearance processes since June 2005. In addition, 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 Security and Suitability Reform Team (hereafter referred to as the Joint Reform Team). The Joint Reform Team was established to develop a reformed federal government security clearance process.[6] On February 5, 2008, the President issued a memorandum that called for aggressive reform efforts of the security clearance process, acknowledged the work being performed by the Joint Reform Team, and directed that the team submit to the President an initial reform plan no later than April 30, 2008. As directed, the Joint Reform Team submitted a plan to the President on April 30, 2008, which presents the proposed design of a transformed hiring and clearing process.

The reformed security clearance process developed by the Joint Reform Team would be applicable not only to DOD but across the federal government including the intelligence community. In February, we testified before this subcommittee about areas in which we could support the intelligence committees and community on oversight of management reforms, including the security clearance process. Recently, we received two requests from the U.S. House of Representatives Permanent Select Committee on Intelligence to review security clearance programs in the intelligence community. Specifically, we have been asked to assess (1) the Joint Reform Team's reform efforts and (2) the timeliness and quality of personnel security clearances in the intelligence community.

For this testimony, you asked that we identify key factors that should be considered in personnel security clearance reform efforts. My statement today draws on our prior work on clearance processes since 2004, which included reviews of clearance-related documents and interviews of senior officials at DOD and OPM, which has the primary responsibility for providing clearance investigation services to DOD. Our work was

[6]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.

performed 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 audit objectives.

Summary

Ensuring a strong requirements-determination process, building quality in all clearance processes, including metrics to provide a fuller picture of clearance processes, and providing long-term funding requirements of security clearance reform are important factors to consider in efforts to reform the personnel security clearance process. First, ensuring a strong requirements-determination process can help the government manage the workloads and costs associated with the security clearance process. A sound requirements process is important because requests for clearances for positions that do not need a clearance or need a lower level of clearance increase investigative workload and costs unnecessarily. Second, building quality in all security clearance processes could promote positive outcomes such as greater reciprocity of clearances. 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 may be used to conduct duplicative investigations and adjudications. Third, efforts to monitor clearance processes emphasize timeliness measurement, but additional metrics should be developed to provide a fuller picture of the performance of the clearance process. We have highlighted a variety of metrics in our 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 different aspects of the quality of clearance processes. Fourth, providing Congress with the long-term funding requirements in reports on implementing changes to security clearance processes could enable more-informed congressional oversight. As noted in our February 2008 report on industry personnel security clearances, limiting or excluding funding information in reports on changes to security clearance processes reduces the utility of information for Congress and the executive branch by limiting decision makers' ability to compare and prioritize alternate reform proposals when carrying out their budgetary development and oversight functions.

Background

Military servicemembers, federal workers, and industry personnel must generally obtain security clearances to gain access to classified information. The three clearance level categories are: 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.[7]

DOD's Office of the Under Secretary of Defense for Intelligence has responsibility for determining eligibility for clearances for servicemembers, DOD civilian employees, and industry personnel performing work for DOD and 23 other federal agencies, as well as employees in the federal legislative branch.[8] That responsibility includes obtaining background investigations, primarily through OPM. Within DOD, government employees use the information in OPM-provided investigative reports to determine clearance eligibility of clearance subjects. DOD's program maintains approximately 2.5 million clearances.

Although our high-risk designation covers only DOD's program, our reports have documented clearance-related problems affecting other agencies such as the Department of Homeland Security (DHS). For example, our October 2007 report on state and local information fusion

[7] 5 C.F.R. § 1312.4 (2008).

[8] DOD, *National Industrial Security Program: Operating Manual*, DOD 5220.22-M (Feb. 28, 2006), notes that heads of agencies are required to enter into agreements with the Secretary of Defense for the purpose of rendering industrial security services. The following 23 departments and agencies have entered into such agreements: (1) National Aeronautics and Space Administration, (2) Department of Commerce, (3) General Services Administration, (4) Department of State, (5) Small Business Administration, (6) National Science Foundation, (7) Department of the Treasury, (8) Department of Transportation, (9) Department of the Interior, (10) Department of Agriculture, (11) Department of Labor, (12) Environmental Protection Agency, (13) Department of Justice, (14) Federal Reserve System, (15) Government Accountability Office, (16) U.S. Trade Representative, (17) U.S. International Trade Commission, (18) U.S. Agency for International Development, (19) Nuclear Regulatory Commission, (20) Department of Education, (21) Department of Health and Human Services, (22) Department of Homeland Security, and (23) Federal Communications Commission.

centers[9] cited two clearance-related challenges: (1) the length of time needed for state and local officials to receive clearances from the Federal Bureau of Investigation (FBI) and DHS, and (2) the reluctance of some federal agencies—particularly DHS and FBI—to accept clearances issued by other agencies (i.e., clearance reciprocity). Similarly, our April 2007 testimony[10] on maritime security and selected aspects of the Security and Accountability for Every Port Act of 2006[11] (SAFE Port Act) identified the challenge of obtaining clearances so that port security stakeholders could share information through area committees or interagency operational centers. The SAFE Port Act includes a specific provision requiring the Secretary of Homeland Security to sponsor and expedite individuals participating in interagency operational centers in gaining or maintaining their security clearances.

Recent events affecting clearance programs across the federal government include the passage of the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 and the issuance of the June 2005 Executive Order 13381, "Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information." IRTPA included milestones for reducing the time to complete clearances, general specifications for a database on security clearances, and requirements for reciprocity of clearances. The executive order stated, among other things, that OMB was to ensure 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, including 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 personnel security clearance processes governmentwide.

[9]GAO, *Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers*, GAO-08-35 (Washington, D.C.: Oct. 30, 2007). Since the attacks of September 11, 2001, most states and some local governments have, largely on their own initiative, established fusion centers to address gaps in homeland security, terrorism, and law enforcement information sharing by the federal government and to provide a conduit of this information within the state.

[10]GAO, *Maritime Security: Observations on Selected Aspects of the SAFE Port Act*, GAO-07-754T (Washington, D.C.: Apr. 26, 2007).

[11]Pub. L. No. 109-347, 120 Stat. 1884 (2006).

Four Key Factors Should Be Considered in Efforts to Reform the Security Clearance Process

In our prior work, we identified four key factors that should be considered to reform the security clearance process. These include (1) ensuring a strong requirements-determination process, (2) building quality in all clearance processes, (3) developing additional metrics to provide a fuller picture of clearance processes, and (4) including long-term funding requirements of security clearance reform.

Ensuring a Strong Requirements-Determination Process Can Help Manage Clearance Workloads and Costs

As we testified in February 2008, ensuring a strong requirements-determination process can help the government manage the workloads and costs associated with the security clearance process. Requirements-determination in the clearance process begins with establishing whether a position requires a clearance, and if so, at what level. We have previously stated that any reform process 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. While having a large number of cleared personnel can give the military services, agencies, and industry a great deal of flexibility when assigning personnel, having unnecessary requirements for security clearances increases the investigative and adjudicative workloads that are required to provide the clearances and flexibility, and further taxes a clearance process that already experiences delays in determining clearance eligibility. A change in the level of clearances being requested also increases the investigative and adjudicative workloads. For example, an increase in the proportion of investigations at the top secret level increases workloads and costs because 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 each 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.

- *Cost.* 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. 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. For example, 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 $6,220 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).

- *Time/Workload.* The 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. However, the investigation for a top secret clearance requires the information needed for the secret clearance as well as data gathered through time-consuming tasks such as interviews with the subject of the investigation request, references in the workplace, and neighbors. The investigative workload for a top secret clearance increases about 20-fold compared to the workload for a secret clearance, 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. 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.

We are not suggesting that the numbers and levels of clearances are or are not appropriate—only that any unnecessary requirements in this initial phase use government resources that can be utilized for other purposes, such as building additional quality into other clearance processes or decreasing delays in clearance processing. Unless reforms ensure a strong requirements-determination process is present, workload and costs may be higher than necessary.

Building Quality in All Processes Could Promote Positive Outcomes Such as Greater Clearance Reciprocity

We have emphasized—since the late 1990s—a need to build more quality and quality monitoring throughout the clearance process to promote positive outcomes such as greater clearance reciprocity. In our November 2005 testimony on the previous governmentwide strategic plan to improve the clearance process, we noted that the plan devoted little attention to monitoring and improving the quality of the personnel security clearance process, and that limited attention and reporting about quality continues. In addition, when OMB issued its February 2007 annual report on security

clearances,[12] it documented quality with a single metric in one of the six phases of the security clearance process (i.e., requirements setting, application submission, investigation, adjudication, appeal, and clearance updating). 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 annual report on security clearances,[13] 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 also 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. As part of our September 2006 report,[14] we examined a different aspect of quality—the completeness of documentation in investigative and adjudicative reports. We found that OPM provided some incomplete investigative reports to DOD adjudicators, which the adjudicators then used to determine top secret clearance eligibility. In addition, DOD adjudicators granted clearance eligibility without requesting additional information for any of the incomplete investigative reports and did not document that they considered some adjudicative guidelines when adverse information was present in some reports. In our September 2006 report, we recommended that regardless of whether the metric on investigations returned for rework 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. In his comments to our report, OMB's Deputy Director for Management did not take exception to this recommendation. We are currently

[12]OMB, *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004* (February 2007).

[13]OMB, *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004* (February 2008).

[14]GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, GAO-06-1070 (Washington, D.C.: Sept. 28, 2006).

reviewing the timeliness and quality of DOD personnel security clearances in ongoing work and plan to review any actions taken by OMB with regard to this recommendation.

In September 2006, we also 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. 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,[15] noted that agencies are reluctant to be 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.

It will be important for any reform process to incorporate both quality and quality monitoring and reporting throughout the clearance process. In their absence, reciprocity concerns will continue to exist and Congress will not have sufficient information to perform its oversight function.

Government Clearance Metrics Emphasize Timeliness Measurement, but Additional Metrics Could Provide a Fuller Picture of Clearance Processes

As we testified in February 2008, reform efforts should also consider metrics beyond timeliness to evaluate the clearance processes and procedures and to provide a more complete picture of the performance of a reformed clearance process.[16] 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[17] on security clearance

[15]This committee is led by OMB's Deputy Director for Management and is comprised of representatives from DOD, DHS, the Departments of Energy, Justice, Transportation, Commerce, and State, the Director of National Intelligence, the National Security Council, and the National Archives and Records Administration.

[16]GAO-08-352T.

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

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.

Much of the recent quantitative information provided on clearances has dealt with how much time it takes for the end-to-end processing of clearances (and related measures such as the numbers of various types of investigative and adjudicative reports generated); however, there is less quantitative information on other aspects of the clearance process such as the metrics listed above. In February 2008, we noted that including these additional metrics could add value in monitoring clearance processes and provide a more complete picture of the performance of a reformed clearance process. In our November 2005 testimony, we noted 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.

An underlying factor that places emphasis on timeliness is the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA).[18] Among other things, IRTPA established specific timeliness guidelines to be phased in over 5 years. The act states that, in the initial period that ends in 2009, each authorized adjudicative agency shall make a determination on at least 80 percent of all applications for personnel security clearances within an average of 120 days after the receipt of the application for a security clearance by an authorized investigative agency. This 120-day period includes no more than 90 days to complete the investigative phase of the clearance review and a period of not longer than 30 days to complete the adjudicative phase of the clearance review. By December 17, 2009, the act will require that adjudicative agencies make a determination on at least 90 percent of all applications for a security clearance within an average of 60 days after the date of receipt of the application, including no

[18]Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. No. 108-458, §3001 (g), Reduction of Length of Personnel Security Clearance Process (2004).

more than 40 days for the investigation and 20 days for the adjudication. Moreover, IRTPA also includes a requirement for a designated agency (currently OMB) to provide information on, among other things, the timeliness of security clearance determinations in annual reports to Congress through 2011, as OMB did most recently in February 2008. While timeliness is important, other metrics are also needed to evaluate a reformed clearance process.

Long-Term Funding Requirements Information Could Enable More-Informed Congressional Oversight of Security Clearance Reform

In February 2008, we recommended that the Joint Reform Team also provide Congress with long-term funding requirements as it develops plans to reform the security clearance process. We have previously reported that DOD has not provided Congress with long-term funding needs for industry personnel security clearances.[19] In February 2008, we reported that in its August 2007 report to Congress, DOD provided funding requirements information that described its immediate needs for its industry personnel security program, but it did not include information about the program's long-term funding needs. Specifically, DOD's August 2007 required report on clearances for industry personnel provided less than 2 years of data on funding requirements. In its report, DOD identified its immediate needs by submitting an annualized projected cost of $178.2 million for fiscal year 2007 and a projected funding need of approximately $300 million for fiscal year 2008. However, the report did not include information on (1) the funding requirements for fiscal year 2009 and beyond even though the survey used to develop the funding requirements asked contractors about their clearance needs through 2010 and (2) the tens of millions of dollars that the Defense Security Service Director testified before Congress in May 2007 were necessary to maintain the infrastructure supporting the industry personnel security clearance program.

As noted in our February 2008 report,[20] limiting or excluding funding information in security clearance reports for Congress and the executive branch reduces the utility of those reports in developing and overseeing budgets for reform. In addition, the long-term funding requirements to implement changes to security clearance processes are also needed to enable the executive branch to compare and prioritize alternative proposals for reforming the clearance processes especially as the nation's

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

[20]GAO-08-350.

fiscal imbalances constrain federal funding. Without information on long-term funding requirements, both Congress and the executive branch will not have sufficient information to perform their budget oversight and development functions.

Conclusions

We are encouraged that the Joint Reform Team issued an initial plan to develop a reformed federal government security clearance process. As the Joint Reform Team develops its reform initiatives, we encourage the team to consider the four factors highlighted in my statement today. As much remains to be done before a new system can be designed and implemented, we look forward to evaluating the Joint Reform Team's efforts to assist Congress in its oversight.

Chairman Akaka 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; Shvetal Khanna; James P. Klein; Caryn Kuebler; Ron La Due Lake; Gregory Marchand; and Brian D. Pegram.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

Statement of the Honorable Clay Johnson III
Deputy Director for Management
Office of Management and Budget

before the

Subcommittee on Government Management,
the Federal Workforce, and the District of Columbia

of the

Senate Committee on Homeland Security and Government Affairs

May 22, 2008

Thank you for inviting me to testify again on the efforts to reform the security clearance process.

On February 5, President Bush confirmed his desire for reform and issued a memorandum directing the Department of Defense, Office of Management and Budget, Office of Personnel Management, National Security Council, Office of the Director of National Intelligence to submit an initial reform proposal by April 30, 2008. In response, our reform team submitted the first of several reports to the President (attached) regarding how the clearance process will be reformed. Our report indicated that we should:

- Align the suitability and security clearance processes for hiring and clearing individuals:
  - Both are relevant to bringing people on board.
  - Ensure that we avoid duplicating work.

- Use electronic data-gathering techniques more at the beginning of the investigative process, wherever possible, and focus the subsequent investigation. Not all investigations are alike, and each should be focused on the most relevant issues.

- Continuously evaluate instead of periodically reinvestigate. We should work to actively manage risk, rather than attempt to avoid it altogether.

- Modify the governance structure to ensure reforms are implemented as approved and agencies are held accountable for performing as mutually agreed to.

Currently, security clearance determinations take 112 days, on average, down from 162 days in 2005. We project that determinations will be made in 60 days or less, with these and subsequent reforms, and the continued expansion of agencies' capacity to make these determinations.

By the end of this year, we expect to identify all specific reforms expected within the overall approach presented in the April 30 report to the President, and estimate the dates by which they will be implemented.

**FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
SENATE COMMITTEE**

JOINT STATEMENT FOR THE RECORD BY

**MS. ELIZABETH MCGRATH
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
FOR BUSINESS TRANSFORMATION**

AND

**MR. JOHN P. FITZPATRICK
DIRECTOR, SPECIAL SECURITY CENTER
OFFICE OF THE DIRECTOR OF NATIONAL INTELLGIENCE**

**BEFORE THE
SENATE HOMELAND SECURITY AND GOVERNMENTAL
AFFAIRS COMMITTEE (HSGAC)
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT**

SECURITY CLEARANCE REFORM: THE WAY FORWARD

MAY 22, 2008

**FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
SENATE COMMITTEE**

Introduction

Good afternoon Chairman Akaka, Ranking Member Voinovich, and distinguished Members of this subcommittee: Thank you for this opportunity to discuss security clearance reform. We are pleased to offer additional information to this subcommittee regarding our ongoing efforts to meet our goal of making hiring and clearing decisions more quickly, effectively and efficiently.

Security and Suitability Reform

The Joint Security and Suitability Reform Team is composed of representatives of the Office of the Director of National Intelligence (DNI) and the Department of Defense, the Office of Management and Budget (OMB), and the Office of Personnel Management (OPM). All are represented before you today. The Joint Reform Team effort includes ongoing actions intended to make an immediate and lasting impact.

As this subcommittee is well aware, the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 established the first ever legislated measures of success with regard to the timeliness of security clearance processing, with goals for 2006 and more ambitious goals for December, 2009. While progress has been made across the Executive Branch, and we note the Intelligence Community (IC) agencies that conduct their own investigations and adjudications are compliant with current IRTPA goals, the existing process is not, in our estimation, likely to allow the US Government to achieve the additional efficiencies needed to meet the 2009 objectives. Further, improvements in terms of timeliness, consistency, and quality require adoption of a common process across government using end-to-end automation and modern technologies.

The Director of National Intelligence (DNI) recognized the need for transformational change to meet such future needs, and identified security clearance reform as a top priority in his 100- and 500-Day Plans. The DNI's call for improvements to the security clearance process is matched by the Secretary of Defense, who placed clearance reform as one of the Department's Top 25 Transformation Priorities. To that end, the DNI along with the Under Secretary of Defense (Intelligence) and the Deputy Director for Management at OMB commissioned a Joint Security Clearance Process Reform Team to systematically examine and improve the way we process and manage security clearances as an enterprise. Recognizing the need to align suitability and security clearance processes where appropriate, this effort combined forces with the Office of Personnel Management (OPM) to form the Joint Security and Suitability Reform Team, thereafter accelerating and expanding efforts to develop transformed, modernized, fair, and reciprocal security clearance and suitability systems applicable across the Executive Branch.

Over the last few years, the Department of Defense has built a strong foundation of agile business practices and management that ably supports the warfighter and provides transparent accountability to the taxpayer. Under the Direction of Deputy Secretary of Defense, Gordon England, the senior leadership of the Department has been engaged and accountable for the performance of business operations. As part of these larger business transformation efforts, the Deputy Secretary identified Continuous Process Improvement/Lean Six Sigma as a management best practice. In identifying clearance reform as a Top 25 Transformation Priority, he charged the Office of Business Transformation, which oversees the enterprise implementation of Continuous Process

Improvement (CPI)/Lean Six Sigma (LSS), to apply this rigorous methodology to the challenge of clearance reform.

The importance of this effort was underscored on February 5, 2008, when the President issued a memorandum recognizing significant opportunities for improvement in the processes that support hiring and clearing decisions. The memo directed that an initial reform proposal be submitted to the President by April 30, 2008 proposing actions necessary to achieve the goals of reform.

On April 30, 2008, the DNI, DoD, OPM, and OMB submitted the Joint Reform Team plan to the President, proposing a transformed process that manages the hiring and clearing process from an enterprise end-to-end perspective. This enables the design, coordination, and implementation of policies and standards that promote more effective and efficient hiring and clearing determinations. Based on the analysis of the Joint Reform Team, whose report has been separately provided to this sub committee, we concluded that we are now ready to adopt and pursue implementation of a process design whereby:

- More relevant information is collected and validated at the beginning of the process, using the application, automated record checks, and an enhanced subject interview.
- Automation is used to make the process faster, reduce manual activity and leverage additional data sources.
- Field investigative activity is focused to collect and validate targeted information.
- Risk decisions rely on modern analytic methods rather than practices that avoid risk.
- Relevant data is better used for subsequent hiring or clearing decisions, enabling reciprocity, reducing duplication of requests and ensuring consistent quality and standards.
- Continuous evaluation techniques replace periodic reinvestigations, utilizing more frequent automated database checks to identify security relevant issues

among already cleared personnel, permitting targeted resolution of cases as issues arise.

The new process proposes the use of modern investigative tools, end-to-end information technology, a risk management philosophy, and efficient, standardized business practices. The Joint Reform Team has identified several near-term actions to achieve specific needs and capabilities of the process design. Foremost, an Executive Branch governance structure is needed to ensure processes that enable hiring and clearing decisions are effectively coordinated. This structure will drive implementation of the reform effort, ensure accountability, and sustain reform momentum, particularly through the upcoming change of administrations. Additionally, the following actions have already been initiated:

- Development of the next-generation online application
- Initiating automated adjudication of "secret" cases where no actionable issues are present
- Developing a robust automated records checks capability
- Developing the enterprise information technology strategy to enable reform

The Joint Reform Team's process has been inclusive of government and industry expertise, and has taken into account the existing base of research and recommendations for improving the process.

The Department of Defense continues to make progress in key performance measures of the current process, demonstrated by increased electronic submissions, and decreases in both adjudicative processing time and overall end-to-end timeliness.

Also of note, modifications to Intelligence Community policies are being made to allow for the clearing of more first and second generation American candidates. This effort includes careful consideration of ways to balance risk while increasing opportunity

for such citizens to be considered by the clearance process. We have studied existing programs within the Community that may offer a model for other IC agencies to build upon. We fully expect the near-term outcome of this DNI-level policy change to result in more applications from heritage Americans and ultimately a more robust mission capability within the IC.

Conclusion

While we do not underestimate the challenge that a reform effort of this magnitude represents, we are resolute in our determination and dedication to achieve the change necessary to ensure effective and timely hiring and clearing decisions. Additional reform actions will be pursued in the coming months as the Joint Reform Team validates technology and process improvements proposed in the Reform Plan. With the continued interest and commitment from the President, Congress and senior executive leadership, we are confident that this clearance reform effort will ultimately succeed in producing a transformed system that meets our nation's critical requirements for a qualified, effective and trustworthy workforce.

Mr. Chairman, thank you for the opportunity to appear before you and testify on our proposed clearance reform plan. This concludes our statement.

STATEMENT OF

Kathy L. Dillaman
Associate Director
Federal Investigative Services Division
Office of Personnel Management

before the

Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management, the Federal Workforce,
and the District of Columbia
United States Senate

on

Security Clearance Reform: The Way Forward

May 22, 2008

Chairman Akaka and Members of the Subcommittee, thank you for inviting me here today to discuss the improved timeliness of the security clearance process and the current reform efforts.

As outlined in Executive Order 13381 dated June 28, 2005, President George W. Bush directed that "agency functions relating to determining eligibility for access to classified national security information shall be appropriately uniform, centralized, efficient, effective, timely, and reciprocal." OPM Director Linda Springer takes that direction very seriously and has included in OPM's Strategic and Operational Plan specific goals to ensure we accomplish the goals set by the President and by Congress.

Background

OPM's mission is to ensure the Federal Government has an effective civilian workforce. To accomplish this mission, OPM provides background investigation products and services to agencies so they can make security clearance or suitability decisions for civilian, military, and contractor hires. OPM conducts various levels of investigations based on the type of position and work to be conducted. The actual background investigation can range from a minimum level investigation for positions that require Confidential or Secret clearances to extensive field investigations for Top Secret clearances.

The division responsible for conducting background investigations at OPM is the Federal Investigative Services Division (FISD) which supports over 100 Federal agencies and

their security offices across the country and around the world. With a vast network of field investigators and our automated processing system, FISD has sufficient capacity to handle the government's high volume demand for security clearance investigations. Last fiscal year, OPM conducted over 2 million investigations of varying types, including 850,000 national security investigations.

Since May 17, 2007, when I last spoke before your Subcommittee, the agency has improved the overall timeliness of the security clearance process. Not only has OPM met the goals outlined by Congress in the Intelligence Reform and Terrorism Prevention Act of 2004, the agency actually has exceeded those goals and substantially reduced the inventory of pending investigations.

Status of the security clearance and investigation process

In November 2005, the joint OMB-OPM Performance Improvement Plan was provided to Congress. It addressed four critical areas of the investigation and security clearance process: workload projections, timeliness and quality of agency submissions of investigations, investigations timeliness, and adjudications timeliness.

Workload projections: To ensure OPM has the resources necessary to meet the agencies' investigation needs, agency workload projections must be accurate. Over time, these estimates have improved which in turn has ensured OPM's resources are adequate to meet the Government's security clearance requirements.

Timeliness and quality of agency submissions of investigations: Critical to the efficiency of the process is the timely and accurate submission of an individual's required information to OPM. The Electronic Questionnaires for Investigations Processing (e-QIP), a web based system, allows applicants to submit their information electronically which has improved both processing timeliness and quality. In the second quarter of Fiscal Year 2008, 86 percent of submissions for initial security investigations were made through e-QIP. In addition, all industry submissions for the Department of Defense are requested electronically.

In March 2008, submissions for initial security investigations through e-QIP averaged 14 days while hardcopy submissions averaged 27 days. This continues to be an improvement over the 35 to 55 calendar days reported in November 2005. In addition, the rejection rate for submissions is 8 percent and is on track to meet the performance goal of less than 5 percent by the end of the year.

Investigations Timeliness: The Intelligence Reform and Terrorism Prevention Act of 2004 requires 80 percent of the background investigations for initial security clearances be completed within an average of 90 days. OPM is exceeding this statutory goal. The following chart shows OPM's investigations processing timeliness for initial clearances that were initiated in FY 2007 and the first quarter of FY 2008.

Type:		FY 07	FY 08 Qtr 1
All Initial Clearances	Total Initiated	583,866	148,944
	80% average	**67 days**	**60 days**
	85% average	72 days	64 days
	90% average	78 days	70 days
Top Secret Level	Total Initiated	80,373	20,127
	80% average	92 days	84 days
	85% average	97 days	88 days
	90% average	102 days	93 days
Secret/Confidential Level	Total Initiated	503,493	128,817
	80% average	63 days	56 days
	85% average	68 days	61 days
	90% average	75 days	66 days

As a result of OPM's increased investigation staffing of over 9,300 Federal and contractor employees, there is no longer a backlog of initial clearance investigations due to insufficient manpower resources. Maintaining this staffing level has resulted in the substantial decrease in the time it takes to complete all types of background checks processed by OPM. In October 2006, over 98,000 pending initial clearance investigations were over 180 days in process. As of May 10, 2008, only 3,728 initial clearance investigations were pending over 180 days in process.

Another factor which contributes to OPM's timeliness improvements includes the agency's ability to receive third-party information in a timelier manner. OPM has worked closely with a number of Federal, State, and local record agencies so that records are provided to OPM more rapidly. Also, our ability to work with the international community and other government agencies allows OPM to complete required international coverage. In 2007, we sent 360 agents abroad and closed more than 24,000 international leads for new employee clearances or required periodic reinvestigations of current Federal employees and contractors.

While improving the timeliness of investigations, we have retained the quality of those investigations. The quality control processes we have in place ensure that the investigations we conduct meet the national investigative standards and the needs of the adjudication community.

Adjudication Timeliness: In addition to monitoring the timeliness of the investigations process, we are tracking the time required for agencies to adjudicate the completed investigations and record their adjudication actions in our record system. In order to speed up this process, OPM is working with agencies to electronically transmit completed investigations to the adjudications facility. OPM is also working to link agencies' computer systems to OPM's database so they can update any new adjudication actions electronically.

In May 2007, I reported that OPM was testing the electronic transmission system with agencies in October 2007. Based on the success of the Department of Army pilot, we began using the system in August 2007. Currently, almost 190,000 investigations have been sent to Army for adjudication action, making the entire process between OPM and Army virtually paperless. In addition, we have transmitted almost 10,000 files electronically to the Department of Transportation and the Federal Aviation Administration (FAA). We are in the final stages of implementing this process with the Department of Energy and Department of Commerce.

Reform Initiatives

OPM is continuing to optimize investigations processing timeliness by maintaining adequate staffing, building partnerships with information suppliers, and expanding the use of information technology. We are also partnering with the Office of the Director of National Intelligence and the Department of Defense on additional reforms to the overall security clearance process. On February 5, 2008, President Bush issued a memorandum to the heads of the Executive Departments and Agencies reaffirming his support in reforming the personnel security program across Government and asking the joint reform team for its reform plans. On April 30, 2008, the team sent a report to President Bush outlining the reforms it plans to pursue. The plan challenges traditional lifecycle processes and proposes the use of enhanced business processes for a more efficient Government-wide system.

This concludes my remarks. I would be happy to answer any questions the Subcommittee may have.

BACKGROUND
SECURITY CLEARANCE REFORM: THE WAY FORWARD
May 22, 2008

BACKGROUND

The Department of Defense (DoD) is responsible for obtaining background checks on DoD military and civilian personnel, as well as DoD contract industry personnel. The number of clearance requests that DoD now processes has greatly increased over the past seven years. In 2005 the Government Accountability Office (GAO) placed the Department of Defense Security Clearance process on the GAO High Risk List due to a mounting backlog of clearance requests as well as DoD's inability to manage the backlog.

In February 2005 DoD transferred its investigative function, as well as 1,800 investigative positions, to the Office of Personnel Management's Federal Investigative Services Division (OPM/FISD), though DoD retained adjudication responsibility. A total of 1,578 personnel were actually transferred. In addition, OPM relies on contractors for many parts of the investigation process. Currently, there are roughly 9,000 combined investigators, triple the original staffing level.

In response to the clearance process being added to the GAO High Risk List and problems with effectiveness and efficiency in security clearance processing at several agencies, DoD, OPM, the Office of the Director of National Intelligence (ODNI), and the Office of Management and Budget (OMB) convened a team to overhaul and streamline the clearance process. That group, known as the Joint Security and Suitability Reform Team, was tasked by the President to submit a report outlining their recommended changes.

MANDATE FOR SECURITY CLEARANCE REFORM

In 2004 the President signed *the Intelligence Reform and Terrorism Prevention Act* (IRTPA, P.L. 108-458) into law. This Act set several benchmarks aimed at improving the timeliness of the security personnel process, as well as other improvements to the process, including database management and reciprocity of clearances between agencies and departments. IRTPA set benchmarks for the investigative, adjudicative, and total times for clearances, as seen below. OPM's most current timeliness data follows on page 6.

IRTPA Benchmarks for Clearances
(Average Timeliness Required for Clearances)

Benchmark Date*	Investigation	Adjudication	Total
by December 17, 2006	90 days	30 days	120 days
by December 17, 2009	40 days	20 days	60 days

* Benchmark applies to 80% of clearances by 2006, and 90% of clearances by 2009

On June 28, 2005, the President issued Executive Order 13381 in compliance with IRTPA. E.O.13381 has been extended through July 1, 2008. The order (1) designates the OMB

as the agency responsible for setting security clearance policy; (2) allows the OMB to assign an agency to be in charge of conducting clearance investigations for the federal government (OMB chose OPM); (3) ensures reciprocity of clearances between agencies to more easily move employees from one agency to another; and (4) orders resources to be available and tools and techniques to be developed to enhance the security clearance process. Intelligence agencies who investigate their own cases must still comply with policies laid out in E.O.13381. The order did not alter the current process whereby some agencies are responsible for adjudicating their own clearances.

The IRTPA also mandated that OPM "establish and commence operating and maintaining an integrated, secure, database into which appropriate data relevant to the granting, denial, or revocation of a security clearance or access pertaining to military, civilian, or government contractor personnel shall be entered from all authorized investigative and adjudicative agencies." OPM has established the Clearance Verification System (CVS), as a part of its Personnel Investigations Processing System (PIPS). However, DoD maintains its own separate database known as the Joint Personnel Adjudicative System (JPAS), which is accessible through PIPS via a secure connection to verify DoD clearances.

THE CURRENT SECURITY CLEARANCE PROCESS

In general, an agency requesting a security clearance forwards the case on to OPM for investigation. Cases are initiated by the subject filling out a Standard Form 86 (SF-86), or by filling out an online OPM form known as an Electronic Questionnaire for Investigations Processing (eQIP). This data is forwarded to investigators, who pull various records, including criminal and credit checks. Various other checks, including employment and residence verification take place, and in-person investigation and field work are conducted.

After OPM has closed an investigation, they send the case file back to agencies for adjudication. When an agency has made a clearance determination, they are required to inform OPM of the individuals' clearance status, which is tracked in the CVS through PIPS, unless it is a DoD clearance, in which case it is tracked in JPAS.

At this Subcommittee's hearing on May 17, 2007 entitled "Evaluating Progress and Identifying Obstacles in Improving the Federal Government's Security Clearance Process," the state of OPM and DoD's technology was discussed at length. Many of the systems now in use are last generation technologies that do not have modern capabilities which could speed the clearance process and take advantage of electronic investigation sources. In addition, the JPAS system is under tremendous technological stress and will likely need to be replaced in the near future.

JOINT SECURITY AND SUITABILITY REFORM TEAM RECOMMENDATIONS

In a memo from the President on February 5, 2008, DoD and ODNI were instructed, under the direction of OMB, to submit an initial report outlining how to improve the security clearance process along with executive and legislative actions to implement such reforms.[1] This

[1] Memorandum from President George Bush to the Heads of Executive Departments and Agencies and the Assistant to the President for National Security Affairs, February 5, 2008.

memorandum formed the Joint Security and Suitability Reform Team, which submitted its recommendations on April 30, 2008.[2]

The report concluded that an updated process needs to be implemented which would:

- Collect more relevant information at the beginning of the clearance process and validate that information, including automated record checks and enhanced subject interviews.
- Automate the process to a greater degree to speed the process, reduce manual work, and use additional data sources.
- Focus field investigation activity to collect and validate more targeted information.
- Make risk decisions for clearances on modern analytic methods rather than strict risk avoidance.
- Ensure available relevant data is better used for subsequent hiring or clearing decisions, reducing request duplication and ensuring consistent quality and standards.
- Continuously evaluate individuals rather than periodically reinvestigating, utilizing more frequent automated database checks to identify security issues among already cleared personnel, permitting targeted resolution of cases as issues arise.

To achieve these goals, the report recommends creating a centralized, formal governance structure to coordinate governmentwide clearance standards. The structure will be headed by the Deputy Director for Management at OMB, and include OPM to represent the needs for suitability clearances, and a representative, to be determined, to represent the needs for security clearances. The group will be known as the Performance Accountability Council and will coordinate policy issues, process issues, IT issues and training issues related to clearances.

This governance structure and suggested reforms will be formalized through the renewal of E.O. 13381 which is set to expire on July 1, 2008. It is unclear whether any additional legislative action also needs to be taken to implement any new policies or processes.

ADDITIONAL INFORMATION/RESOURCES:

Joint Security and Suitability Reform Team, *Security and Suitability Process Reform – Initial Report*. April 30, 2008.
[http://www.whitehouse.gov/omb/reports/reform_plan_report_2008.pdf]

Government Accountability Office, *DOD Personnel Clearances: Additional OMB Actions are Needed to Improve the Security Clearance Processes*, GAO-06-1070, September 28, 2006.
[http://www.gao.gov/new.items/d061070.pdf]

[2] Joint Security and Suitability Reform Team, *Security and Suitability Process Reform – Initial Report*, April 30, 2008.

Office of Management and Budget, *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004*, February 2008.
[http://intelligence.house.gov/Media/PDFS/SCReporttoCongress2008.pdf]

Office of Personnel Management, *Fiscal Year 2008 Performance and Accountability Report,* November 17, 2007.
[http://www1.opm.gov/gpra/opmgpra/index.asp]

U.S. House of Reprentatives, Permanent Select Committee on Intelligence Hearing, *Security Clearance Reform.* February 27, 2008.

Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia Hearing, *Evaluating the Progress and Identifying Obstacles in Improving the Federal Government's Security Clearance Process,* S. Hrg. 110-338. May 17, 2007.

Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia Hearing, *Progress or More Problems: Assessing The Federal Government's Security Clearance Process,* S. Hrg. 109-621. May 17, 2006

Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia Hearing, *Access Delayed: Fixing The Security Clearance Process—Part II,* S. Hrg. 109–581. November 9, 2005.

Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia Hearing, *Access Delayed: Fixing The Security Clearance Process,* S. Hrg. 109–160. June 28, 2005.

LEGISLATION AND EXECUTIVE ORDERS

Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. No. 108-458, 118 Stat. 3638.

Memorandum from President George Bush to the Heads of Executive Departments and Agencies and the Assistant to the President for National Security Affairs, February 5, 2008.
[http://www.whitehouse.gov/news/releases/2008/02/20080205-8.html]

E.O. 13381 as amended by E.O. 13408, "Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information."

Case Processing Timeliness -- Inventory Reduction:

IRTPA Requirements -- New Requests for Initial Clearance Case Types Received on/after 10/1/06

Goal -- 80% Closed within 90 Days

Submissions in:	Total Received During Month:		As of April 5, 2008		
			Percent Closed	Average Closing Timeliness	80% Completed in Average
1st Quarter FY 2007 (Oct-Dec 2006)	138,575	Closed Final	*100.0%*	*110 days*	*76 days*
2nd Quarter FY 2007 (Jan-Mar 2007)	145,486	Closed Final	*100.0%*	*101 days*	*69 days*
3rd Quarter FY 2007 (Apr-Jun 2007)	142,652	Closed Final	*99.0%*	*88 days*	*63 days*
4th Quarter FY 2007 (Jul-Sept 2007)	160,311	Closed Final	*96.0%*	*81 days*	*61 days*
1st Quarter FY 2008 (Oct-Dec 2007)	149,658	Closed Final	*84.0%*	*65 days*	*61 days*
2nd Quarter FY 2008 (Jan-Mar 2008)	160,140	Closed Final	*38.0%*	*34 days*	*80% not yet completed*

Pre-IRPTA Requirements -- Inventory Reduction All Clearance Investigations Received before 10/1/06 (including Reinvestigations)

Case Type		On Hand 10/1/06	On Hand 12/30/06	On Hand 6/30/07	On Hand 9/30/07	Current On Hand 5/03/08
SBI's	Total	65,023	49,182	20,804	14,195	123
	(OPM Complete)	*15,942*	*9,733*	*1,471*	*632*	*30*
SBIPR's	Total	75,473	54,728	10,794	5,877	281
	(OPM Complete)	*16,202*	*12,824*	*2,197*	*934*	*35*
Phased PR's	Total	9,165	8,344	1,964	953	32
	(OPM Complete)	*1,018*	*1,761*	*528*	*178*	*0*
NACLC's/ANACI's	Total	236,034	134,729	27,702	10,034	52
	(OPM Complete)	*5,131*	*99,209*	*23,047*	*8,570*	*47*
Total	Total	385,695	246,983	61,264	31,059	488
	(OPM Complete)	*38,293*	*123,527*	*27,243*	*10,314*	*112*
Reduced Overall by:			36%	84%	92%	100%

The *(OPM Complete)* totals above are the number, of the total inventory, that are awaiting third-party information. All basic coverage conducted by OPM is complete. Includes all form types.

Figures Provided by the Office of Management and Budget, May 2008

United States Government Accountability Office
Washington, DC 20548

July 14, 2008

The Honorable Daniel K. Akaka
Chairman
The Honorable George V. Voinovich
Ranking Member
Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

Subject: *Personnel Clearances: Questions for the Record Regarding Security Clearance Reform*

On May 22, 2008, I testified before your subcommittee at a hearing on Security Clearance Reform.[1] This letter responds to three questions for the record you posed. Your questions and my responses follow.

1. **Your testimony indicates that a greater emphasis on quality throughout the clearance process could promote reciprocity. Have you noted any efforts in the Joint Reform Team report to address the quality of investigative and adjudicative work and if not, can you suggest some steps that might be taken?**

Through our reports and testimonies, we have emphasized a need to build more quality and quality monitoring into the clearance process. For example, in our September 2006 report,[2] we identified concerns about quality in the personnel security clearance process and noted that the lack of full reciprocity of clearances—when a security clearance granted by one agency is accepted by another agency—is an outgrowth of agencies' concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. As I noted in my May 22, 2008, testimony, we believe quality metrics should be applied throughout all six phases of the security clearance process (i.e., requirements setting, application submission, investigation, adjudication, appeal, and clearance updating). In addition, we have initiated discussions with the Office of Management and Budget and the Office of

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

[2]GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, GAO-06-1070 (Washington, D.C.: Sept. 28, 2006).

Personnel Management about the importance of including quality in the security clearance process.

At the request of the House Permanent Select Committee on Intelligence, we recently initiated an engagement assessing the Joint Reform Team's plans to reform the security clearance process. In this review, we will assess whether the Joint Reform Team's plan and its ongoing efforts address the key factors I discussed at your hearing on May 22, 2008, one of which is building more quality and quality monitoring throughout the clearance process. In a separate engagement initiated under the authority of the Comptroller General, we are evaluating both the quality and timeliness of the Department of Defense's (DOD) personnel security clearances. To evaluate quality in this engagement, we are surveying DOD adjudicators—who review clearance investigation files to determine clearance eligibility—and evaluating clearance adjudication files. When we complete this engagement we will be available to provide a briefing about our findings to you and your staff on request.

2. **Since the Department of Defense (DOD) was put on GAO's high-risk list, GAO has been recommending DOD develop methods to better forecast long-term funding needs for the clearance process. What are your thoughts on the steps taken by the Defense Security Service (DSS), including its use of a refined web-based survey, to better forecast its workload?**

In our February 2008 report on DOD's personnel security program for industry,[3] we reported that DOD's procedures for projecting its long-term funding needs for industry personnel security clearances are evolving. While conducting the audit work for this report, DOD officials explained to us that the Defense Security Service (DSS) is responsible for conducting an annual survey of contractors performing classified work for the government. In this survey, DSS asks contractors to estimate their future clearance investigation needs for industry personnel. The survey results are used to forecast estimates of the future investigation workload and budget requirements. In its efforts to improve the accuracy of these estimates, DSS has made several recent changes. In 2006, for example, DSS made its annual survey accessible through the Internet. In addition, DSS has begun to use its field staff to actively encourage industry representatives to complete the voluntary survey. According to a DSS official, these two changes increased the response rate of surveyed facilities from historical lows of between 10 and 15 percent in previous years to a 70 percent response rate in 2007, representing 86 percent of industry personnel with a clearance in fiscal year 2007. Improvements in the survey response rate may help DOD to improve its forecasts of long-term funding needs for the industry personnel security program. Improvements to DOD's long-term funding forecasts would help enable it to implement the recommendation we made in our February 2008 report to add additional out-years of projected funding information to its annual report Congress on the personnel security clearance program for industry.

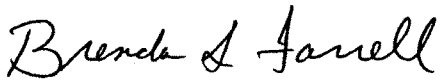
[3]GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, GAO-08-350 (Washington, D.C.: Feb. 13, 2008).

3. **What suggestions do you have for the Joint Reform Team and Congress as we move forward with plans to reform the security clearance process?**

As the Joint Reform Team continues with its efforts to reform the security clearance process, we suggest that it review our past reports and testimonies on personnel security clearances to understand the weaknesses we have previously identified in the process and the recommendations we have made to help DOD address those weaknesses. Our previous work in this area has provided us with broad institutional knowledge, enabling us to identify key factors that should be considered in security clearance reform efforts. As I emphasized in my May 22, 2008, statement, 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. As the Joint Reform Team moves forward, we suggest that it design its approach to ensure that these key factors are incorporated into the reformed process.

Past experience has shown that Congress has every reason to remain vigilant and continue its oversight of this high-risk area. The Joint Reform Team's initial efforts to develop a new governmentwide security clearance process represent a positive step toward addressing past impediments and managing security reform efforts. However, continued oversight will help ensure that the momentum of these initial reform efforts continues, particularly as the upcoming change in administration takes place. Much remains to be done to improve the security clearance process governmentwide, and GAO stands ready to assist Congress in its continued oversight of this high-risk area.

If you or other members of the subcommittee have any additional questions about personnel security clearance reform, please contact me at (202) 512-3604 or farrellb@gao.gov. In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this correspondence. GAO staff members who made major contributions to this correspondence are listed in the enclosure.



Brenda S. Farrell
Director, Defense Capabilities and Management

Enclosure

Answers to Post-Hearing Questions for the Record
From Senator George V. Voinovich
As Prepared by The Honorable Clay Johnson

"Security Clearance Reform: The Way Forward."
May 22, 2008

1. I am concerned that almost four years after passage of the Intelligence Reform and Terrorism Prevention Act (IRTPA), which states that "all security clearance background investigations and determinations completed by an authorized investigative agency or authorized adjudicative agency shall be accepted by all agencies," more significant progress has not been made regarding reciprocity. In a November 2005 hearing before this subcommittee, you testified that all agencies would be held responsible for honoring the reciprocity of other agencies' security clearances. You say you don't believe we have a reciprocity issue now, but an October 2007 GAO report on state and local information fusion centers noted the reluctance of the Department of Homeland Security and the FBI to accept clearances issued by other agencies. Have you looked into that report and taken steps to address that reciprocity issue?

   Answer:
   I have just now read the GAO report and thus have not yet taken steps to address that particular reciprocity issue. I will.

2. IRTPA also requires a single, consolidated database of information relating to the granting, denial, or revocation of security clearances for military, civilian, and government contractors. To comply with this requirement, OPM established the Clearance Verification System (CVS) as part of its Personnel Investigations Processing System (PIPS). However, PIPS is almost 25 years old. Further, despite IRTPA's call for a single, consolidated database, DoD continues to maintain the Joint Personnel Adjudication System as a separate database of its clearance information. While DoD's database is accessible through CVS, a single database does not exist and the databases that do exist are fraught with problems and border on being obsolete. What efforts are being taken to establish a modern, single, consolidated database of the information called for in IRTPA?

   Answer:
   Our next report to the President, due on December 15, 2008, will detail the status of and future plans for the Security Clearance and Suitability reform effort. It will include an Enterprise Information Technology Strategy, which will address modernization plans for existing systems, to include PIPS, JPAS, CVS, and others.

3. In November 2005, you also testified that all agencies would fully use the Electronic Questionnaire for Personnel Investigations (eQIP) to electronically transmit background information to OPM by April 2006, but for the first quarter of FY2008, eQIP usage was only at

83 percent. Why isn't eQIP being fully used throughout the federal government and how are you encouraging more eQIP use?

Answer:
Use of eQIP continues to increase across the Executive Branch, primarily as a result of increased monitoring and focus on accountability fostered by the Security Clearance Oversight Group. Agencies have set their September 2008 goal for 95% eQIP usage. The DoD's continued growth (currently at 89% and anticipated to meet the September goal) is critical to overall Federal success. I will continue to monitor and hold agencies accountable for achieving their eQIP usage goals.

4. I am pleased that OPM and the Army are working to demonstrate electronic receipt of personnel security investigation results from OPM and that there are plans to expand the use of this technology to other agencies. When can we expect to see all investigative files being transmitted electronically to all adjudication agencies?

Answer:
The Army started receiving their investigations from OPM electronically in September 2007. The Army receives an average of 23,000 electronic investigations a month and approximately 1,000 hardcopy each month. The cases that remain hardcopy include cases that contain a medical release, classified information, or involve confidential sources. OPM has committed to an electronic format solution for those cases as well. The Army and OPM continue to work together to refine the process (such as case electronic format modification) to further improve efficiency.

The Joint Reform team is finalizing the overall implementation plan that would enable electronic receipt of investigative data (from OPM) across the Department. We intend to field that capability at Defense Industrial Security Clearance Office (DISCO) to support industry requests within the calendar year.

5. I think there is wide agreement that information technology (IT) will speed the end-to-end security clearance process, so I was pleased to see that the Joint Reform Team plans to conduct end-to-end IT demonstrations this year. Please tell us about the specific demonstrations planned and when we might see the results of those demonstrations.

Answer:
The Joint Reform Team (Joint Team) is conducting an end-to-end technology demonstration to determine requirements for information technology investments needed to achieve transformation. This demonstration, to be completed in Fall 2008, will link several existing systems to perform and analyze end-to-end automated process flow. Live case data will flow from the application, through automated records checks, investigative and adjudicative case management systems. The as-is process will run in parallel, permitting comparative analysis between present and intended future capabilities, including assessment of timeliness, cost and quality tradeoffs.

It is important to note that the end-to-end demonstration leverages only existing capabilities and will not provide full capabilities envisioned for the future system. The demonstration is, however, critical to informing the development of the Enterprise Information Technology Strategy, which is to be completed by December 15, 2008, and reported on in our Report to the President on that date. That strategy will describe an enterprise-wide information technology infrastructure and establish a transition plan to the use of new or improved systems.

In addition to the Joint Team, participants in the end-to-end demonstration include the Army, DoD's Personnel Security Research Center, the Defense Security Service, and OPM's Federal Investigative Services Division.

6. The plan to use more IT systems will undoubtedly involve new funding requirements. When will you have an idea of the costs of those systems and how do you anticipate that those costs be budgeted for?

Answer:
The Enterprise Information Technology Strategy to be included in our December 15, 2008 Report to the President will address the resource needs of technology development. The Joint Team is assessing existing systems and their modernization plans and will provide analysis to inform decisions regarding systems development, performance, funding and implementation planning. Currently DoD's funds to modernize their clearance system and OPM's Revolving Fund are the primary sources to fund a reformed infrastructure.

7. I am interested in the Joint Reform Team's plan to develop Automated Records Check (ARC) capabilities, including by moving existing ARC systems being tested by DoD to an operational environment. Please tell us more about this plan, including when the move to an operational environment is expected.

Answer:
The Automated Records Checks (ARC) is a key function of the Automated Continuous Evaluation System (ACES) used by Defense Personnel Security Research Center (PERSEREC) for research and to support limited evaluation of cleared personnel for specific agencies. ACES currently uses 23 government and commercial data sources to retrieve relevant data for the background investigation.

The Joint Reform Team is currently conducting an end-to-end IT demonstration to assess the operational capability of ACES for initial applications in determining eligibility for access to classified information. This demonstration consists of linking several existing applications together, including ACES, to simulate an end-to-end solution.

Based on analysis and the results of the end to end demonstration, the Joint Reform Team will incorporate its results in its development of the Enterprise Information Technology strategy in the December 15, 2008 Report to the President.

8. The Joint Reform Team's April 30 report recommends that a new Performance Accountability Council be created to sustain the security clearance reform effort through the transition to a new Administration. How specifically will the council facilitate a smooth transition next year?

Answer:
Established by Executive Order 13467 (attached), the Suitability and Security Clearance Performance Accountability Council (PAC) is the principal interagency forum for ensuring the alignment of security clearance and suitability processes where appropriate across the Executive Branch. The establishment of the PAC provides the necessary governance structure to enable sustained momentum during the balance of this administration and through transition. The PAC will oversee and drive the near and long term actions described in the April 2008 Report to the President, as well as those to be included in the December 2008 update. Additionally, with the intent to ensure continuity through the change in administration, the vice chair of the PAC is a senior career (non-political) official. Each member organization will also identify a senior career (non-political) official to sustain reform momentum through PAC direction.

9. How are you ensuring that the Department of Defense (DoD) and other agencies address GAO's concerns that agencies are providing limited information to one another on how they individually ensure the quality of their clearance products and procedures?

Answer:
The specific concerns referred to here are not apparent in your question. I would be pleased to pursue this if you could furnish some additional detail.

10. In discussing his 100 day plan to achieve integration and collaboration of the intelligence community, Director McConnell called for a "re-invention" of the security clearance process to take advantage of information technologies and open source information used by private industry and the law enforcement community. Additionally, the Director's 500 day plan for integration and collaboration listed modernizing the security clearance process as a "core initiative." What steps have been taken by the intelligence community to modernize its process, how long might this modernization effort take, and how specifically are these efforts being coordinated with the Joint Reform Team's work?

Answer:
There are not two reform efforts. Director McConnell's initiative, combined with similar impetus from the Under Secretary of Defense for Intelligence Jim Clapper, formed the basis of what we now refer to as the Joint Reform Team. There is no distinction to be made between the IC and other Federal efforts. All steps taken are as discussed in our testimony to you on May 22, 2008, and in our report to the President on April 30, 2008.

11. We all recall the problems two years ago when the Defense Security Service (DSS) stopped processing security clearance applications because of funding shortfalls. Last year at this time,

DSS estimated it was under funded by $55 million, but the Department of Defense's August 2007 Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program stated DSS was deploying a refined web-based survey to better project funding requirements for DSS. Has that survey been deployed and is it proving informative?

Answer:
The Defense Security Service did deploy an updated web-based survey for personnel security investigation (PSI) requirements from cleared industry in April and May of 2008.

Eighty-three percent of the cleared contractor facilities responded representing 92% of the cleared contractor population. In comparison, the response rate from the September 2007 survey was 70% response rate, representing 86% of the cleared contractor population.

The higher response rate provides DSS a better cross section of the cleared industry population allowing for better data analysis for planning and budgeting. DSS will conduct the PSI survey annually in the spring to coincide more effectively with the budget cycle.

12. At this time, do you anticipate another funding shortfall for DSS in FY2008, and if so, how do you anticipate such a shortfall will be addressed?

Answer:
We do not anticipate another funding shortfall in FY08. DSS is funded to meet its current mission.

13. The February 2007 Annual Report of the Security Clearance Oversight Group noted that in 2006, the FBI and OPM entered into a Memorandum of Agreement for the FBI to provide records for OPM investigations in a timely manner, with a goal of 30 days. The February 2008 annual report shows that 83 percent of FBI records are being provided within this time frame. What needs to be done to increase that percentage, and are there any other issues with the availability of federal records that we need to address?

Answer:
The Suitability and Security Clearance Performance Accountability Council, established in Executive Order 13467, will monitor OPM and FBI performance with regards to records access. Under the Joint Team, OPM convened the Federal Repository Working Group in April 2008 to develop a strategy to improve accessibility of Federal records. Status on that strategy will be provided in the December 15, 2008 Report to the President.

14. The Tiger Team report asserts that standardized training and certification for security professionals, including adjudicators, investigators, and case analysts, will be developed in 2009. Why is it taking so long to develop standardized training and will that training be provided to all security professional throughout the federal government.

Answer:
The Suitability and Security Clearance Performance Accountability Council, established in Executive Order 13467, will establish Executive Branch training standards for suitability and security clearance processes and will oversee their decentralized execution by agencies. It is anticipated that robust existing training standards in use in OPM, DoD and elsewhere will be elevated to Federal standards to meet this goal. Progress toward achieving those standards will be included in the December 15, 2008 Report to the President.

15. As you continue to modernize the security clearance process, I commend you for working to address another issue which becomes increasingly important as we prepare for the upcoming presidential transition, the need to ensure future political appointees are processed by the White House Office of Presidential Personnel and the White House Counsel's Office as quickly as possible. Please provide the Committee with an update on these efforts and the date by which these efforts will be complete.

Answer:
At your and/or your staff's convenience I will be glad to update you on the status of the plans and efforts to help make it possible for the next Administration to get their team on the field much faster.

CHARRTS No.: SG-06-001
Senate Committee on Governmental Affairs
Hearing Date: May 22, 2008
Subject: Security Clearance Reform: The Way Forward
Witness: Ms. McGrath
Senator: Senator Voinovich
Question: #1

Question: How is the Department of Defense (DoD) addressing GAO's concerns that DoD is providing limited information to other agencies on how it ensures the quality of its clearance products and procedures?

Answer: The Department of Defense (DoD) is aware of the concerns raised in GAO report 07-310, and has taken considerable measures to ensure the quality of clearance products and procedures. As referenced in my written statement, the DoD has placed clearance reform as one of the Department's Top 25 Transformation Priorities. In coordination with OPM, the Joint Security and Suitability Reform Team was formed, accelerating and expanding efforts to develop transformed, modernized, fair, and reciprocal security clearance and suitability systems applicable across the Executive Branch.

CHARRTS No.: SG-06-002
Senate Committee on Governmental Affairs
Hearing Date: May 22, 2008
Subject: Security Clearance Reform: The Way Forward
Witness: Ms. McGrath
Senator: Senator Voinovich
Question: #2

Question: Why is DoD just at 77 percent usage of the Electronic Questionnaire for Personnel Investigations (eQIP) for military and civilian clearances and when will DoD get to 100 percent use of eQIP?

Answer: The 2008 goal for eQIP usage is 95%. This is the national target established by the Security Clearance Oversight Group. As of May 2008, DoD was at an 89% usage rate. It is anticipated the Department will meet the goal of 95% eQIP usage by September 2008.

CHARRTS No.: SG-06-003
Senate Committee on Governmental Affairs
Hearing Date: May 22, 2008
Subject: Security Clearance Reform: The Way Forward
Witness: Ms. McGrath
Senator: Senator Voinovich
Question: #3

Question: I was pleased to learn that OPM and the Army are working to demonstrate electronic receipt of personnel security investigation results from OPM. What results have you seen thus far and when will other divisions of DoD use this technology?

Answer: The Army started receiving their investigations from OPM electronically in September of 2007. The Army receives an average of 23K electronic investigations a month and approximately 1K hardcopy a month. The cases that remain hardcopy include cases that contain a medical release or classified information or that involve confidential sources. OPM has committed to work toward an electronic format solution for those cases as well. The Army and OPM continue to work together to refine the process (such as case electronic format modification) to further improve efficiency.

The Joint Reform team is finalizing the implementation plan that would enable electronic receipt of investigative data (from OPM) across the Department. We intend to field that capability at Defense Industrial Security Clearance Office (DISCO), to support industry requests, this calendar year.

CHARRTS No.: SG-06-004
Senate Committee on Governmental Affairs
Hearing Date: May 22, 2008
Subject: Security Clearance Reform: The Way Forward
Witness: Ms. McGrath
Senator: Senator Voinovich
Question: #4

Question: The Intelligence Reform and Terrorism Prevention Act (IRTPA) requires a single, consolidated database of information relating to the granting, denial, or revocation of security clearances for military, civilian, and government contractors. However, DoD continues to maintain the Joint Personnel Adjudication System (JPAS) as a separate database of its clearance information. While DoD's database is accessible through OPM's larger database of security clearance information, a single database does not exist and JPAS is fraught with problems. What efforts are being taken to establish a modern, single, consolidated database of the information called for in IRTPA?

Answer: Our next report to the President, due on December 15, 2008, will detail the status of and future plans for the Security Clearance and Suitability reform effort. It will include an Enterprise Information Technology Strategy, which will address modernization plans for existing systems, to include PIPS, JPAS, CVS and others.

CHARRTS No.: SG-06-005
Senate Committee on Governmental Affairs
Hearing Date: May 22, 2008
Subject: Security Clearance Reform: The Way Forward
Witness: Ms. McGrath
Senator: Senator Voinovich
Question: #5

Question: I am interested in the Joint Reform Team's plan to develop Automated Records Check (ARC) capabilities, including by moving existing ARC systems being tested by DoD to an operational environment. Please tell us more about the systems being tested by DoD and the plan to move those systems to an operational environment, including when that move will occur.

Answer: The Automated Records Checks (ARC) is a key function of the Automated Continuous Evaluation System (ACES) used by Defense Personnel Security Research Center (PERSEREC) for research and to support limited evaluation of cleared personnel for specific agencies. ACES currently uses 23 government and commercial data sources to retrieve relevant data for the background investigation.

The Joint Reform Team is currently conducting an end-to-end IT demonstration to assess the operational capability of ACES for initial applications in determining eligibility for access to classified information. This demonstration consists of linking several existing applications together, including ACES, to simulate an end-to-end solution.

Based on analysis and the results of the end to end demonstration, the Joint Reform Team will incorporate its results in its development of the Enterprise Information Technology strategy in the December 15, 2008 report to the President.

Hearing Date: 22 May 2008
Committee: HSGAC
Member: Senator Voinovich
Witness: Mr. John Fitzpatrick
Question: 1

Question 1: (U) In discussing his 100 day plan to achieve integration and collaboration of the intelligence community, Director McConnell called for a "re-invention" of the security clearance process to take advantage of information technologies and open source information used by private industry and the law enforcement community. Additionally, the Director's 500 day plan for integration and collaboration listed modernizing the security clearance process as a "core initiative." What steps have been taken by the intelligence community to modernize its process, can you estimate how long this modernization effort might take, and how are these efforts being coordinated with the Joint Review Team's work?

Answer: **(U//FOUO)** Director McConnell's initiative, combined with similar impetus from Undersecretary of Defense for Intelligence Clapper, formed the basis of what we refer to as the Joint Reform Team. There is no distinction between the Intelligence Community (IC) and other Federal efforts. All steps taken are as discussed in our 22 May 2008 testimony and in our report to the President on 30 April 2008, a copy of which is provided as an attachment.

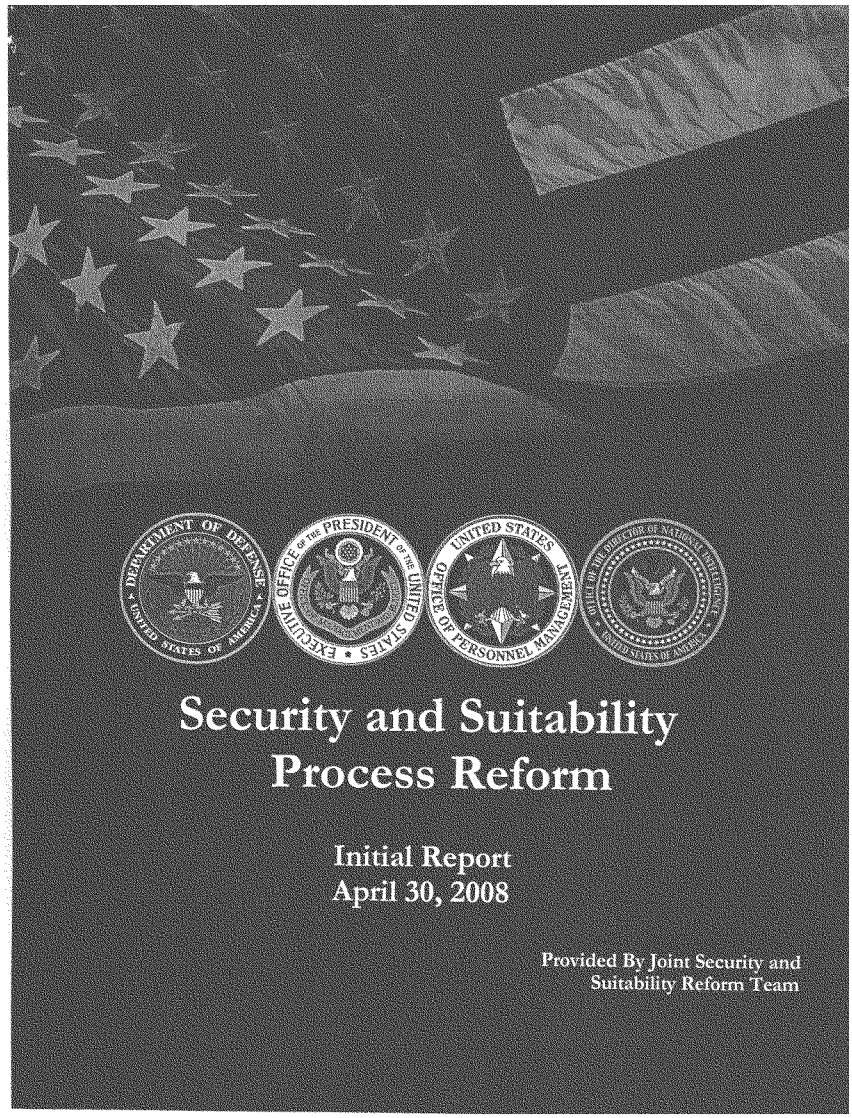
(U//FOUO) All IC agency directors have been briefed on Joint Reform through the DNI's Executive Committee meetings and IC Directors of Security are frequently briefed on major milestones and timelines at the DNI Security Board monthly meetings. Most IC agencies that conduct their own investigations and adjudications already meet current IRTPA requirements for security clearance timeliness.

(U//FOUO) The timeline for modernization in the Security and Suitability Process Reform proposal presented to the President establishes near-term and subordinate actions for calendar years 2008 and 2009. There still is much work to be done to achieve our goals, and the Joint Reform Team continues to perform research and analyses to identify and validate additional actions needed to achieve reform.

Hearing Date: 22 May 2008
Committee: HSGAC
Member: Senator Voinovich
Witness: Mr. John Fitzpatrick
Question: 2

Question 2: (U) Your testimony indicates there will be modifications to intelligence community policies to allow for the clearing of more first and second generation Americans. When do you expect these modifications to be made?

Answer: (U//FOUO) Several new policies, currently in interagency coordination, would remove barriers for first- and second-generation Americans to be considered for IC security clearances. These proposed policy changes include: removing the requirement to obtain a waiver when an applicant has immediate family members who are not U.S. citizens; new guidance to clarify the definitions of foreign preference, and recommended changes to adjudicative guidelines to better align with national security needs. We expect the policy changes regarding immediate family members and foreign preference to be implemented quickly, as they are within the authority of the DNI. Changes to national adjudicative guidelines require interagency coordination, which is ongoing as part of the Joint Reform Team's work.


DEPARTMENT OF DEFENSE
UNITED STATES OF AMERICA
EXECUTIVE OFFICE of the PRESIDENT of the UNITED STATES
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE
UNITED STATES OF AMERICA
Security and Suitability
Process Reform
Initial Report
April 30, 2008
Provided By Joint Security and
Suitability Reform Team

DEPUTY DIRECTOR
FOR MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Security and Suitability Process Reform
Executive Summary

April 30, 2008

The Honorable George W. Bush
President of the United States
Washington, DC

Dear President Bush:

This report responds to your February 5, 2008 request for an initial reform proposal to achieve the goal of making hiring and clearing decisions more quickly, effectively and efficiently. The actions in the attached plan are the product of collaborative efforts by the Office of the Director of National Intelligence, the Department of Defense, the Office of Personnel Management, the Office of the Assistant to the President for National Security Affairs and the Office of Management and Budget to modernize and streamline these processes government-wide. Additional reform actions will be identified and proposed in the coming months, as warranted by continuing efforts to validate improvement opportunities consistent with the process design discussed below.

Based on our analysis, we conclude that we are now ready to adopt and pursue implementation of a process design whereby:

- More relevant information is collected and validated at the beginning of the process, using the application, automated record checks, and subject interview.
- Automation is used to make the process faster, reduce manual activity and leverage additional data sources.
- Field investigative activity is focused to collect and validate targeted information.
- Risk decisions rely on modern analytic methods rather than practices that avoid risk.
- Relevant data is better used for subsequent hiring or clearing decisions, reducing duplication of requests and ensuring consistent quality and standards.
- Continuous evaluation techniques replace periodic reinvestigations, utilizing more frequent automated database checks to identify security relevant issues among already cleared personnel, permitting targeted resolution of cases as issues arise.

An Executive Branch governance structure is needed to ensure processes that enable hiring and clearing decisions are effectively coordinated. This structure will drive implementation of the reform effort, ensure accountability, and sustain reform momentum, particularly through the upcoming transition to a new administration. This structure will be formalized in an Executive Order for your signature no later than June 30, 2008.

To achieve the capabilities of this design, the following near term actions will be initiated immediately:

- Developing the next-generation application that collects more relevant applicant information at the beginning of the process.
- Initiating use of automated adjudication of "clean" SECRET case files to significantly free-up human resources to focus on more complex cases.
- Developing automated record check capabilities for use in initial cases as well as to enable implementation of continuous evaluation as the replacement for today's periodic reinvestigations.
- Developing an information technology strategy to enable these improvements government-wide.

Although much work remains to be done, reform efforts have already made significant progress in improving process timeliness. In 2005, investigation and adjudication processes that support initial security decisions required an average of 162 days, as measured in accordance with the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). After significantly increasing investigative and adjudicative capacity, and placing emphasis on Agency accountability, these processes resulted in a 30% decrease with an average of 112 days now required. The reforms proposed here and in subsequent months, when fully implemented, are projected to enable us to make such decisions in 60 days, as called for by the IRTPA.

These actions, in concert with forthcoming implementation plans, will allow us to operate efficiently to meet the nation's needs. Updates will be provided to you in the coming months as additional reforms are validated, cost-benefit analysis is completed and funding made available. We appreciate your direction and attention, as they are essential to driving the implementation of this reform effort.

Sincerely,

Clay Johnson

INTRODUCTION

In his February 5th, 2008 memorandum "Security Clearances" the President defined the challenges associated with the United States Government's personnel security processes as follows:

"...long-standing practices used in clearing individuals and contractors to work for the Government pose challenges to the speed with which people can begin work or move from one role to another. Specifically, the processes for determining eligibility for access to classified information, determining suitability for Federal employment, determining eligibility to work on a Federal contract, and granting access to Federally-controlled facilities and information systems rely on very similar background data, yet the processes for collecting and analyzing that data are not sufficiently coordinated to allow an individual to efficiently move between agencies and positions of Government interest covered by one or more of these processes."

This report is the product of collaborative efforts by the Office of the Director of National Intelligence, the Department of Defense, the Office of Personnel Management, the Office of the Assistant to the President for National Security Affairs and the Office of Management and Budget to modernize and streamline these processes government-wide. It was developed under the guidance of these Senior Executive Reform Champions:

J. Michael McConnell, Director of National Intelligence

Linda M. Springer, Director, Office of Personnel Management

Clay Johnson III, Deputy Director for Management, Office of Management and Budget

James R. Clapper, Under Secretary of Defense (Intelligence)

This report details the design of a transformed hiring and clearing process, identifies current actions to achieve near-term implementation of designed process capabilities, and outlines those areas for which further study and validation are needed.

Notes to the reader:

Throughout this report, and unless otherwise noted, all actions described will be taken by members of the Joint Security and Suitability Reform Team, referred hereafter as the Joint Reform Team. This team is composed of representatives from the Department of Defense (DOD), the Office of Management and Budget (OMB), the Office of the Director of National Intelligence (ODNI), and the Office of Personnel Management (OPM).

The challenges described by the President cover broad topic areas that are not easily labeled. For the convenience of the reader, the term "hiring and clearing" will be used in this report to cover the scope of the effort, including all of the determinations included in the President's statement above.

BACKGROUND

As a result of actions taken in response to the Intelligence Reform and Terrorism Prevention Act of 2004, the timeliness of clearance investigations and determinations has improved significantly. This was achieved primarily through significant increases in investigative and adjudicative capacity and greater accountability in the performance of these processes. Recognizing that these measures may not prove sufficient to meet or exceed future goals of reform, the Joint Reform Team created a transformed process to make hiring and clearing decisions more quickly, effectively and efficiently.

The Joint Reform Team consulted with government and industry subject matter experts and researched, demonstrated and validated the many changes inherent in the design. The Team evaluated the policy, process and technology aspects of the reform effort. The results of research and demonstration activities are documented in a technical appendix to this report, which is available upon request.*

Key features of the design include:

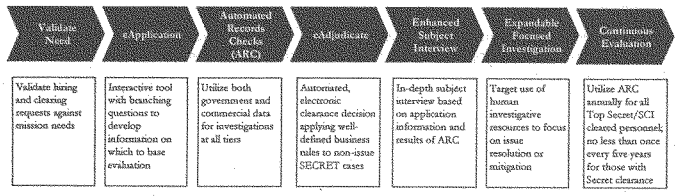
- More relevant information is collected and validated at the beginning of the process, using the application, automated record checks, and subject interview.
- Automation is used to make the process faster, reduce manual activity and leverage additional data sources.
- Field investigative activity is focused to collect and validate targeted information.
- Risk decisions rely on modern analytic tools rather than practices that avoid risk.
- Relevant data is better used for subsequent hiring or clearing decisions, reducing duplication of requests and ensuring consistent quality and standards.
- Continuous evaluation techniques replace periodic reinvestigations, utilizing more frequent automated database checks to identify security relevant issues among already cleared personnel, permitting targeted resolution of cases as issues arise.

These concepts along with other major parts of the process design are described in more detail in the sections that follow.

* Please send written requests to: dni-ssc-help@ugov.gov

PROCESS DESIGN

The transformed process depicted below is composed of steps common to all hiring and clearing decisions. By managing the hiring and clearing process from an enterprise end-to-end perspective, we will be able to design, coordinate, and implement policies and standards that enable effective and efficient hiring and clearing decisions. In addition, we will apply process improvement principles to establish performance metrics for each step to more rapidly identify bottlenecks that negatively impact overall case processing timelines.



Validate Need

This stage focuses on optimizing policy, procedures, and tools before investigations are requested. This design provides a predictable, consistent process whereby managers only submit individuals to the hiring and clearing process as needed.

> **Benefits of *Validate Need:*** Actively managing the investigation request and approval process will reduce duplicative hiring and clearing requests, streamline the reciprocity process, and support workload forecasting to help prevent backlogs. Improvements to the investigation request process reduce unnecessary investigative activity and support accurate budgets and billing for investigations.

Electronic Application

The electronic application (eApplication) is a dynamic, interactive, web-based tool that guides users in providing biographic details required by the hiring and clearing process. The eApplication is intuitive in nature and interactive as it guides individuals in providing biographic details, declarations, clarifications, and mitigating factors for self-reported security relevant information. Completion of this application will form an electronic security case file. The eApplication allows data to be captured earlier in the process to enable more productive investigative and adjudicative dialogue.

An eApplication that employs the latest technologies (including electronic finger printing, on-demand instruction, and quality controls) also permits the use of automated decision rules and cross-referencing with external databases.

> **Benefits of *eApplication:*** Initial processing time is reduced through use of improved technology. It also enhances self-reporting of relevant issues and reduces overall case processing times by increasing accuracy of data provided.

Automated Records Checks

The Automated Records Checks (ARC) is a key aspect of the design. ARC will access relevant information available through government and commercial databases. These additional sources of information will verify identity and afford access to timely, robust and ever-expanding sets of data that are relevant to hiring and clearing decisions. The ARC will be accomplished rapidly and early in the process.

ARC may also be a viable replacement for some traditional field investigative activity when it can reliably identify issues that would be further pursued for expanded focused investigation. ARC will also be used after granting a clearance to validate an individual's continued eligibility for access to classified national security information (see Continuous Evaluation).

> **Benefits of *Automated Record Checks:*** Within an end-to-end electronic system, ARC provides cost and time efficiencies compared with manual investigative activities to gather valuable information. ARC can help identify issue information faster and support both electronic adjudication and continuous evaluation of cleared personnel.

Electronic Adjudication and Granting Secret Clearances

Electronic Adjudication (eAdjudication) is a viable technical means to automatically, electronically grant clearances in cases with no issues by applying computer coded business rules to the adjudicative decision process. An automated process for such cases that qualify will dramatically improve timeliness, ensure consistency and quality in the decision making process, and free up human resources to focus on issues that need attention.

Requests for SECRET clearances comprise approximately three-quarters of the total volume of clearance requests annually, one quarter of which are cases with no issues. Reliably identifying "clean cases" enables automated hiring and clearing decisions. Rapid eAdjudication allows agency adjudicators to concentrate on cases for which issues have been identified.

> **Benefits of *eAdjudication:*** Automation combined with appropriate business rules improves consistency in identifying clean cases. Overall adjudication cycle times are lowered and agency adjudicators are focused on the cases that need the most attention.

Enhanced Subject Interview

An Enhanced Subject Interview (ESI) is an in-depth discussion between an interviewer and the subject to ensure a full understanding of the applicant's information, potential issues and mitigating factors. Research indicates that subject interviews, along with self-reported data on the application, provide the primary sources of information relevant to hiring and clearing decisions. The interview protocols for ESIs are structured around what subjects self-report in the eApplication and the results of ARC.

> **Benefits of *Enhanced Subject Interview:*** Informed by more relevant data collected by eApplication and ARC, ESIs will develop deeper insight into subjects' character, interests, vulnerabilities and demeanor, as well as document mitigating factors and rehabilitation, as appropriate. ESI will also identify areas on which subsequent field investigation can be better focused.

Expandable Focused Investigation

An Expandable Focused Investigation (EFI) is an in-depth field investigation of potential issues as reported by the subject or found through ARC. This approach is an alternative to a checklist-type manual investigation of all personal information.

EFI focuses investigative field leads on issues identified but not resolved by information previously collected. By analyzing case facts that have been reported in the eApplication, ARC, or the ESI, the adjudicator can select appropriate field leads to pursue. Discontinuing the practice of routinely pursuing all leads results in increased process efficiency and potential reduction in resources necessary to perform ESI. Potential resource savings can either be used to support other stages of the transformed process or realized as lower cost.

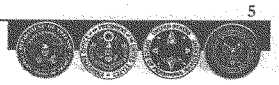
> **Benefits of *Expandable Focused Investigation*:** Costs are reduced and timeliness is improved by eliminating known non-productive investigative activity. Investigative resources are then able to focus appropriately on the issues that need them most.

Continuous Evaluation

Continuous Evaluation (CE) includes scheduled updates of a subject's eApplication information, as well as an ARC. CE will ascertain on a more frequent basis whether an eligible employee with access to classified information continues to meet the requirements for access, rather than waiting 5, 10 or 15 years between initial eligibility and subsequent eligibility determinations.

Updated eApplication information and ARC are the primary sources of information for CE, however focused investigations and enhanced subject interviews will augment the CE process when issues are identified. Records checks will be conducted on the entire TOP SECRET population annually, while the SECRET group will be evaluated on a once every five year cycle. Additional evaluations may be conducted as issues arise or periodically across the cleared population for quality assurance purposes.

> **Benefits of *Continuous Evaluation*:** CE applies risk management techniques throughout the clearance lifecycle. It quickly identifies potential security risks more frequently following the initial investigation. Performing CE in lieu of traditional periodic reinvestigations is expected to reduce cost and improve investigation timeliness and quality.

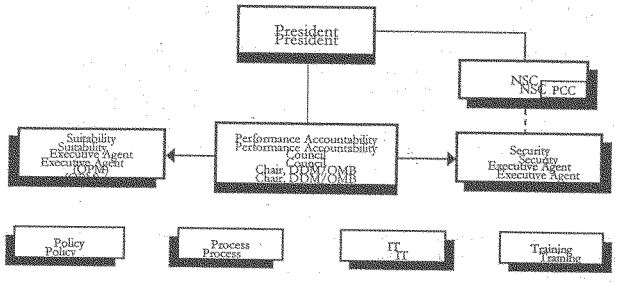


PRIMARY NEAR-TERM ACTIONS

The Joint Reform Team is taking immediate action to methodically, but rapidly achieve specific needs and capabilities of the design.

Governance: The responsibilities for processes that enable hiring and clearing decisions are currently spread among distinct oversight and operating entities. An Executive Branch governance structure is needed to ensure these processes are effectively coordinated. The governance structure will be formalized in an Executive Order for the President's signature no later than June 30, 2008, and initially implemented not later than July 2008.

Performance Accountability Council: The Council, chaired by OMB's Deputy Director for Management, is accountable to the President to achieve the goals of reform. The Council is responsible for driving implementation of the reform effort, ensuring accountability by Agencies and Departments, and sustaining reform momentum, particularly through the upcoming transition to a new administration. It will ensure the Executive Agents for Suitability and Security align their respective processes.



Suitability Executive Agent (OPM): The new Executive Order affirms OPM's role as the *"Suitability Executive Agent"* consistent with its statutory and regulatory authorities over the Federal government's workforce.

Security Executive Agent: This is a new role, which will be designated in the new Executive Order, and will consolidate security clearance responsibilities that are currently spread out among diverse members of the security community.

The Council Chair will assign responsibility for specific Executive Branch level initiatives required of the reform effort. Such initiatives include development of alignment policy, process improvement, information technology, as well as training standards and curriculum.

Next-generation application: A near term goal is to develop the next-generation electronic application (eApplication) which will provide additional functionality beyond those of the existing tool and integrate it with other elements of end-to-end information technology. To obtain these near-term goals, we expect that additional standardized branching questions and quality control checks will be finalized and agreed to by participating agencies this calendar year, along with development of the supporting tool. A complete project plan, including means to process electronic attachments, signatures and fingerprints, will be finalized this year as requirements and system capabilities are identified and analyzed.

Clean Case eAdjudication: Joint Reform Team activities identified portions of the SECRET case workload that could be more quickly processed through application of eAdjudication's automated decision support capabilities. The Joint Reform Team will submit revisions to government policy as needed to authorize eAdjudication in order to take advantage of this process improvement opportunity. With such policy in place, implementation of eAdjudication on SECRET clean cases can be achieved within this calendar year for agencies that are currently able to process electronic reports of investigation. To have continuous assurance of the reliability of the approach, implementation of eAdjudication will coincide with establishment of a long-term program for manual quality control checks of eAdjudicated cases. Additionally, the feasibility of eAdjudication for other than SECRET cases will be subject to further study.

Develop Automated Records Checks Capability: Joint Reform Team activities demonstrated the potential of replacing some traditional investigative elements with ARC, at two distinct points in the hiring and clearing process. First, ARC may replace some costly and time consuming field leads in SECRET cases and as an important element in the first 72 hours of a TOP SECRET investigation. Second, ARC conducted annually on the TOP SECRET-cleared population and within a five-year period for the SECRET-cleared population, not only may provide a cost-effective form of continuous evaluation, but also a rapid and reliable means to evaluate trusted insiders. Research findings to date warrant further validation of ARC capabilities as part of the enterprise information technology strategy. Such development activity includes investments to move existing DoD systems from test and development to an operational environment, to enhance existing OPM capabilities, and to augment those capabilities with access to additional databases as needed. For example, current government and commercial databases that are not currently part of ARC should be added to expand the amount of information available. Lastly, developing ARC capabilities for initial use will enable further testing on other populations and types of investigations.

Develop Enterprise Information Technology Strategy: Central to achieving the goals of this reform initiative is the design, development, testing and implementation of end-to-end information technology. Joint Reform Team efforts to date focused on identifying IT systems and processes currently in use across the U.S. Government and the improvements needed to fully support a transformed end-to-end system. A multitude of systems are in use across the U.S. Government providing similar functionality but with limited interoperability. These systems are designed primarily to track hardcopy case file information; paperless processes are minimal and end-to-end electronic capability does not exist. Other near-term information technology activity will focus on conducting an end-to-end technology demonstration to determine need and requirements for information technology investments to achieve transformation. Results of the end-to-end demonstration are expected by the end of the fiscal year. They will inform a long-term information technology strategy that highlights the benefits of an enterprise-wide approach and establishes a transition strategy for the use of new or improved systems.

SUBORDINATE ACTIONS AND AREAS FOR FURTHER STUDY

To support the primary near term actions, there are additional activities and areas requiring further validation to achieve the transformed process design. These subordinate actions and ongoing studies will help us determine the efficacy of the proof of concept, and provide opportunities to develop new business practices that improve performance. Specific activities that will be defined and scheduled going forward can be addressed in terms of three general categories: Policy, Process and Technology.

POLICY: Most of the changes necessary to support the transformed process can be accomplished under authorities that exist today. Existing Executive Order language does not impede the transformed process; however, new Executive Order language is needed to establish a new governance structure for aligning and sustaining the reform of the hiring and clearing processes. Current legislation does not impede the transformed process; however, long-term legislative changes may be identified in the future.

Specific policy related activities underway or planned include:

CY08

- Clarify government policy regarding continuous evaluation of cleared population
- Draft and submit Executive Order to ensure fitness reciprocity and reinvestigation of individuals in public trust positions
- Modify the Standard Form 86 to permit research as routine use, incorporate branching questions and support continuous evaluation of cleared individuals more often than every 5, 10, or 15 years.
- Revise policy and procedures, if necessary, to use ARC in lieu of traditional field leads
- Develop strategy to ensure that standard and criminal record checks are conducted to mitigate gaps in automated record systems, whether Federal, State or Local
- Identify proposed revisions to investigative standards, as needed
- Develop draft business rules for end-to-end IT system

PROCESS: The amount of manual labor imbedded in the current process must be streamlined to support and sustain transformation. Leveraging available tools and technologies will enable more efficient and effective practices for making hiring and clearing decisions.

Specific process related activities underway or planned include:

CY08

- Continue development of a simplified position designation system to identify risk and sensitivity levels of Federal positions to support streamlined investigative process and reciprocity
- Analyze data on application submission errors to identify quality controls needed in eApplication

- Continue to assess reliability of ARC in flagging issue cases for additional investigation types (TOP SECRET, Periodic Reinvestigations) and in United States Government populations beyond those tested to date.
- Develop implementation strategy detailing practical application of ESIs and EFI; evaluate phased initial Single Scope Background Investigation as possible interim step
- Corroborate effectiveness of issue case flagging strategies on additional set of sample cases with adverse determinations
- Develop Federal strategy on improving the accessibility of Federal investigative records

CY09

- To support reciprocity, continue with government efforts to develop standardized training and certification for security professionals (adjudicators, investigators, case analysts)

TECHNOLOGY: Applying 21st century technology using an enterprise-wide approach will result in an end-to-end automated system required for all components and operations of the personnel security and suitability community. These technologies will enable more cost-effective and timely case management and information sharing.

Specific technology related activities underway or planned include:

CY08

- Continue development of a single-search automated interface for verification of existing investigations, eligibility, and access to reduce duplication and facilitate reciprocity
- Conduct end-to-end IT demonstration on a select population to validate feasibility and effectiveness of envisioned process
- Design and begin implementing an automated solution to validate investigations requested, investigations conducted, and costs billed by investigation service providers and to provide a sound basis for investigation projections
- Begin to expand capabilities for electronic case file delivery from OPM to all adjudication facilities

CY09

- Continue to procure and deploy world-wide electronic fingerprint stations and link with Enterprise Information Technology Strategy.
- Develop initial operating capability for ARC for Federal use

CONCLUSION

While many reform activities have been undertaken and completed, there is still much work to be done to achieve our goal of making hiring and clearing decisions more quickly, effectively and efficiently. While implementing near-term actions, the Joint Reform Team also continues to perform research and analysis to identify and validate additional actions needed to achieve reform.

The Joint Reform Team, its Senior Executive Champions, and its leaders and members remain grateful for the opportunity to contribute to this critical effort. We are deeply committed to the reform goal, and to identifying and traveling the path to achieve it. As our ongoing activities bring results, we will make additional proposals for implementation.

Post-Hearing Questions for the Record
Submitted to Mrs. Kathy Dillaman
From Senator George V. Voinovich

"Security Clearance Reform: The Way Forward."
May 22, 2008

1. I am pleased that OPM and the Army are working to demonstrate electronic receipt of personnel security investigation results from OPM. What results have you seen thus far, and when can we expect to see all of OPM's investigative files being transmitted electronically to all adjudication agencies?

Response: In May 2007, OPM began testing the electronic transmission system with agencies. Based on the success of the testing, the Department of the Army began using this delivery method in August 2007, and we have successfully transmitted over 233,000 cases to that agency. We have also sent over 14,000 cases to Department of Transportation, including the Federal Aviation Administration, and the Department of Commerce. Approximately 15 additional agencies are interested in receiving their completed background investigation using this delivery method.

The electronic agency delivery functionality has been available to agencies across the Federal Government since August 2007. Use of this delivery method depends on the agency's ability to accept the transfer of data. To promote the use of the electronic agency delivery method and answer questions, we hosted a roundtable discussion with our customer agencies on June 17, 2008. We are also conducting a presentation on this delivery method in July 2008 for the Department of Homeland Security, Environmental Protection Agency, Department of Veterans Affairs, Department of Education, and Department of Agriculture, and have invited interested agency personnel, including adjudicators, to visit our Boyers facility to experience the process first hand. OPM is optimistic that we will have 10 agencies utilizing the electronic agency delivery method by the end of this fiscal year.

2. The Intelligence Reform and Terrorism Prevention Act (IRTPA) requires a single, consolidated database of information relating to the granting, denial, or revocation of security clearances for military, civilian, and government contractors. To comply with this requirement, OPM established the Clearance Verification System (CVS) as part of its Personnel Investigations Processing System (PIPS). However, PIPS is almost 25 years old. Further, despite IRTPA's call for a single, consolidated database, DoD continues to maintain the Joint Personnel Adjudication System as a separate database of its clearance information. While DoD's database is accessible through CVS, a single database does not exist and PIPS borders on being obsolete. What efforts are being taken to establish a modern, single, consolidated database of the information called for in IRTPA?

Response: One of the goals for CVS is to become a single-search system that includes JPAS and other Federal agency clearance and investigation data. OPM is working with ODNI to establish connectivity between CVS and the intelligence community's Scattered Castles database. In addition, we are working on a redesign of CVS to relocate CVS to a platform separate from PIPS. We also plan to make CVS web-based which will enhance the interface, look, accessibility, and navigational aspect of CVS. Future CVS users will be able to query the Federal Government's three major

clearance/investigations systems with a single search. CVS will remain an unclassified system that can be used to support reciprocity throughout the Federal Government.

This is only one of the enhancements we are planning for EPIC, our suite of automated systems. As noted in question 5, OPM has a transformation plan to ensure we are using cutting edge technology in the security clearance and investigations process.

3. A continuing focus of our Subcommittee hearings has been the training of OPM's investigative staff to ensure they have the necessary skills to conduct efficient, thorough investigations. The Joint Reform Team report asserts that standardized training and certification for security professionals, including investigators, will be developed in 2009. Why is it taking so long to develop standardized training and how are you ensuring that your investigative staff has the necessary skills to conduct efficient, thorough investigations today?

Response: OPM's Federal Investigative Services Division (FISD) instituted a standardized training program for investigators in November 2005. The training is based on the Investigator's Handbook which our Federal and contract investigator use to conduct background investigations. This training program ensures all investigators have the necessary skills and knowledge to conduct efficient and thorough investigations. The standardized program consists of a shadowing phase and an intensive three week instructor lead course. The course includes presentations, graded evaluations, and mock interviews. Although, the contract investigative companies are responsible for conducting their own training, OPM-FISD is responsible for approving the training materials and conducting random audits to guarantee all aspects of the training are consistent with the policies and procedures that outline the background investigative process. The contracts for these investigative companies outline the minimum standards of the courses and on-the-job training required. To further standardize training and ensure that all investigative staff (Federal and contractor) have the necessary skills needed, we are developing a plan to have the Federal Training team assume direct responsibility for training for all contractor field agents. This requirement will be inserted in the next cycle of solicitations for field services.

4. The February 2007 Annual Report of the Security Clearance Oversight Group noted that in 2006, the FBI and OPM entered into a Memorandum of Agreement for the FBI to provide records for OPM's investigations in a timely manner, with a goal of 30 days. The February 2008 annual report shows that 83 percent of FBI records are being provided within this time frame. What needs to be done to increase that percentage, and are there any other issues with the availability of federal records that we need to address?

Response: To reach its 30 day goal, the FBI needs to adequately staff its records center and continue to improve its internal processes. We also need to work with the FBI and our other third party record providers to establish an electronic method to transmit responses to OPM, thereby eliminating mail and processing time. We have been working closely with Federal, state, and local record providers for some time, and have seen significant improvements in response times.

5. Has OPM shared a copy of the OPM-FISD Automated System and Transformation Plan with the Joint Reform Team? To what extent has the Joint Reform Team been involved in the development

of this plan? What role will the Joint Reform Team play in the further development and implementation of such plan?

Response: OPM is working closely with the Reform Team to develop our EPIC Transformation Plan. EPIC is OPM's suite of automated system that is used to support the investigations program. This collaborative effort is identifying the requirements of the future state of an end-to-end enterprise IT solution and ensuring that OPM's modernization plans are consistent with that vision.

6. Your written testimony discusses OPM's progress in reducing processing times for initial security clearances. The IRPTA requires a reduction in the length of the security clearance process for all applications for a personnel security clearance. Please provide the Committee with information on investigations timeliness for all applications, including applications for reinvestigation.

Response: The following timeliness data was reported in the May 2008 Security Clearance Monthly Performance Report for all agencies. OPM provides monthly and quarterly IRTPA performance reports to the Office of Management and Budget and the security clearance granting agencies. The reports include timeliness data on reinvestigations for Top Secret clearances. The same investigation types are used for the initial investigation and reinvestigations for Secret/Confidential clearances, so the timeliness data is reported together.

Security Clearance Monthly Performance Report: May 2008
Performance for: All Agencies

OPM's Investigations Timeliness	Top Secret	Secret/ Confidential	All Initial Summary	Top Secret Reinvestigations
Total Completed	8,660	52,430	61,090	13,986
Average Proc Time	*97 days*	*79 days*	*82 days*	*172 days*
80% Completed in:	**73 days**	**52 days**	**55 days**	**116 days**
85% Completed in:	77 days	56 days	59 days	127 days
90% Completed in:	82 days	62 days	65 days	140 days
Investigation Time measured from Receipt Date to Closed Date - includes investigations received 10/1/06 to present				

○