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SECURITY CLEARANCE REFORM: MOVING FORWARD ON MODERNIZATION

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 ELEVENTH CONGRESS

FIRST SESSION

SEPTEMBER 15, 2009

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

53–837 PDF WASHINGTON : 2010

For sale by the Superintendent of Documents, U.S. Government Printing Office
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SECURITY CLEARANCE REFORM: MOVING FORWARD ON MODERNIZATION

TUESDAY, SEPTEMBER 15, 2009

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 2:35 p.m., in room SD–342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka, Burris, and Voinovich.

OPENING STATEMENT OF SENATOR AKAKA

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

I want to welcome you to our sixth hearing on reforming the security clearance process, which has been on the Government Accountability Office's (GAO) High-Risk List since 2005. Since we began this line of hearings, much progress has been made in laying the groundwork for reform. Now is the time to move forward with modernizing the security clearance process in the Federal Government.

When this issue was originally placed on the High-Risk List, it was designated as a problem with the Department of Defense's (DOD) clearance process. However, through our oversight, it has become clear that this problem must be looked at through a government-wide lens and in conjunction with suitability screening. The last Administration, with the support of dedicated career civil servants on the front lines of this issue, worked hard to reduce processing times for security clearances. The backlog of security clearance determinations has all but vanished, but the investigations still rely on outdated, paper-based processes.

We must use this opportunity to make fundamental changes to the process to ensure that we do not experience the same problems in the future. Modernizing also will lead to more efficient operations and will help with another key priority of mine, streamlining the Federal hiring process and making it more user friendly.

It is also time to further examine the quality of clearance investigations and adjudications. This means creating and implementing meaningful metrics that can be audited so that we know the sys-

tem is working. The security of our Nation depends on ensuring that security clearance decisions are based on thorough, modern, and risk-based determinations.

With metrics in place, it will become clear that one of the biggest barriers to modernizing the clearance system is reinventing and modernizing the information technology (IT) infrastructure at the Office of Personnel Management (OPM), the Department of Defense, and within the intelligence community. I have been concerned for years about the outdated systems in use throughout the clearance process. Some of these systems date back over 20 years.

Every change in the Administration brings inevitable delays, as new leaders are put into place and get up to speed. Some of the reforms outlined by the Joint Reform Team made up of government stakeholders involved in issuing clearances and suitability determinations at our hearing last May are behind schedule.

It is important, after years of work put into reform, that it continues to move forward in a meaningful way. We must work to modernize the clearance process in order to remove it from the High-Risk List as soon as possible.

While progress has been made, with timeliness greatly improved and backlogs reduced, meeting the Intelligence Reform Act's milestones alone should not be the ultimate goal. This will require the buy-in of all stakeholders, a willingness to collaborate, and the knowledge and skills that the reform team has brought to the table.

I again want to thank all of our witnesses for appearing today. I also want to recognize the dedicated career professionals, those sitting behind our witnesses, as well as those who are not here today, who have been working on this issue for years. I again want to thank you all for your service.

I especially want to thank Kathy Dillaman, who has worked with this Subcommittee for many years and who I understand will be eligible for retirement in the coming years.

I also want to thank Senator Voinovich for his continued dedication to this issue. We have worked together on this issue seamlessly, no matter who was the Chairman, and I think we have shown that great progress can be achieved through oversight. I know that Senator Voinovich is anxious to resolve some of these pressing government management problems as he looks forward to retirement, so I would urge you all to work hard on this issue over the next year.

With that, I will recognize Senator Voinovich for his statement. Senator Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Thank you, Mr. Chairman, and I thank the witnesses for being here today.

We are continuing to review the Federal Government's effort to reform the security clearance process. We have worked on this for a long time. This is our sixth hearing. This goes back 5 years—we started in 2005—so if some of our words today are from a little bit of exasperation about things, you will understand, for the newcomers here.

More than 4 years after our first hearing, the DOD's security clearance process remains on GAO's High-Risk List and I see little evidence of progress thus far in furtherance of Congressional security clearance reform mandates. I am anxious to hear from our new people about this.

Reforming the security clearance process and removing DOD's personal security clearance process from GAO's High-Risk List are priorities for me in, as Senator Akaka said, my final Congress. I have always believed that the Executive Branch could get DOD's clearance process off the High-Risk List, and I want to see that happen. I intend to closely monitor efforts in this regard and have told my staff I want weekly updates on progress made to get DOD's personnel clearance process off the High-Risk List before I leave.

There are many reasons this is important, perhaps most notably because of the cost of the security clearance process. Mr. Chairman, I cited this statistic before, but I think it bears repeating. An August 2007, Department of Defense report on security clearance investigations estimated it took an average of 208 days to process "secret" clearance requests for industry. For every day a contract employee is on the job without the appropriate clearance, it costs the taxpayer approximately $684 in lost salary and benefits because the contractor is not able to do the job he is being paid to do. Over 208 days, a secret clearance for one person costs more than $140,000, about three times the 2007 median U.S. household income of $50,000. This is pretty serious business.

Some real headway has been made to reduce this time. As the Government Accountability Office noted in its May report, Executive Branch agencies responsible for investigating or adjudicating clearances have made significant progress in improving the timeliness in clearance processing. Specifically, in 2004, top secret clearance investigations took almost 400 days and today they take less than 80 days. Similarly, initial secret clearance investigations took about 200 days in 2004, and today they take less than 50. This is significant progress, and I recognize and appreciate that. But it remains to be seen whether the 2009 benchmark for processing clearance requests in 60 days will be met.

Additionally, even if that benchmark is met, timeliness is just one aspect of the security clearance reform that Congress called for in the Intelligence Reform and Terrorism Prevention Act (IRTPA). The law also calls for a number of other actions, including uniform policies regarding the security clearance process, reciprocal recognition of security clearances among agencies, and an evaluation of the use of technology to expedite security clearance processes. Senator Akaka, I think, did a pretty good job of outlining what we need to do there.

I am particularly concerned about the lack of progress being made regarding reciprocity. I still consistently hear from individuals who have problems having one agency accept another agency's clearance. I am also concerned about the lack of progress in, as I mentioned, implementing technology. I believe the Executive Branch needs to do more to address these requirements. As GAO noted in May, problems related to the quality of security clearance investigations and adjudication determinations, reciprocity of clearance determinations, and information technology persist.

The Joint Security and Suitability Reform Team recognized that more work regarding the security clearance process is needed when, in December 2008, it issued a report with tasks to be achieved during 2009, including implementing a revised electronic questionnaire (e-QIP); deploying an automated records check (ARC), capability in the Department of the Army, and developing a strategy for further ARC use; developing a curriculum for training national security clearance professions; and revising the questionnaire for national security positions.

The Office of Management and Budget (OMB) tells me it is coordinating interagency review of these and other proposals and I am anxious to hear about the results of that review. I also want to know when that review will be complete and when all of the called-for-reforms will be implemented. To that end, I expect OMB to report to us in writing about any changes that are made to the December 2008 Joint Reform Team Plan, including a specific implementation timeline for each of the initiatives called for in that plan so we know that this is down in writing and there are goals that are being set.

I want to thank our witnesses again for their participation. I am confident that if we all work together, we can achieve security clearance that saves the Federal Government time and money.

I am particularly glad to have the Government Accountability Office here today, because last year, I expressed concern that the Department of Defense security clearance process, which was added to the GAO's High-Risk List in 2005, would remain on the list in 2009. My prediction proved true. In January, GAO continued the designation of DOD's clearance process on the High-Risk List. As I mentioned earlier, getting DOD's security clearance process off the High-Risk List is a priority for me. Again, I look forward to hearing from you today. Thank you.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much, Senator Voinovich.

It is really a pleasure for me to welcome our witnesses today. But before I introduce our witnesses, let me call on Senator Burris for his opening statement. Senator Burris.

OPENING STATEMENT OF SENATOR BURRIS

Senator BURRIS. Thank you, Mr. Chairman, to Ranking Member Voinovich and to our distinguished panel. I am very anxious to hear all this great testimony from this distinguished panel.

I am aware that this Subcommittee has held several hearings on the topic of security clearance reform. I look forward to hearing from our witnesses and discussing ways to further improve the effectiveness and efficiency of the security clearance process. Having been through the security clearance process many years ago, I am interested to see what updates have been made.

Considering that the government conducts roughly 800,000 security clearances and investigations each year, I was pleased to learn about the progress we made in cutting down on the investigative time, improving database technology, and bolstering interagency cooperation. Nevertheless, our efforts are far from over.

Just recently, as Senator Voinovich mentioned, I had a problem with my own office relating to the reciprocity of one staffer who

had a security clearance from a Federal agency which was not reciprocal here in the Senate. I witnessed firsthand the challenges this presented for the staffer as well as the impact it had on the office as a whole. Work was delayed, certain briefings could not be attended, and the questions arose that could have been avoided if ongoing problems surrounding their agency reciprocity security clearance was resolved.

So I am eager to learn more about this issue as well as the other obstacles that could be avoided with better oversight and management of our security clearance process. I look forward to working with the entities here today in implementing a proper reform goal needed for improvement.

Thank you very much, Mr. Chairman, and I will then have some questions.

Senator AKAKA. Thank you very much, Senator Burris.

Now I will introduce our witnesses: Jeffrey Zients, Deputy Director for Management and Chief Performance Officer at the Office of Management and Budget; John Berry, Director of the Office of Personnel Management; Lieutenant General James Clapper, Under Secretary for Intelligence at the Department of Defense; David Shedd, Deputy Director of National Intelligence for Policy, Plans, and Requirements for the Office of the Director of National Intelligence; and Brenda Farrell, Director, Defense Capabilities and Management, Government Accountability Office.

It is the custom of this Subcommittee to swear in all witnesses, so I ask all of you to stand and raise your right hand.

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

Mr. ZIENTS. I do.

Mr. BERRY. I do.

Mr. CLAPPER. I do.

Mr. SHEDD. I do.

Ms. FARRELL. I do.

Senator AKAKA. Thank you very much. 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 statements will be included in the record.

Director Zients, will you please proceed with your statement.

TESTIMONY OF HON. JEFFREY D. ZIENTS,[1] DEPUTY DIRECTOR FOR MANAGEMENT AND CHIEF PERFORMANCE OFFICER, U.S. OFFICE OF MANAGEMENT AND BUDGET

Mr. ZIENTS. Thank you. Chairman Akaka, Ranking Member Voinovich, and Senator Burris, thank you for inviting me here today. It is my privilege to testify on behalf of the Office of Management and Budget to discuss the Administration's ongoing security clearance reform efforts and the status of implementing those reforms.

The Intelligence Reform and Terrorism Prevention Act of 2004, challenged the Federal Government to address longstanding prob-

[1] The prepared statement of Mr. Zients appears in the Appendix on page 29.

lems with the timeliness and the coordination for granting national security clearances. Executive Order 13467 reinforced the goals of IRTPA and recognized OMB as the lead agency to ensure coordination across the Federal Government.

OMB, OPM, and the Office of the Director of National Intelligence (ODNI), along with the Department of Defense, comprise the Joint Reform Team and together provide leadership regarding reforms to policy, processes, and information technology which affect the approximately 2,000,000 security and suitability determinations conducted by the government each year.

Much has been accomplished to reform the process and improve timeliness. Of note, processing times for initial clearance investigations are down sharply since 2004 and the backlog of pending clearance investigations, once over 100,000 cases, is now gone. These accomplishments are significant and testify to the dedication of the staff at the agencies representing the security and suitability community, as well as to your leadership and persistent focus on these issues.

However, much remains to be accomplished. By the end of 2009, IRTPA requires that, to the extent practicable, 90 percent of security clearances must be completed within an average of 60 days, providing 40 days, on average, for investigations and 20 days, on average, for adjudications. To achieve this goal with sustainable solutions that also enhance quality, we must continue to reform and modernize existing processes. These ongoing efforts will require focus and execution, but I believe we have a strong plan from which to move forward.

Since beginning work at OMB in late June, I have worked with the leadership of the reform effort to finalize the plan updates to the standard forms that support the security and suitability clearance processes. These updates will support better alignment between security and suitability processes and thus drive greater efficiencies and higher quality for both.

Upon review, we determined that certain suitability positions would not require investigations as detailed as the security investigations with which they had been aligned under the original plan. As a result of this determination, it is necessary to modify the underlying investigative standards and make the appropriate changes to the appropriate forms, Standard Forms 85 and 86.

I am pleased to report that I expect the revised Standard Form 86, which is used in national security investigations, will be available for public comment by the end of this month. And following a review of any comments received, we will make final revisions to the Federal Investigative Standards. We will make any changes to our overall development and implementation schedule as a result of these changes. However, I remain committed and confident that the reforms will be substantially operational across the Federal Government by the end of calendar year 2010.

Later this month, in my role as Chairman, I will lead a meeting of the Performance and Accountability Council to underscore the importance of this effort, reinvigorate leadership among participating agencies, and reinforce the close partnership necessary between the executive agents for security and suitability, as well as DOD and OMB. From my experience in the private sector leading

transformational projects such as this, the participation of major project champions is essential for success.

With this support, the other keys to successfully driving this reform effort include the development of detailed work plans among the Joint Reform Team and all partners; establishing appropriate metrics for the measurement and management of the initiative; identifying problems early and thinking creatively about solutions; and holding people accountable for outcomes. I will ensure all of these elements are in place and will maintain a relentless focus on the overarching goals of improved timeliness, reciprocity, and quality.

In summary, our shared goal of improving the suitability and security clearance process is one of tremendous importance to me personally and all the agencies at this table. It will remain a high priority for this Administration.

I also want to recognize the important role that the Government Accountability Office plays in the reform initiative. I look forward to working with them toward our common objective of improved performance and toward the goal of removing the DOD security clearance program from their High-Risk List.

The advances to date are certainly commendable, but much work remains. With the commitment of this cross-agency team and the continued support of this Subcommittee, I am confident we will meet our goal of improving the timeliness, reciprocity, and quality of clearance decisions for the security of the American people.

Senators, we indeed will work very hard. Once again, thank you for the opportunity to speak with you today. I would be happy to answer any questions you have.

Senator AKAKA. Thank you very much, Director Zients.

Mr. ZIENTS. Thank you.

Senator AKAKA. Now, we will hear from Director Berry. Will you please proceed?

TESTIMONY OF HON. JOHN BERRY,[1] DIRECTOR, U.S. OFFICE OF PERSONNEL MANAGEMENT

Mr. BERRY. Mr. Chairman and Members of the Subcommittee, thank you. And Mr. Chairman, I want to echo sentiments that you made in your opening remarks. Ms. Dillaman, who sits behind me, is our career Senior Executive who has been working on this over the years, and all of the good news that I have to report to you today is largely the work from her and her team. She has been a phenomenal leader and I want to thank her for her incredible efforts on this issue and recognize its importance.

Mr. Chairman, I think it is important to underscore some of the numbers. When OPM took over these investigations 5 years ago, 90 percent of the cases were taking over 300 days per year. In fact, in many cases, approaching 400 days per year. I am very proud to come before this Subcommittee today and tell you that we are ahead of schedule in meeting the December goal. We will reach this year 90 percent of investigations being completed in 40 days or less. That is not due until December, but we are ahead of schedule. So that is significant progress, and that is largely due to Ms.

[1] The prepared statement of Mr. Berry appears in the Appendix on page 35.

Dillaman's efforts and the efforts of her team and all of the folks at this table.

The other thing that is, I think, important to point out is the costs in addressing this over the 5 years have remained within the inflation rate, within 1 percent. So there has not been a significant increase in costs, we have been able to do this responsibly.

Senator Voinovich, at my confirmation hearing, I promised you that I would look into these issues. You raised the forms at that point, that there was an issue involving a logjam on these form issues. I have to tell you, it has been an honor and a pleasure working with David Shedd and General Clapper on that issue and I am pleased to report to this Subcommittee today, we have reached consensus on the forms, and those are ready to go. OMB is in their final review, and I think they will be in print and you will see them done. So I am very pleased to report that that logjam has been broken.

It doesn't mean we are all the way there, especially on IT and reciprocity, two issues which this Subcommittee has been dogging from the beginning.

On the automation efforts, at least on the investigations front, we are well on our way. We are more than halfway there, and we fully expect that we will be on schedule in meeting the objectives of the plan. Obviously, if this is going to work, we have got to be able to make this information accessible electronically, and we will not rest until that is done. But Ms. Dillaman and her team are well on the way.

And then the last thing I just want to do is to tip my hat again to Mr. Shedd and General Clapper. They have been at this issue for many years. They have been persistent in wrestling these issues to the ground with us. Our team, working closely with theirs, has developed a great comradeship in this effort. My pledge to you is I will stay engaged and involved with this, with Mr. Zients, General Clapper, and Mr. Shedd, until the job is done.

So we won't rest until the GAO can sit at the end of the table and say this has been removed from the high-risk category, and I think that is within striking distance. We aren't at the goal line yet, but we are within 10 yards. So I am very optimistic.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much, Director Berry. That has been great news.

Now, I would like to call on General Clapper for your statement.

TESTIMONY OF HON. JAMES R. CLAPPER, JR.,[1] UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE, U.S. DEPARTMENT OF DEFENSE

Mr. CLAPPER. Mr. Chairman, Senator Voinovich, and Senator Burris, the Department of Defense shares the Subcommittee's great interest in and focus on security clearance reform. It is a top transformation priority for the Secretary and the Deputy Secretary of Defense.

[1] The joint prepared statement of Mr. Clapper and Mr. Shedd appears in the Appendix on page 41.

I met with the Secretary yesterday and he specifically asked me to thank you for your sustained support for clearance reform. You can appreciate why we are so vitally interested. Our volume of security clearance cases is approximately 1.2 million at a cost of nearly $1 billion a year.

While a lot of progress has been made in reducing the security clearance backlog through Herculean efforts, it is clear that end-to-end transformation of the security clearance process is necessary if we are going to meet, and importantly, sustain, the 2009 goals required by the Intelligence Reform and Terrorism Prevention Act. In other words, said perhaps more bluntly, I think we pretty much squeezed the blood out of our current turnip and we need to go to a modernized system using modern technology and focused investigations on what actually produces relevant security data.

Earlier this year, the Government Accountability Office identified several improvements needed in the adjudication of Department of Defense security clearances, and I wanted to make known that in response, we have taken the following actions.

First, the Department's Personal Security Research Center, which I happened to visit last Thursday, worked with select Central Adjudication Facility representatives to develop a formal, professional certification program for adjudicators. The program includes a governing board charter, business rules, and an experience requirements checklist.

Second, we developed guidance for documenting adjudicative rationales. This ensures that adjudicators will more thoroughly document relevant information used to make their decisions and help promote consistency among our Central Adjudication Facilities (CAFs). This tool will be fielded by the end of the year.

Third, we developed an automated tool that gathers specific information about incomplete security investigations or investigations that do not meet adjudicator needs. By the end of this month, this tool will provide visibility to improve the investigative process. It will also provide an automated request for additional investigative work, which reduces the number of forms adjudicators must complete.

We took another significant step in transforming the adjudication process last November when the Army implemented electronic adjudication which applies decision support technology to assist in the processing of secret cases. The e–Adjudication System screens all secret-level cases for military members and automatically mediates so-called clean cases, which are cases with no issues or acceptably minor issues. Since the Army fully implemented e–Adjudication earlier this year, almost 70,000 eligible cases were screened. Nearly one-third of those clean cases were automatically adjudicated. This means these cases required no human review, which results obviously in significant efficiencies.

Earlier this month, e–Adjudication was expanded to our industrial cases, which represents almost 180,000 additional cases annually. We expect that a quarter of these will qualify for automatic adjudication, illuminating the need for human intervention. The Department plans to roll out this capability to Air Force and Navy adjudications by the end of the year.

We plan to co-locate the Department of Defense adjudication facilities by 2012 as required by Base Realignment and Closure (BRAC). As part of that effort and in anticipation of it, we plan to move all adjudicators to a standardized case management system. This will enhance efficiency, enable consistency, and allow for better performance measurement and management.

Mr. Chairman, Senator Voinovich, and Senator Burris, thank you again for the opportunity to be here today. This concludes my remarks, and I look forward to addressing your questions.

Senator AKAKA. Thank you very much, General Clapper, for your part of a joint statement with Mr. Shedd.

And now for the other part of the statement, Mr. Shedd.

TESTIMONY OF DAVID R. SHEDD,[1] DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE FOR POLICY, PLANS, AND REQUIREMENTS, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Mr. SHEDD. Thank you, Mr. Chairman, Senator Voinovich, Senator Burris, for the opportunity to speak to you this afternoon. Let me assure you that the goals of this reform, to transform and demonstrably improve the effectiveness and efficiency of these important processes, remain a high priority for the Director of National Intelligence (DNI) and for the intelligence community in which I serve.

As Director Dan Blair's Deputy for Policy, Plans, and Requirements, the DNI has entrusted in me the implementation of these critical reforms. These improvements are badly needed to put the best skilled and trusted personnel to work in timely fashion in the defense of our Nation, as you have pointed out.

Our commitment is evident in our assignment of expert personnel exclusively to this effort, the dedication of other resources, including serving as the host facility for the Joint Reform Team in its efforts since the inception.

Each of us understands the role the Intelligence Reform and Terrorism Prevention Act of 2004 played in establishing the first ever performance goals for this process. I note also that the very same law established the Director of National Intelligence and established the Office of the Director of National Intelligence, so these goals and other organizational changes are linked in fundamental ways.

That linkage was enhanced in 2008 when the DNI took on the responsibilities of the security executive agent, consolidating policy and oversight responsibility for clearances in ways both necessary and new. It is this perspective on reform across the Executive Branch that I am pleased to share with you today, along with my colleagues.

As Mr. Zients has noted, progress has been made, but work remains to be done. In order to achieve the transformational change we all want, and in order to reach the 2009 IRTPA goals, we need to modernize the underlying security clearance processes across the

[1] The joint prepared statement of Mr. Clapper and Mr. Shedd appears in the Appendix on page 41.

Executive Branch. This will require an alignment of policies, process, and information technology.

To that end, our reform plan's key features are collecting security-relevant information earlier in the process. Second, leveraging the technology to significantly reduce manual activity, as General Clapper has pointed out and is already well underway at the Department of Defense, by using modern data sources, making decisions based on modern analytic methods that manage rather than avoid the risk. Third, tailoring field investigative activity to better focus on the relevant data that has been collected. Fourth, enhancing the alignment of the investigation process in subsequent hiring and clearing decisions, thereby reducing duplicative work. And finally, applying these new capabilities to more frequently assess the risk within the populations that already have a security clearance.

The reform plan published in December 2008, Senator Voinovich, that you cited, includes implementation timelines intended to make these changes substantially operational across the Executive Branch by December 2010. While an Administration review of certain elements of the reform plan has resulted in some temporary delays to that time table, we remain committed to that goal and ask your support and attention in helping us achieve it.

As the review concludes, we look forward to resuming an ambitious pace of achievement, resuming activity in a number of areas, including additional revisions to the Federal Investigative Standards, continuing the development of automated record check capabilities, changes to the automated systems that will collect the SF–86 forms, information online, changes to the automated systems to streamline management for future investigations and the adjudication processes, and finally, the guidance to enable agencies to execute their own implementation plans as needed.

So last, I note that much work has continued even in the Administration's review as it has been undertaken and I highlight the work of all my partners as they pursue improvements to organizational case management systems, online repositories of clearance data, the electronic transmission and adjudication of investigative cases, and the additional meaningful performance measures to the suite of tools the Performance Accountability Council will use to monitor our collective progress.

Chairman Akaka, Senator Voinovich, and Senator Burris, this concludes my prepared remarks and I submit this for the Subcommittee's record. Thank you very much.

Senator AKAKA. Thank you very much for your statement, Mr. Shedd.

And now, we will receive the testimony of Ms. Farrell.

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

Ms. FARRELL. Thank you, Mr. Chairman, Senator Voinovich, and Senator Burris, for the opportunity to be here today to discuss DOD's security clearance process and the government-wide reform efforts.

[1] The prepared statement of Ms. Farrell appears in the Appendix on page 48.

We have testified on clearance-related issues in five prior hearings that this Subcommittee has held since January 2005, when we first placed DOD's personnel security program, which represents the vast majority of clearances adjudicated, on our list of high-risk government programs. At that time, DOD was experiencing significant backlogs and delays. Over the years, we have conducted a broad body of work on clearance issues that gives us a unique historical perspective.

My remarks today draw from two recently issued GAO reports. My main message today is that progress has been made to reduce delays in granting clearances, but further actions are needed to enhance quality and sustain the reform efforts.

My written statement is divided into three parts. The first addresses the progress at reducing delays in DOD's clearances. DOD and OPM have made significant and noteworthy progress in reducing delays in making clearance decisions and met statutory timeliness requirements for DOD's initial clearances completed in fiscal year 2008. Currently, 80 percent of initial clearances are to be made within 120 days, on average. We found that OPM and DOD made initial clearance decisions within 87 days, on average. This represents significant progress from our finding in 2007, when we reported that industry personnel waited more than one year, on average, to receive a "top secret" clearance. Challenges do lie ahead to meet the requirement that by December 2009, a plan be implemented in which, to the extent practical, 90 percent of initial clearances are made within 60 days, on average.

The second part of my statement addresses opportunities for improving the Executive Branch annual reports to Congress. For example, the Executive Branch's 2009 report does not reflect the full range of time it takes to make all initial clearance decisions and has provided little information on quality. Under the current requirements, the Executive Branch can exclude the slowest 20 percent and then report on the average of the remaining differences. Without taking averages or excluding the slowest percentages, we analyzed 100 percent of initial clearances granted in 2008 and found that 39 percent still took more than 120 days. The absence of comprehensive reporting means that Congress does not have the information about remaining delays that continue to exist, or importantly, about the reasons for their occurrences that could help with corrective actions.

With respect to quality, the reports to Congress provide little information. However, the most recent report on the reform efforts identified quality measures that the Executive Branch proposes to collect. We have stated that timeliness alone does not provide a complete picture of the clearance process. For example, we recently estimated that with respect to initial "top secret" clearances adjudicated in fiscal year 2008, documentation was incomplete for most OPM investigative reports.

The third part of my written statement addresses the extent to which the joint reform efforts reflect key factors for reform. For example, initial joint reform efforts reflect key factors for organizational transformation that we have identified, such as having committed leadership and a dedicated implementation team. But the Joint Reform Team's reports do not provide a strategic framework

that contains important elements of a successful transformation, including long-term goals with outcome-focused measures, nor do they identify potential obstacles to progress and possible remedies. In the absence of a strategic framework that is outcome-focused with clearly-defined performance measures, the Joint Reform Team is not in a position to demonstrate to decisionmakers the extent of progress it is making toward achieving desired outcomes.

Let me conclude by noting we are looking forward to working with OMB's newly-appointed Deputy Director for Management as he oversees the joint reform efforts.

Mr. Chairman, this concludes my remarks. I will be pleased to take questions when the Subcommittee so desires.

Senator AKAKA. Thank you. Thank you very much, Ms. Farrell, for your statement.

Ms. Farrell, I want to ask you a question that I believe Senator Voinovich asked last year, and I am sure that we are both eager to ask it again, and here is the question: What progress has DOD and other security clearance stakeholders made in getting this issue off the High-Risk List?

Ms. FARRELL. Yes, Mr. Chairman. The good news is that DOD and others are moving in the right direction, as we have just discussed. Backlogs and delays in granting clearances is what was behind GAO putting DOD on our High-Risk List in 2005, and we do see the numbers have moved in the right direction, and DOD and OPM are meeting statutory time frames.

What remains ahead is issues of quality, which we reported in our 2007 and 2009 high-risk reports. The good news is, although there has been little done in terms of defining quality and building that into each step of the security process, the Joint Reform Team Subcommittee on Performance Measurement and Management has identified some metrics that they propose to collect, and those are what we will be watching very carefully. Those have not been finalized.

What we would want to see for the personnel security clearance process to get off of the High-Risk List is more defined measures of quality, the correction action plan that identifies the root causes of problems with quality, what steps DOD and the other agencies are going to take to correct those, not just in the investigative phase but the adjudicative phase and the other phases of the clearance process, along with how they plan to measure that effectiveness, and steps toward their own measurement toward meeting that end.

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

I would like to direct this next question to Director Zients, though others may want to respond to this question, as well. Director Zients, the Joint Reform Team report issued last December had specific benchmarks and milestone dates, some of which are scheduled for this month. Some delay was no doubt due to the transition and changes in leadership. At this point, after the transition, how many months has the process fallen behind, and when will we see a rebaselining of milestones.

Mr. ZIENTS. As to the ultimate goal of being done, or substantially complete by, I guess it is 14½ months from now, I feel very confident that we are going to make that goal. So as we rebaseline,

we will start with the answer that we are going to be done on schedule. And I think that is doable.

I think that the place where we need to spend the most time rebaselining is around IT. The milestones for IT were generally spaced throughout 2010, some in the first half, some in the second half, and we are going to have to make sure on the IT front that we set new deadlines that allow us to hit the ultimate end of next year's timeline, but I think we do have some work ahead of us across the next month or two to ensure that we rebaseline the IT piece of it.

Overall, I am confident that we will be where we wanted to be at the end of next year. It will be in good shape for your retirement, Senator Voinovich, and for removal from the GAO High-Risk List in January 2011.

Senator AKAKA. Are there any other comments? Ms. Farrell.

Ms. FARRELL. We would like to see a strategic framework, as we noted in our May 2009 report, that outlines very clearly what the goal is of the reform effort, along with identifying roles, responsibilities, and how progress will be measured. We found in the course of our work last year that when we asked senior leaders with the reform effort and agency officials involved in the clearance progress that the goals were not clear. Some referred to the IRTPA requirements with reciprocity. Some would refer to timeliness.

And I do not mean to imply that there are no goals that the Joint Reform Team has had. We feel that they have a number of reports, the ones that they issued last year, April, as well as in December, as well as the IT strategy and other memorandum that present certain aspects of the goals. But if those goals were brought together, very clearly agreed to, and there was a consensus by those who are at this table, that is the goal of this effort and who is responsible, especially for the IT strategy, that would help sustain the momentum of the reform effort and get it done.

Senator AKAKA. Director Zients, as I said at your confirmation hearing, security clearance reform has been an important oversight priority for this Subcommittee. Your predecessor, Clay Johnson, made it one of his highest priorities, as well, and your position was designated as head of the Performance Accountability Council (PAC) for reforming clearances. You were just confirmed in June and you have a lot on your plate at OMB, including additional responsibilities as the first Chief Performance Officer for the Federal Government.

In your role as head of the PAC, how do you plan to prioritize this important issue and provide sustained leadership to ensure that this effort keeps moving forward?

Mr. ZIENTS. This is absolutely a top priority for me. I actually am lucky as to the point in the process that I am coming on board in that this team and the group of career folks behind us have really not only made a ton of progress, but have teed up a plan that I believe is a good plan, a detailed plan, and one that is doable.

So having been—as I mentioned in my opening remarks—part of these larger transformational efforts, there is a lot of work ahead, but there is a clear line between where we are today and where we need to be 14½ month from now, and I pledge to dedicate the time and the resources and the attention to make sure that we get

there. But with this team, I feel very confident that we can get it done and I commit to doing so.

Senator AKAKA. My time has expired. We will have a second round. Senator Voinovich, your questions?

Senator VOINOVICH. First of all, I am really impressed with the testimony that I have heard today. There seems to be an urgency and seriousness about this issue and you seem to portray that. I think it is worthy, again, to thank Ms. Dillaman for the good job that she has done. The folks at the table are only as good as the team that sits behind them, and those of you that have had something to do with this, we appreciate the effort that you have made.

One of the questions I was going to ask is what are the largest risks to successfully implementing the Intelligence Reform and Terrorism Prevention Act's security clearance reform mandates, and I think, Ms. Farrell, you have kind of laid out in your report some of your concerns about what it is that could stand in the way of moving forward. Is it possible that the team could go through those specific things that have been mentioned in the GAO report and come back to us and let us know, frankly, whether or not you think they are as severe as they have been represented to be and what you intend to do to move on those issues? It certainly would be comforting to know whether you agree with what GAO has said and what priorities you are going to set in order to make sure that those things are taken care of. Do you think you can do that?

Mr. ZIENTS. Yes.

Senator VOINOVICH. I would be appreciative.

The other question I have, a big question, is about the resources that you have available to you. I am very concerned when you start talking about technology, you are talking about spending some money. And in your respective budgets, has money been allocated—I am on Appropriations now—for you to do that portion of the assignment?

Mr. ZIENTS. Why don't I start and then others can fill in. We believe, as an overall effort, yes, that within the OPM budget and the DOD budget, we have sufficient funds in the budget to do the technology piece. We also need to make sure that we are interfacing with the agencies to ensure that they understand the technology implications for their systems and that their systems are modernized and ready to accept, not in any way to underestimate the IT piece, because I do think it is one of the areas we have to pay special attention to. But this is not very difficult, complex IT applications. This is on an IT scale difficult, but not very difficult.

So I believe, bottom line, that we have the budgets and the resources, but I will defer to my colleagues, too, if they want to add anything here.

Mr. BERRY. Our IT piece is really the investigations portion of it, and the good news is we are halfway through that project. We have been through the rate increases and have been accumulating the funds necessary to complete that project. We are at a place where we believe we can do that. We are on a reimbursable basis, if you will, as we do the investigations.

And so this year, I am very pleased to announce, and I don't know if Mr. Shedd and General Clapper have heard this yet, but there won't be any rate increase for investigations from OPM this

year. So we will be holding our rates at what they were last year, and those levels will allow us to maintain what we need to do to finish the IT upgrades that are necessary on the investigations piece of this.

Now, obviously, there is more work on the adjudication side that will have to be done, as well, but I think in terms of the investigations piece, we are well on track.

Senator VOINOVICH. OK. You have got that portion of it. I just assume that the plan to go forward with the IT part of this, the technology you are going to use, you have already identified it, correct?

Mr. BERRY. Yes.

Senator VOINOVICH. OK. And you have the money to do it.

General Clapper, your shop is going to have to interface with OMB and OPM, and the question I have for you is have you been spending the time to talk about how the two of them work together, and do you have the wherewithal to take care of your end of the bargain?

Mr. CLAPPER. Yes, sir, I believe we do. This is not new and unknown. I don't think we have spent a lot of time on research and development (R&D). It is largely a question of executing what we already know we have to do. And I can assure you that, based on the interest of both the Secretary and the Deputy, if we need more money, we can get it, because of their high interest in this.

I guess I would be remiss if I didn't take mild exception to Ms. Farrell's commentary. Obviously, where you stand depends on where you sit. But having worked this pretty hard for the time I have been in office since April 2007, I think we have made substantial progress. I do think we have a strategy, as represented by the report that was submitted in December, and I think we are pretty well along it. I tried to outline in my previous remarks some additional things that the Department is doing, even during this pause, to address some of the issues that the GAO has appropriately raised.

One of the major things here, of course, to Mr. Berry's comment, is a major feature of what we want to do in the reform effort is not to do so many investigations, which has huge impacts not only on the money that we have to convey to OPM for doing investigations, but in the interest of saving time and efficiency by capitalizing on what is available to us in today's IT.

Senator VOINOVICH. And I assume that there is no problem with human capital? You have the people that you need to get the job done, that is not a problem?

Mr. CLAPPER. I don't think so, sir. That is one thing that DOD has, is lots of people. So yes, sir.

Senator VOINOVICH. Ms. Farrell, would you agree with that?

Ms. FARRELL. Well, human capital hasn't been identified as an issue right now. It has in the past, as you know, with the investigations, and OPM did make great progress in building up that capacity.

But regarding the clear mission and goals, during our review, the last one, looking at the Joint Reform Team's effort and what is the purpose and what are they trying to accomplish, what we found was differences of opinion about the overall mission of improving

the security process. We were referred to the report that General Clapper just referred to now. We were also referred to a 2007 memorandum between DOD and ODNI, which is not publicly distributed, in the comments on our report regarding what the mission is of the reform effort.

Again, there are aspects and principles in the three key reports that the Joint Reform Team has issued in the last year and a half, as well as other memorandum. So we are not saying that there is not direction. We are saying if there was a very clear road map with a very defined mission and that these principles that are reflected in the other documents were linked to that, it would help move the reform effort forward and it would make it much more easier to tell what progress they have made. Are they halfway there? Are they 75 percent of the way there? Are they 99 percent there? We just can't tell right now without that strategic framework in place.

Senator VOINOVICH. Mr. Chairman, could I just follow up on that? This is kind of repetitious of many of these hearings that we have had over the years. The Government Accountability Office has some ideas, suggestions that aren't acted on. I know we have such a problem with the Department of Homeland Security (DHS). If you recall, we are still trying to work out some metrics that we can look at to determine whether or not the changes that are supposed to be made are being made.

So I would urge you, again, GAO has made some suggestions and has some criticisms, constructive, and I think that you should all sit down, or have somebody really spend some time on this to work this thing out in terms of the differences of opinion, to see if you can get some kind of consensus because the bottom line is after this is all over and done with, we are going to look to GAO to find out whether or not they think this thing has gotten done. And the sooner you get at it, the better it will be for everyone.

So at least you all agree that, pretty much—I mean, I am not saying that there won't be some differences, there certainly will be—but I think, overall, you can agree that these are the metrics that ought to be looked at and this is what we expect to be judged on, and then you carry the ball from there so we don't end up 8 months from now saying, well, that is not what we understood the situation to be. I would be very grateful if you would do that, and I would like to see that within a reasonable time, Mr. Chairman, so that we can see that they have gotten together and they are on relatively the same page.

Senator AKAKA. Thank you, Senator Voinovich. Senator Burris, your questions.

Senator BURRIS. Thank you, Mr. Chairman, and I would just like to commend the Subcommittee and their staff for bringing good news. I mean, I want to echo what Senator Voinovich has said. In my short time here in the Senate, I hear reports or testimony from witnesses and there are always problems. But I am really impressed with the progress that has been made here, so I urge you to keep up the good work and let us keep moving forward.

Ms. Farrell, in your written testimony, you stated that the greater attention to quality would increase the instance of reciprocity, and what circumstances currently allow for interagency reciprocity?

I have a couple more questions in that regard, too. What does a process of moving a clearance from one agency to the other agency involve? And second, what factors prevent interagency reciprocity? So you may want to try your best at that, or whoever on the panel can best help me out on this reciprocity question.

Ms. FARRELL. Certainly. During the course of our body of work on the personal security clearance process, the quality of investigations has arisen as a possible underlying reason for why there is not this sharing of clearances between or among agencies, and there have been steps toward using the same common guidelines for investigations as well as for adjudications to move toward that end.

But reciprocity is one of the issues that is listed in the IRTPA that has not been addressed yet. As we talked about, there has been progress with timeliness. There has been progress in other areas. But reciprocity is one that is still under evaluation by the Joint Reform Team and is the type of issue that we would like to see more fully addressed in a strategic framework.

Senator BURRIS. OK. Mr. Berry.

Mr. BERRY. Thank you, Senator. If I could, I agree with Ms. Farrell, and I think all of us would, that is one of the remaining poles in the tent we have got to get up. I mean, we have to do better on reciprocity, and so we are all wrestling with that as to assuring that gets done. And I think you have hit on the key to that, and that is the quality of the adjudications.

One of the things I want to recognize is that we also share GAO's emphasis on this, that this is not one where we can be right 98 percent of the time. We have to be right 100 percent of the time.

Senator BURRIS. Sure.

Mr. BERRY. One mistake could cause untold damages. And so we have got to nail this. We have put in place some things this year, and I think it is good for the Subcommittee to be aware of this.

We have been working with the Performance Accountability Council. One of the things I set up with Ms. Dillaman is a hotline that the adjudicators can use to get their questions resolved. We do the investigations and then it goes to the agencies, and then they have people who take our investigation, look through the information, and decide whether this is the quality person that they want to assign the level of clearance that is being sought, and whether the case has been made that this person is worthy of that. Well, the adjudication is not our call, it is the agency's call. And we have created a hotline so that, if at any point they have any questions about information in the investigation, their call goes directly to Ms. Dillaman's office and they can have direct access to Ms. Dillaman so that we can get to the bottom of this.

And, Ms. Farrell, you did identify that there was some missed information in a number of the cases that have been done. I think it is important for the Subcommittee to understand that in context.

If somebody, for example, is on military duty in Iraq or one of a subject's references is on duty in Iraq, we would make all due efforts to try to get in touch with that person. But rather than hold up the investigation, we would see if there were other ways that we could verify the information. So, for example, sometimes when one neighbor might not be home, we will see other neighbors, or

maybe two other neighbors in order to justify moving forward and establishing a comfort level with that information.

And so I don't want to give the impression to the Subcommittee that we do not have a strong emphasis on quality. We do. And in all of the cases that GAO identified where there was missing information, we went back and reinvestigated all of those. None of those resulted in a negative determination through the adjudication process.

We do emphasize this. We do try to rate 100 percent. But, as you are working these, there does need to be some flexibility with the investigator. We hire professionals and we do give them some discretion. We allow them to use their judgment.

I think as we lift that standard and assure all of the agencies about the quality of the investigation, the goal of reciprocity is going to be reachable, and I think that is where people will start to trust sharing the information across the government.

I apologize for the length of that, but I think that was important to clarify.

Senator BURRIS. Mr. Berry, I am sitting here with a little concern in terms of what factors are there to prevent reciprocity from being granted? I mean, is it the level of the position that is being applied for in the agency? If they do the investigation, they do the adjudication, does DOD have a different—I think a "top secret" security clearance would be a "top secret" security clearance.

Mr. BERRY. Reciprocity has three levels to it, and I will defer to Mr. Shedd and General Clapper, who have been working on this a lot longer. But sometimes someone will come in for a "secret" clearance and then seek an upgrade in the clearance level. Well, you can't give the "top secret" clearance based only on the investigation at the "secret" level.

Senator BURRIS. That is correct.

Mr. BERRY. We have to go back and do more rigorous investigation. But what we have been trying to do is to standardize all the questions so that we don't have to go back and do the work that was done on the "secret clearance." We can just do the difference, and that is what we are striving to do, is to achieve a consistency there so that, as people move around the government and as their security clearances change, agencies will recognize the work that has been done beforehand so that we don't have to start over from ground zero every time, as has been the case in the past.

Senator BURRIS. Mr. Clapper, can you comment on that situation?

Mr. CLAPPER. Well, I think one of the things that contributes to obstacles to reciprocity has to do with transparency of the data, whether investigative or adjudicative. So to the extent that we can promote through automation so that appropriate officials either within, in our case, the Department of Defense or with other departments of the government can have access uniformly and consistently to the basic investigative data if they require it or factors used in adjudications, that those who are appropriate for that would have uniform access to it so that if they have a question about someone, they can go to the original source data.

Senator BURRIS. Are you saying there is a privacy question here in reference to the——

Mr. CLAPPER. Well, I don't think that enters into it necessarily, because once you—if you agree to enter into a position that requires a clearance——

Senator BURRIS. We have got to know everything about you.

Mr. CLAPPER [continuing]. Then you sort of, having been one of those people for a long time, then you give that up.

Senator BURRIS. Sure. Thank you, Mr. Chairman. If I can stay, I might have a second round.

Senator AKAKA. Thank you very much for your first round questions.

Director Berry, the Intelligence Reform Act of 2004 requires, and you mentioned this, that OPM conduct 90 percent of its investigations in an average of 40 days by December 2009. According to your testimony, you are on track to meet or exceed this benchmark, and I want to commend you and the agency and all of those who had a part in this for making remarkable progress on completing security clearance investigations as promptly as you have.

GAO's written testimony states that in 2008, the slowest 11 percent of initial clearance decisions still took more than 300 days to complete. Can you tell me about why some investigations still take a long time to complete and what is being done to speed the most difficult investigations?

Mr. BERRY. Mr. Chairman, I think that is a great question, and I think it is one that counsels caution for all of us. I think that is why the Subcommittee, and the GAO, and we use that standard of 90 percent, because we are not giving out drivers' licenses here. As you are well aware, we are giving out, in some cases, the highest security clearances possible.

There are some people who will not successfully pass. And if we cannot verify the information, and if we cannot get to the bottom of it, and in some cases it is hard to do that, we can't go forward. Now, recognizing that in some cases that also denies someone a position if they are already in the government, we have got to make every effort.

But I think we need to recognize in our performance standards, that if there are problems, we must take the time to do it right. I think we always need to be looking at that pool of cases and making sure that it is legitimate, that the delay is real and justified. But we do need to recognize there will probably always be some pool of cases like that. So I don't want to mislead you.

That being said, we still need to watch that very closely, and it has to be, I think, one of the performance metrics that GAO, OMB, and OPM are going to have to watch.

Senator AKAKA. Are there any other comments? Ms. Farrell.

Ms. FARRELL. Well, we recognize that some clearances are going to take longer than 120 days, or come December, longer than the 60 days. The reason we were focusing attention on the slowest 10 percent or 20 percent is that there is currently not any reporting of that to monitor to see what is going on with 100 percent of the clearances, not necessarily that 100 percent of the clearances will have been completed in 120 or 60 days, but what is going on with that pool that is not meeting it. And we feel by reporting the total 100 percent, it would bring visibility and thus maybe corrective action, if necessary.

Perhaps some of these cases are going to drag on and there will be no clearance granted for the final result. But until you determine what is going on with that population that is taking longer than 120 and whether corrective action be done, it is an unknown.

Mr. BERRY. Mr. Chairman, if I could, I will pledge that we will report on those cases. I believe it is important. The transparency, as General Clapper has mentioned, is critical, we must be held accountable on this. If we are not reporting already, as the Director of OPM, my pledge to this Subcommittee is that we will report on it. So we will develop the metric necessary to get that job done.

Senator AKAKA. Thank you very much for that.

Director Zients, you testified that the interagency review process determined that few changes would be made in plans for clearance reform. However, you did say that you plan to reexamine overlaps between suitability and security clearance investigations. Can you discuss this further and describe how this is different from the original reform plan?

Mr. ZIENTS. Yes. The original reform plan envisioned three tiers of investigation based on increasing levels of risk. So the bottom tier, all exclusively around suitability, is the Form 85, and the topmost tier around national security and the Form 86.

It envisioned a middle tier that I think, upon review, was too broad in that it included, as an example, an HR executive at an agency and a Border Patrol who carries a gun all in the same tier. And what we have found is that it probably is better to break that middle tier into two tiers which will allow for a better and more efficient process. And that determination to break the middle tier into two has led to some changes to the Form 86.

Senator Voinovich, you had asked about that up front. That will enter a 30-day public comment stage by the end of the month. And therefore, once we incorporate those comments, we should be done with that, certainly by the end of this year.

So that we have largely completed the review, it will result in two tiers rather than one in the middle, and I think, ultimately, a more effective and more efficient process that will also allow for better reciprocity across the system.

Senator AKAKA. Secretary Shedd, last December, ODNI, along with OPM, updated the Federal Investigative Standards for Security Clearance Investigations. These standards had not been updated since 1995 and little has been said about the updates. Can you describe why the update was necessary and how the standards changed?

Mr. SHEDD. Mr. Chairman, the reason for looking at the standards was to align them into a process or a system of risk management into three tiers, in that the top secret SCI, the "sensitive compartmented information" clearance being tier three, the lowest level being tier one for general access, below "confidential" level, and the middle level, tier two, being "confidential secret" level. This was done in such a way that as we moved forward with an E process (and what I will term to be the flagging of issues of concern that would require additional investigation), the process, of the standards for leading to that built off of the new SF–86, would kick in and be brought to bear on that investigation.

As General Clapper has said, one of the big objectives is to lower, or minimize, the amount of time spent on clean cases, those cases where there is no issue that has been identified.

At the Top Secret Sensitive Compartmental Information (TS-SCI) level, an interview of that individual, that applicant requiring a TS-SCI will still be required. However, much earlier in the process because of this flagging system off of the E-based identification of the data that is discovered on the individual, you can go to a much more targeted way of doing that investigation and thereby cutting down the number of days that leads to the clearance and the adjudication of that clearance. So that was the purpose behind that.

We will now go back to that with whatever realignment occurs with OPM and under OMB's leadership and relook at that if, in fact, it impacts on the standards that were issued in 2008 under Director McConnell.

Senator AKAKA. Thank you very much.

Mr. SHEDD. You are welcome.

Senator AKAKA. Senator Voinovich.

Senator VOINOVICH. Aren't there still some agencies that do their own clearance?

Mr. SHEDD. Yes, sir.

Senator VOINOVICH. So they are not in this main area? In other words, they are exempt from this whole process. They do their own thing——

Mr. SHEDD. No. They fall under the direction of the DNI in terms of the standards for doing it, even though they do their own investigations and don't fall to OPM. So, for example, the National Reconnaissance Office does its own investigations, but they must follow the process laid out——

Senator VOINOVICH. The guidelines. But the fact of the matter is that in certain areas, they do their own investigations so that——

Mr. SHEDD. Correct.

Senator VOINOVICH [continuing]. The kind of investigations that the OPM does—there is a kind of standard investigation of just generally people that want to come into the Federal Government at a certain level of security clearance.

Mr. SHEDD. That is correct, sir.

Senator VOINOVICH. And there is a consensus about the information that you need to have investigated so that you get to that level.

Mr. SHEDD. That is correct, and I might add, they rely on the standards for suitability that are published or issued by the Office of Personnel Management, as well. So they don't get to go outside of the suitability part of that security clearance data collection.

Mr. ZIENTS. I think we are talking about roughly 10 percent, is that correct?

Mr. SHEDD. It is closer to 5 to 7 percent, total, for the intelligence community (IC), for about a total of 82,000 cases per year.

Senator VOINOVICH. So the majority of them go through the regular system——

Mr. SHEDD. Yes. Correct.

Senator VOINOVICH [continuing]. In terms of the investigation. I recall when we got into this whole investigation that the people that were doing it were doing it on a part-time basis. Obviously,

you have got a new system and more trained people so that the quality overall, would you say, General Clapper, is better than what it was 2 or 3 years ago?

Mr. CLAPPER. I think that is a fair statement, yes, sir.

Mr. BERRY. Senator, if I could, I would just like to point out the scale. As Mr. Shedd mentioned, OPM is doing, in terms of investigations, 2.2 million investigations a year, and that is not just for suitability. We do suitability, secret, top secret, and SCI investigation levels. So we meet that standard throughout. As was mentioned, there is about 8 percent still outside that, but——

Senator VOINOVICH. You have different standards for investigations depending on what the call for is with the agencies——

Mr. BERRY. Yes, sir.

Senator VOINOVICH [continuing]. And you have the people on board that can review those investigations to make sure that they meet high standards, so once you send them over to the agency, the agency doesn't look at them and say, we don't want them.

How often, General Clapper, do you have to go back to them and say, you have got to do some more work?

Mr. CLAPPER. I don't know the exact number, but it is relatively small, but I would have to get the exact number of referrals.

Mr. ZIENTS. Across the system, it is less than 1 percent.

Senator VOINOVICH. I didn't hear you.

Mr. BERRY. Less than 1 percent, Senator.

Mr. ZIENTS. Less than 1 percent are returned by the agency to the investigative process. And that doesn't mean that there was an error. It might mean that sometimes a return is—you only talked to four neighbors, because this is important——

Senator VOINOVICH. Oh, I have to tell you, 1 percent, it is amazing.

Is this review of the SF–86 that you are doing pretty much over? In other words, the security clearance reform initiative of the former Administration, you have kind of looked that over and you have got some changes that you want to make and now the procedure is you have to send it out for comment? Is that where we are at right now?

Mr. ZIENTS. Yes.

Senator VOINOVICH. When do you think that will get done?

Mr. ZIENTS. By the end of the month, we hope to have the Form 86 out for public comment. We are going to do a 30-day public comment period, and then we need to absorb those comments, so certainly by the end of the calendar year.

Senator VOINOVICH. Yes. I would be interested, one of the things that many of us were concerned about is whether or not the DNI could reconcile some of the differences between the agencies in terms of reciprocity. Has that been pretty well worked out? Are there any hang-ups yet there?

Mr. SHEDD. There are some hang-ups because bureaucracies resist being told to accept something that either for them is not transparent: Fully transparent in terms of the reciprocity, the adjudication and so forth. But within the intelligence community, tremendous progress has been made in a system called Scattered Castles, which is a repository, then, of all the security clearances of the individuals.

We need to modernize that database with additional information to further increase the level of confidence of the intelligence community's leadership confidence that when they are getting someone who is transferring from one particular agency in the intelligence community to another one, that all the information that General Clapper talked about is available to the receiving end for the individual who doesn't belong to that agency.

Senator VOINOVICH. And that understanding among the agencies is part of this review that you are doing?

Mr. ZIENTS. Yes. I believe that the reciprocity issue is around standardization and consistency, and therefore is right at the heart of everything that we are doing here. We are using IT and process reengineering to simplify this process and make it more standard, and that has a big advantage when it comes to reciprocity because of the cultural challenges that Mr. Shedd is outlining. Historically, everybody has done it a different way, and as we get that consistency and standardization, I believe that, coupled with making the information available and transparent, which we are making a lot of progress on, will lead to big gains in reciprocity, because I think so far, we haven't experienced those, but so far, we haven't completed the effort around standardization and consistency. And once we do, reciprocity will follow.

Mr. SHEDD. Senator, I——

Senator VOINOVICH. I am sure this is something you are going to—go ahead.

Mr. SHEDD. I wanted to add one other perspective. Something that is of high concern to the DNI is that the agency heads in the intelligence community not add additional layers that amount to being barriers even beyond the reciprocity on the security clearance basis alone. In other words, standards for the suitability and so forth that don't ultimately act as a deterrent outright from a transfer from one agency to another because they are added on top of the security clearance issue. And so that is preeminent in Director Blair's mind and something that we are addressing by way of policy.

Senator VOINOVICH. OK. So you think you are making progress, and a year from now, when people feel a lot better, with the help of the IT and other things, people will be comforted because of the quality of the information and be much more willing to rely upon it in terms of their concerns?

Mr. SHEDD. Yes, combined with policies that make it very clear what the terms are under which that transfer occurs, as well.

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you. Senator Burris.

Senator BURRIS. Thank you, Mr. Chairman.

I am a little concerned about, are there statistics on how many apply for, let us say, a top secret security clearance and is, in fact, rejected? Now, there is an investigation and then it goes back to the agency for adjudication. Who does the rejection? What, then, is the process of this applicant—is it follow-up steps to attempt to try to correct situations, or what generally happens if there is—how many are rejected and what happens?

Mr. CLAPPER. I, again, don't have the exact number of how many actually fail to get a clearance for one reason or another. I will tell

you, though, that either in the case of an initial clearance or it probably happens more often of people who are already cleared and then have an update periodically, the requirement now is at least every 5 years, and if derogatory information turns up in the course of either the initial or a subsequent update, there are appeal processes, at least within the Department of Defense. There is a board that is overseen by the Office of General Counsel that allows due process for such appeals. They can be quite drawn out and quite extensive because there is a balance here between national security and then deference to people's rights. I can get you the numbers, say, for a typical year——

Senator BURRIS. Just a guesstimate.

Mr. CLAPPER. Well, I would say it is, for the whole Department, which would include the four intelligence agencies that are embedded in the Department and the four services, I would guess on the order of 200 or 300, maybe, and that is out of thousands of——

Senator BURRIS. Is it a very small number?

Mr. CLAPPER. Yes. An even smaller number that actually goes through an appeal process.

Senator BURRIS. Very good. And this is probably for Mr. Berry. The investigators, in your assignment of their investigating of a person, are they assigned to the same agency or do they do various agencies? And if so, if they do, then why not try to have them to do more than one agency? What is your routine process for an investigator?

Mr. BERRY. Senator, if I could, we can respond to that in more detail for the record for you, but we have approximately 2,000 Federal Government employees and then a contract force about double that size in terms of investigators who are handling cases. And so it is quite a complicated operation to manage, especially to make sure there is no backlog, which is where we are right now, and to meet these timelines, as you can imagine.

Senator BURRIS. You said you are letting contracts out to private sources to do the investigations?

Mr. BERRY. Absolutely. Part of this job is managed with private sector employees, and they are—it is something we watch very carefully and we work in hand——

Senator BURRIS. Are we investigating the investigators in the private sector?

Mr. BERRY. Absolutely. All of our investigators have to have clearances before they are involved in the investigations. We can get you more information about the details of that——

Senator BURRIS. Do you get consistency, then, in their reports? I mean, I am seeing that if a person is assigned to do the Defense Department, Health and Human Services (HHS), or the White House, and they know the routine, if you switch them off somewhere else, it might delay the process.

Mr. BERRY. It goes to both making sure that all of the investigators are trained, that their systems are in place—and the transparency of the data. At the end of the day, the investigation we are providing to the client; OPM makes no determinations on the clearance level.

Senator BURRIS. Right.

Mr. BERRY. That is done by someone—so, essentially what we are doing is——

Senator BURRIS. Collecting the data.

Mr. BERRY [continuing]. Collecting the data and making sure that data is accurate, and then transferring that to the client, who then makes the determination, or adjudication, which is the term of art. So there is that consistency. In other words, the client is used to it and knows what data to expect, and if something, for example, is missing, the explanation is fully transparent and made available so that the client has the ability to say, no, we want you to go back and do something else.

Mr. CLAPPER. Let me just reiterate or emphasize a point made here, is that regardless of who does the investigation, whether it is in the case of the intelligence agencies doing their own or OPM doing the investigations—and by far the lion's share of the investigations particularly for all of the services, are done by OPM—they are operating using the same investigative standards. So there is consistency across the board in terms of how these investigations are done, be they by OPM or one of the agencies, at least the four agencies in DOD.

Senator BURRIS. Ms. Farrell, are there any other agencies that are on your list other than DOD that you are having problems with?

Ms. FARRELL. Well, when we first put DOD on the list, DOD was responsible for the investigations as well as the adjudications, and I think the Chairman said it best. The personnel security process has to be looked at now through a government-wide lens. There are many players besides DOD. The roles and responsibilities have changed, as evidenced by the Performance Accountability Council's involvement. So it is beyond DOD at this point in terms of the personnel security clearance process.

Senator BURRIS. Well, I was talking about other agencies. Do you have HHS?

Ms. FARRELL. Are there other agencies that we have concerns about?

Senator BURRIS. Yes.

Ms. FARRELL. It is more the concern of the roles and responsibilities of who is doing the investigations and who is doing the adjudications. Our focus has been on DOD and the reform efforts. We have met with other agencies, at the Department of Homeland Security, for example, and others that issue clearances and have heard concerns expressed about the sharing of investigations, as well as what we started talking about earlier, the role and the mission of the Joint Reform Team to improve the process. So we have heard from other agencies' concerns, but it is limited. Does that answer your question, sir?

Senator BURRIS. There is a limited number. I mean, you don't have a watch list that you are looking at with reference to some of the other agencies that might not be following through or having a major backlog?

Ms. FARRELL. We are not aware of backlogs with other agencies, no, sir.

Senator BURRIS. Thank you very much. Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much, Senator Burris. I will have a third round here, but thank you for your questions.

Director Berry, I want to follow up on some information that Mr. Zients mentioned about SF–85 and 86. While updating the forms is important, the goal is to have applicants use an electronic application, usually e–QIP. Has OPM taken steps to update e–QIP and the Personal Investigations Processing System (PIPS) system to accommodate the new forms as soon as they are finalized?

Mr. BERRY. Senator, we are at a place now where 97 percent of that 2.2 million investigations are using that electronic system. So we are getting close to the finish line on that. And yes, those forms will be updated once—obviously, not until it has made it through the public process—but we will be ready to adjust and can modify that system to accommodate that once that process is completed.

Senator AKAKA. General Clapper, you testified that the Department of Defense has begun to use electronic automatic adjudication of some investigation files that were not flagged with any outstanding issues. According to the Joint Reform Team benchmarks, this is set to be more broadly deployed. What quality checks or audits has the Department conducted in order to validate that the electronic adjudications are as reliable as adjudications completed by a DOD employee?

Mr. CLAPPER. I know the research that we have done, which I think is crucial to the whole reform effort, in which we have compared what would be revealed through automatic records checks versus what was on cases that have already been adjudicated under the old system, and there is a very close correlation. In other words, they are congruent. And we believe that the sample used was statistically reliable as done by the Personnel Security Research Center (PERSEREC) to make that case, that we can rely on automatic records checks. And that, of course, is a major feature of what was intended with the overall personnel reform.

I am told that we did a 100 percent audit for the Army pilot that was run between November 2008 and February 2009, and we are now doing on a regular basis a 10 percent audit. Of course, I would just repeat what I said earlier in my opening remarks about the tools that we are building, one to assess the completeness and accuracy of investigatory data, a tool called RAISE, and then another one called RADAR, which we are in the process of fielding, which will help assess the quality and rationale for adjudications.

Senator AKAKA. And I should have mentioned, I guess you can call it clean cases, where there are is no negative investigative information.

Mr. CLAPPER. In the case of the secret clearances done for military personnel. That is right.

Senator AKAKA. Thank you.

Director Berry, the Intelligence Reform Act called on agencies to use an electronic form to apply for a security clearance. I understand that currently e–QIP is the only format OPM will accept from agencies submitting the electronic investigation requests. Would OPM be open to allowing agencies to use third-party electronic applications that conform with OPM submission standards rather than having e–QIP as the sole and only option?

Mr. BERRY. Senator, I think we need to reach the targets that we have set. I think bringing in new players, new systems at this point in time could greatly complicate the timelines and our ability to reach our goals. I think you always need to be thinking ahead and looking more broadly, but at this point in time, I think we need to maintain that centrality so that we can have the consistency and have the ability to have the transparency that customers should demand and should require. So my sense would be, this is not the time to try to expand that, sir.

Mr. CLAPPER. If I might, Senator, I would just strongly endorse what Mr. Berry just said. From a DOD perspective, as large as we are and as globally deployed as we are, I think it is very important that we hew to the tenet of consistency here in both the applications and all the way through the process. So I would strongly endorse what Mr. Berry said.

Senator AKAKA. Are there any other comments on this particular question?

[No response.]

Senator AKAKA. I have specific questions about the status of several information technology systems, and I will just tell you that I will submit it for the record to all of you.

Your responses have been really helpful and all of you should be commended for the progress that we have made. I want to thank all the witnesses for appearing today. Security clearance reform continues to be a critical issue. I have confidence that progress is being made, but much, as we agree, needs to be done. This will require dedication, commitment, and modernization of existing systems and processes, and I look forward to seeing this issue removed from the GAO's High-Risk List in the near future. Again, I want to thank all of our witnesses for your continued efforts.

The hearing record will be open for 2 weeks for additional statements or questions other Members may have pertaining to this hearing.

This hearing is adjourned.

[Whereupon, at 4:15 p.m., the Subcommittee was adjourned.]

APPENDIX

STATEMENT OF
THE HONORABLE JEFFREY D. ZIENTS
DEPUTY DIRECTOR FOR MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE AND THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
SECURITY CLEARANCE REFORM: MOVING FORWARD ON MODERNIZATION
SEPTEMBER 15, 2009

Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee; thank you for inviting me here today. It is my privilege to testify on behalf of the Office of Management and Budget (OMB) and to discuss the Administration's ongoing security clearance reform efforts and the status of implementing those reforms.

Background and Progress

The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) challenged the federal government to address longstanding problems with the timeliness and coordination of the process for granting national security clearances. Executive Order 13467 reinforced the goals of IRTPA, and recognized the Office of Management and Budget as the lead agency to ensure coordination across the federal government. It also named the Director of the Office of the Director of National Intelligence (ODNI) as the Security Executive Agent and the Director of the Office of Personnel Management (OPM) as the Suitability Executive Agent.

OMB, OPM, and ODNI—along with the Department of Defense (DOD)—comprise the Joint Reform Team and together provide leadership regarding reforms to policy, processes, and information technology which affect the approximately 2 million security and suitability determinations conducted by the government each year.

This effort has had the support of Congress on a bipartisan basis, as well as the commitment of the current and prior Administration.

Much has been accomplished to reform the process and improve timeliness.

In 2004, the year IRTPA was passed, initial clearance investigations for Top Secret clearances took 392 days on average. Today, they take 79 days. Initial Secret Clearances took 179 days in 2004. Today, they take 40 days. In 2004, the typical initial security clearance investigation took 205 days. Today, it takes 47 days. And, as recently as October 2006, the backlog of pending clearance investigations over 180 days old stood at almost 100,000 cases. Today the decades-old backlog of investigations is gone.

This is a significant accomplishment in light of the program's history. In the Government Accountability Office's report 04-344, GAO referenced their 1981 estimation that the DOD investigations backlog alone could cost nearly $1 billion per year in lost productivity. More than a decade later, the Joint Security Commission report noted that the costs directly attributable to investigative delays in Fiscal Year 1994 could be as high as several billion dollars because workers were unable to perform their jobs while awaiting a clearance. That situation with backlogs no longer exists.

These accomplishments are notable, and testify to the dedication of the staff at the agencies representing the security and suitability community, as well as to your leadership and persistent focus on these issues.

However, much remains to be accomplished.

IRTPA requires that by the end of 2009, to the extent practicable, 90% of security clearances must be completed within an average of 60 days—providing 40 days on average for investigations and 20 days on average for adjudications. To achieve this goal and ensure that improvements in timeliness are made without a reduction in quality and are sustainable over the long term, we must continue to reform existing processes; optimize the use of human resources; enhance partnerships with critical information suppliers; and leverage the use of information technology.

These reforms—many of them ongoing—will take time, but I believe we have a sound plan from which to move forward today.

Inter-Agency Review

Since beginning work at OMB in June, I have met with the senior leadership of the reform effort who join me today as witnesses, as well as with their principal advisors who drive the effort day-to-day. I have also moved to conclude the inter-agency review of the degree of alignment between security and suitability processes and policies that was initiated shortly after the administration took office. Suitability is the determination whether an individual is suitable for federal employment.

During this review, OMB, along with our partners, OPM, ODNI, and DOD, determined that the design and implementation of the overall reform process was sound, and thus in most cases are not instituting significant changes to the approach. However, we have determined to make changes in one important area – the manner in which we align security and suitability processes and policies. Critical to our efforts to improve the security clearance process and ensure the timeliness and reciprocity of clearances among federal agencies is the alignment of

security and suitability investigations. Improved alignment of these areas allows us to foster efficiencies in the investigative process that will result in improvements to the timeliness and efficiency of the clearance process, as well as the reciprocity of investigations it produces. The plan as originally envisioned fostered significant overlap between security and suitability determinations in order to maximize efficiency across these two processes. Specifically, the original vision architected the suitability and security determinations with common levels of risks and shared investigative elements. This would allow the security review to rely on existing information in the suitability record, or vice versa, and thus shorten and streamline the security review.

However, as the new administration reviewed the original approach, it was determined that the manner in which the overlap was achieved required adjustment. Specifically, certain suitability positions would not require investigations as detailed as the security investigations with which they had been aligned under the previous administration's plan. We believe we can redesign the alignment of the security and suitability processes in a manner that acknowledges the privacy interests of similar employees who do not require the more in-depth national security investigation, while retaining much of the benefits of efficiency and reciprocity envisioned in the original plan.

As a result of this determination, it is necessary to modify the underlying investigative standards and make the appropriate changes to the relevant forms – Standard Forms 85P and 86.

Executing the Plan

As we look forward, I am pleased to report that I expect the revised Standard Form 86, which is used in national security investigations, will be available for public comment by the end

of this month. And, following a review of any comments received, we will make final revisions to the Federal Investigative Standards. As this process continues, we will assess the impact on our development schedule, as well as the phased implementation plan, and I will keep you apprised of any significant changes. However, I am still confident that the reforms will be substantially operational across the Federal Government by the end of Calendar Year 2010.

Later this month, I will lead a meeting of the Performance and Accountability Council (PAC) to underscore the importance of this effort, reinvigorate leadership among participating agencies, and reinforce the close partnership necessary between the Executive Agents for Security and Suitability, as well as DOD, and OMB.

From my experience in the private sector participating in large and transformational projects such as this, the participation of major project champions is essential for success. With this support, the other keys to successfully driving this reform effort include the development of detailed work plans among the joint reform team and all partners; establishing appropriate metrics for the measurement and management of the initiative; identifying problems early and thinking creatively about solutions; holding people accountable for outcomes; and maintaining a relentless focus on the overarching goals of improved timeliness and reciprocity. While not all of these elements are entirely in place yet, I will get us there. I will also devote special attention to areas such as utilizing information technology, and ensuring that the plan we have outlined is comprehensive, correct, and executable.

The goals outlined in IRTPA will serve as a foundation for our work; however, we will also continue to complement these goals with targets established by the PAC's Performance Measurement & Management Subcommittee. To this end, key components of the metrics

include: timeliness, inventory of work-in-progress, quality, and reciprocity. In addition, the PAC Training & Certification Subcommittee will continue its important work to develop standards for investigator and adjudicator training. We have already examined existing training programs and begun work to identify core competencies that must be mastered by all investigators and adjudicators. Ultimately, three distinct training tracks and a certification process will emerge for *investigators*, *suitability* adjudicators, and *security clearance* adjudicators. These actions are all elements supportive of ensuring the quality of clearance decisions and instilling the faith in processes which will naturally drive reciprocity across the entire government.

Conclusion

In summary, our shared goal of improving the suitability and security clearance process is one of tremendous importance to me and it will remain a high priority for this Administration. Also, I want to recognize the important role that the Government Accountability Office plays in the reform initiative. I look forward to working with them toward our common objective of improved performance. The advances made to-date are certainly commendable, but much work remains. With the assistance of the capable agencies that are testifying with me today, and the continued support of this subcommittee, I am confident we can continue to make significant strides in improving the timeliness, reciprocity, and quality of clearance decisions for the security of the American people.

Once again, thank you for the opportunity to speak with you today. I would be very happy to answer any questions you may have.

STATEMENT OF

JOHN BERRY
DIRECTOR
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

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

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

on

SECURITY CLEARANCE REFORM: MOVING FORWARD ON MODERNIZATION

September 15, 2009

Chairman Akaka, Senator Voinovich, and Members of the Subcommittee:

Thank you for inviting me here today to discuss security clearance reform efforts and the progress OPM has made over the last year to improve the security clearance process.

Five years ago, when the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) was passed into law, there was a substantial backlog of both initial security clearance determinations and the required reinvestigations for continued access to our Nation's most sensitive national security information. Federal agencies lacked sufficient resources, for both the investigation and adjudication phases of processing. Furthermore, antiquated or dysfunctional processing systems and record systems across Government were a significant challenge to eliminating this backlog and achieving acceptable timeliness. The average time required to obtain a Top Secret security clearance was in excess of one year, and a Secret or Confidential clearance averaged well over six months to process.

The timeliness goals established in the Act required that all agencies involved work cooperatively to build adequate processing capacity and develop a strategy to reduce processing time to an acceptable level by the end of calendar year 2009. Specifically, that goal is to process 90% of all initial security clearance determinations in an average of 60 days or less, allowing 40 days for the investigation phase and 20 days for the adjudication process, to the extent practical.

OPM's Role in the Security Clearance Process

OPM provides background investigation products and services to agencies for their use as a basis for security clearance or suitability determinations for OPM customers. The employing or adjudicating agencies identify the level of clearance or access required, obtain the required background data and forms, and initiate the appropriate level of investigation commensurate with the position requirements. Since assuming responsibility for DOD's personnel security investigations program in FY 2005, OPM now provides over 90% of the background investigations required by the Federal Government. Over 2 million investigations will be completed by OPM this fiscal year, with over 650,000 conducted to support initial security clearance determinations.

The Federal Investigative Services Division (FISD) under the leadership of Kathy Dillaman, Associate Director, is responsible for conducting background investigations at OPM. Over 10,000 submitting offices, representing over 100 Federal agencies, request investigations from FISD. FISD is staffed with over 2,300 Federal employees and 6,000 contractors that include a nationwide network of field investigators and support staff as well as a cadre of Federal agents working abroad. FISD manages a complex suite of automated processing systems that has demonstrated ample capacity to handle the Government's high-volume demand for investigations.

Once completed, the investigations are returned to the employing or governing agency for the adjudication process.

Progress Made to Improve the Security Clearance Process

In May 2008, Ms. Dillaman testified before this committee, outlining the significant progress that had been made in many of the critical areas or stages of processing security clearance determinations. That progress has continued over the past year, with the assistance of our partners in the Office of the Director of National Intelligence (ODNI) and the Department of Defense (DOD) to transform the clearance process from beginning to end.

There is no backlog in OPM's investigations program. OPM is currently exceeding the IRTPA December 2009 timeliness goals for the investigations portion of the initial security clearance process. The following chart shows how OPM has met its goals:

OPM PROGRESS FOR INITIAL CLEARANCE INVESTIGATIONS

	FY 2007	FY 2008	1st Qtr FY 2009	2nd Qtr FY 2009	3rd Qtr FY 2009	IRTPA Goal 12/2009
Total Completed	695,513	709,402	167,852	164,721	168,270	
Average time for 90%	115 days	64 days	41 days	42 days	**37 days**	**40 days**

Time measured in calendar days

Clearance-granting agencies have also shown continuous improvement in reducing the time required to adjudicate investigations, despite increasing workloads as OPM eliminated the investigations backlog.

During the third quarter of FY 2009, 10 of the 15 agencies whose adjudication performance is being tracked by OPM exceeded the December 2009 IRTPA goals for adjudicating 90% of their initial clearance investigations within an average of 20 days or less. These 10 agencies adjudicated 44% of all actions reported. The remaining five agencies continue to show progress toward this goal.

Initiatives that Contributed to Progress

In previous testimonies before this subcommittee, OPM mapped the process for making security clearance determinations and the various stages of processing and external dependencies that could affect the overall timeliness for clearance determinations. We are addressing each of these with notable success, implementing validated improvements to the traditional process. Specific accomplishments include:

- In September 2008, a revised Standard Form for National Security positions was implemented that enhanced the information requested from the subject and allowed for a more issue-focused background investigation.
- Over the last several months we have worked with our joint reform partners to make further improvements in this Standard Form and will shortly be forwarding the newly-revised form to the Federal Register for publication and comment.
- Agencies have adopted OPM's web-based electronic Standard Form for 97% of all submitted background investigations for national security positions. This allows the subject to complete and store their background information in a data warehouse, transmitting the data electronically between the subject, their employing agency and OPM.
- Close to one million law enforcement agency records checks previously conducted manually each year by field agents nationwide or through mailed inquiries, have been converted to centralized automated record checks. Centralizing the checks has allowed OPM to use its investigative resources more effectively, reduce costs and processing

time, and ease the burden on local law enforcement agencies across the country that previously completed the inquiries.

- OPM has converted records checks, such as bankruptcy and Federal employment records, to automated processing – again saving time, money, and resources.
- The processes for exchanging records between OPM and other Federal agency record systems, including the FBI, State Department, DOD, and U.S. Citizenship and Immigration Services, have been reengineered, resulting in rapid retrieval of files necessary to the investigative process.
- OPM has upgraded its automated processing systems to an integrated suite of applications that allows for secure and dependable web-based interaction between subjects, their employing agencies, and OPM. This new technology moves OPM from an antiquated processing system with batch processing to a state of the art, event-driven architecture that allows for real-time processing throughout the investigative process. The system has over 11,000 authorized users and processes over 3.8 million transactions daily to manage the large volume workload.
- OPM continues to convert agencies to receiving completed investigations electronically, versus hardcopy. To date, we have delivered over 600,000 completed investigations to participating agencies through eDelivery.
- The Clearance Verification System which collects and maintains information for over 260,000 active security clearances, has been enhanced to include information on security, suitability, and credentialing decisions. Over 2,700 agency users have online immediate access to this information.
- OPM is continuing to work with agencies to adopt scanning technology for the capture and transmission of ten-print fingerprint images to OPM for referral to the FBI. This biometric search of all criminal history and related files is a critical element of the investigative process. Search results are received within hours of submission. Over the past year, OPM processed 1.3 million fingerprints through this fingerprint image exchange system.

These initiatives have not only driven down the time required to process security clearance investigations; they have resulted in processing efficiencies that have contained the cost of conducting these investigations. Recently, we announced that the processing efficiencies introduced this year offset the increases we anticipate in contractor and labor costs. Consequently, there will be no price increase for OPM investigative products in FY 2010.

Focus on Quality

While OPM has been aggressive in our efforts to meet the timeliness goals set forth by the Intelligence Reform Act, we remain equally dedicated to providing quality products to our customer agencies. In FY 2010, OPM will put in place two additional methods of obtaining feedback from our customers on the quality of the investigations we conduct.

The performance subcommittee of the Performance Accountability Council is finalizing a data gathering tool to provide agencies another avenue to report on the quality of specific background investigations. This process has been tested with the Department of Defense (DOD),

Department of Energy, and Department of Homeland Security, and the results of that test are being analyzed to further refine the process.

We are also implementing a "Quality Hotline" to allow agency adjudicators to discuss their questions or concerns with experienced case analysts at FISD, who, in turn, will report directly to FISD's Associate Director. OPM will use the information collected through the feedback methods to identify training opportunities for investigative and adjudicative staff.

These new initiatives supplement our extensive Quality Assurance program that continues to identify quality deficiencies and agency satisfaction with our products and services.

Future Reform Initiatives and OPM's Transformation Plan

OPM is fully engaged in support of a transformed process for making hiring and clearance determinations, leveraging modern tools and technologies while providing the quality of information needed to make these determinations. The framework for this process, identified by reports from the team in April and December 2008, calls for alignment of suitability and security clearance processes to the extent practicable, enabling the application of consistent standards and the reciprocal recognition of investigations. Much of the work of reform is being carried out through efforts to move beyond confinements of legacy systems and permit greater information sharing between Executive branch stakeholders. OPM continues to work with its partners on the Joint Reform Team (JRT) to bring the transformed process to maturity while adopting those elements of the process that can be migrated into the day-to-day operations that support agency needs and missions.

We support the reform goal of marshaling policy, procedures, and tools in a way that prevents unnecessary investigation requests.

- We have been engaged with the ODNI and DOD to continue enhancements to migrate the Clearance Verification System to become the Central Verification System, enhancing information sharing and reciprocity opportunities.
- We are working to bring the benefits of access to the verification system to new user types to support agencies in Personal Identity Verification (PIV) credentialing.
- We are working with the stakeholder community to identify potential enhancement to the verification system to permit greater reciprocity.
- We are developing a web-based automated tool to assist agencies in identifying the appropriate level of investigation.

We are developing the next generation eApplication for security clearance investigations, building from our current electronic system (e-QIP).

- In the near term, we have been working with DOD to migrate to full e-QIP capability, so the DOD users can enjoy the benefits of a streamlined, automated request process that supports mission-specific requirements.
- We are enhancing two-way electronic communication capabilities of the current system.

- Together with our reform partners, we have been identifying expanded quality controls via validation codes to ensure the questionnaire is accurately completed prior to submission. We anticipate the majority of these validation enhancements will be available to users in the second quarter of FY 2010.
- We are working with our JRT partners to increase the number of agencies able to submit electronic fingerprints.
- We are developing instructions and system requirements documents that will enable agencies to utilize electronic signatures from capture pads when submitting necessary signature pages with investigation requests.

We will continue to support ongoing opportunities to leverage automation in the adjudication phase of the end-to-end process to assist case flagging and analysis.

- As part of our EPIC transformation, we will enhance electronic delivery of investigation results by delivering documents in machine-readable format.
- We are working with stakeholders to streamline existing processes for flagging investigations to meet electronic adjudication needs.

In support of the goals of the Performance Accountability Council, we are developing training to meet certification requirements for investigators and security clearance adjudicators being established by the Training Subcommittee. These training standards are being developed for the Executive Branch agencies to support a consistent quality expectation that bolsters reciprocity.

Continued Commitment

I am extremely proud of the progress that my team has made eliminating the backlog of background investigations, meeting stringent timeliness goals, and sustaining a focus on quality. We are committed to continuing our collaborative work with the ODNI and DOD to create a roadmap for future enhancements that support our collective goals for quality, timeliness, efficiency, and privacy protection.

By integrating current technology with updated standards and proven information collection techniques, we will continue to protect national security without imposing excessive delays for those who have signed on to serve our Government. And we are equally committed to balancing the Government's need to collect sensitive information for adjudication with individuals' right to privacy regarding background information that is irrelevant to a security clearance determination.

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

JOINT STATEMENT FOR THE RECORD BY

THE HONORABLE JAMES R. CLAPPER
UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE
DEPARTMENT OF DEFENSE

AND

MR. DAVID R. SHEDD
DEPUTY DIRECTOR OF NATIONAL INTELLIGENCE
FOR POLICY, PLANS AND REQUIREMENTS
OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

BEFORE THE

SENATE HOMELAND SECURITY GOVERNMENT AFFAIRS SUBCOMMITTEE ON
OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND
THE DISTRICT OF COLUMBIA
OPEN HEARING ON SECURITY CLEARANCE REFORM

SEPTEMBER 15, 2009

Chairman Akaka and Ranking Member Voinovich, distinguished Members of the Subcommittee: Thank you for the opportunity to provide an update on the status of our security and suitability reform efforts.

We reiterate today what was noted at this Subcommittee's hearing in May 2008, that senior officials at the Department of Defense (DoD) and the Office of the Director of National Intelligence (ODNI) continue to give priority attention to transforming the end-to-end process of security clearances. In fact, the DoD has recently identified it as a top priority for the Department. The Director of National Intelligence (DNI) is equally committed to implementing security clearance reform as a matter of high priority. We appreciate and welcome the strong bi-partisan support this initiative receives from this subcommittee and other congressional subcommittees and we look forward to working together to ensure the success of the effort.

As has been the case for this critical effort to date, sustained leadership engagement is essential to continuing progress and enabling successful implementation. We are pleased to appear before you today with our new leadership partners, the Honorable Jeff Zients, Deputy Director for Management of the Office of Management and Budget (OMB), and the Honorable John Berry, Director of the Office of Personnel Management (OPM). We look to instill this effort with a sense of urgency, and together are focused on driving forward to achieve the improved performance we collectively desire and the American people deserve.

This initiative has leveraged DoD's business transformation expertise and the Intelligence Community's best security practices to guide and implement reform to date. DoD's particular interest is readily understood given that the Department's volume of work is 1.2 million cases per year and its associated expenditures are approaching one billion dollars annually. In addition

to improved efficiency, national security interests are served by making this process more effective.

Significant improvements have been achieved to reach some of the Intelligence Reform and Terrorism Prevention Act (IRTPA) initial performance goals as a result of increasing resources within the existing process. In order to achieve the transformation change we all want and in order to reach the 2009 IRTPA goals, we need to modernize the underlying security clearance processes across the Executive Branch. The 2009 goal, of performing 90% of cases in 60 days, will require an alignment of policies, process, and information technology to achieve the 2009 IRTPA goals. To that end, the modernization plan's key features include:

- Collecting security relevant information earlier in the process to improve efficiency;
- Leveraging technology to reduce manual activity, utilize modern data sources, and make decisions based on modern analytic methods that manage rather than avoid risk;
- Focusing field investigative activity to better target collection of relevant data;
- Enhancing the investigation process for subsequent hiring or clearing decisions, thereby reducing duplicative work; and
- Applying these new capabilities in "continuous evaluation" to more frequently assess risk in populations of cleared personnel rather than rely on fixed term reinvestigations as current practices do.

We recognize and share the subcommittee's interest in deliberately focusing on meeting these goals for transforming the security clearance process. The implementation plan associated with delivering these capabilities was provided in our December 2008 report on reform which

expressed actions and milestones needed to incrementally implement new processes and information technology essential to reform. Also in December 2008, revised Federal Investigative Standards to enable greater efficiencies and alignment of security and suitability investigations were issued. These revised standards launched implementation planning across the Executive Branch agencies to identify the internal changes they need to achieve reform.

The change of Administration in January 2009 led to a reassessment of portions of the reform plan. We joined OMB and OPM in reviewing the degree of alignment between security and suitability investigations reflected in the revised investigative standards. We re-examined the investigative requirements for certain suitability determinations, and changes to the standard forms previously proposed have also been reviewed. With the review nearly complete, we can resume activity in these areas, which include, among others:

- additional revisions to the federal investigative standards;
- the continuing development of automated record check and field lead requirements for each type of investigation;
- changes to the automated systems that will collect the SF86 forms information online;
- changes to the automated systems to streamline management of future investigation and adjudication processes; and,
- guidance to enable agencies to execute their own implementation plans.

While the impact of the review will require adjustments to projected timelines, we look forward to resuming an ambitious pace of achievement, and are committed to having milestones and action plans that will permit us to drive, monitor, and report our progress as we do so.

Since our update to you in May 2008, work has continued in many areas to include federal government oversight, performance management and training. Executive Order 13467, issued in June 2008, created a federal-level governance in the Suitability and Security Clearance Performance Accountability Council (PAC) to oversee and drive reform. The PAC:

- Meets regularly with senior member representatives from across the Executive Branch, assisting the efforts of the Suitability and Security Executive Agents, and placing emphasis on performance measurement and training opportunities as critical to ensuring successful outcomes.
- Is responsible for developing and employing standardized timeliness measures, including metrics required by the IRTPA. The PAC leadership is developing metrics for investigative and adjudicative quality and reciprocity, and to better assess agencies' workloads as a means to help prevent backlogs.
- Is developing national standards and curricula for investigator and adjudicator training to ensure that the workforce that makes hiring and clearing decisions acquires and maintains the skills needed to perform those functions.

Also, the Department of Defense took a significant step in November 2008 with the Army's implementation of electronic adjudication. E-Adjudication applies decision support technology to assist in the processing of cases. The Army's implementation screens all Secret-level cases on federal civilian and military members to identify and automatically adjudicate no-issue "clean" cases. The pilot was successful and since full implementation in February 2009 69,804 clean cases have been screened and almost 32.7% of them were e-Adjudicated, requiring no human review resulting in enhanced efficiencies. In September 2009, this capability was

expanded to DoD industry cases, which represent an additional 179,000 cases per year. The Department anticipates that 24% of all Industry cases will qualify for e-Adjudication, thereby eliminating the need for human intervention. The Department plans to roll out this capability to the Air Force and Navy adjudication facilities by December 2009.

In addition to near-term implementation opportunities like e-Adjudication, the reform effort has created an information technology strategy that dictates that reform efforts will leverage existing Federal government systems and capabilities where applicable, and develop or adapt new tools as necessary. The strategy seeks to align executive branch agency modernization plans with the transformed process, where the Joint Reform Team is developing enterprise capabilities and individual agencies will only be required to develop specific internal capabilities that are unique to their mission needs. Successful execution of the strategy will reduce duplication and enhance reciprocity, while focusing on quality, service, and cost. This strategy is reflected in the DoD's planning to co-locate all its adjudication facilities. As part of that effort, required by the Base Realignment and Closures Act by 2012, the DoD plans to move all adjudicators to a standardized case management system, enhancing efficiency, enabling consistency, and allowing better performance measurement and management.

There is one additional policy initiative we wish to highlight as part of the reform effort. In recognition of the increasing needs for skills diversity in the workforce, the DNI issued Intelligence Community Directive (ICD) 704 in October 2008. This ICD governs eligibility for access to Sensitive Compartmented Information and other controlled access information. It makes a key change to the eligibility standards aimed at alleviating a barrier to entry for applicants who are first and second generation Americans.

As you know, the GAO was asked to assess the Joint Reform Team efforts in reforming the security clearance process. As part of that study, the GAO reviewed the reform team efforts, including those detailed above. We recognize that many observations in their report are fair assessments of the current state of clearance reform. That said, we welcome the report's support of, and suggestions for, the success of the reform effort.

Improving the quality and consistency of investigations and adjudications is a goal shared by the reform effort and a key GAO recommendation. We note the work of the PAC in developing meaningful measures to assess quality in these areas across the Executive Branch. We also highlight steps being taken by the Department of Defense, including development of guidelines that will improve the consistency of adjudications and the development of an automated tool to assess and report on the quality of investigations and adjudications.

Chairman Akaka, thank you for the opportunity to update you on this important effort. Both the DNI and DoD senior leadership remain deeply committed to building on the progress we have made to date. We appreciate the subcommittee's continued engagement on this critical reform effort and are confident that our efforts will continue to bear fruit in the future.

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
Tuesday, September 15, 2009

PERSONNEL SECURITY CLEARANCES

Progress Has Been Made to Reduce Delays but Further Actions Are Needed to Enhance Quality and Sustain Reform Efforts

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

GAO-09-684T

September 15, 2009

GAO
Accountability · Integrity · Reliability
Highlights

Highlights of GAO-09-684T, a testimony to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

PERSONNEL SECURITY CLEARANCES

Progress Has Been Made to Reduce Delays but Further Actions Are Needed to Enhance Quality and Sustain Reform Efforts

Why GAO Did This Study

Due to concerns about long standing delays in the security clearance process, Congress mandated reforms in the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), which requires, among other things, that the executive branch report annually to Congress. Since 2005, the Department of Defense's (DOD) clearance program has been on GAO's high-risk list due to delays and incomplete documentation. The Office of Personnel Management (OPM) conducts much of the government's clearance investigations. In 2007, the Director of National Intelligence and DOD established a Joint Reform Team to coordinate governmentwide improvement efforts for the process. The Office of Management and Budget (OMB) oversees these efforts.

Based on two recent GAO reports, this statement addresses (1) progress in reducing delays at DOD, (2) opportunities for improving executive branch reports to Congress and (3) the extent to which joint reform efforts reflect key factors for reform. GAO independently analyzed DOD clearances granted in fiscal year 2008, assessed the executive branch's 2006-2009 reports to Congress, and compared three joint reform reports to key transformation practices. GAO previously recommended that OMB improve the transparency in executive branch reporting and establish a strategic framework. OMB concurred or partially concurred with these recommendations.

View GAO-09-684T or key components. For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

What GAO Found

DOD and OPM have made significant progress in reducing delays in making security clearance decisions and met statutory timeliness requirements for DOD's initial clearances completed in fiscal year 2008. IRTPA currently requires that decisions on at least 80 percent of initial clearances be made within an average of 120 days. In 2008, GAO found that OPM and DOD made initial decisions on these clearances within 87 days, on average.

Opportunities exist for the executive branch to improve its annual reports to Congress. For example, the executive branch's 2009 report to Congress did not reflect the full range of time it took to make all initial clearance decisions and has provided little information on quality. Under the current IRTPA requirements, the executive branch can exclude the slowest 20 percent of clearances and then calculate timeliness based on an average of the remaining clearances. GAO analyzed 100 percent of initial clearances granted in 2008 without taking averages or excluding the slowest clearances and found that 39 percent took more than 120 days. The absence of comprehensive reporting limits full visibility over the timeliness of initial clearance decisions. With respect to quality, although IRTPA grants the executive branch latitude in reporting, the 2006-2009 reports provided little information on quality. However, the 2009 report identified quality measures that the executive branch proposes to collect. GAO has stated that timeliness alone does not provide a complete picture of the clearance process. For example, GAO recently estimated that with respect to initial top secret clearances adjudicated in July 2008, documentation was incomplete for most OPM investigative reports. Greater attention to quality could increase instances of reciprocity—an entity's acceptance of another entity's clearances.

Initial joint reform efforts reflect key practices for organizational transformation that GAO has identified, such as having committed leadership and a dedicated implementation team, but the Joint Reform Team's reports do not provide a strategic framework that contains important elements of successful transformation, including long-term goals with outcome-focused performance measures, nor do they identify potential obstacles to progress and possible remedies. Further, GAO's prior work and IRTPA identified several factors key to reforming the clearance process. These include (1) engaging in governmentwide reciprocity, (2) consolidating information technology, and (3) identifying and reporting long-term funding requirements. However, the Joint Reform Team's information technology strategy does not yet define roles and responsibilities for implementing a new automated capability which is intended to be a cross-agency collaborative initiative. Also, the joint reform reports do not contain information on funding requirements or identify funding sources. The reform effort's success will depend upon the extent to which the Joint Reform Team is able to fully address these key factors moving forward. Further, it is imperative that OMB's Deputy Director for Management continue in the crucial role as chair of the Performance Accountability Council, which oversees joint reform team efforts.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to participate in the sixth in a series of hearings that this Subcommittee has held to discuss the federal government's personnel security clearance process. As you know, security clearances are used to verify that national security information—which in some cases could cause exceptionally grave damage to U.S. national defense or foreign relations if disclosed—is entrusted only to individuals who have proven reliability and loyalty to the nation. Following the terrorist attacks on September 11, 2001, the nation's defense and intelligence needs grew, prompting an increased demand for personnel with security clearances. About 2.4 million people currently hold clearances,[1] and in fiscal year 2008 the Office of Personnel Management (OPM) conducted about 800,000 national security investigations in which it collected background information on federal personnel in positions that require clearances.

In response to concerns about delays in processing clearances and other clearance issues, Congress set goals and established requirements for improving the clearance process in the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA).[2] Those requirements include, among other things, improving the timeliness of the clearance process, achieving interagency reciprocity (a government entity's acceptance of another government entity's clearance investigation or determination), establishing an integrated database to track investigative and adjudicative information,[3] and evaluating available technology that could be used to conduct investigations and adjudications. IRTPA also requires the executive branch to provide a report to Congress, by February 15th of each year, on the progress made during the preceding year toward meeting IRTPA's requirements for security clearances, including the length of time agencies take to complete investigations and adjudications, a discussion of impediments to the implementation of IRTPA's requirements, and any

[1] The 2.4 million is an estimate provided by OPM. It excludes some personnel who hold clearances to work in areas of national intelligence.

[2] Pub. L. No. 108-458, § 3001 (2004).

[3] The security clearance process currently consists of six phases: *requirements setting* (the determination of whether a position requires access to classified information), *application submission* (an applicant's submission of required materials and the submission of a request for a background investigation), *investigation* (OPM's or an OPM contractor's collection of background information), *adjudication* (the review of the information collected during the investigation to determine clearance eligibility), *appeal*, and *renewal*.

other information or recommendations the executive branch considers appropriate.

Since 2005, we have designated the Department of Defense's (DOD) personnel security clearance program a high-risk area.[4] We first designated DOD's clearance program as a high-risk area in 2005 due, primarily, to long-standing delays in the process.[5] We found that in fiscal year 2003, for example, DOD industry personnel needed an average of 375 days to get a clearance and that such delays increase national security risks, delay the start of classified work, hamper employers from hiring the best-qualified workers, and increase the government's cost of national security-related contracts.[6] We maintained the high-risk designation in 2007 because of continued delays and additional concerns about incomplete clearance documentation in the investigation and adjudication phases of the security clearance process.[7] For example, we reported at that time that our independent analysis of a sample of 2,259 initial top secret clearance decisions for DOD industry personnel took an average of 325 days to complete. During the 2007 review we also found that 47 of 50 clearance investigative reports and adjudicative files that we analyzed were missing required documentation. In 2009, despite significant improvement in reducing delays, we continued to designate this program as a high-risk area due to more stringent timeliness requirements that will take effect in December 2009 and continuing problems with incomplete clearance documentation that I will be discussing today.[8]

In 2007, the Director of National Intelligence and the Under Secretary of Defense (Intelligence) (OUSDI) established the Joint Reform Team to coordinate governmentwide efforts to achieve IRTPA timeliness goals and improve the processes related to granting security clearances and

[4] GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: Jan. 2005); *High-Risk Series: An Update*, GAO-07-310 (Washington, D.C.: Jan. 2007); and *High-Risk Series: An Update*, GAO-09-271 (Washington, D.C.: Jan. 2009).

[5] GAO-05-207.

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

[7] GAO-07-310.

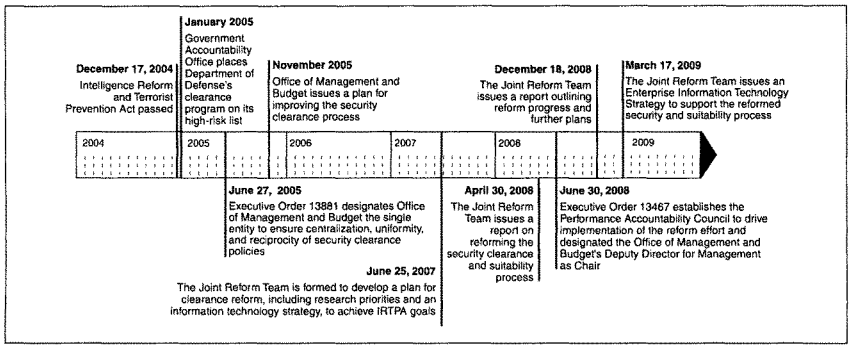
[8] GAO-09-271.

determining suitability for government employment.[9] Currently, the Joint Reform Team is comprised of cognizant entities within the Office of Management and Budget (OMB), OPM—which conducts background investigations for much of the federal government—the Office of the Director of National Intelligence (ODNI), and OUSDI. In accordance with a recommendation made by the Joint Reform Team, Executive Order 13467 established a Suitability and Security Clearance Performance Accountability Council, commonly known as the Performance Accountability Council, as the head of the governmentwide governance structure responsible for driving implementation and overseeing clearance reform efforts and appointed OMB's Deputy Director for Management as the chair. This governance structure was put in place, in part, to sustain the momentum of clearance reforms, particularly through the transition to a new administration.

As indicated in figure 1 (a timeline highlighting key events related to the security clearance reform efforts), the Joint Reform Team has issued three key reports, which collectively communicate the reform effort's plans for reforming the security clearance process. First, in April 2008, the Joint Reform Team issued its first report that presented a proposed reformed security clearance process with more extensive use of information technology than the current process. In December 2008, the Team issued a report on the progress of the reform efforts and provided further details on the plans to implement reforms. Most recently, in March 2009, the Joint Reform Team finalized an Enterprise Information Technology Strategy to support the reformed security and suitability process and its associated milestones described in the April and December reports.

[9] Determinations of suitability for government employment in positions in the competitive service and for career appointment in the Senior Executive Service include consideration of aspects of an individual's character or conduct that may have an impact on the integrity or efficiency of their service. Exec. Order No. 13467, *Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information*, at § 1.2(l) (June 30, 2008) (citing 5 C.F.R. Part 731).

Figure 1: Key Events Related to the Security Clearance Reform Efforts



Source: GAO analysis.

My statement today will highlight the key findings and recommendations from two reports we issued in May 2009. Specifically, I will discuss (1) DOD's and OPM's progress in reducing delays in the personnel security clearance process for DOD personnel, (2) opportunities for improving the executive branch's annual reports to Congress in terms of timeliness and quality and (3) the extent to which joint reform efforts reflect essential factors for reform.[10] To assess the timeliness for completing initial clearances, we reviewed IRTPA's requirements; conducted an independent analysis of the timeliness of 450,000 initial clearances completed in fiscal year 2008 for military, DOD civilian, and industry personnel; and analyzed the timeliness data contained in the executive branch's 2009 annual report to Congress regarding clearances granted in fiscal year 2008. To assess the extent to which the executive branch has included transparent information on timeliness as well as information on quality in its annual reports to Congress, we analyzed reports that were issued in 2006 through

[10] GAO, *Personnel Security Clearances: An Outcome-Focused Strategy Is Needed to Guide Implementation of the Reformed Clearance Process*, GAO-09-488 (Washington, D.C.: May 19, 2009); and *DOD Personnel Clearances: Comprehensive Timeliness Reporting, Complete Clearance Documentation, and Quality Measures Are Needed to Further Improve the Clearance Process*, GAO-09-400 (Washington, D.C.: May 19, 2009).

2009. In addition, we reviewed clearance-related files for completeness and held interviews with senior officials at OMB, DOD, ODNI, and OPM. To assess the extent to which joint reform reports address essential factors for reform, we compared the Joint Reform Team's reform plans to key practices and implementation steps for mergers and organizational transformations that we have previously identified.[11] We conducted our work 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 obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DOD and OPM Have Made Significant Progress in Reducing Delays in the Clearance Process for DOD Personnel

Since 2005, DOD and OPM have made significant progress in reducing delays in making personnel security clearance decisions and met statutory timeliness requirements for DOD's initial clearances completed in fiscal year 2008. IRTPA currently requires that decisions on at least 80 percent of initial clearances be made within an average of 120 days. In December of 2008, we conducted an analysis to assess whether DOD and OPM were meeting the current timelines requirements in IRTPA and examined the fastest 80 percent of initial clearance decisions for military, DOD civilian, and DOD industry personnel. We found that these clearance decisions were completed within 87 days, on average, and well within IRTPA's requirements.

IRTPA further requires that by December 2009, a plan be implemented in which, to the extent practical, 90 percent of initial clearance decisions are made within 60 days, on average. We also analyzed the executive branch's 2009 annual report to Congress, which presented an average of the fastest 90 percent of initial clearance decisions in anticipation of IRTPA's December 2009 requirements. The report stated that the average time for completing the fastest 90 percent of initial clearances for military and DOD civilians in fiscal year 2008 was 124 days. The report also stated that the average time for completing the fastest 90 percent of initial clearances for private industry personnel working on DOD contracts in fiscal year

[11]GAO, *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, GAO-03-293SP (Washington, D.C.: Nov. 14, 2002); and *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

2008 was 129 days.[12] DOD and OMB officials have noted that the existing clearance process is not likely to allow DOD and other agencies to meet the timeliness requirements that will take effect in December 2009 under IRTPA.

Opportunities Exist to Improve Executive Branch Reporting to Congress

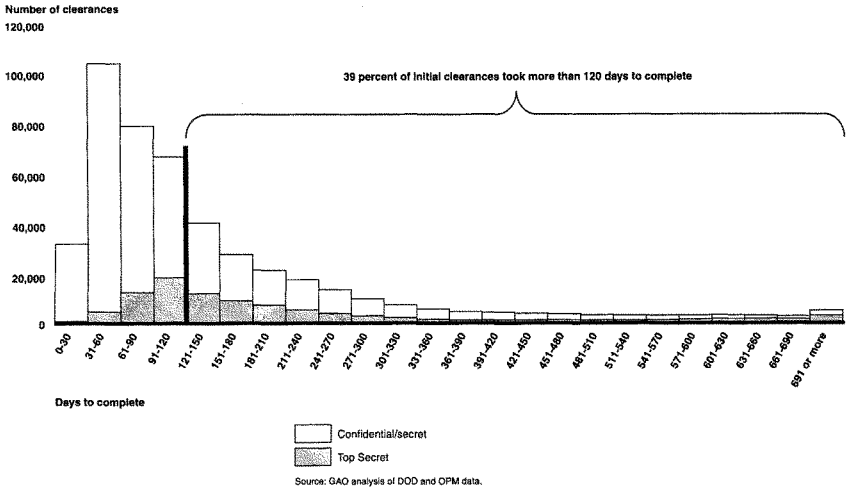
Annual Reports Could Benefit from Greater Transparency in Clearance Timeliness Reporting

IRTPA requires that the executive branch report annually on the progress made during the preceding year toward meeting statutory requirements for security clearances, including timeliness, and also provides broad discretion to the executive branch to report any additional information considered appropriate. Under the timeliness requirements in IRTPA, the executive branch can exclude the slowest clearances and then calculate the average of the remaining clearances. Using this approach and anticipating IRTPA's requirement that by December 2009, a plan be implemented under which, to the extent practical, 90 percent of initial clearance decisions are made within an average of 60 days, the executive branch's 2009 report cited as its sole metric for timeliness the average of the fastest 90 percent of initial clearances.

We conducted an independent analysis of all initial clearance decisions that DOD made in fiscal year 2008 that more fully reflects the time spent making clearance decisions. Without excluding any portion of the data or taking an average, we analyzed 100 percent of 450,000 initial DOD clearances decisions made in fiscal year 2008 for military, DOD civilian, and DOD industry personnel. Figure 2 shows the full range of time it took DOD and OPM to make clearance decisions in fiscal year 2008.

[12]The executive branch report also included information on timeliness not specifically required by IRTPA, such as the average length of time DOD and other agencies took to complete the application submission phase of the clearance process.

Figure 2: Timeliness of 100 Percent of GAO Sample of Initial DOD Personnel Security Clearance Eligibility Decisions Made in Fiscal Year 2008



Source: GAO analysis of DOD and OPM data.

As you can see, our independent analysis of all of the initial clearances revealed that 39 percent of the clearance decisions took more than 120 days to complete. In addition, 11 percent of the initial clearance eligibility decisions took more than 300 days to complete.

By limiting its reporting on timeliness to the average of the fastest 90 percent of the initial clearance decisions made in fiscal year 2008 and excluding mention of the slowest clearances, the executive branch did not provide congressional decision makers with visibility over the full range of time it takes to make all initial clearance decisions and the reasons why delays continue to exist. In our recent report, we recommended that the Deputy Director for Management at OMB (who is responsible for submitting the annual report) include comprehensive data on the

timeliness of the personnel security clearance process in future versions of the IRTPA-required annual report to Congress. [13] In oral comments in response to our recommendation, OMB concurred, recognized the need for timeliness, and underscored the importance of reporting on the full range of time to complete all initial clearances. We note, Mr. Chairman, that you previously submitted an amendment to expand IRTPA's provision on reporting on clearance timeliness.[14]

Annual Reports Could Provide Congress with Greater Visibility over Quality Issues

While IRTPA contains no requirement for the executive branch to report any information on quality, the act grants the executive branch broad latitude to include any appropriate information in its reports. The executive branch's 2006 through 2009 IRTPA-required reports to Congress on the clearance process provided congressional decision makers with little information on quality—a measure that could include topics such as the completeness of the clearance documentation of clearance decisions. The 2006 and 2008 reports did not contain any mention of quality, and the 2007 report mentioned a single quality measure—the frequency with which adjudicating agencies returned OPM's investigative reports because of quality deficiencies. The 2009 report does not contain any data on quality but proposes two measures of investigative report quality and identifies plans to measure adjudicative quality. Specifically, the discussion of these measures is included in the Joint Reform Team's December 2008 report, *Security and Suitability Process Reform*, which was included in the executive branch's 2009 report.

We have previously reported that information on timeliness alone does not communicate a complete picture of the clearance process, and we have emphasized the importance of ensuring quality in all phases of the clearance process. For example, we recently estimated that with respect to initial top secret clearances adjudicated in July 2008, documentation was incomplete for most OPM investigative reports and some DOD adjudicative files.[15] We independently estimated that 87 percent of about 3,500 investigative reports that adjudicators used to make clearance decisions were missing required documentation, and the documentation

[13] GAO-09-400.

[14] Senate Amendment 5351 to S.3001, the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, would have proposed, among other things, expanding IRTPA's reporting provision.

[15] GAO-09-400

most often missing was employment verification.[16] Incomplete documentation may lead to increases in both the time needed to complete the clearance process and in overall process costs and may reduce the assurance that appropriate safeguards are in place to prevent DOD from granting clearances to untrustworthy individuals. Because the executive branch has not sufficiently addressed quality in its reports, it has missed opportunities to provide congressional decision makers with greater visibility over the clearance process. In our most recent report, we recommended that the Deputy Director for Management at OMB include measures of quality in future versions of the IRTPA-required annual reports. In oral comments, OMB concurred with our recommendation and emphasized the importance of providing Congress more transparency about quality in the clearance process.

[16] We independently selected a stratified random probability sample of 100 OPM investigative reports and associated DOD adjudicative files from the population of 3,993 applications that were identified as clearances that were favorably adjudicated in July 2008 by the central adjudication facilities of the U.S. Army, U.S. Navy, and U.S. Air Force. We estimated that the total number of clearances DOD granted in July 2008 was 3,500 (+/-300). For this population, we produced statistical estimates that have a margin of error of plus or minus 10 percent or less at the 95 percent confidence level. See GAO-09-400 for further details.

Initial Reform Efforts Partially Reflect Key Practices for Organizational Transformation and Essential Factors for Clearance Reform, but Lack a Fully Developed Strategic Framework

Initial joint reform efforts partially reflect key practices for organizational transformation that we have identified, such as having committed leadership and a dedicated implementation team, but reports issued by the Joint Reform Team do not provide a strategic framework that contains important elements of successful transformation, including long-term goals with related outcome-focused performance measures to show progress, nor do they identify potential obstacles to progress and possible remedies. Consistent with some of the key practices for organizational transformation,[17] a June 2008 Executive Order established the Suitability and Security Clearance Performance Accountability Council, commonly known as the Performance Accountability Council, as the head of the governmentwide governance structure responsible for achieving clearance reform goals and driving and overseeing the implementation of reform efforts. The Deputy Director for Management at OMB—who was confirmed in June 2009—serves as the Chair of the Council, and the Order also designated the Director of OPM and the Director of National Intelligence as Executive Agents for Suitability and Security, respectively. Membership on the council currently includes senior executive leaders from 11 federal agencies. In addition to high-level leadership of the Performance Accountability Council, the reform effort has benefited from a dedicated, multi-agency implementation team—the Joint Reform Team—to manage the transformation process from the beginning.[18] The Joint Reform Team, while not formally part of the governance structure established by Executive Order 13467, works under the Council to provide progress reports to the President, recommend research priorities, and oversee the development and implementation of an information technology strategy, among other things.

In addition to the key practices, the three reports issued by the Joint Reform Team have begun to address essential factors for reforming the security clearance process that we identified in prior work and that are also found in IRTPA. These factors include (1) developing a sound requirements determination process, (2) engaging in governmentwide reciprocity, (3) building quality into every step of the process,

[17] Key practices for government transformation refer to those agreed upon in September 2002 at a forum we convened in which representatives from major private and public sector organizations identified and discussed practices and lessons learned from mergers, acquisitions, and transformations that can serve to guide federal agencies as they transform their processes in response to governance challenges. See GAO-03-293SP.

[18] According to the Joint Reform Team, over 70 personnel from DOD, OPM, and ODNI currently support the Team's initiatives (including approximately 17 full-time staff).

(4) consolidating information technology, and (5) identifying and reporting long-term funding requirements.[19]

While the personnel security clearance joint reform reports, which we reviewed collectively, begin to address essential factors for reforming the security clearance process, which represents positive steps, the Joint Reform Team's information technology strategy does not yet define roles and responsibilities for implementing a new automated capability that is intended to be a cross-agency collaborative initiative. GAO's prior work on key collaboration practices has stressed the importance of defining these roles and responsibilities when initiating cross-agency initiatives.[20] In addition, the Joint Reform Team's reports do not contain any information on initiatives that will require funding, determine how much they will cost, or identify potential funding sources. Without long-term funding requirements, decision makers in both the executive and legislative branches will lack important information for comparing and prioritizing proposals for reforming the clearance processes. The reform effort's success will be dependent upon the extent to which the Joint Reform Team is able to fully address these key factors moving forward.

Although the high-level leadership and governance structure of the current reform effort distinguish it from previous efforts, it is difficult to gauge progress of reform, or determine if corrective action is needed, because the council, through the Joint Reform Team, has not established a method for evaluating the progress of the reform efforts. Without a strategic framework that fully addresses the long-standing security clearance problems and incorporates key practices for transformation—including the ability to demonstrate progress leading to desired results—the Joint Reform Team is not in a position to demonstrate to decision makers the extent of progress that it is making toward achieving its desired outcomes,

[19] Establishing a sound requirement-determination process, building quality into every step of the process, and providing Congress with long-term funding-requirements are identified in our previous work. See GAO, *Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes*, GAO-08-352T, (Washington, D.C.: Feb. 27, 2008). Establishing governmentwide reciprocity and developing and consolidating information technology are derived from § 3001(d) and (f) of IRTPA.

[20] GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct 21, 2005); and *Information Technology: Customs Automated Commercial Environment Program Progressing, But Need for Management Improvements Continues*, GAO-05-267 (Washington, D.C.: Mar 14, 2005).

and the effort is at risk of losing momentum and not being fully implemented.

In our May 2009 report, we recommended that OMB's Deputy Director of Management, in the capacity as Chair of the Performance Accountability Council, ensure that the appropriate entities—such as the Performance Accountability Council, its subcommittees, or the Joint Reform Team—establish a strategic framework for the joint reform effort to include (1) a mission statement and strategic goals; (2) outcome-focused performance measures to continually evaluate the progress of the reform effort toward meeting its goals and addressing long-standing problems with the security clearance process; (3) a formal, comprehensive communication strategy that includes consistency of message and encourages two-way communication between the Performance Accountability Council and key stakeholders; (4) a clear delineation of roles and responsibilities for the implementation of the information technology strategy among all agencies responsible for developing and implementing components of the information technology strategy; and (5) long-term funding requirements for security clearance reform, including estimates of potential cost savings from the reformed process and provide them to decision makers in Congress and the executive branch.[21]

In oral comments on our report, OMB stated that it partially concurred with our recommendation to establish a strategic framework for the joint reform effort. Further, in written agency comments provided to us jointly by DOD and ODNI, they also partially concurred with our recommendation. Additionally, DOD and ODNI commented on the specific elements of the strategic framework that we included as part of our recommendation. For example, in the comments, DOD and ODNI agreed that the reform effort must contain outcome-focused performance measures, but added that these metrics must evolve as the process improvements and new capabilities are developed and implemented because the effort is iterative and in phased development. We continue to believe that outcome-focused performance measures are a critical tool that can be used to guide the reform effort and allow overseers to determine when the reform effort has accomplished it goals and purpose. In addition, DOD and ODNI asserted that considerable work has already been done on information technology for the reform effort, but added that even clearer roles and responsibilities will be identified moving forward.

[21] GAO-09-488.

Regarding our finding that, at present, no single database exists in accordance with IRTPA's requirement that OPM establish an integrated database that tracks investigations and adjudication information, DOD and ODNI stated that the reform effort continues its iterative implementation of improvements to systems that improve access to information that agencies need. DOD and ODNI also acknowledged that more work needs to be done to identify long-term funding requirements.

Mr. Chairman, I want to conclude by reiterating that DOD and OPM are meeting current IRTPA timeliness requirements, which means that 80 percent of initial clearance decisions are made within 120 days, on average. This represents significant and noteworthy progress from our finding in 2007, when we reported that industry personnel waited more than 1 year, on average, to receive a top secret clearance. I would also like to emphasize that, although the high-level leadership and governance structure of the current reform effort distinguish it from previous attempts at clearance reform, it is imperative that OMB's newly appointed Deputy Director for Management continue in the crucial role as chair of the Performance Accountability Council in deciding (1) how to implement the recommendations contained in our most recent reports, (2) what types of actions are necessary for developing a corrective action plan, and (3) how the corrective measures will be implemented.

Mr. Chairman, 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; James D. Ashley; Lori Atkinson; Joseph M. Capuano; Sara Cradic; Mae Jones; Shvetal Khanna; James P. Klein; Ron La Due Lake; and Gregory Marchand.

BACKGROUND
SECURITY CLEARANCE REFORM:
MOVING FORWARD ON MODERNIZATION
SEPTEMBER 15, 2009

BACKGROUND

The Department of Defense (DoD) is responsible for ordering background investigation requests on DoD military and civilian personnel, as well as DoD contract industry personnel. Until 2005, DoD conducted its own investigations. The number of clearance requests that DoD processes has greatly increased over the past eight years. In 2005, the Government Accountability Office (GAO) placed the Department of Defense Security Clearance process for military and civilian personnel, as well as DoD contract industry personnel, on the GAO High-Risk List due to a mounting backlog of clearance requests as well as DoD's inability to manage the backlog. DoD grants the large majority of security clearances across the federal government.[1]

In February 2005, DoD transferred its investigative function, as well as 1,578 investigators, to the Office of Personnel Management's Federal Investigative Services Division (OPM/FISD), although DoD retained adjudication responsibility. In addition, OPM relies on contractors for many parts of the investigation process. Currently, there are roughly 8,700 combined investigators, 75 percent of whom are contractors.

MANDATE FOR SECURITY CLEARANCE REFORM

In 2004, President Bush 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 timeliness data from May 2008 follows on page 7.

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, President Bush issued Executive Order 13381 in compliance with IRTPA. This Executive Order was extended through July 1, 2008. The order (1) designated the Office of Management and Budget (OMB) as the agency responsible for setting security clearance policy; (2) allowed OMB to assign an agency to be in charge of conducting clearance

[1] *See* Government Accountability Office, *High-Risk Series: An Update*, GAO-09-271, January 2009 [http://www.gao.gov/new.items/d09271.pdf].

investigations for the federal government (OMB chose OPM); (3) ensured reciprocity of clearances between agencies to more easily move employees from one agency to another; and (4) ordered resources to be available and tools and techniques to be developed to enhance the security clearance process. Intelligence agencies that investigate their own cases still must 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.

IRTPA Section 3001(e) 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 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, it sends the case file back to the requesting agency for adjudication. When an agency has made a clearance determination, it is required to inform OPM of the individual's clearance status, which is tracked in the CVS through PIPS, unless it is a DoD clearance, in which case it is tracked in JPAS.

The Subcommittee's 2007 and 2008 security clearance hearings addressed the technologies in use by OPM and DoD at length. Many of the systems 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 likely will need to be replaced in the near future.

JOINT SECURITY AND SUITABILITY REFORM TEAM RECOMMENDATIONS

In response to the problems with effectiveness and efficiency in security clearance processing at DoD and other agencies, during the last administration, DoD, OPM, the Office of the Director of National Intelligence (ODNI), and OMB convened a team to overhaul and streamline the clearance process government-wide. That group, known as the Joint Security and Suitability Reform Team, was tasked by the President to submit a report outlining their recommended changes.

In a memo from the President on February 5, 2008, the Joint Reform Team was 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.[2] The group submitted its initial report and recommendations on April 30, 2008.[3]

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

The Joint Reform Team also was to issue an Enterprise Information Technology Strategy to support reform efforts. The goal of this IT Strategy is to create an end-to-end automated enterprise capability. The report called for modernizing many of the legacy systems, which "are designed primarily to track hardcopy case file information" and in which "paperless processes are minimal and end-to-end electronic capability does not exist."

On June 30, 2008, President Bush issued Executive Order 13467 (replacing Executive Order 13381), which formalized the Joint Reform Team's suggested reforms and established the recommended Council.

FURTHER REFORM ACTION THROUGH THE TRANSITION

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[2] 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.
[3] Joint Security and Suitability Reform Team, *Security and Suitability Process Reform – Initial Report*, April 30, 2008 [http://www.whitehouse.gov/omb/assets/omb/reports/reform_plan_report_2008.pdf].

In December 2008, at the conclusion of the last administration, the Joint Reform Team issued its full report[4] containing strategies and milestones for implementing improvements in seven specific areas in the clearance process:

- Evaluation of the need for clearance and suitability requests to ensure that clearance requests are tied to mission needs and to prevent unnecessary investigation requests.
- Improvements to the eApplication (eQip/SF-86).
- Implementation of Automated Records Checks (ARC).
- Electronic adjudication of cases with no issues requiring further investigation or action.
- Enhanced Subject Interviews, more interactive and in-depth interviews focused on potential areas of concern from a subject's application and/or ARCs, for certain applicants.
- Expandable Focused Investigations for certain applicants with potential issues, rather than the current requirement to pursue all leads in all cases, in order to target resources to issue resolution.
- Implementation of Continuous Reevaluations rather than reinvestigations.

Consistent with its report, the Joint Reform Team issued revisions to the SF-86 through OPM to OMB. However, those revisions still have not taken effect.

In March 2009, the Joint Reform Team issued its Enterprise Information Technology Strategy to support the reformed suitability and clearance process.[5]

Due to the administration transition and the loss of key political leadership involved in the Joint Reform Team, it is unclear to what extent reform goals and milestones have been adhered to or achieved.

ADDITIONAL INFORMATION/RESOURCES:

Joint Security and Suitability Reform Team, *Enterprise Information Technology Strategy*. March 17, 2009.

Joint Security and Suitability Reform Team, *Security and Suitability Process Reform*. December, 2008. [http://www.whitehouse.gov/omb/assets/omb/reports/joint_security_dec2008.pdf]

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]

[4] Joint Security and Suitability Reform Team, *Security and Suitability Process Reform*, December 2008 [http://www.whitehouse.gov/omb/assets/omb/reports/joint_security_dec2008.pdf].
[5] Joint Security and Suitability Reform Team, *Enterprise Information Technology Strategy*, March 17, 2009.

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]

Government Accountability Office, *High-Risk Series: An Update*, GAO-09-271, January 2009. [http://www.gao.gov/new.items/d09271.pdf]

Government Accountability Office, *Personnel Security Clearance: An Outcome-Focused Strategy Is Needed to Guide Implementation of the Reformed Clearance Process*, GAO-09-488, May 19, 2009.
[http://www.gao.gov/new.items/d09488.pdf]

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 Representatives, 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, *Security Clearance Reform: The Way Forward*, S. Hrg. 110–636. May 22, 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]

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

Executive Order 13467, "Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information."

Timeliness of National Security Investigations

Type		FY 05 All Agencies	FY 07 All Agencies	FY 08 All Agencies	3rd Q FY09 All Agencies
All Initial Investigations	Total Closed	471,049	695,513	709,402	168,270
	Average Days	189 days	153 days	81 days	44 days
	80% average	**118 days**	**92 days**	**54 days**	**33 days**
	90% average	145 days	115 days	64 days	37 days
Top Secret/Q	Total Closed	83,410	101,782	96,948	24,617
	Average Days	347 days	222 days	100 days	72 days
	80% average	280 days	143 days	76 days	59 days
	90% average	308 days	175 days	85 days	64 days
Secret/Confidential/L	Total Closed	387,639	593,731	612,454	143,653
	Average Days	154 days	142 days	78 days	39 days
	80% average	95 days	85 days	50 days	29 days
	90% average	115 days	106 days	60 days	33 days
SSBI-PR's and PPR	Total Closed	47,755	118,752	121,223	22,113
	Average Days	482 days	289 days	155 days	84 days
	80% average	366 days	216 days	104 days	71 days
	90% average	419 days	244 days	125 days	76 days

Figures Provided by the Office of Personnel Management, September 2008

Post-Hearing Questions for the Record
Submitted to the Hon. Jeffrey D. Zients
From Senator Daniel K. Akaka

"Security Clearance Reform: Moving Forward to Modernization"

September 15, 2009

1. Please provide more details about the Comprehensive Information Technology Strategy, including how the goals will be achieved and the communication strategy between all of the stakeholders at OPM, DoD, and ODNI. Is OMB coordinating the IT needs between all of the stakeholders, and if not, how is this being done?

   The Joint Security and Suitability Reform Team met with the Executive Branch community in January and in February, 2009 to collaborate on implementation of reform efforts. In January, the Joint Reform Team launched a survey to agencies with which to gather details on agency personnel security program status to create a comprehensive view of agency, and overall Executive Branch, status relative to reform goals. The February meeting focused on the next step – each agency's development of a more detailed Plan of Actions and Milestones (POA&M) to provide a baseline schedule for implementing the IT automation and process reform improvements within each agency and across the Executive Branch. Beginning in January 2010, each Agency will provide quarterly progress updates on execution of reform activities against their original milestone schedule. These progress reports will be collected and analyzed by the JRT and reported to the PAC for oversight. In addition, we are presently re-baselining the larger security clearance reform project and developing detailed work plans for agency partners. We will keep you apprised of any significant changes to the plan or schedule. It is my expectation that by December 31, 2009, we will deliver to you a draft report which provides, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project.

2. Has OMB and/or the Reform Team met with or scheduled a time to meet with the GAO to come to an agreement on performance measures, quality metrics, a strategic framework, and a corrective action plan – all of which were mentioned at the hearing?

   On September 29, 2009, following the security clearance reform hearing before the HSGAC subcommittee, OMB met with GAO to discuss issues raised at the hearing, recommendations made by GAO in their recent reports, and the High Risk list item related to the security clearance program at DoD. In addition, earlier this month, GAO officially notified the reform team of a new engagement to review personnel security clearance reform efforts. The reform team worked with GAO to schedule the in-briefings to begin in the third week of October.

3. What role, if any, is played by the Federal Chief Information Officer in interagency coordination and integration of technology systems security clearance and suitability determinations?

   The Federal Chief Information Officer, as Administrator for Electronic Government and Information Technology at the Office of Management and Budget, has overall responsibility for ensuring the government has secure, efficient, and effective Federal information systems. OMB's E-Gov office works closely with agencies to maintain a strong focus on IT governance, from capital planning and investment management to privacy and security. The Federal CIO, through OMB's E-Gov office, coordinates the review of capital acquisition plans for major IT systems and will do so for any such systems that may be acquired under the joint suitability and security clearance reform process.

Post-Hearing Questions for the Record
Submitted to the Hon. Jeffrey D. Zients
From Senator George V. Voinovich

"Security Clearance Reform: Moving Forward on Modernization"

September 15, 2009

1. Mr. Zients, what do you believe are the largest risks to successfully implementing the Intelligence Reform and Terrorism Prevention Act's security clearance reform mandates?

   The IRTPA goals are achievable, but the challenge is to do so sustainably and without loss of quality. Presently, gains in timeliness have largely been achieved through additional human resources. We have also reduced the time to complete investigations by leveraging technology to expedite the investigative processes. Remaining challenges include ensuring the use of the Clearance Verification System (CVS) to promote reciprocity, and automating records repositories to further enhance process timeliness and reciprocity. There is also a risk that reform activities may not maintain proper focus on reciprocity and integration of information issues identified by the Intelligence Reform and Terrorism Prevention Act (IRTPA), which are equal in importance to the timeliness requirements.

   As described in my testimony, I will focus on ensuring other keys to success, such as—
   - Developing detailed work plans among the JRT and agency partners;
   - Establishing appropriate metrics for measurement and management of the initiative;
   - Identifying problems early and thinking creatively about solutions;
   - Holding people accountable for outcomes;
   - Maintaining a relentless focus on the overarching goals of timeliness and reciprocity.

2. In July you wrote to me that "OMB continues to coordinate an interagency review of the security clearance reform initiative." While I appreciate the Administration's interest in reviewing initiatives begun by prior Administrations, the security clearance reform initiative came about as the result of a Congressional mandate and a number of GAO recommendations, and I believe it is important that we not lose the momentum we have regarding clearance reform. When will OMB's interagency review be complete?

   The inter-agency review of the Standard Form 86, which is used in national security investigations, is complete and the revised form was released for public comment on September 30, 2009. Following the public comment period, we will finalize the SF-86, make revisions to the Federal Investigative Standards, and assess the impact on our development schedule and phased implementation plan. This assessment will take place within the larger ongoing effort to re-baseline the security clearance reform project and

develop detailed work plans for agency partners as they execute the December 2008 plan. I will keep you apprised of any significant changes to the plan or schedule.

3. Your testimony indicated that security clearance reforms will be substantially operational across the federal government by the end of calendar year 2010 and most timeframes for key milestones provided in the December 2008 Joint Reform Team Report are still on target, but you suggested IT milestones need to be re-examined. When will you provide Congress with revised IT milestones and timelines for implementation?

   It is my expectation that by December 31, 2009, we will deliver to you a draft report which provides, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project.

4. To the extent there are delays for the milestones provided in the December 2008 Joint Reform Team Report, please explain the reasons for the delays and your plans to get the milestones back on schedule.

   The delay was due to an interagency review which occurred after the change of Administrations. This review was necessary to ensure that investigative standards for both security and suitability determinations recognized relevant privacy concerns of employees. The effort affected both the Standard Form 86, covering security clearance matters, and the Standard Form 85P, which covers suitability determinations for public trust positions, because the investigative standards underpinning both forms had been aligned in our tiered model.

   The work on the SF-86 is largely complete and I expect the form to complete the public comments period imminently. This delay will have some impact on the detailed development plan and implementation schedule. We will be re-baselining the effort in the weeks ahead and I will keep you apprised of any significant changes. However, the overall implementation date remains the same and I expect the reforms to be substantially operational across the Federal Government by the end of Calendar Year 2010.

   It is my expectation that by December 31, 2009, we will deliver to you a draft report which provides, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project.

5. Will you report back to Senator Akaka and me within 30 days with any changes to the December 2008 Joint Reform Team plan, including specific implementation timelines for each of the initiatives called for in the December 2008 plan and details on how and why any such initiatives are changing?

   This following answer was transmitted on October 15, 2009:

Due to the interagency review that occurred after the change of Administrations, there will be impacts to the key milestones provided in the December 2008 report of the Joint Reform Team. However, the overall implementation date remains the same and I expect the reforms will be substantially operational across the Federal Government by the end of Calendar Year 2010. In addition, I am pleased to notify you that the revised Standard Form 86, which is used in national security investigations, is now out for public comment. Following the public comment period, we will finalize the SF-86, make final revisions to the Federal Investigative Standards, and assess the impact on our development schedule and phased implementation plan. This assessment will take place within the larger ongoing effort to re-baseline the security clearance reform project and develop detailed work plans for agency partners as they execute the December 2008 plan. I will keep you apprised of any significant changes to the plan or schedule.

6. How do you intend to ensure that reform timelines do not slip and that agencies are held accountable for achieving the results that the Intelligence Reform and Terrorism Prevention Act calls for?

   From my experience in the private sector participating in large and transformational projects such as this, the participation of major project champions is essential for success and I will use our regular PAC meetings to sustain a high level of attention. The other keys to successfully driving this reform effort include the development of detailed work plans among the joint reform team and all partners; establishing appropriate metrics for the measurement and management of the initiative; identifying problems early and thinking creatively about solutions; holding people accountable for outcomes; and maintaining a relentless focus on the overarching goals of improved timeliness and reciprocity.

   Regarding measurement and management, we have developed a dashboard of metrics to move us incrementally toward the goals outlined in IRTPA. We also continue to develop goals and measures beyond those required by IRTPA, which more fully capture the true end-to-end timeliness of the clearance process. Measuring quality, reciprocity and other key elements of the reform effort described in the December 2008 report are also a major area of focus as well.

   In the end, improved processes and use of technology, as envisioned by the reform effort, will enable us to work smarter, manage risk, and make us less reliant on sheer manpower. An example is the use of electronic adjudication for "clean cases" which has been implemented for the Army and DoD industrial cases. Human intervention is reduced for these problem-free cases and moves us towards the important goals outlined in IRTPA.

7. Congress has been calling for reciprocal recognition of security clearances for years, but I don't see substantial progress in that direction. When are federal agencies going to comply with the IRTPA requirement that "all security clearance background investigations and determinations completed by an authorized investigative agency or authorized adjudicative agency shall be accepted by all agencies"?

Reciprocity is dependent upon investigation and clearance data being available to those who need it, in order to avoid performing work that is redundant. The reform effort addresses improvement in data availability in several ways.

- Sep 08 – OPM expanded its Clearance Verification System (CVS) data stores to make suitability data available in addition to the existing security records
- Sep 09 - CVS web portal will enable further improved searches of existing data stores
- Sep 10 - The IC is exploring the possibility of increasing access to unclassified IC records through the CVS portal search.

Reciprocity also depends on organizations having confidence in the quality of work performed by other agencies. Standardization and consistency in investigation and adjudication capabilities will improve this confidence. Each is supported by the use of standard automated tools under development by the reform effort. Also, standardized training for investigators and adjudicators, like that being developed by the PAC Training Subcommittee, will improve consistency of investigations and decisions across agencies.

It is my expectation that by December 31, 2009, we will deliver to you a draft report which provides, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project. The updated IT milestones and timelines will impact when solutions that support reciprocity will be operational across the government.

8. In March the Joint Reform Team issued an Enterprise Information Technology Strategy relating to security clearance reform efforts, but that strategy included few timelines and no budget estimates. When will we see a specific timeline for implementing the security clearance IT strategy and cost estimates for implementation? Additionally, how will those costs be budgeted for?

   Existing funding within OPM and DoD will field the next generation eApplication, a Federal-level automated records check capability, and planned modernizations within both agencies and envisioned for the reform effort. The joint team's implementation planning approach alerts departments and agencies to the portions of reform they will need to plan for, allowing them to identify and address the funding needs, and align existing modernization efforts with the Joint Reform Team's strategy. If changes need to be made, we will make them and address any funding issues through the normal budget development process.

9. The information technology strategy suggests each agency make its own decisions about how and when to develop its IT related to security clearance reform initiatives. How will OMB ensure that agencies develop such components in a timely manner?

   The Joint Security and Suitability Reform Team met with the Executive Branch community in January and in February, 2009 to collaborate on implementation of reform

efforts. In January, the Joint Reform Team launched a survey to agencies with which to gather details on agency personnel security program status to create a comprehensive view of agency, and overall Executive Branch, status relative to reform goals. The February meeting focused on the next step – each agency's development of a more detailed Plan of Actions and Milestones (POA&M) to provide a baseline schedule for implementing the IT automation and process reform improvements within each agency and across the Executive Branch. Beginning in January 2010, each Agency will provide quarterly progress updates on execution of reform activities against their original milestone schedule. These progress reports will be collected and analyzed by the JRT and reported to the PAC for oversight. In addition, we are presently re-baselining the larger security clearance reform project and developing detailed work plans for agency partners. We will keep you apprised of any significant changes to the plan or schedule. It is my expectation that by December 31, 2009, we will deliver to you a draft report which provides, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project.

10. GAO has recommended the Joint Reform Team establish long term funding requirements for security clearance reform. Has this been done, and if not, who is responsible for making such determinations and when will long term budgetary requirements and funding plans be provided to Congress?

    Existing funding within OPM and DoD will field the next generation eApplication, a Federal-level automated records check capability, and planned modernizations within both agencies and envisioned for the reform effort. The joint team's implementation planning approach alerts departments and agencies to the portions of reform they will need to plan for, allowing them to identify and address the funding needs, and align existing modernization efforts with the Joint Reform Team's strategy. If changes need to be made, we will make them and address any funding issues through the normal budget development process.

11. A May 2009 GAO report raises some concerns about how security clearance timeliness is being reported. Specifically, while the Executive Branch is complying with the letter of the law in reporting the average number of days it takes to make the fastest 90 percent of security clearance decisions, it appears that a large number of clearance requests may still take significant time to process, including 11 percent of initial clearance decisions that took more than 300 days to complete in fiscal year 2008. In all future security clearance reform reports to Congress, will you commit to providing comprehensive information about the timeliness of <u>all</u> personnel security clearances, as recommended by GAO, so that Congress has a fuller picture of security clearance timeliness?

    We are committed to providing transparency regarding the investigation process and routinely provides timeliness data on all security clearance investigations, as well as the fastest 90 percent, to our customer agencies. We will provide this same data for inclusion in the next annual IRTPA-required report to Congress.

12. I understand that a modified Questionnaire for National Security Positions, or Standard Form 86, was delivered to OMB on December 31, 2008. Your testimony indicates that the revised Standard Form 86 will be available for public comment at the end of this month, but what is your specific timeline for putting the modified Standard Form 86 into use?

    We remain committed to making these changes as quickly as possible and are presently evaluating the timeline for putting the Standard Form 86 into use. Based on our experience with previous revisions, we expect a number of challenges based on the substantial changes required by the new version of the SF 86. It will take time to automate the form within our systems due to considerable changes in screen design, branching questions, program mapping, pre-population requirements, business rules, acceptance guidelines, electrical/digital signatures, and incorporation of Joint Reform data validation and functionality requirements. We already have a very ambitious project plan in place to accomplish these changes.

13. What specific changes are being considered to the revised Standard Form 86?

    Numerous questions were changed in order to enhance the quality, utility, and clarity of the information to be collected. Explanations of each change can be found in the attached Federal Register notice that was published on September 30, 2009 for public comment.

14. Additionally, what specific changes are being considered to Standard Form 85, the Questionnaire for Non-Sensitive Positions?

    No changes are currently under consideration for the Standard Form 85.

15. Your testimony indicates that, based on public comments to the revised Standard Form 86, the Federal Investigative Standards will also be revised. What is your timeline for making changes to investigative standards and what impact do you anticipate such revisions will have on the goals and pace of reform efforts?

    It is my expectation that the revised Federal Investigative Standards will be published in 2010 to enable pilot operations which will test reforms outlined in the December 2008 report of the Joint Reform Team. In addition, by December 31, 2009, we will deliver to you a draft report which will provide, among other things, the latest information on detailed work plans to enable reforms to be substantially operational across the Federal government by the end of calendar year 2010, including updated IT milestones and timelines for the project.

16. The *Intelligence Reform and Terrorism Prevention Act* set benchmarks for the time taken to issue clearances, and there have been great strides to reduce the time taken to issue clearances. However, for December 2009, IRTPA sets a benchmark of processing clearances within 60 days. Is this benchmark currently being met across the federal government, and if not, what additional steps need to be taken in order to meet the benchmark and process 90 percent of security clearances within 60 days?

    IRTPA will require, as of December 2009, that 90% of all applications for a security clearance be conducted within an average of 60 days (40 days for the investigation phase and 20 days for the adjudication phase, to the extent practical). Today, many agencies are already meeting these much stricter IRTPA guidelines, but not all.

    As of the 4th quarter of Fiscal Year 2009, the average time for the Investigation phase was 42 days, and the average time for the Adjudication phase was 26 days. This is for all agencies for the top 90% of security clearances.

OFFICE OF PERSONNEL MANAGEMENT

Submission for Review: Questionnaire for National Security Positions, SF 86

AGENCY: U.S. Office of Personnel Management.

ACTION: 30-Day Notice and request for comments.

SUMMARY: The Federal Investigative Services Division (FISD), U.S. Office of Personnel Management (OPM) offers the general public and other Federal agencies the opportunity to comment on an information collection request (ICR), Office of Management and Budget (OMB) Control No. 3206–0005, for the General Request for the Questionnaire for National Security Positions, (SF 86).

As required by the Paperwork Reduction Act of 1995, (Pub. L. 104–13, 44 U.S.C. chapter 35) as amended by the Clinger-Cohen Act (Pub. L. 104–106), OPM is soliciting comments for this collection. The Office of Management and Budget is particularly interested in comments that:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
3. Enhance the quality, utility, and clarity of the information to be collected; and
4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submissions of responses.

DATES: Comments are encouraged and will be accepted until October 30, 2009. This process is conducted in accordance with 5 CFR part 1320.

ADDRESSES: Interested persons are invited to submit written comments on the proposed information collection to the FISD, OPM, 1900 E. Street, NW., Room 2H31, Washington, DC 20415, Attention: MaryKay Brewer or sent via electronic mail to *SFRevisionComments@opm.gov*; and Jasmeet K. Seehra, OMB Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, 725 17th Street, NW., Room 10235, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: A copy of this ICR, with applicable supporting documentation, and/or a copy of the Change Matrix described in the **SUPPLEMENTARY INFORMATION**, below, may be obtained by contacting the FISD, OPM, 1900 E. Street, NW., Washington, DC 20503, Attention: MaryKay Brewer or sent via electronic mail to *MaryKay.Brewer@opm.gov*.

SUPPLEMENTARY INFORMATION: This notice announces that OPM submitted to OMB a request for review and clearance of the revised collection of information, Questionnaire for National Security Positions SF 86 (OMB Control No. 3206–0005), which includes e-QIP (Electronic Questionnaires for Investigations Processing).

Previously, OPM requested OMB review and clear a suite of investigative forms that were packaged under OMB Control No. 3206–0005 and included the Questionnaire for National Security Positions, SF 86. Due to the continuing Executive and congressional interest in improving and streamlining the processes by which security clearances are granted, OMB has granted a request by OPM to review and clear the various expiring investigative forms separately so as to move forward at this time with the Questionnaire for National Security Positions, SF 86.

The SF 86 will be used by the U.S. Government in conducting background investigations, reinvestigations, and continuous evaluations, as appropriate, of persons under consideration for or retention in national security positions as defined in 5 CFR part 732 and for positions requiring eligibility for access to classified information under Executive Order 12968. This form may also be used by agencies in determining whether a subject performing work for or on behalf of the Government under a contract should be deemed eligible for logical or physical access when the nature of the work to be performed is sensitive and could bring about an adverse effect on the national security. It is estimated that 21,800 non-Federal individuals will complete the SF 86 annually. Each form takes approximately 150 minutes to complete. The estimated annual burden is 54,500 hours. e-QIP is a Web-based system application that currently houses an electronic version of the SF 86. This Internet data collection tool provides faster processing time and immediate data validation to ensure accuracy of the respondent's personal information. The e-Government initiative mandates that agencies utilize e-QIP for all investigations and reinvestigations. A variable in assessing burden hours is the nature of the electronic application. The electronic application includes branching questions and instructions which provide for a tailored collection from the respondent based on varying factors in the respondent's personal history. The burden on the respondent is reduced when the respondent's personal history is not relevant to a particular question, since the question branches, or expands for additional details, only for those persons who have pertinent information to provide regarding that line of questioning. As such, the burden on the respondent will vary depending on whether the information collection relates to the respondent's personal history. Additionally, once entered, a respondent's complete and certified investigative data remain secured in the e-QIP system until the next time the respondent is sponsored by an agency to complete a new investigative form. Upon initiation, the respondent's previously entered data (except 'yes/no' questions) will populate a new investigative request and the respondent will be allowed to update their information and certify the data. In this instance, time to complete the form is reduced significantly.

The 60-day **Federal Register** Notice was published June 23, 2008 (Volume 73, Number 121, pages 35421–35422). The notice proposed to change the SF 86 to specify continuous evaluation as a purpose of the form and a part of the investigative process. The "Authorization for Release of Information" was amended to acknowledge that the information provided may be used to conduct officially sanctioned and approved personnel security-related research and studies. The authorization language was amended to change the period the authorization remains in effect from (up to) five years to an unspecified period so long as the respondent remains employed in a sensitive position requiring access to classified information. The Fair Credit Reporting Disclosure and Authorization Form was made part of the proposed SF 86 as required under OMB Terms of Clearance. It is important to note that at the time the **Federal Register** notice was posted in June 2008, agencies were still utilizing the 1995 version of the form as the version in use today had not yet been implemented.

The following Federal agencies, agency components and multi-agency working groups made comments during the public comment period following the 60-day Notice: Social Security Administration, Joint Security and Suitability Reform Team (JRT), Department of Housing and Urban Development, Department of Health and Human Services, U.S. Agency for International Development, Department of Homeland Security (DHS), Central Intelligence Agency, Department of Transportation, Director of National Intelligence (DNI), Department of State (DOS), Department of State Mental Health Services, Federal Bureau of Investigation, Defense Personnel Security Research Center, Department of Energy (DOE), and internal commentators from the U.S. Office of Personnel Management (OPM). OPM internal commentators mostly focused on administrative issues related to the formatting of the instructions and layout of the questions on the former paper collection. Most comments from agencies other than the JRT focused on changes to the collection of mental health treatment information relative to treatment resulting from service in a military combat environment. The JRT comments focused on collecting from the respondent more accurate and relevant information of investigative and adjudicative significance earlier in the investigative process, to wit at the time the respondent completes the form, and the JRT recommended expanded branching questions in most sections of the form to collect additional details.

A 30-day **Federal Register** Notice was published December 31, 2008 (Volume 73, Number 251, pages 80445–80447). This notice proposed an SF 86 that incorporated the significant and substantial changes to the lines of questioning recommended in the comments by the JRT. Section 9, Citizenship, was changed to collect additional information that will assist in verifying citizenship of respondents born outside of the U.S. Branching questions inserted after each response tailored the elicitation of information to the respondent's personal history. Section 10, Dual/Multiple Citizenship, was expanded to include broader questions designed to elicit information pertinent to the adjudicative guideline for Foreign Preference. At Section 11, Where You Have Lived, branching questions replaced detailed instructions for all respondents and instead tailored the collection to elicit information based on the respondent's relevant personal history. Additional contact information for the residence reference was added to assist investigation. At Section 12, Where You Went To School, the instructions were changed to require 7 years of information vice 10 regarding certain educational activities and the verbiage was changed regarding listing degrees or diplomas received more than 7 years ago to be consistent with changes to the investigative standards. At Section 13a, Employment Activities, branching questions were added to reduce detailed instructions for all respondents and tailor instructions as applicable to the respondent. "Code 9—Non-government employment (excluding self-employment)" was added to the employment types for clarity. Additionally, branching questions for foreign addresses and contacts were added to assist investigation. At Section 13c, Employment Record, branching questions were added to prompt the applicant to enter the required information following each positive response, thereby simplifying the

detailed instructions previously necessary. The requirement to specify whether the respondent was laid off from a job was deleted as this information was not pertinent to the adjudicative guidelines regarding personal conduct and handling protected information that drive the Employment Record section. At Section 15, Military Service, branching questions were added to collect more specific details pertinent to the Personal Conduct and Criminal Conduct adjudicative guidelines. Branching question were added to elicit more information regarding foreign military service to obtain information pertinent to the adjudicative guidelines for Foreign Influence and Foreign Preference. At Section 16, People Who Know You Well, branching questions were added to clarify and collect additional information pertaining to the references. At Section 17, instructions were branched to assist investigations, and the definition of "cohabitant" was clarified. Section 18 was reformatted for branching questions and "Visa" was added to the listing of types of documentation to support investigation. At Section 19, Foreign Activities, "influence" replaced "common interests" for clarity regarding relationships with foreign nationals. Branching questions were added to obtain additional information pertaining to foreign connections and the approximate frequency of contact to support the Foreign Influence adjudicative guideline. At Section 20, additional questions regarding foreign financial activities, foreign real estate, and receipt of benefits from a foreign country, including questions concerning the subject's immediate family members, were added to elicit information pertinent to the Foreign Influence guideline. Additional questions regarding foreign employment, business ventures, travel, and foreign government contacts, including questions concerning the subject's immediate family members, were added to elicit information pertinent to the Foreign Influence, Foreign Preference, and Outside Activities adjudicative guidelines. At Question 21, additional branching questions were added to elicit information regarding mental health conditions and treatment pertinent to the adjudicative guideline for Psychological Conditions, including questions about counseling or treatment providers, whether treatment was on an in-patient basis, whether admission was voluntary, and whether the subject was ever adjudicated as mentally incompetent. At Section 22, Police Record, branching questions were added to inquire about the disposition of criminal proceedings, and to inquire about offenses related to firearms, explosives, alcohol and drugs for a 7 year period vice an unlimited period pertaining to the respondent's entire life. At Section 23, Illegal Use of Drugs or Drug Activity, questions were added regarding intent of future use and drug treatment pertinent to the adjudicative guideline for Drug Involvement. The requirement to report possession of drugs was replaced with a broader collection requiring reporting of illegal purchase. At Section 24, Use of Alcohol, questions were branched to further identify actions taken by applicant to pursue and/or complete recommended counseling/treatment and to elicit pertinent information regarding the adjudicative guideline for Alcohol Consumption. At Section 25, Investigations and Clearance Record, branching questions were added to elicit information necessary for investigation to obtain relevant prior records and to elicit information potentially connected to the adjudicative guideline for Handling Protected Information. Additionally, questions regarding investigations by foreign governments were added to elicit information pertinent to the adjudicative guideline for Foreign Preference. At Section 26, Financial Record, branching questions were added to elicit specific detailed information pertaining to each financial area instead of an open text field for respondents to provide explanation. The time frame for reporting delinquencies on any debt was changed to 120 days, instead of 180 days for prior debts and 90 days for current debts. A question was added regarding involvement with a credit counseling service to support the adjudicative guideline for Financial Considerations. At Section 28, Involvement in Non-Criminal Court Actions, the time period respondents are required to report was changed to the last 7 years vice 10. At Section 29, Association Record, branching questions were added to collect detailed information versus providing a blank area for explanation. The Certification Statement was amended to remove verbiage regarding security clearance to clarify penalties for incomplete or inaccurate statements. On the medical release, a question was added to obtain the "dates of the treatment" pertinent to the adjudicative guideline for Psychological Conditions.

The following Federal agencies, agency components and multi-agency working groups made comments during the public comment period following the December 2008 30-day Notice: DHS, DNI, JRT, Office of the Under Secretary of Defense (Intelligence) (USDI), Department of the Interior, DOE, OPM, National Security Agency, and an e-Application Content Working Group (ECWG) comprised of representatives from OPM, DOS, FBI, National Geospatial-Intelligence Agency (NGA), DHS, Department of the Air Force, National Reconnaissance Office (NRO), National Security Agency (NSA), Defense Security Service (DSS), and Office of the Secretary of Defense General Counsel (OSDGC). DHS, DOE, USDI, OPM, DoD, and ECWG made comments regarding the collection of mental health treatment information relative to treatment resulting from service in a military combat environment. The ECWG made numerous comments recommending improvements to the formatting of questions for clarity, as well as recommendations to more clearly specify that the time periods being asked about for certain questions pertain to the respondent's whole life. For certain questions, such as those regarding foreign countries visited and contact with foreign nationals, the ECWG recommended the required response period be expanded to "ever" rather than 7 years. The ECWG recommended the section on Use of Information Technology expand to collect information regarding "attempts" at misconduct in addition to actual conduct. The vast majority of comments from the JRT were formatting recommendations for the purpose of clarity and, where possible, to align common language from other investigative forms where the meaning and intent are identical.

Following the public comment period, the Acting Director, OPM, requested that OMB permit OPM to withdraw the proposed revisions to the suite of forms, including the SF 86, then pending before OMB for clearance, a request that OMB granted February 23, 2009, in order to provide the current Administration's officials at OPM and other concerned agencies the opportunity to review the collection and propose revisions as necessary based on their review. OPM and OMB pursued a multi-agency review together with the Department of Justice, Department of Defense, and Director of National Intelligence. The proposed SF 86 resulting from that review is the basis for this 30-day notice and request for comments. The review resulted in the following changes to the SF 86 proposed in the December 31, 2008 30-day notice:

Language was added to provide additional clarity regarding the penalties for incomplete and/or inaccurate statements. Language was added to clarify that the form may also be used by agencies in determining whether a subject performing work for or on behalf of the Government under a contract should be deemed eligible for logical or physical access when the nature of the work to be performed is sensitive and could bring about an adverse effect on the national security. Language referencing immunity protections was added to the questions regarding illegal use of drugs or drug activity, use of information technology systems, and association record. Questions were added to the section on police record in order to identify respondents who may be impacted by the restrictions cited in the Lautenberg Amendment. The advisement regarding mental health counseling was expanded to explain that mental health counseling in and of itself is not a reason to revoke or deny eligibility for access to classified information or for a sensitive position, suitability or fitness to obtain or retain Federal employment, fitness to obtain or retain contract employment, or eligibility for physical or logical access to Federally controlled facilities or information systems. Questions that elicited the reason for and nature of mental health treatment were removed, as were questions regarding participation in self-help groups for alcohol abuse. In the financial record section, the question regarding involvement with a credit counseling service was amended to better capture mitigating information from respondents who seek assistance to resolve financial difficulties. A question on holding foreign political office and voting in foreign elections was moved from the form's association record section to the form's foreign activities section.

To provide additional clarity, a copy of a matrix, "Changes between Current Form and proposed Sep 09 30-day Notice," that shows the changes between the currently approved SF 86 and the SF 86 proposed in this 30-day notice, is available upon request.

John Berry,

Director, U.S. Office of Personnel Management.

[FR Doc. E9–23711 Filed 9–29–09; 8:45 am]

BILLING CODE 6325–53–P

Post-Hearing Questions for the Record
Submitted to the Hon. John Berry
From Senator Daniel K. Akaka

"Security Clearance Reform: Moving Forward to Modernization"

September 15, 2009

1. Is part of the EPIC modernization plan to replace PIPS? If not, what is the cost to maintain an IBM zOS system versus a more modern database solution? What challenges does PIPS face in interacting with other systems because of its architecture?

   Yes, the EPIC transformation plan includes replacing the PIPS applications and implementing a modern relational database. Successful replacement of several applications has already taken place for those processes that benefit most from "real time" processing. The traditional PIPS applications were largely comprised of batch-driven processes that could delay the transfer of information to other systems based on a fixed processing schedule. EPIC is based on an event-driven architecture and enables transfer of information to other systems as case information is developed.

2. OPM budget documents do not reflect funds to improve or upgrade systems, yet the Enterprise Information Technology plan and testimony provided to the Subcommittee suggest that there will be substantive upgrades to OPM's suite of IT systems. Does OPM intend to make minor upgrades to existing systems? Are there more substantial plans to reinvent and modernize systems, especially PIPS?

   Our IT transformation costs were reflected in last year's budget and again in this year's proposed budget. Our transformation's spiraled development has resulted in several significant upgrades this year, with continued upgrades to existing systems planned to continue, parallel with the EPIC transformation project. The EPIC project is in the process of replacing the current PIPS application with an event-driven architecture developed using modern technologies. The estimated budget for EPIC transformation is approximately $28 million in FY 2010.

3. Have savings in cost and time been realized due to the increase in automation used in OPM's security clearance processes? If so, how much has been saved? If not, why not?

   Savings in cost and time have certainly been realized, as the expanded use of automation across OPM's investigative business processes have not only assisted us in meeting the 2009 timeliness goals of the Intelligence Reform and Terrorism Prevention Act (IRTPA) ahead of schedule, but have also permitted re-investment of cost savings into transformation activities without affecting pricing schedules. OPM provides total end-to-end electronic processing for the initiation (CVS, e-QIP), conduct (automated records checks) as appropriate, and transmittal (e-Delivery) of investigative results to agencies equipped to use these systems. OPM's Clearance Verification System provides agencies a single access point to search OPM and DoD clearance and investigative data to determine if an investigation is needed, thus saving money for unnecessary

investigative requests and reinforcing the goals of reciprocity. OPM's e-QIP has enabled agencies and subjects to compile and submit case papers electronically, saving costs and a minimum of two weeks per request previously spent to mail, fax, and manually sort investigative paperwork. OPM's efforts to automate and centralize electronically accessible and relevant data for background investigations has saved considerable cost and time, depending on the data source. For example, when we converted our National Crime Information Center checks to automated processing, we reduced processing time from 2 hours to 2 seconds. Also, when we moved our State Department checks from manual to automated processes, we reduced the time for data collection from 140 days on average to 8 days on average. In the past year alone, OPM conducted over 12 million record checks through automation. OPM's automation efforts have resulted in sufficiently reducing operating costs to offset increases in the contractor costs without increasing the cost of our investigations for fiscal year 2010.

4. What progress is being made to ensure that there can be a single, central verification database that stores clearance information?

The Clearance Verification System (CVS) is a critical tool used to validate the need for background investigations on individuals by verifying security clearances, prior personnel security investigation activity, and suitability determinations. It is a single system (single point sign-on) for verifying clearances for records maintained by OPM or DoD. The solution primarily leverages CVS as a web-based interface front end providing a "single view/single search" capability into the major existing repositories (CVS and DoD's JPAS (Joint Personnel Adjudication System)) for users across Government. This solution, while providing more current and reliable data, creates the same functional information-sharing capability to achieve reciprocity that IRTPA intended. The Intelligence Community contributes clearance data to Scattered Castles. Because Scattered Castles contains classified material, the Intelligence Community is evaluating the data it stores in Scattered Castles to determine if any of this clearance information can be shared in CVS. By interfacing CVS with JPAS and Scattered Castles, we will avoid the costly and lengthy process of designing and developing a new IT system and data warehouse that would provide no better functionality than is otherwise already available.

5. Please define what is meant by "automated record checks." How many checks in the OPM investigative process are automated? Are there manual labor savings from obtaining the records automatically? Have positions previously dedicated to doing record checks been redirected to other work? Has there been a cost savings realized due to the increase in automation? Were any of the cost savings passed on to OPM's customers?

The term "automated record checks" is applied to any third-party record check that is obtained through a dedicated terminal or the electronic exchange of data between OPM's and another agency's systems. Most National Agency Checks, such as the national fingerprint-based criminal history, immigration, and military record checks and searches of the FBI's and DOD's investigation records, are conducted through automated processing. OPM conducted over 12 million automated record checks in fiscal year 2009 and continues to expand the use of automated record checks to obtain other national, state, and local record data. Repositioning resources previously dedicated to conducting records checks manually has allowed us to use our

field resources more effectively, conduct personal interviews or record checks that cannot be obtained through automation, and conduct automated checks through dedicated terminals (centralized leads). We continue to work on expanding on OPM's growing suite of automated record checks. The cost savings that have been realized due to the increase in automated records checks has allowed OPM to make investments in automation upgrades and absorb increased contractor costs without raising costs to our customers.

6. Has OPM and/or the Reform Team met with or scheduled a time to meet with the GAO to come to an agreement on performance measures, quality metrics, a strategic framework, and a corrective action plan – all of which were mentioned at the hearing?

On September 29, 2009, following the security clearance reform hearing before the HSGAC subcommittee, OMB met with GAO to discuss issues raised at the hearing, recommendations made by GAO in their recent reports, and the High Risk list item related to the security clearance program at DoD. In addition, earlier this month, GAO officially notified the reform team of a new engagement to review personnel security clearance reform efforts. The reform team worked with GAO to schedule the in-briefings to begin in the third week of October.

7. At the hearing, you pledged to report on all security clearance cases, not just the 90 percent required to meet the statutory time requirements. You indicated you would develop an associated metric for this reporting. Please indicate the timeline for providing this metric and information.

OPM is committed to providing transparency regarding the investigation process and routinely provides timeliness data on all security clearance investigations, as well as the fastest 90 percent, to our customer agencies. We will provide this same data to OMB for inclusion in the next annual IRTPA-required report to Congress.

Post-Hearing Questions for the Record
Submitted to the Hon. John Berry
From Senator George V. Voinovich

"Security Clearance Reform: Moving Forward on Modernization"

September 15, 2009

1. What do you believe are the largest risks to successfully implementing the Intelligence Reform and Terrorism Prevention Act's security clearance reform mandates?

We have reduced the time required to complete investigations and are using technology to expedite investigative processes. The remaining challenges are ensuring use of the Clearance Verification System (CVS) to promote reciprocity, and automating records repositories to further enhance process timeliness and reciprocity. There is a risk in reform activities not maintaining proper focus on the reciprocity and integration of information issues identified by the Intelligence Reform and Terrorism Prevention Act (IRTPA), which are equally as important as the timeliness requirements.

2. Last year the Joint Reform Team recognized the need for a single-search tool to verify existing clearances. Your opening statement mentions OPM's efforts to migrate the Clearance Verification System, allow new user types to access the system, and enhance the system. What is the timeline for and estimated cost of those efforts?

The Clearance Verification System (CVS), which has been a critical tool used to validate the need for background investigations on individuals by verifying security clearances, prior personnel security investigation activity, and suitability determinations, has been in operation since 2005. Because of the bridge that exists between OPM's and DoD's systems, CVS provides single-search capability for both non-DoD and DoD information.

CVS, which is part of the OPM's EPIC suite of automated systems, is continuously undergoing enhancements and refinements in order to enhance its utility. These enhancements are deployed as soon as they are accomplished. Most recently, OPM implemented a new version on August 23, 2009, that provides agencies the ability to input "denied" and "interim" clearances in CVS. In addition, agencies can now view the history of a clearance.

Efforts are currently underway to enhance the existing interface between the Joint Personnel Adjudications System (JPAS) and CVS to include all data fields required to achieve reciprocity. In addition, the Intelligence Community is evaluating the data it stores in its Scattered Castles security clearance information system, to determine if any of this clearance information can be shared in CVS. These enhancements are slated for March 2011; the costs are budgeted in the Operations and Maintenance environment and are not tracked separately.

3. Are all agencies contributing all of their clearance data so that the Clearance Verification System is a comprehensive database, and if not, which agencies are not contributing their data

and why not?

The DoD agencies use DoD's Joint Personnel Adjudication System (JPAS) to contribute clearance data. JPAS is linked through a bridge to the CVS to permit data sharing. The Intelligence Community agencies contribute clearance data to Scattered Castles; however, some of this data is also contributed to JPAS. Because the Intelligence Community system is classified, they are in the process of evaluating the data to determine if any can be shared with CVS.

Non-DoD/non-Intelligence Community agencies are contributing clearance data to CVS. CVS requires monthly data refreshes to maintain data integrity, but not all agencies are providing monthly data updates. OPM works closely with agencies to facilitate resolution of any issues that may affect the agencies' ability to upload clearance information. We expect greater participation will be encouraged through associated measurements and metrics.

4. Your testimony discusses OPM's efforts to deliver investigations to agencies electronically. What is your plan and timeline for migrating all agencies to 100 percent electronic delivery?

In August 2007, OPM implemented the e-Delivery system and made it available to all agencies equipped to receive completed investigation results through this electronic delivery method. OPM's customer base includes over 100 Federal agencies with different investigative needs and resources. We are working with agencies that are capable of receiving case material through this transmission method and continue to expand the use of e-Delivery. As of October 9, 2009, we have transmitted 691,457 completed investigations to eight participating agencies through e-Delivery.

5. What do you need from other agencies or Congress to use e-Delivery across the federal government for all investigations?

Agencies need to design, develop, and implement technology in their processes that would benefit from the e-Delivery solution. We are encouraging agencies to benchmark those who are successfully using e-Delivery and develop strategic funding and implementation plans for e-Delivery if their workload justifies this investment.

6. In your testimony, you also reference OPM's efforts to get agencies to adopt scanning technology for the capture and transmission of ten-print fingerprint images to OPM. What are the impediments to making this a reality?

The ability to obtain electronic fingerprints depends upon agencies that are requesting the personnel security investigation (customer agencies) having access to technology (fingerprint machine) – and a trained resource (technician) – to obtain the fingerprint biometric conveniently and efficiently. Since this is by and large an unfunded program objective, it is often cost-effective only for customer agencies with a large population of applicants at a central location.

In order to facilitate the acquisition by customer agencies of the necessary equipment to capture electronic fingerprints, OPM accepts "hard copy" fingerprints to meet the fingerprint biometric

requirement. OPM scans the hard-copy fingerprints, converting them to electronic format to facilitate efficient processing between OPM and the FBI.

Currently, 57 percent of fingerprints submitted to OPM are received and processed completely electronically. The remaining 43 percent are sent by customer agencies in hard-copy format, imaged by OPM's Fingerprint Transaction System (FTS), and transmitted electronically to the FBI. Over the last 12-month period, FTS processed over 1.4 million fingerprints.

OPM has also partnered with the General Services Administration (GSA) in their Shared Services Solution project. GSA has deployed fingerprinting stations at several locations throughout the country. These stations allow agencies to direct their subjects to GSA for electronic fingerprint capture, routing of fingerprint requests to OPM for processing through the FBI, and return of results to the requesting agencies.

7. Additionally, your testimony mentions transformation of EPIC, OPM's suite of automation tools that support the investigations and adjudications process. What are OPM's plans, timeline, and cost estimates for fully transforming EPIC?

While OPM is currently meeting the timelines for conducting a background investigation as set forth by IRTPA, the vision of the EPIC transformation is to enable OPM to meet ever-changing requirements and deliver the best value to our customers through the effective use of technology and processes. Through the EPIC transformation, OPM seeks to further enhance timeliness, quality, and standardization across the investigative process, support reform, and protect investigative information. The transformation effort includes a multi-year project plan with estimated costs as follows:

- FY2010 $28.3M
- FY2011 $16.5M
- FY2012 $30.2M
- FY2013 $17.5M.

8. A May 2009 GAO report raises some concerns about how security clearance timeliness is being reported. Specifically, while the Executive Branch is complying with the letter of the law in reporting the average number of days it takes to make the fastest 90 percent of security clearance decisions, it appears that a large number of clearance requests may still take significant time to process, including 11 percent of initial clearance decisions that took more than 300 days to complete in fiscal year 2008. In all future security clearance reform reports to Congress, will you commit to providing comprehensive information about the timeliness of <u>all</u> personnel security clearances, as recommended by GAO, so that Congress has a fuller picture of security clearance timeliness?

OPM is committed to providing transparency regarding the investigation process and routinely provides timeliness data on all security clearance investigations, as well as the fastest 90 percent, to our customer agencies. We will provide this same data to OMB for inclusion in the next annual IRTPA-required report to Congress.

9. GAO also recommended that OPM measure the frequency with which its investigative reports meet federal investigative standards. This seems logical to me; will you commit to including this information in all future reports to Congress relating to the security clearance process?

Yes, OPM will commit to providing this information. We recently implemented two additional processes to measure the quality and completeness of our investigations. A Quality Assessment Tool will be included with a randomly selected number of completed investigations; the tool will allow agencies to report on the quality and completeness of the investigation. In addition, OPM instituted a Toll Free Quality Hotline, staffed by experienced quality analysts that report directly to OPM's Associate Director for Federal Investigative Services. The toll-free number is provided to adjudicators who may have a question or concern about the content of the investigation provided. OPM will carefully evaluate the feedback we receive and report the validated results as part of OPM's quality metrics.

10. How long after the modified Standard Form 86 is finally approved will it take OPM to make related revisions to e-QI

We remain committed to making these changes as quickly as possible and are presently evaluating the timeline for putting the Standard Form 86 into use. Based on our experience with previous revisions, we expect a number of challenges based on the substantial changes required by the new version of the SF 86. It will take time to automate the form within our systems due to considerable changes in screen design, branching questions, program mapping, pre-population requirements, business rules, acceptance guidelines, electrical/digital signatures, and incorporation of Joint Reform data validation and functionality requirements. We already have a very ambitious project plan in place to accomplish these changes.

A continuing focus of our Subcommittee has been the training of investigative staff to ensure they have the necessary skills to conduct efficient, thorough investigations. When will we see a final curriculum for training national security clearance professionals?

The Performance Accountability Council (PAC) Subcommittee on Training is in the process of developing recommended core competencies for security clearance investigators and adjudicators. OPM currently has a curriculum in place to train new OPM agents and is drafting a curriculum applying the standards of the Federal Law Enforcement Training Accreditation (FLETA) that will be submitted to the PAC Subcommittee on Training for discussion in CY 2010. We are mindful that, under civil service law, it is the head of each agency who is primarily responsible for establishing appropriate training programs for his or her employees, with assistance from the agency's Chief Human Capital Officer, while OPM has a special role in coordinating interagency training programs. We believe the PAC will provide useful input to OPM and agency heads in carrying out our respective roles.

11. You have testified that there is no backlog in OPM's initial investigations program, and I applaud your agency for that. What is the average number of days it currently takes OPM to conduct reinvestigations?

OPM eliminated the backlog of both initial and periodic reinvestigations. In the third quarter of fiscal year 2009, OPM completed over 22,000 reinvestigations for Top Secret clearances. The average time taken to complete all reinvestigations was 84 days.

12. Does OPM plan to change the ratio of federal FISD staff to contractor support as part of its modernization plans, and if so, how?

Yes, over the next three years OPM plans to move up to 400 positions from contractor to Federal status. OPM's investigation program benefits from having a core Federal investigation staff to handle priorities and inherently Governmental work and a flexible contractor staff that can respond quickly to ever-changing workloads. Currently, OPM's investigations program is supported by 8,403 employees (2,308 Federal and 6,095 contract employees).

14. I am concerned with recent reports of deficient investigations. Of the background investigations known to be deficient, how many were performed by federal employees and how many by contract support?

During FY 2009, of the 2,157,531 investigations closed, 1721 (.08 percent) were reopened due to quality concerns. Of the 1721 investigations reopened, 1362 (79 percent) were conducted by contractors, and 359 (21 percent) by Federal employees. The quality reopen percentage rates trend very closely to the actual workload distribution between contractor and Federal staff.

15. What assurances can OPM provide to the Committee that the number of incomplete and fraudulent background investigations will be reduced?

OPM is implementing several initiatives to ensure investigative completeness and reduce fraudulent investigations. As noted above, OPM recently implemented additional quality assessment tools to measure the quality and completeness of our investigations. From the feedback received, we can identify problem areas, issue supplemental guidance, and enhance training. In addition, OPM is implementing common sense adjustments to investigative guidelines, which allow investigators to fulfill investigative requirements by pursuing investigative leads when designated sources are unavailable. Finally, OPM is developing a certified training program for Federal investigators and all OPM field agents – both Federal and contractor – and all will be trained by OPM's investigation training staff to ensure consistency in our training program.

OPM is equally committed to eliminating fraudulent background investigations. OPM has a comprehensive and vigilant integrity assurance program that is dedicated to identifying fraudulent activities as quickly as possible and taking the appropriate action, including aggressively pursuing and supporting criminal prosecution, where warranted.

Post-Hearing Questions for the Record
Submitted to the Hon. James R. Clapper
From Senator Daniel K. Akaka

"Security Clearance Reform: Moving Forward to Modernization"

September 15, 2009

1. What progress is being made to ensure that there is a single, central verification database that stores clearance information?

   The Joint Reform Team (JRT) solution to operationalize an integrated, secure database to share security and suitability relevant information across government is well underway. In Phase I of the reform effort, the JRT evaluated the use of available IT systems and capabilities and determined a "best value" approach to meeting this IRTPA mandate. The solution primarily leverages the Office of Personnel Management (OPM) Clearance Verification System (CVS) as a repository while adding a web-based front end to provide a "single view/single search" capability into all three major existing repositories (CVS, DOD's JPAS, and the Intelligence Community's Scattered Castles) for users across government. This solution provides the same functional information sharing availability that IRTPA intended to achieve reciprocity, while providing for more current and reliable data. This solution also avoids costly and lengthy design and development of a new IT system and data warehouse which would likely not meet the reform effort's implementation schedule due to varying Agency-specific IT system interconnectivity requirements.

   Even though access to CVS is available today, the JRT is currently analyzing which data fields are required to be common within all systems to determine programming changes needed to align them. OPM will further enhance the CVS web-based platform by March 2010, to facilitate reciprocity through full availability of all relevant data fields between the systems. The JRT is also reviewing results of a recent Intelligence Community (IC) data call to explore the options and limits of sharing IC personnel data in CVS. The results of these efforts will inform the implementation approach to achieve data sharing of security and suitability relevant information to the widest extent possible across government.

2. Please provide the number of cases that are returned by the agency requesting the clearance to OPM for additional investigation.

   In FY 2008, the Department submitted 188,483 cases to OPM requesting additional information, and in FY 2009 the Department submitted 129,558 cases. OPM uses an internal process based on the national investigative standards to determine whether a case is deficient. Those returned cases not identified as deficient are processed as Reimbursable Security/Suitability Investigations (RSIs). The RSI consists of a focused

investigation to provide information to resolve issues that fall outside the scope of the investigation or when coverage is needed to establish a history or pattern of behavior. It should be noted that the additional coverage requested by a CAF will not in every case be the result of investigations failing to meet the national investigative standards as interpreted by OPM. Rather, the request for additional coverage may reflect the adjudicator's decision to request additional information that is necessary in order to render an adjudication decision.

The Department is aggressively pursuing efforts to deploy an automated tool by the end of the first quarter, FY10, to assess and report on the quality of investigations received from OPM. This tool will provide statistics for trend analysis and will allow for automation of certain types of requests to OPM, resulting in a reduction in paper forms and increased efficiency. The Department will share adjudicator input from this tool with OPM and the Performance Accountability Council, through the Director of National Intelligence.

3. Please provide statistics reflecting the number of individuals that are denied a security clearance for both industry and Department employees.

   The following data includes totals of denials made by the Defense Office of Hearings and Appeals (DOHA) in industry cases and denials by the Army, Navy, Air Force, Washington Headquarters Services (WHS), Defense Intelligence Agency (DIA), National Geospatial Intelligence Agency (NGA), and National Security Agency (NSA) adjudication facilities for military and civilian cases. These numbers represent a small percentage of the total number of security clearance investigations. The vast majority of investigations are adjudicated favorably.

   Total Denials by DOHA and the DoD Central Adjudication Facilities, CY 2008: 8065

   Breakout by organization:

   Air Force Central Adjudication Facility: 798
   Department of the Navy Central Adjudication Facility: 2244
   Army Central Clearance Facility: 2877
   Washington Headquarters Services: 43
   Defense Intelligence Agency: 3
   National Geospatial Intelligence Agency: 0
   National Security Agency: 173
   Defense Office of Hearings and Appeals (Industry): 1927

4. How many case files are returned to OPM each year due to incompleteness? How much is DoD charged for resubmitting cases to OPM?

In FY 2008, the Department returned approximately 188,483 cases and in FY 2009, the Department returned approximately 129,558 cases.

Some cases are returned to OPM due to incompleteness or because they were missing critical expansion of developed issues. Other cases are returned or requested to be reopened because the subject of the case was deployed and could not be reached to complete the subject interview. However, in many instances where investigations received from OPM lack investigative scope items or other necessary information, adjudicators contact the subject or agencies themselves to obtain missing information in order to avoid timeliness delays or to avoid incurring additional costs. The Department does not currently have a means to track those cases.

In FY 2008, the Department was charged approximately $86,303,826 and in FY 2009, $63,104,471 for cases returned to OPM due to incompleteness or with requests for additional information. The Department is aggressively pursuing efforts to deploy an automated tool by the end of the first quarter, FY2010, to assess and report on the quality of investigations received from OPM. This tool will provide statistics for trend analysis and will allow for automation of certain types of requests to OPM, resulting in a reduction in paper forms and increased efficiency. The Department will share adjudicator input from this tool with OPM and the Performance Accountability Council, through the Director of National Intelligence.

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