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SECURITY CLEARANCE REFORM: SETTING A COURSE FOR SUSTAINABILITY

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

SECOND SESSION

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SECURITY CLEARANCE REFORM: SETTING A COURSE FOR SUSTAINABILITY

TUESDAY, NOVEMBER 16, 2010

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 10:45 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka, Coons, and Voinovich.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. [Presiding.] The hearing will come to order. I have been asked by Senator Akaka to get the hearing started today. We are very, very fortunate to have a very distinguished panel of witnesses to talk about a subject that I have been working on for a long period of time. And to begin with, I would like to say to all of you I really appreciate the work that you are doing and your cooperation and your receptivity to our request that you keep us informed on a pretty regular basis. And today what we are going to try to do is find out where we are.

If you will all stand, as is the custom of our Subcommittee, I will ask you to be sworn. Do you swear the testimony that you are about to give before this Committee is the truth, the whole truth, and nothing but the truth?

Mr. ZIENTS. I do.

Mr. CLAPPER. I do.

Mr. BERRY. I do.

Ms. MCGRATH. I do.

Ms. FARRELL. I do.

Senator VOINOVICH. I am grateful to Senator Akaka for calling this hearing. Yesterday we were in Akron, Ohio, on another subject dealing with human capital. And I am grateful that we continue the review of the Federal Government's efforts to reform the security clearance process. The Chairman and I worked a long time together on a bipartisan basis. I try to remind people that it looks like sometimes we are not functional or we are dysfunctional here, but there are some wonderful things that are happening in committees in the Senate, and Dan Akaka and I have been friends for a

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long time, and our agenda has been the same for about 10 years, which is awesome.

My hope is that enough progress would have been made on this that you all could say that this is off the high-risk list. I told General Clapper that you are going to have it off for next year. I know you will. And I am going to come back when they have the news conference just to be in the room to hear it.

We started these hearings back in 2005 to examine efforts in furtherance of the Intelligence Reform and Terrorism Prevention Act, the (IRTPA), as well as efforts to remove the Department of Defense (DOD) from the high-risk list. But soon thereafter, we recognized that the problem was not exclusive to the Defense Department but was instead a government-wide issue, and it must be addressed collaboratively, such as through the Joint Suitability and Security Reform Team.

I would like to congratulate the team on the significant strides it has made in streamlining and improving the timeliness of the process. According to the data the Joint Reform Team provided to Senator Akaka and me earlier this month, in the fourth quarter of fiscal year 2010 Executive Branch agencies investigated and adjudicated 90 percent of all initial security clearances in an average of 53 days and 90 percent of initial secret/confidential clearances in 45 days, thus exceeding the 60-day benchmark, with an impressive change from 2007, just 3 years ago, when it took the Department of Defense an average of 208 days to process secret clearance requests for contractors.

While improvement in timeliness of the security process should be acknowledged, we must recognize that timeliness is just one aspect of the clearance, and the law necessitates 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. I am particularly concerned about the lack of progress being made in reciprocity. I still consistently hear from individuals who have problems with one agency accepting another agency's clearance.

Another issue that gives me some concern is the information technology, which is an update of existing technologies, despite the fact that these technologies are old and outdated as opposed to the fact that these technologies—purchasing new technologies would likely better sustain efficiency in the security clearance process. And, by the way, Mr. Berry, we got into that yesterday in terms of Social Security and the technology that you are using in terms of those judges.

Furthermore, lack of timeliness in budget estimates for technology relating to clearance processes is also a concern for me. As the Government Accountability Office (GAO) has pointed out for several years now, quality, particularly completeness of investigative and adjudicative files, has been a problem. Fortunately, the team has recognized that more work regarding the security clearance process was needed. In December 2008, it issued a report identifying its seven-step approach for reform, including, but not limited to, validating the need for investigation requests, using automated records checks to better target investigations, allowing

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for electronic adjudication of less complex cases, and continuously re-evaluating individuals who have been granted clearances.

As requested, the team has provided monthly updates to us, as I mentioned, and I am also interested in learning about additional efforts that remain before the goal of security clearance can be achieved.

I want to thank our witnesses for their participation. I am honored by your presence today. I do not think that everybody realizes that this is a top group of people here, and I am very, very grateful that you thought enough of what we are doing here to come over and spend some time with us. As we have the kind of protocol rule at 5 minutes; your testimony will be put in the record.

I would like to start out with Mr. Zients. We will hear from you, and, again, thank you for being here.

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

Mr. ZIENTS. Thank you, Senator. It is my privilege to testify in my role as the Chairman of the Suitability and Security Clearance Performance Accountability Council (PAC)—admittedly, a mouthful—otherwise known as the PAC. Before I start, I want to acknowledge my colleagues who are testifying with me today: General Clapper, John Berry, and Beth McGrath. We have a very strong partnership, and the initiative would not be where it is today without their leadership.

In keeping with our partnership, we divided up our time this morning, and I will probably run a little longer than the 5 minutes, but we will make up time as my colleagues will do brief updates on their specific areas.

Since we last appeared before you in September 2009, the administration has made critical advances in reforming the security clearance process. Today I look forward to sharing our accomplishments and discussing the steps necessary to sustain our progress moving forward.

For many years, the backlog of security clearances caused tremendous problems and significant expense for the Federal Government. In 1994, a Joint Security Commission report noted that substantial delays in processing security clearances led to unnecessary costs and risks because workers were unable to perform their jobs while waiting for a clearance. In light of these results, in 2005, the GAO placed security clearances on its high-risk list.

Today, however, much has changed. The Intelligence Reform and Terrorism Prevention Act, otherwise known as IRTPA, was signed into law in 2004, challenging the Federal Government to address longstanding problems that unnecessarily affected the timeliness and quality of security clearances. As a result of actions taken to meet the objectives of IRTPA, the average time for security clearance has decreased dramatically. IRTPA required that all agencies complete 90 percent of their security clearances in an average of 60 days. At the time that IRTPA was enacted, the government-wide average was 205 days. By December 2009—so about a year

[1]The prepared statement of Mr. Zients appears in the appendix on page 27.

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ago—90 percent of the government's clearances were completed within the IRTPA-required time frame of 60 days. We have met the IRTPA target every quarter since. In fact, as you mentioned in your opening remarks, Senator, last quarter 90 percent of security clearance determinations were completed within 53 days, a 74-percent reduction from the 2004 level. Moreover, the backlog of investigations is gone.

Now we must ensure that our progress is sustained in the future. The Strategic Framework document we submitted to this Committee in February established the path forward. Today I would like to emphasize our progress in the most critical areas within this larger strategic framework.

First, we are aligning suitability and security policies and processes to limit redundancies in our investigations and adjudications. To achieve this, we are modifying the regulatory and investigative standards as well as the information collection forms that underlie our clearance operations. For example, in March, we published a revised Standard Form 86 that will capture the information necessary to enable more cost-effective security investigations.

Second, we are working to improve reciprocity through initiatives such as enhanced sharing of relevant investigatory data among Federal agencies and developing performance metrics for tracking reciprocity outcomes. Notably, Office of Personnel Management (OPM) and DOD data are now integrated through a single interface, allowing agencies to see the data that underlies existing security clearances when they are deciding whether to grant reciprocity.

Third, we are improving clearance quality by increasing access to information and enhancing training. To ensure that our approach on quality is most effective, we are also measuring the results. In May 2010, in partnership with GAO, we reported to you a set of quality metrics, which we will continue to refine and deploy by early next year.

Finally, we are using enhanced technology to improve timeliness and reduce the number of unnecessary questions or the possibility of receiving incomplete forms. We have made important advances in converting paper-based application processes to automated solutions such as Electronic Questionnaires for Investigations Processing (e-QIP). Notably, over 98 percent of clearance application submissions to OPM are now completed electronically.

Although this reform process has achieved many successes, work still remains to be done. We are making progress in establishing a five-tier framework for investigations that will enable greater reciprocity of clearances among tiers of equal or lower work. We expect this new framework to be released early next calendar year. Next month, we plan to deploy the new Standard Form 86 in an electronic format. And, importantly, we will continue to develop and improve metrics to track reciprocity and quality.

Throughout this process, three key principles drove our reform effort.

First, IRTPA set clear, outcomes-based goals, and each month, the administration delivers to your Committee a report on our progress relative to these goals.

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Second, we hold the appropriate agency leadership accountable for results. Since I joined the administration, I have met regularly with my colleagues testifying here today as well as with their teams who drive the day-to-day effort. The administration has also used our High Priority Goal Initiative to hold officials at OPM and DOD responsible for their respective deliverables.

And, third, the backbone of the reform effort has been effective partnership. The PAC has helped foster collaboration among various Federal stakeholders, and the Joint Reform Team has provided technical leadership, training, and monthly progress reports. The GAO has offered insightful and important counsel, and this Subcommittee has held us accountable to the goals set forth in IRTPA.

In closing, we have made significant progress on improving the suitability and security clearance processes. In fact, I believe that this effort serves as a model for our broader government-wide reform initiatives. I would like to thank you, Senator Voinovich, for the extraordinary work that you have done on this issue and for your leadership throughout your Senate career. I think I speak for all of us in saying we will certainly miss you.

I would also like to recognize the talented staff who have been instrumental in the security clearance reform effort, in particular my Vice-Chair, Beth McGrath, Kathy Dillaman from OPM, and John Fitzpatrick from the Office of the Director of National Intelligence (ODNI). With their hard work, as well as that of the agency leadership testifying with me today, and the continued support of this Subcommittee, I am confident that we will continue to improve the timeliness, reciprocity, and quality of clearance decisions.

Once again, thank you for the opportunity, and I look forward to questions.

Senator VOINOVICH. Thank you very much. I think you have really done a good job as Director of Management and Chief Performance Officer.

Mr. ZIENTS. Thank you.

Senator VOINOVICH. We enjoyed working with you.

Mr. ZIENTS. Thank you.

Senator VOINOVICH. Our next witness is General James Clapper, Director of the National Intelligence, Office of the Director of National Intelligence, and, General, we are glad that you are here today, and we appreciate the fact that you are continuing to serve your country.

TESTIMONY OF THE HON. JAMES R. CLAPPER,[1] DIRECTOR OF NATIONAL INTELLIGENCE, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Mr. CLAPPER. Thank you very much, Senator Voinovich. I, too, am pleased to be here to highlight the progress we have made on security clearance reform. And as Jeff said, I am also very pleased to appear beside my principal partners of reform with whom I have bonded over the last couple years, and that is Jeff, John Berry, and Beth McGrath, as well as our GAO colleague, Brenda Farrell, to update you on the work we have done together to ensure that im-

[1]The prepared statement of Mr. Clapper appears in the appendix on page 34.

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provements to clearance timeliness, quality, and reciprocity are institutionalized and sustained.

In both my former role as Under Secretary of Defense for Intelligence and now as Security Executive Agent as the Director of National Intelligence, I have pushed this effort and will continue to do so to transform the end-to-end security clearance process across the Federal Government. The intelligence community (IC) is a key player in this, and I assure you the IC as a whole continues to pay attention to this as a top priority.

As Jeff mentioned, we are all pleased to note that our performance continues to meet the timelines set forth in the Intelligence Reform and Terrorism Prevention Act.

As Security Executive Agent, I continue to support the Performance Accountability Council's emphasis on sustaining timeliness performance by hosting Executive Branch-wide reform briefings where we address agencies' performance and progress. Together with the Council, we will also continue to develop new and meaningful performance measures, including reciprocity, and also assess agencies' progress in adopting reform practices in the context of their own technology and process improvement goals.

I would be remiss if I did not recognize the crucial role that GAO continues to play in keeping the heat on the Executive Branch for security clearance reform and also on areas they have identified where more work is required. Reform leaders have long focused on the goal of removing DOD from GAO's high-risk list. In this regard, I also want to recognize the value of this Subcommittee's continued attention to this issue, and specifically you, Senator Voinovich, for your leadership. You leave a lasting legacy that will ensure a secure and capable Federal workforce for the future.

So thanks very much for your efforts to ensure effective and efficient processes, and certainly when the time comes, we will stand ready to answer your questions. Thank you very much.

Senator VOINOVICH. Thank you very much.

Mr. Berry, Director of the U.S. Office of Personnel Management. John, I remember when we first met, and I thought you were an eager beaver, and you talked a good game, and I thought, if he can just do half as good as it looks like he wants to do. And you have done a very, very good job. I have dealt with your predecessors, and I am really pleased with what you are doing and your outreach to other agencies and working with them. It is extremely important. I do not think that this country realizes how important your operation is to human capital, and you have done a very good job, and I am grateful for your service.

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

Mr. BERRY. Senator, right back at you. It has been an incredible honor to serve with you, sir, and I appreciate very much your allowing me the opportunity to hold this position, and having your support at the beginning meant a lot. You are one of those leaders who not only, on this issue, is concerned with the effectiveness and the efficiency of our government, but your appreciation for the men

[1]The prepared statement of Mr. Berry appears in the appendix on page 39.

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and women who serve our country, both in uniform and in the civilian service, day in and day out. And you are amongst a handful who really understands and appreciates the importance of their role and responsibility in our Republic. And you are going to be sorely missed. On behalf of everyone in the civil service, sir, thank you for your service to your Nation and for your emphasis on quality. It has been an honor, and the Nation has been fortunate for your service.

I am going to try to even be briefer than General Clapper, sir. I think what this comes down to is four keys. We, in our piece of this puzzle, have focused very diligently on timeliness, on quality and accuracy, and on cost, because at the end of the day we have to bill agencies, and we want to make sure that we are doing this in a responsible manner.

But I think it is the fourth—and it has been alluded to by everybody at this table—that has really made the difference on this, and that is teamwork. None of us could have taken on this task by ourselves and succeeded. We only did it because all of the players at this table, and GAO included, really rolled up their sleeves, recognized the criticality of this issue, and I think are delivering solid progress for you and for the country. My promise to you while I remain in this post is that I will continue to maintain high attention and focus on this and will continue to be a productive member of the team. As General Clapper mentioned, we have actually all become, I think, good friends over this process as well, which also bespeaks the attention that has been focused.

So with that, sir, I will yield back and look forward to discussing more in questions.

Senator VOINOVICH. Thank you very much. Thank you for your kind words.

Our next witness is the Hon. Elizabeth McGrath, Deputy Chief Management Officer of the U.S. Department of Defense. Beth, you have played a key leadership role in bringing folks together, and I am very much impressed with your work and your leadership. I think that, as I have looked over the last 12 years and I have observed this, if you can get people to work together and develop good interpersonal relationships, it is amazing what you can get done. And I think that is what has happened here, and that is why I think you are doing as well as you are. And it takes somebody like you to understand that and keep the team together. Thank you.

TESTIMONY OF THE HON. ELIZABETH A. MCGRATH,[1] DEPUTY CHIEF MANAGEMENT OFFICER, U.S. DEPARTMENT OF DEFENSE

Ms. MCGRATH. Senator, thank you very much. As all of the witnesses have mentioned, the teamwork really has gelled over the last probably 3 years, so I think General Clapper and I have tenure in terms of the clearance reform effort. Certainly it would not compete with yours, sir, but it has been very much a team effort to enable the progress to have been made, and it is not just with—it also includes the Government Accountability Office (GAO).

[1]The prepared statement of Ms. McGrath appears in the appendix on page 44.

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I, too, appreciate your continued oversight and interest and also the opportunity to testify today regarding DOD's continued commitment to and progress in reforming the personnel security clearance process.

As the Deputy Chief Management Officer, I am the primary agent for improving cross-cutting management of the Department's business activities. Secretary Gates and Deputy Secretary Lynn have both clearly articulated the pressing need for departmental reforms that include: Modernization of our financial management strategy; a different, more streamlined approach to information technology acquisition; and a transformed hiring process to get the right talent on board in a timely manner.

DOD's overarching management agenda is focused on creating an effective, agile, and innovative business environment that is fiscally responsible.

The Department has invested a significant amount of attention and energy on the improvement of personnel security clearance processes, both within the Department and as part of the integrated Federal reform effort. As GAO placed the DOD's Security Clearance Program on its high-risk list in 2005 due to timeliness issues which included extensive backlogs and significant delays. Each year since then, the Department has taken proactive steps and made improvements. This includes direct leadership engagement, sufficient resources to resolve risk, a corrective action plan, the presence of a program to monitor and independently validate effectiveness and sustainability of corrective actions, and the ability to demonstrate the implementation of corrective measures. My written testimony highlights the activities we have undertaken to improve security clearance cycle times and institute proactive management and accountability, as well as describes the actions the Department has taken to address all of the GAO's high-risk list removal criteria.

To specifically address the issue of timeliness of investigations, DOD partnered with its primary Investigative Service Provider, OPM, and together has made remarkable progress. In 2006, DOD military and civilian clearances averaged 155 days and industry clearances averaged approximately 196 days. As has been mentioned, the 2004 Intelligence Reform and Terrorism Prevention Act required all agencies to complete 90 percent of their security clearances in an average of 60 days by December 2009. DOD has met that requirement and has continued to improve.

This remarkable performance is attributable to several initiatives. The first came from OPM and its ability to significantly reduce the amount of time needed to conduct the investigation portion of the clearance process. OPM's proactive processing steps, coupled with DOD's improved clearance forecasting capability, enabled effective workload balancing for both investigations and adjudications.

Next came DOD's transition away from hard-copy paper reports of investigation to electronic transmission and receipt of these documents, eliminating the need to deploy trucks to deliver the investigative packages. This process improvement alone is estimated to have eliminated up to 15 days of processing time for each clearance package.

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We have also made extensive progress in the quality of our clearances by focusing on improvements to our policies, use of information technology, and training for those involved in security clearance and adjudicative processes. In short, I believe the Department has taken all the necessary steps to warrant removal from the GAO high-risk list for personnel security clearances. Our demonstrated and sustained performance that exceeds the requirements set by both the IRTPA and the Performance Accountability Council is evidence of our ability to demonstrate the implementation of corrective measures. The decades-old backlog of investigations, which as recently as October 2006 stood at almost 100,000 cases, has been eliminated.

I would like to thank Chairman Akaka but also and especially Senator Voinovich for your leadership and commitment and strong oversight of this issue. Your continued call for an efficient, effective Federal security clearance process has helped bring positive and lasting change to the way we do business at DOD. I wish you all the best as you prepared to leave the Senate.

Thank you for the opportunity again, and I look forward to your questions.

Senator VOINOVICH. Thank you. Senator Akaka.

Senator AKAKA. [Presiding.] Thank you.

Now we will hear from Director Farrell.

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

Ms. FARRELL. Thank you, Mr. Chairman. It is good to see you again.

Mr. Chairman, Senator Voinovich, and Members of the Subcommittee, thank you for the opportunity to be here today to discuss DOD's progress on addressing timeliness and quality with its personnel security clearance process. The recent unauthorized leak this past year of about 500,000 pages of classified documents posted to the Internet related to the ongoing wars in Afghanistan and Iraq is an example of the inherent risk involved when granting an individual a security clearance. We have testified on clearance-related issues in six prior hearings that this Subcommittee has had since January 2005 when we first placed DOD's personnel security clearance program, which represents the vast majority of clearances adjudicated, on our list of high-risk government programs.

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 on both our ongoing work and prior work on the personnel security clearance process. My main message today is that DOD has made significant and noteworthy progress to reduce delays in granting clearances and taken positive steps to integrate quality into its investigative and adjudicative processes.

My written statement submitted for the record is divided into two parts. The first addresses DOD's progress in reducing delays in its clearance process. In 2007, we found that initial clearances for DOD industry personnel took almost a year to complete. When

[1]The prepared statement of Ms. Farrell appears in the appendix on page 50.

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I testified before this Subcommittee last year, I noted that DOD had made significant improvements in reducing delays. However, despite these improvements, we continued to designate DOD's program as a high-risk area due to more stringent timeliness objectives that were to take effect later in the year. As of December 2009, by law the timeliness objective is for each Federal agency to process the fastest 90 percent of initial clearances within an average of 60 days. I have good news to confirm. DOD met the 60-day objective for each of the first, second, and third quarters of fiscal year 2010. GAO's ongoing work will continue to examine the timeliness for the last quarter.

The second part of my statement addresses DOD's progress in building quality into the process used to investigate and adjudicate security clearances. We have stated many times that timeliness alone does not provide a complete picture of the clearance process. For example, in our prior work, we estimated that with respect to initial top secret clearances adjudicated in July 2008, documentation was incomplete for most OPM investigative reports that DOD adjudicators used to grant clearances. Today I am pleased to report that DOD has taken a number of positive steps to integrate quality into OPM's investigative process and its adjudicative process, including issuing guidance and developing tools to measure quality. For example, in March 2010, DOD issued guidance to clarify when adjudicators may use incomplete investigative reports as the basis for granting clearances.

In addition, DOD created two electronic quality assessment tools to track the quality of investigative and adjudicative documentation. These tools are embedded in a DOD tracking system used by all non-intelligence DOD central adjudication facilities. However, these tools have not been fully implemented. GAO's ongoing work continues to examine the implementation of these tools.

In conclusion, Mr. Chairman, we are strongly encouraged by the progress that GAO has made over the past few years. The progress that has been made with respect to the overall government-wide reform efforts would not be made possible without the committed and sustained leadership of Congress, in particular this Subcommittee, and by the senior leaders involved in the Performance Accountability Council. Their continued oversight and stewardship of the reform efforts is the cornerstone to sustaining momentum and making future progress.

Mr. Chairman, this concludes my remarks. I will be happy to take questions when you are ready.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Director Farrell.

I want to welcome this panel to the Subcommittee and also thank my brother and good friend, Senator Voinovich, for his leadership here, and we will begin here with my opening statement. I am also going to call on our newest Member to the Subcommittee, Senator Chris Coons, for any remarks that he would like to make after my statement. Then we will return to the questions.

Just over 5 years ago, in 2005, this Subcommittee held its first hearing on the Department of Defense's personnel security clearance program after the Government Accountability Office des-

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ignated the program as being at high risk for waste, fraud, abuse, or mismanagement. Today, we hold our seventh hearing on security clearance issues, and I am pleased to say that we have seen tremendous progress throughout the course of our oversight work.

Delays in the clearance process began over 20 years ago. By the time this issue was added to the GAO high-risk list, DOD industry clearances took over 300 days on average to complete. Ongoing delays led to a backlog of hundreds of thousands of investigations and adjudications.

Today, as we will hear from our panelists—and we have heard from our panelists—the backlogs are gone and timeliness is within the goals laid out in the 2004 Intelligence Reform and Terrorism Prevention Act: less than 60 days total for most investigations and adjudications.

The other key aspect of the high-risk designation is investigation quality. Until recently, GAO noted that incomplete investigation files were routinely sent to adjudicators, who would either send them back to OPM or adjudicate them with incomplete information. Unfortunately, there was no way to monitor or measure investigation quality.

I am pleased that earlier this year, in response to a letter from Senator Voinovich and me, GAO and the Executive Branch worked together to identify metrics that would be consistent with GAO's recommendations on quality.

Overall, I have been pleased with the work of the Performance Accountability Council to address the high-risk designation and to modernize and streamline the security clearance process. We will continue to rely on its work to sustain the progress and momentum for reform in the future.

Despite the progress, however, there are remaining issues and challenges that I believe are crucial to successfully reforming the clearance process. The information technology in place, especially at the Office of Personnel Management, must be modernized to support 21st Century capabilities—as is common across the private sector and other government agencies. I look forward to hearing more about this and OPM's enterprise architecture modernization project.

Additionally, it seems reciprocity may be still an issue between certain agencies. The intent of several Executive Orders on this issue is clear: Agencies need to work together to accept clearances from other agencies. This will allow national security positions to be filled more quickly with right people in the right jobs. Reciprocity for employment suitability may need to be addressed as well.

Senator Voinovich and I introduced legislation to institutionalize these reforms to the security clearance process. Our bill, the Security Clearance Modernization and Reporting Act calls for strategic planning, expanded timeliness reporting, and a more formal establishment of the PAC.

I also look forward to GAO's next high-risk list update in the coming months to see where this issue stands. Regardless of whether it remains on the list, I think that we can all agree that there has been outstanding progress.

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The progress is in no small part a testament to strong congressional oversight, which is key to making the Federal Government more efficient, more effective, and more responsive. I have been proud to work with Senator Voinovich on these issues over the years, and I will continue our oversight efforts in the future.

As evidenced by our distinguished panel here today, this particular issue has enjoyed high-level leadership attention, and I hope your work will serve as a model for addressing other high-risk areas and management challenges.

We are very pleased to have the Acting Office of Management and Budget (OMB) Director, the Director of National Intelligence, and the OPM Director working so closely together with this Subcommittee.

I am also honored to have my brother and good friend Senator Voinovich by my side as we hold this, one of our last hearings together. He has been a leader on this issue, as he has been on many other complicated management challenges our Nation faces. Again, I want to thank him for all of his work on these issues over the years, and I thank our entire panel for being here today.

I would like to now call on newest Member, Senator Coons, for any remarks that he may have.

OPENING STATEMENT OF SENATOR COONS

Senator COONS. Thank you very much, Chairman Akaka, and my purpose today is to join you in this hearing, in part to continue the good work of Senator Kaufman of Delaware, in whose shoes I attempt to stand today. This is my first day on the job as a U.S. Senator. Thank you, Chairman Akaka, thank you, Senator Voinovich, for what from the testimony today has clearly been an effective and engaged job of oversight, and thank you to all the panel members today for demonstrating in response to both the identification of issues by the GAO and repeated and effective engagement by this group in a collaborative process that identified critical steps forward, set metrics, and then, in the course of several hearings and several years of difficult work, reduced what was a critical, longstanding backlog in a way that improved efficiency, reduced costs, and delivered an outcome that is important to the security of our Nation.

I am glad to join you in today's hearing and look forward to working with you in what time I have left on this Committee. Thank you, Mr. Chairman.

Senator AKAKA. Well, thank you. You are certainly welcome, and I look forward to working with you.

We will begin now with the questions. Ms. Farrell, last year, Senator Voinovich and I sent GAO and members of the PAC a letter asking GAO and the PAC to work together to address performance measures for quality of clearance investigations which have been suggested by GAO.

My question to you is: Was GAO satisfied with the resulting response from the PAC regarding these measures?

Ms. FARRELL. Thank you, Mr. Chairman. Yes, GAO was satisfied with the result. There had been a great deal of collaboration that we witnessed among the players that you have already acknowledged here, and we have been pleased to see that collaboration con-

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tinue even with the change in the administration almost 2 years ago.

The metrics, the 15 metrics that resulted in the letter to you and Senator Voinovich, we have evaluated those against what we consider successful—indicators of successful performance measures. There are at least nine criteria that GAO has identified in prior work that we have used to measure performance measures against to see if they are showing success, and those consist of, for example, being quantifiable, having measurable goals, aligned with an agency's goals, reliable, independent, free from bias so that an independent party can make the same determination using those performance measures, as well as interim goals with measures to show progress as the transformation is playing out.

We found that most of the performance measures had some of the criteria as well as baselines and goals for 2010 and 2011.

The PAC, once it decided that quality was a high priority, moved very quickly, I think, to develop these and put a plan in place with some guidelines that can be used as measurement. So we are very pleased with what the result was, sir.

Senator AKAKA. Thank you for that response.

General Clapper, I want to follow up with you regarding performance measures. Some elements in the Executive Branch, including the intelligence community, do their own investigations rather than using OPM.

How will the quality measures apply to these elements? And does the PAC plan to standardize quality standards across all executive agencies?

Mr. CLAPPER. Well, sir, it would be my view that whatever performance metrics we agree on for the community would apply across the board regardless of who does the investigation or how it is done. And I say this since I signed up to those standards in my last job, so it would be a little difficult for me to fall off that position, so absolutely.

Senator AKAKA. Thank you.

Director Berry, DOD has initiated the Rapid Assessment of Incomplete Security Evaluations (RAISE), a tool to track and complete investigation files. This tool measures investigation completeness after OPM has delivered its investigation file.

Does OPM have a system for ensuring the completeness of its own investigations? And how do you resolve investigations that customers identify as incomplete?

Mr. BERRY. Thank you, Senator. It is great to be here with you again today on this important issue.

The answer is yes, absolutely, we have in place such a system. Kathy Dillaman, who is my Associate Director, who manages this project for us on a day-to-day basis, has put in place, consistent with the Department of Defense's systems and these measurements that we've worked out jointly with GAO, a couple of ways to sort of triple-check and have some backstops that we can know what we can rely upon.

Most urgently, we put in place an immediate direct line ability for DOD to be in touch with sort of a fast call complaint issue so that Kathy can have at her—she knows exactly where shortfalls are happening, and so we can decide whether they are the result

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of factors that are beyond our control. For example we cannot resolve some cases if there is an ongoing criminal investigation or a court case. We know that is one—we are obviously not moving forward with that, but there are others that might be a trend indicator. And so one of the most important things we have is for Kathy to be able to carefully monitor through all of that feedback system so we can identify where there might be a weakness that we need to immediately address in our investigations.

In addition, we are moving forward with upgrading our automated systems so that we can share information in an electronic format. And that is one we have made substantial progress to date on. We have a long way to go. We are probably—as I say, you have to balance costs to the customer to make sure that we can do this. We have eight components in our IT system, and all eight are being upgraded as we speak. And those will also greatly assist us in—as we pass this information back and forth, we are able to do that in a much quicker time frame, sir, so that we can get those complete cases, back and forth in such a way that the adjudication by the agency can be made off of a complete file.

Senator AKAKA. Thank you.

I would like to follow up with a question to Director Zients on this, and I would like to hear from you as well. Do you believe tools should be developed at other agencies that do not have the same tools?

Mr. ZIENTS. Yes, although I am hesitant to say that they need to be developed, as we have developed good tools at DOD, at OPM, and what we should be doing is taking those tools and other best practices beyond technologies and transferring those to the smaller-volume agencies so that we can get the same efficiencies and quality gains that we have achieved at DOD.

Senator AKAKA. Thank you.

Senator Voinovich, your questions.

Senator VOINOVICH. Thank you, Senator Akaka. Again, thank you for holding this hearing. We have one more.

When Senator Akaka and I met with the Joint Reform Team at GAO in the spring, I expressed concern about the lack of information regarding budget plans and funding needs for the reform effort. In the past, GAO has suggested that the Joint Reform Team provide Congress with "long-term financing requirements for security clearance reform." With long-term funding requirements—and during last year's hearing, Senator Akaka and I specifically asked for such information and expected to see it in the Security and Suitability Reform Strategic Framework. However, the framework States, "Resources from DOD and OPM are sufficient to enable implementation of the transformed process designed for the mainstream elements of the process."

Do you have the resources to continue to do the job that we have asked you to do? And, second, is this issue of continuing resolution and the omnibus bill or whatever we get, what impact is that having on your ability to do this work?

So that is two questions. In your budgets currently do you have the money? In the budget that is proposed, is the money there for you to get the job done? And are you being thwarted right now in terms of some things you would like to do because of not being con-

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fident as to when this budget is going to be passed, appropriations are passed?

Ms. MCGRATH. So I can——

Mr. ZIENTS. Please.

Ms. MCGRATH. Our position on the funding has not changed from what we provided the Department—between the Department and the Office of Personnel Management, we believe we have sufficient resources to sustain.

I will indicate that the information technology that the Department is developing, primarily the DISS, the DISS Program, the Defense Information Security System (DISS), does have a Program Objective Memo (POM)–12 request that will ensure that we have sufficient development dollars. It has not yet been locked, but I do believe that we will have that. It was previously not funded in 12.

Having said that, we are not impacted by the continuing resolution. The work we have in the budget for 2010 and 2011 is continuing. It is not a new start; therefore, we are not impacted specifically by the CR.

And then from the long term, we also have sustainment dollars that are in the budget to ensure that we can sustain the programs. And as Mr. Zients mentioned earlier, many of the information technologies that we are developing within the Department are portable, if you will, to other organizations. We are ensuring that we have the proper contracting language so that these can be utilized by other Federal agencies so we are not developing new systems, that we are leveraging existing technologies.

Senator VOINOVICH. Mr. Berry.

Mr. BERRY. Senator, I would underscore what Beth is saying, especially from our information technology (IT) needs, which obviously the systems that we discussed we need to upgrade over the next period of time. We have been able to keep our rates—which is obviously what we charge the agencies for the investigations. We have not exceeded the cost of inflation, so we have been able to sort of keep our customers happy but build into that approach sufficient resources necessary to upgrade the technology as we move along. And so, for example, right now almost 70 percent of our fingerprints are done electronically. That has been a significant time saver for us, and we look forward—we are not going to be happy until that number continues to increase, but it is great and a great example of how we have been able to bring the technology forward.

Right now, 98 percent of all the submissions are done electronically, so a lot of the speed which you have seen in these has been in the IT solutions that we have been able to bring online over time with this. And because we have been able to build a budget that provides for the upgrade of each of these eight components of that IT system, we believe we have the resources both now and in the future to stay on track with the objectives that we all share.

Senator VOINOVICH. I think one of the really important things about this endeavor is that—General Clapper, you understand how important it is, and I think I would be interested—and you do not have to do it today, but I would really be interested in—you are making this effort, and I would like your—we are spending more money, but the issue is we are becoming a lot more efficient. And the impact that it is going to have, security clearance and having

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this move the way it is supposed to in terms of the warfighter and other people that—security and how important it is that we get this system to where it should be. And I think you are going to have to do a lot more of that because of the tight financial situation that you have. And I think that—I know you are all busy, but as much as you can do that and share that with Congress, I think the better off all of us are going to be.

Now, Ms. Farrell, I congratulate you. You are working with the team. Obviously, you have a good interpersonal type of operation here. And I want it off the list. Do you think it is possible that—I think you put out your high-risk list in, what, February of next year?

Ms. FARRELL. Maybe January.

Senator VOINOVICH. There is a possibility that it could be? Could you list maybe the one or two things—let us say two things that you think really need to be addressed if that were to occur?

Ms. FARRELL. Yes, sir. The Acting Comptroller General, soon-to-be Comptroller General, will make that announcement in January of next year, hopefully, and I believe the written statement does reflect a lot of the significant and noteworthy progress that DOD has made toward actually implementing actions that we are evaluating to make that high-risk determination. Sometimes we will take a program off of the high-risk list and we will keep monitoring it always, but sometimes we have to reapply that designation. Hopefully, it will not happen in this case if personnel security clearances are removed. But it has happened. The decennial census is an example of one that has been on and off, on and off.

DOD has been very responsive, again, to our recommendations, and it is not just our recommendations that we look at. It is other solutions that they are putting in place regarding timeliness and quality.

We have seen great progress with the timeliness and the use of IT that you have already discussed, and I think the main message today is the progress being made to develop metrics which can be used to measure the documentation.

Senator VOINOVICH. And you all agree on the metrics?

Ms. FARRELL. Yes, we do. We saw those before they were submitted to you, and we have—at that time we had not done a complete evaluation against our criteria, but we had a number of conversations to help facilitate the development of those metrics.

We are looking—and I am not in a position to say it is coming off or staying on, but obviously there is progress, as you have noted. Whether it stays on or off, I do not think—we should not forget how much progress and how far DOD and the other agencies have come over the last 5 years. It is truly noteworthy.

We will continue to monitor the implementation of the tools that I mentioned in my opening, the tools that are going to be used or are being used for investigations and adjudications. Those tools are not fully implemented. There is some more information that we want to work with DOD and OPM regarding those tools' deployment as well as what is the process in place for continuous evaluation for the results of those tools.

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Senator VOINOVICH. Do you think they have the budget to get the job done? They both said that they thought they did, but how do you feel about that?

Ms. FARRELL. DOD does have a large budget. I think one of our concerns has been that as we are moving into more and more tightening of dollars, what is going to happen to that large budget, not only at DOD but at the implementation of some of these IT projects at the smaller agencies? We have heard concerns from agencies outside of DOD about how they will be able to keep pace with the technology and be responsive.

We still believe that identifying long-term funding for all of the reform efforts would help, especially as the money becomes tighter and congressional decisionmakers such as yourself have to prioritize.

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you very much, Senator Voinovich.

Senator Coons, do you have any questions?

Senator COONS. Thank you, Chairman Akaka.

If I might, Ms. McGrath, you had spoken previously that the Department of Defense was working to achieve some cost savings through the streamlining of its processes. Have you, in fact, achieved some cost savings? I understand the necessary pressure for increased appropriations in order to implement some of these reform moves. But have you been able to realize cost savings in the adjudication process for security clearances?

Ms. MCGRATH. Senator, thank you for the question. All along, this reform effort has taken an approach of one that puts policy, process, and information technology in the same conversation in addition to cost savings, performance management, and leadership engagement. And so all of those attributes must be present, I believe, in order to have an effective outcome. And I think what you have heard today is exactly that, and specific to the cost savings question, if you do not put the policy, process, and information technology as part of the answer, then I think you are falling short of the overall outcome.

And so from specifically the electronic adjudications that the Department has implemented for clean secret cases, where you have a very clean case, it is coded that way, and the need for a human adjudicator to take a look at a very simple case was not necessary based upon business rules and data standards. We have taken that step using again, policy, process, and information technology. We processed last year over 73,000 cases utilizing this e-adjudication capability. And, again, before we launched on the information technology, we ensured we had the appropriate standards and business rules, and we also did a 100-percent audit for 6 months to ensure that we had the process right. And so with that, we certainly have saved dollars but, more importantly, increased productivity in the use of our professional adjudicators, put their time and attention on those cases that needed it more than those.

Mr. ZIENTS. Might I chime in on cost? I think Beth is exactly right. We are getting better and better, both in terms of cost and quality. But I think if you really want to think about the cost here, it goes beyond the process to eliminating the backlog and going from 200 days down to 60 days, which allows us to get thousands,

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tens of thousands, hundreds of thousands of people more productive in protecting our national security interests.

So I think we need to be cognizant of the cost, and we should be using information technology to drive costs down of the process and to improve the quality at the same time, which I think can be done. I think they are correlated. At the same time—and we at OMB will be very careful on this front—we do not want to be penny-wise and pound-foolish because the main productivity gain here and national security gain is by ensuring we never have a backlog again and by ensuring that we get it done within the 60 days.

Senator COONS. That is right. Thank you for that point. So, in other words, if you are saying a look at total cost is not just a per transaction cost, but the total benefit to the public, to the national security——

Mr. ZIENTS. And I think the latter is much more weighted.

Senator COONS. In many ways. What are some of the reasons——

Mr. CLAPPER. Senator—oh, excuse me. I was going to, if I might just add to that.

Senator COONS. Certainly.

Mr. CLAPPER. One of the underlying features of the whole security clearance reform process is actually to reduce the need for investigations as a standard uniform requirement and do it on a selective, focused basis. So that in itself, I think, will over time—as we implement that feature will accrue great savings.

At the same time, we are all concerned about forthcoming budget pressures, and I think it is clear, at least as far as the intelligence community is concerned, that we are going to become smaller and we are going to have a lot less reliance on contractors. So the demand here, even though we are going to have less funding, so the demand for investigations and clearances is also going to go down proportionally.

I can attest, having spent some time in industry for about 6 years in one of my sojourns back out of the government, to the huge impact this has on industry in the amount of lost time, which for a company is money, in waiting for clearances. So in a sense, there are opportunity costs there that I think are huge by virtue of implementing, fully implementing this process.

Senator COONS. Having had that experience previously in private industry, I agree with you.

What are some of the reasons that even today there might still be a lack of documentation about adjudication in these cases, Ms. McGrath?

Ms. MCGRATH. Although it seems as if an adjudication should be an adjudication, it is not. And every adjudicative decision, what we talk about, we tend to commingle a hiring adjudicative decision and also then a clearance adjudicative decision, and then the different levels of adjudications that take place. So what decisions are you making? What information do you need? And how trained are you and how much risk does a particular case have with it based upon the clearance level that you are granting? A secret case would have less risk than a top secret case, or a moderate-risk public trust po-

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sition certainly is a lesser risk than a high-risk public trust position.

So I go through that level of detail to make my point that adjudication is not exactly the same as you go through. Therefore, we rely on many things to ensure that the right adjudicative decision is made. At the end of the day, that is what we are looking for. We want appropriately trained adjudicators having the right information to make the right decision. And so depending on the case, that information may or may not be slightly different. If the national standards indicate that you must look at all, prior history of 10 employment organizations and you get 9 of 10, technically that might be an incomplete investigative package. But if it is 9 of 10 and you have a seasoned investigator, you can make that decision.

So the risk really is, I am going to say, somewhat on a case-by-case basis, recognizing that we want to drive standards as much as we possibly can, ensure that the different types of investigations or clearances, be it on the hiring side or the clearance side, build upon each other so that the adjudicator has all the information he or she needs to make the appropriate adjudicative decision.

Senator COONS. Thank you for your responses.

Senator AKAKA. Thank you very much for your questions, Senator Coons.

Director Berry, I understand that OPM has been working on transforming its investigation IT systems known as EPIC. The E–Gov Office has ranked this investment as a 4 out of 10, indicating poor performance related to cost and schedule. Your Chief Information Officer (CIO) describes the project as in a "mixed life cycle."

Would you please update us on the status of EPIC, the anticipated costs, and when could we expect to see a new IT infrastructure?

Mr. BERRY. Yes, Senator, if it is OK, we will get you the specifics on the costs for the record. What we have, sir, is a system that is not sort of one monolith. It is a system that has eight components to it, and we are working on all eight in terms of upgrading them.

Right now, we have a game plan that will provide for the updating of them within our cost structure to the agencies, staying within budget, over the next 3 years. And so we feel we are on schedule for that, and we are doing—we are happy with where we are at the time, recognizing we need to continue on with this and will not be happy until all of them are where we need them to be.

But just to give you an example, sir, of one of the most important components—and I think it is one of the ones that also goes to the efficiency Senator Coons was discussing. We have a central verification system that allows us to automate the file, essentially the investigative history, so the adjudicator can see exactly where we are and what pieces may be missing.

Right now, there are over 258,000 active cases on this system that is linked in what has been, I think, a major step forward with DOD's Joint Personnel Adjudication System. And so there are potentially over 3,500 people around the world who are adjudicating these issues and need to call up a case to see and, make sure they can make an appropriate judgment. And right now, because we have been able to integrate those systems, they can now do that,

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and that has been one of the leaders in terms of increasing our time and accuracy.

We continue to move forward on all of these. Each of these components—for example, one of the systems we talked about is electronic fingerprints. That is one of the eight sub-units, if you will, getting that data. Getting background checks from State and local law enforcement agencies has been one that has been a major step forward. That used to take weeks. It is now done in 3 to 4 days. And it is because we have been able to upgrade that system and integrate it with 50 different State systems across the country.

So you can see, as each one of these components of those eight components—and we for the record can break down each of the eight for you. But I feel we are making good progress. It is bearing fruit. The fruit is being borne in the numbers that we are reaching. And we can do this within the budget that we discussed, that you mentioned, Senator Voinovich. And anytime that we have a savings, the savings is folded into the technology. And then our customer, DOD, obviously the largest, has agreed with us on that, put that money into those IT systems so that we can continue the forward progress. And so I think we are on the right track, Mr. Chairman.

Senator AKAKA. Thank you so much for that response.

Ms. McGrath, DOD also has been in the process of replacing its current clearance IT system known as Joint Personnel Adjudication System (JPAS) with a new system knows as the Defense Information System for Security.

What is the status of this system, its funding, and what capabilities will DOD have after it is implemented?

Ms. MCGRATH. JPAS is currently scheduled for sunset or retirement in mid-2013. That includes a 6-month parallel processing if we need it. So our plan is to deploy the Defense Information System for Security in total by the end of 2012, and we will run JPAS in parallel for 6 months. So we will cut over essentially at the end of 2012. It, too, is a family of systems. I do not think it has quite eight parts to it, but it has the access to the information, documentation of adjudicative decisions that have been made. We are including the Case Adjudication Tracking System (CATS), in the family of systems so that you have somewhat of an end-to-end process within the DISS program. We are leveraging the information technology, deploying it across the Department, so from a low side, an unclassified perspective, we have singled in on a single solution for all of our central adjudication facilities, both in IT and then the policy and process, so that it acts as if it is a single unit.

Senator AKAKA. Thank you.

Director Zients, all of OMB's reform team partners—Office of the Director of National Intelligence (ODNI), OPM, and DOD—are updating various components of their respective clearance IT systems. The 2004 Intelligence Reform Act called for a single clearance verification database which, as I understand it, has not been fully implemented. I would like to hear from you, as head of the PAC and the Director for Management at OMB, what is being done to ensure that IT investments are coordinated across the clearance community and that systems work together.

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Mr. ZIENTS. On the actual clearinghouse, or having one database, I think we have effectively integrated, as Beth and John talked about, their major databases, and that coupled with scattered castles is the IC community, the intelligence community, has accomplished the same goal or outcome that we were looking for in IRTPA.

So I think as to a single clearinghouse, while we have not merged all the databases by putting in front-end search capabilities, we have achieved in a very cost-effective way while protecting national security interests the same outcome that we were looking for.

Overall, I think that IT here in the security clearance process, as is true across government, offers the promise to increase efficiency, timeliness in this case, and quality all at once if indeed we manage these projects well. So it is a major push at OMB working with the E-Gov Office and our Federal CIO, Vivek Kundra, to make sure that projects are appropriately scoped, that we are using developed software and avoiding proprietary development where appropriate, and holding these projects to clear milestones and deliverables along the way. Too often these projects historically have had years before any deliverable was planned or executed upon. We are bringing all that forward. That basic philosophy we are applying, as you heard in Beth's and John's statements, to the IT work that we are doing for security clearance, which I think is going well, holds a lot of promise for further efficiencies and quality improvements. And as I stated earlier, we are going to take what is working at the major agencies and transfer that across government.

Ms. MCGRATH. Sir, if I might add, through the oversight of the Performance Accountability Council, we have asked each of the Federal agencies, in addition to the ones that are here, to bring forward their implementation plans for clearance reform and to identify budgets that are required for implementation, information technology, and to make available, as I previously mentioned, preexisting or existing information technology like we are deploying at the Department.

The Department of Energy has taken us up on that offer to date, and there are others that are interested, so that we are not creating duplicative information technology capability across the Federal space; rather, we are leveraging existing capability. And it is through the oversight of the PAC that we are achieving that.

Senator AKAKA. Mr. Berry.

Mr. BERRY. Mr. Chairman, I would just add that I think what was also an item of foresight of the Committee when you created this program was conferring on us the revolving fund authority that allows us to essentially operate very much like a business where we charge the customer for the product and have to meet schedules, meet budgets, etc. And that revolving fund authority is why, Senator, I think, when we answer your question of do we have the resources necessary to do the IT upgrade, at least from our component, our piece of this, we do because——

Senator VOINOVICH. You charge them.

Mr. BERRY. You have given us the ability to recoup that. But as I say, we have never exceeded the cost of inflation. So we are try-

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ing to be careful with that authority that you allow us working with our customer.

Senator AKAKA. Director Berry, as the SF–86 form used for applying for a clearance was recently updated. Director Zients said in his statement that the electronic form of the new SF–86 will be released soon.

What new capabilities will this new electronic form have over the current e-QIP system? And why is the new electronic form only now being deployed?

Mr. BERRY. Sir, we have had the form. It has been deployed. What we are doing is updating it with the changes that we have made to the form that the team has worked out. And we are on schedule to have those changes online by the end of the year, in December. And so we are on schedule and on budget with that update.

So it is really a refresher, sir, of an electronic form, but we have made changes to it regarding—through the team here.

Ms. MCGRATH. If I could add, the most significant enhancement—there are two—to the Standard Form 86, the form itself was approved back in the March time frame, and the deployment that Director Berry is mentioning is the deployment of that form through the e-QIP solution, which is on schedule for implementation in December of this year.

The two main attributes of this particular form are the branching questions. If you will recall, back in the 2007 time frame when we looked at the end-to-end process, part of what would make the process better than what we do today is collecting more information earlier in the process. And the applicant is the most productive source of information, so asking those questions as part of the application process was felt by everybody that was the best way to initially achieve the collection of that information. So we revised the form to include branching questions, much like Quicken does, if you are familiar with that software tool. If you answer one way for something, it takes you down a series of questions, and that is what the electronic form would do.

The other piece is we revised the consent piece. If you will also recall, part of the reform process looks and asks for at the end of the process more of a continuous evaluation to manage the cleared population. In order to do that, we had to change the consent form, the existing consent form on the SF–86.

So those are the two main changes that are being made, and, again, the information technology, the e-QIP upgrade is on schedule for deployment in December.

Mr. BERRY. And, Mr. Chairman, as you can imagine, what Beth just described takes a lot of programming, and there are over 100—there are hundreds of screens through this branching that have to be developed and programmed to implement, which is why it has taken from March until the end of this year to get this done. And we have to test it, obviously, to make sure it works and is rigorous. But right now I am told we are on schedule with it, and it is looking good.

Senator AKAKA. Thank you very much. Senator Voinovich.

Senator VOINOVICH. Thank you, Mr. Chairman.

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I was just thinking about all of this information that you are able to get today, and for a long time, the Department of Homeland Security (DHS) has been trying to get like four areas of information. We were trying to get the States to have better driver's licenses to get information, and one of the reasons why we have not been able to really crack down on them is because the information that they need is not available to them. And I was just thinking, through what you are all doing here, its applicability to perhaps dealing with their problem so that we can do a better job on the State level in terms of these licenses that are being granted to individuals. That is the big-picture stuff for your shop.

The other thing is there is reciprocity. It is still a problem. Ms. Farrell, do you think we are making—what is the stumbling block there? Because I still get complaints from folks about the reciprocity, and that is a big deal because that—if somebody moves from one agency to another agency and they just sit there and cannot do things until they—even in my own office, people have come to work for me; they have clearances, and they have to go through the whole thing all over again in order to come into a meeting with me.

Ms. FARRELL. Senator, I believe everyone has a story, as you are conveying, about a neighbor or a friend or a family member that has had a security clearance but for some reason it does not transfer when they go to another agency. We have noted that perhaps the quality of the investigations or adjudications could be an underlying cause for reciprocity when it not working the way the law intended.

We do have work ongoing that is looking at reciprocity. That work should be completed by the end of this year. Prior to that work, there had not been a GAO study or another study that we are familiar with that actually gave data on is reciprocity a problem or not. What is the extent to which it is a problem?

Senator VOINOVICH. The thing is that part of the problem that we have had is that some agencies just refuse to do it. In other words, they say, "Your background stuff is not good enough for us." And I think, General Clapper, or somebody needs to just say to them, "Look, we have decided that if they have this kind of clearance, it ought to be acceptable in your shop."

Ms. FARRELL. True, and I think my colleagues will elaborate that sometimes agencies are confusing what is needed for suitability clearance with the personnel security clearance, and that raises another set of issues. But still, whether we are talking about suitability or clearances, the granting of a clearance to an individual we do not really know at this time the extent to which reciprocity is an issue or if the agencies are actually refusing. We have work that is ongoing, and we have had conversations with agencies outside of DOD about their views, and I will say that their intent is to honor the reciprocity.

Mr. CLAPPER. Senator, as a security executive agent, I can say that we have issued reciprocity rules, and, of course, the reporting we get back from security managers is that they support and follow them. And, of course, this is an area that we will always need to pursue improvements to. And as you have heard and you have experienced yourself, reciprocity is something that lends itself to

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anecdotes. And so one of the things we want to try to do here is to quantify some of these anecdotes, and one of the things we are thinking about doing is establishing a 1–800 line sort of thing so if people have reciprocity complaints, we will have a way to gather some actual empirical data on this and just see what the extent of the problem is.

I would also point out that within the intelligence community oftentimes there are degrees of access, so for special access programs, if someone's initial background investigation is, say, 4 years old and under the current system it is every 5, a Special Emphasis Program (SEP) program manager is authorized—and this pertains both in DOD and the rest of the IC—to do an additional check, to do a quick bring-up on that initial investigation. Now, hopefully, when we get into the continuous evaluation program, some of that will be attenuated. But this, again, I would say is a case where it is an area that lends itself to anecdotes, and we want to try to quantify those anecdotes to see what the actual extent of the problem is.

Senator VOINOVICH. I would like to say, again, thank you very, very much for the good work that you have done. It has been an inspiration to me to see the progress that you have made and, again, the teamwork that is obvious here at the table. I would also like the people that are sitting behind you to—I want to let you know how much I appreciate the work that you all do. At this stage in my life, I am looking around about, how do you get where you are and what can you accomplish. And I have found that all I am is a reflection of some wonderful people around me that have made a difference for me. And so I want to say I know they are sitting there at the table, but I know darn well that what they have been able to do would not have been able to happen without the great teamwork that you have and the support that all of you give them. And I just want you to know how grateful I am to you for what you are doing

Senator Akaka, again, thank you for this hearing, and, Ms. Farrell, I hope I am back next year. I will even come back from Florida, where I expect to be. [Laughter.]

Senator VOINOVICH. Thank you.

Senator AKAKA. Thank you very much, Senator Voinovich.

I want to thank all of our witnesses for appearing today. As we have heard and as we have seen, great, great progress has been made on this issue, and I want to thank the panelists here. You have certainly been great leaders in this. Statistics tell us that tremendous progress has been made already through your efforts, and I really want to thank you for doing that. And this Subcommittee will continue its strong oversight in the coming Congress.

Again, I want to thank my very good brother and friend Senator Voinovich for his attention and leadership on this issue. In 2005, he chaired the first in this series of hearings. As you can see, this continued when I became Chairman, and we have worked so well together in a bipartisan manner, and I would say accomplished so much doing it, and have enjoyed it as well. And I look upon him as a champion in human capital, and this will, of course, be part of the legacy of his life. And I hope your successor will bring the

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same dedication and energy to all of the high-risk areas and improving government management.

Senator VOINOVICH. He would be a good one, if we can convince him. He was Director of the Office of Budget and Management, so he has a pretty good idea of how the system works.

Senator AKAKA. Yes. Well, this has been a great experience for me and for all of us and for the U.S. Senate as well. And I again want to say thank you to the Committee Members, this Subcommittee, and I want to say thanks to our staff. Our staff has done a tremendous job here on either side of the aisle, and I want to say thank you so much. We have made great progress as a Subcommittee.

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

This hearing is adjourned.

[Whereupon, at 12:11 p.m., the Subcommittee was adjourned.]

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APPENDIX

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
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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
NOVEMBER 16, 2010

Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee, thank you for inviting me here today. It is my privilege to testify in my role as Chairman of the Suitability and Security Clearance Performance Accountability Council (PAC) and to discuss the progress of the Administration's ongoing security clearance reform efforts.

Since I last appeared before you in September of 2009, this Administration has made critical advances in reforming the security clearance process. While there is still work to be done, individuals seeking to work for the Federal government now face a substantially different clearance experience than they did just a few years ago. Today, I look forward to sharing our accomplishments and discussing the steps necessary to sustain our progress moving forward.

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Background and Progress

For many years, the backlog of security clearances caused tremendous problems and significant expense for the Federal government. In 1994, a Joint Security Commission report noted that substantial delays in processing security clearances led to unnecessary costs because workers were unable to perform their jobs while waiting for a clearance. In light of these results, the Government Accountability Office (GAO) placed security clearances on its high-risk list in 2005. Even as recently as October 2006, the backlog of pending clearance investigations over 180 days old stood at almost 100,000 cases.

Today, however, much has changed. The Intelligence Reform and Terrorism Prevention Act (IRTPA), signed into law in 2004, challenged the Federal government to address longstanding coordination problems that unnecessarily affected the timeliness and quality of security clearances. As a result of actions taken to meet the objectives of IRTPA, the speed of the average security clearance has increased dramatically. IRTPA required all agencies to complete 90 percent of their security clearances in an average of 60 days. At the time IRTPA was enacted, the government-wide average was 205 days. By December 2009, 90 percent of the government's clearances were completed within the IRTPA-required timeframe of 60 days. We have consistently met the IRTPA target since that date. Today, 90 percent of security clearance determinations are completed within 53 days, a 74 percent reduction from the 2004 level. Moreover, the decades-old backlog of investigations is gone.

These impressive results were made possible by the skills and dedication of the staff at the agencies representing the security and suitability communities, and through your leadership and persistent focus on these issues. Now we must ensure that our progress is sustained in the

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future. The Strategic Framework document submitted to the Committee in February established the path forward. We have now turned to the important task of implementing the plan, seeking to make the resulting efficiency gains permanent and routine.

Executing the Plan

Our February Strategic Framework identified numerous reforms that drive efficiencies in each phase of our improved clearance process, including: validate need; eApplication; automated records checks, eAdjudicate; enhanced subject interview; expandable focused investigation; and continuous evaluation/periodic investigations. Today, I would like to emphasize our progress in several critical areas within the larger plan: the alignment of suitability and security processes and policies; improving and tracking outcomes in reciprocity and quality; and driving new information technology solutions to advance timeliness and quality goals.

- Policy Alignment. We are aligning suitability and security policies and processes to limit redundancies in our investigative and adjudicative processes. To achieve this, we are modifying the regulatory and investigative standards as well as the information collection forms that underlie our clearance operations. For example, in March 2010, we published a revised Standard Form 86 that will capture the information necessary to enable more cost-effective security investigations.

- Reciprocity. We are working to improve reciprocity through initiatives such as enhanced sharing of relevant investigatory data among Federal agencies and robust performance metrics for tracking reciprocity outcomes. For example, the Office of Personnel Management's (OPM) Central Verification System and the Department of

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Defense's (DoD) Joint Personnel Adjudication System are now integrated through a single interface, allowing agencies to view previous security, suitability, and credentialing decisions as well as investigatory information when they are deciding whether to grant reciprocity for a previous clearance.

- Quality. We are improving clearance quality by increasing access to investigatory information, clarifying policies and procedures, enhancing training, and measuring results. DoD, for instance, has developed an information technology solution called Rapid Assessment of Incomplete Security Evaluations (RAISE) that allows the Department to evaluate and track investigative quality in ways that were not previously possible. Similarly, OPM has created a feedback process that allows customer agencies to raise quality concerns with investigative products. To ensure that our approach on quality is most effective, the impact of these and other advances must be fully measured. In May 2010, we, in partnership with the GAO, reported to you a proposed set of quality metrics, which we will continue to refine and deploy in the short-term.

- Technology Advances. We are using enhanced technology to improve timeliness and reduce the number of unnecessary questions or the possibility of receiving incomplete forms. We have made important advances in converting paper-based application processes with automated solutions such as eQIP. Notably, over 98% of clearance application submissions to OPM are now completed electronically.

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Moving Forward

Accordingly, this reform process has already achieved many successes in the areas of policy alignment, reciprocity, quality, and technology. That said, much work still remains to be done. Currently, we are making progress on the establishment of a new, five-tier framework for investigations that will enable greater reciprocity of clearances among tiers of equal or lower risk level. We expect this new framework to be released early next calendar year. Next month, we plan to deploy the new Standard Form 86 in an electronic format. We will also continue to develop an improved set of metrics to track reciprocity and quality.

Significant Progress Due to Clear Goals, Accountability, and Partnership

The security clearance effort also exemplifies the way we hope to reform government to enable programs to work faster, more efficiently, and serve the public better. Going forward, I hope that this initiative can be used as a model for broader government reform efforts. Throughout this process, three key principles drove our reform effort: the adoption of clear goals, holding the proper executives accountable, and establishing solid partnerships with agencies, Congress, and the GAO.

- *Clear Goals*. IRTPA set goals regarding the processing of security clearance requests. Most significantly, agencies were asked to make a determination on at least 90 percent of all applications for clearances within an average of 60 days after investigations are initiated. Each month, the Administration delivers to your Committee a report on our progress relative to IRTPA's goals. As I have already described, government-wide progress over the past six years has been substantial.

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- *Accountability.* We have held the appropriate agency leadership accountable for results. Since I joined the Administration, I have met regularly with the reform team's senior leadership—who join me as witnesses—as well as with their principal advisors who drive the day-to-day effort. The Administration has also used our Priority Goal effort to hold officials at OPM and DoD—which investigates and adjudicates the largest number of security clearances—responsible for their respective deliverables. For example, Stan Sims, DoD's Priority Goal Leader for security clearance reform, has reported regularly on his progress toward ensuring that at least 90 percent of all DoD national security investigations are delivered electronically to its adjudication facilities by the end of 2010, a target DoD met in December 2009. Today, 95 percent of all investigative materials are delivered via eDelivery to DoD.

- *Partnership.* The backbone of the reform effort has been effective partnership. The PAC has helped foster collaboration among various Federal stakeholders, while the Joint Reform Team has provided technical leadership and monthly reports on implementation. The GAO has also offered insightful and important counsel. This Subcommittee has helpfully held us accountable to the goals set forth in the IRTPA.

Conclusion

We have made significant progress on improving the suitability and security clearance processes, although much work remains. This reform effort is extremely important to me personally, as well as a high priority for this Administration. I would like to take a moment to recognize the extraordinary staff of the PAC who have been instrumental in this effort—in

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particular, my Vice-Chair Elizabeth McGrath from the Office of the Secretary of Defense, Kathy Dillaman from the Office of Personnel Management, and John Fitzpatrick from the Office of the Director of National Intelligence. With their assistance, as well as that of the agency leadership testifying with me, and with the continued support of this Subcommittee, I am confident we will continue to improve the timeliness, reciprocity, and quality of clearance decisions.

Once again, thank you for the opportunity to testify.

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STATEMENT FOR THE RECORD BY

THE HONORABLE JAMES R. CLAPPER

DIRECTOR OF NATIONAL INTELLIGENCE

BEFORE THE

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

SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERMENTAL AFFAIRS

OPEN HEARING ON SECURITY CLEARANCE REFORM

NOVEMBER 16, 2010

Introduction

Chairman Akaka, Senator Voinovich, distinguished Members of the Subcommittee: Thank you for this opportunity to discuss the progress we have made on security clearance reform. I am pleased to appear beside the principal partners of reform – Department of Defense (DoD), Office of Personnel and Management (OPM), and Office of Management and Budget (OMB) – who together work to ensure that improvements to timeliness, quality, and reciprocity are institutionalized and sustained.

The Intelligence Community (IC) continues to give time and attention to this effort, and is a key contributor in transforming the end-to-end security clearance process across the federal government. Be assured that within the IC security clearance reform remains a top priority. Through the DNI's role as the Security Executive Agent, we have led the effort for the Community.

I appreciate and welcome the strong bipartisan support this initiative has received from this Subcommittee.

As the Committee is aware, Executive Order 13467 designated the Director of National Intelligence as the Security Executive Agent. As Security Executive Agent – a permanent member of the Performance Accountability Council or "PAC" – I am charged with numerous responsibilities in overseeing security clearances across the federal government. There are two that are critical to driving reform that I would like to highlight.

- Directing the oversight of investigations and determinations of eligibility for access to classified information or assignment to a sensitive position.
- Developing uniform and consistent policies and procedures for effective, efficient and timely completion of investigations and adjudications relating to determinations of both eligibility for access to classified information and to hold a sensitive position.

In overseeing the performance of investigations and adjudications by all agencies, as the Security Executive Agent, I have the ability to provide the PAC with insight into where progress is being made and where additional emphasis should be placed.

The goals set forth in IRTPA for December 2009 required a combined 60 days for end-to-end security clearance processing, including 40 days for investigations and 20 days for adjudications. As was reported to Congress earlier this year, the December 2009 requirement was exceeded as clearances averaged a combined 57 days government-wide with 43 days for investigations and 14 days for adjudications. Each quarter since has seen sustained improvement, and as of the quarter ending in September 2010, cases took an average of 53 days government-wide, which includes 42 days for investigations and 11 days for adjudications. Overall improvement from Fiscal Year (FY) 2006 to FY2010

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is significant, as security clearance processing time has decreased from 165 days to 53 days.

As Security Executive Agent, I continue to support the PAC's emphasis on sustaining timeliness performance by hosting Executive Branch-wide reform briefings where we address agencies' performance and progress. Together with the PAC, we also continue to assess agencies' progress in adopting reform practices against the technology and process improvement goals they originally established in 2009.

My office co-chairs the PAC Performance Measurement and Management Subcommittee, through which security clearance and suitability performance measures are reviewed with the agencies and prepared for PAC review. We reported our investigative, adjudicative, reciprocity and automation quality metrics to you in a joint May 2010 letter from the DoD, OMB, OPM, ODNI, and Government Accountability Office (GAO). In addition to those, we continue to develop additional metrics relative to reciprocity, timeliness, and quality. We are creating a mechanism to allow individuals with security clearances who encounter reciprocity issues to report their experiences and seek resolutions. We have also led the Performance Subcommittee in establishing a measure to capture more of the end-to-end security clearance process from an applicant's perspective, which incorporates the time required to initiate an investigation.

My office is preparing reciprocity metrics which, when finalized, will provide needed details for the PAC, Suitability, and Security Executive Agents to better monitor and ensure reciprocity across government to the extent possible.

My Security Executive Agent responsibility to promulgate investigative and adjudication policies and procedures is a critical enabler of reform. Revision of the

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Federal investigative standards is intended to require implementation of proven elements of the reform process – eApplication, eAdjudication, enhanced subject interview, expandable focused investigation – and will ensure the goals of modernizing and streamlining the process are achieved. The standards, which are being developed by inter-agency expert working groups, enable improved reciprocity by including both security and suitability cases in a tiered structure that reduces the total number of investigation types, all aligned by risk level. The level of investigative effort increases commensurate with the level of clearance or risk inherent in the position. Anticipating a total of five tiers, the standards for the first three tiers are expected to go through final interagency review at year's end.

I recognize the important role that GAO continues to play in drawing attention to the progress the Executive Branch has made with regard to security clearance reform, and also to the areas where they have identified that more work is required. Reform leaders have long been focused on the goal of removing this topic from GAO's High Risk List. On this point, I cannot overstate the value of this Subcommittee's continued attention to this issue. I feel confident in our collective achievements in ensuring sustained timeliness performance and improving attention to quality and reciprocity measures.

The Subcommittee is familiar with the comprehensive Strategic Framework, presented to you in February of this year that has guided reform activity in 2010, and will continue to do so until the work of reform is complete. The collaboration and joint approach to accomplishing this work reflects the principals' strong commitment to achieving the goals of reform. Leveraging our authorities and our organizations'

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capabilities, we have collectively accomplished far more in 2010 than could have been achieved separately.

I want to thank Senator Voinovich for his leadership on this important issue. He leaves a legacy that will ensure a secure and capable federal workforce for the future.

Thank you, Mr. Chairman, for your efforts and attention to ensure effective and efficient processes.

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF
HON. 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: SETTING A COURSE FOR SUSTAINABILITY

NOVEMBER 16, 2010

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

Thank you for the opportunity to testify today regarding the U.S. Office of Personnel Management's (OPM) role in the Federal government's security clearance reform effort. OPM has been committed to overhauling the security clearance process from the onset, with the goal of improving timeliness, quality, and efficiency. Our current success is due in large part to our partnership with the Office of Management and Budget (OMB), the Office of the Director of National Intelligence (ODNI), the Department of Defense (DoD), and our other customer agencies. By focusing on the entire process, from beginning-to-end, holding all stakeholders accountable, and advancing the use of information technology, we have developed a modernized approach to processing security clearances that will be substantially operational by the end of this calendar year. We look forward to sustaining the course of reform well into the future.

I. OPM's Role in the Security Clearance Process

OPM's Federal Investigative Services (FIS) provides background investigation products and services to agencies. These products and services are then utilized as a basis for making security clearance, suitability, or fitness determinations. Since absorbing DoD's background investigations program in Fiscal Year (FY) 2005, OPM has conducted over 90% of the background investigations required by the Federal government. Last year, we conducted over 2 million investigations, including 600,000 that were used to support initial security clearance determinations.

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Statement of Hon. John Berry
Director of the U.S. Office of Personnel Management

November 16, 2010

Under the leadership of Associate Director Kathy Dillaman, FIS provides background investigations for over 100 Federal agencies, with approximately 10,000 submitting offices worldwide. Currently, FIS has more than 2,400 Federal employees and 6,700 contractors that form a nationwide network of field investigators and support staff as well as a cadre of Federal agents working abroad. To support the Government's high-volume investigative requirements, FIS manages a complex suite of automated systems that have demonstrated ample capacity to efficiently handle this demanding workload.

II. Current Status of the Security Clearance Process

The Intelligence Reform and Terrorist Prevention Act of 2004 (IRTPA) was enacted in the wake of September 11, 2001, with a tremendous national backlog of pending security clearance determinations. IRTPA set aggressive mandates for improved timeliness and required 90% of initial security clearance determinations to be completed within an average of 60 days (40 days for the investigation phase and 20 days for the adjudication phase) by December 2009. Through program efficiencies and expanded use of technology, OPM was able to meet and sustain this goal well ahead of deadline. In FY 2010, OPM completed 623,454 initial security clearance investigations. Of these, 90 percent were completed in an average of 39 days. The following chart shows the progress that OPM has made to achieve the IRTPA mandates:

OPM PROGRESS FOR INITIAL CLEARANCE INVESTIGATIONS

	FY 2007	FY 2008	FY 2009	FY 2010	IRTPA Goal 12/2009
Total Completed	695,513	709,402	645,924	623,454	
Average time for 90%	115 days	64 days	41 days	39 days	40 days
Average Time for All	153 days	81 days	49 days	47 days	

Timeliness is in calendar days.

III. Reform Initiatives and Automation Modernization

The Security and Suitability Process Reform Strategic Framework issued in February 2010 identified the goals of reform as they relate to the defined seven phases of processing that include: validate need; eApplication; automated records checks, eAdjudicate; enhanced subject interview; expandable focused investigation; and continuous evaluation/periodic investigations. OPM is responsible for a number of the initiatives supporting these goals. OPM is also continuously modernizing and expanding EPIC, our suite of automated tools that include: (1) the Electronic Questionnaires for Investigations Processing (e-QIP); (2) Personnel Investigations

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Statement of Hon. John Berry
Director of the U.S. Office of Personnel Management

November 16, 2010

Processing System (PIPS); (3) OPM PIPS Imaging System (OPIS); (4) Central Verification System (CVS); (5) Fingerprint Transaction System (FTS); (6) Field Work System (FWS); (7) FIS Secure Portal, and (8) the Management Reporting System (Dashboard). EPIC provides investigative end-to-end automated support for background investigation, suitability, and security clearance processing. The program efficiencies gained from these efforts have contributed to improvements in processing times and overall cost savings.

Specific achievements include:

- ***Expanding the CVS, maintained by OPM, to include information on security, suitability, and credentialing decisions made by civilian agencies across Government.*** Over 258,000 active security clearances are currently posted in CVS. This system, which is linked to DoD's Joint Personnel Adjudication System (JPAS), provides over 3,500 users from Government agencies worldwide transparency into individuals' investigative history and current clearance status through a single search.

- ***Increasing the use of OPM's electronic forms for investigations processing (eApplication).*** Currently, over 98% of all submissions are received electronically. eApplication improved the timeliness of processing, reduced mail and handling costs, strengthened the protection of personal identifying information, and resulted in improved quality of information provided by the subject through automated validation processes.

- ***Programming and implementing the revised Standard Form for National Security positions, as cleared by OMB in March 2010.*** This revised form will include expanded questions to aid in the collection of more complete and accurate subject-provided data. This expanded form will serve as the foundation for revisions to the background investigations standards. These revisions will further focus on potentially disqualifying issue information. Implementation of the revised form is on track for December 2010.

- ***Increasing the use of digital fingerprint capturing equipment by Federal agencies.*** Annually, OPM processes over 1.2 million fingerprint charts through the Federal Bureau of Investigations (FBI). Due to the use of electronic capturing equipment, over 68% of all submissions are now sent electronically.

- ***Conversion from manual to automated record checks.*** This conversion has allowed OPM to use its investigative resources more effectively, reduce costs and processing time, and ease the handling burden on state and local law enforcement agencies across the country. Currently, it takes OPM an average of three days to complete these automated record checks, thereby making automated law enforcement checks one of the fastest components of our investigations.

- ***Identifying other types of automated record checks that will enhance the quality and content of our investigative products.*** We are currently working with several new record repositories to establish agreements so that OPM can integrate these record checks into our investigations products.

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Statement of Hon. John Berry
Director of the U.S. Office of Personnel Management

November 16, 2010

- ***Expanding the use of electronic delivery of completed investigations through the eDelivery process.*** OPM implemented the eDelivery process in August 2008. Since that time, we electronically delivered close to 1.5 million completed investigations to participating agencies. Electronic delivery not only saves time and money, it also allows agencies to speedily identify those cases that may be electronically adjudicated.

- ***Aligning our FY 2011 investigation products with reform concepts.*** Executive Order 13467 required the alignment of suitability and security investigations, to the extent possible, by building on each successively higher level of investigation and adjudication. By eliminating some investigation products, OPM was able to align the remaining products with each level of risk and sensitivity.

- ***Offering a new investigation product in FY 2011 that provides for a validated suite of automated records checks that can be used as an annual assessment of individuals cleared at the Top Secret level.*** This new product provides agencies with a quick and cost effective method for assessing employees and supports a more robust continuous evaluation program.

- ***Upgrading our automated processing systems to an integrated suite of applications that allow for secure and dependable web-based interaction between investigation subjects, their employing agencies, and OPM.*** This new technology moved OPM to an event-driven architecture that allows for real-time processing throughout the investigative process.

IV. Promoting Reciprocity

OPM has taken additional steps over the past year to promote the reciprocity of investigations and adjudicative decisions throughout the Federal government. OPM expanded the data fields in CVS, aligned its investigations with reform concepts, and standardized the use of the enhanced subject interviews to resolve issues. In addition, OPM updated its position designation system, an automated tool designed to assist agencies with determining the proper level of investigation and screening required based on an assessment of risk and national security sensitivity.

Later this month, OPM is hosting its annual Security Professional Seminar which will focus on reciprocity. Workshops are being designed to inform and reemphasize the tools and policies that support reciprocity.

OPM monitors compliance with reciprocity by measuring the number of investigation requests that were returned to an agency because an investigation already exists that would satisfy the agency's request. OPM is working with the Performance Accountability Council (PAC) to develop additional metrics to measure compliance with reciprocity of investigations and adjudicative decisions.

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Statement of Hon. John Berry
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November 16, 2010

As part of the PAC, OPM co-chairs the Training Subcommittee tasked with establishing training standards for background investigators, and security and suitability adjudicators. OPM led the two interagency workgroups that developed, piloted, and finalized the national training standards for suitability adjudication and background investigation training. Establishing one training standard across the Federal government will significantly enhance reciprocity.

V. Focus on Quality

OPM implemented two new services that allow our customer agencies to provide feedback on our investigative products. OPM also provides a toll-free quality hotline to report quality concerns and a web based quality assessment tool that allows adjudicators to provide OPM feedback on completed investigations. OPM uses the feedback provided to improve our products and services, and refine investigative policy and standards.

VI. Sustaining Momentum

The considerable attention placed on reforming the security clearance process has dramatically improved the timeliness and quality of investigative products while significantly improving the Government's ability to "hire the best" and efficiently put federal and contractor employees to work. With the broader reform effort substantially operational by the end of this calendar year, it is critical that we maintain timeliness and quality standards while ensuring that Government agencies comply with training, investigative, adjudicative, and reciprocity standards. We will continue to work with the OMB, ODNI, DoD, and other Federal agencies to sustain the momentum.

In conclusion, OPM wishes to thank Senator Voinovich for his leadership on reforming the security clearance process and for his many years of service to our country. Please accept our best wishes in your retirement.

Mr. Chairman, thank-you again for the opportunity to discuss OPM's role in the security clearance reform process. I am happy to respond to any questions that you may have.

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STATEMENT BY

THE HONORABLE ELIZABETH A. MCGRATH

DEPUTY CHIEF MANAGEMENT OFFICER

DEPARTMENT OF DEFENSE

BEFORE THE

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

SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERMENTAL AFFAIRS

NOVEMBER 16, 2010

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Senator Akaka, Senator Voinovich, Members of the Subcommittee, thank you for the opportunity to testify before you today regarding the Department of Defense's commitment to and progress in reforming the personnel security clearance process.

As the Deputy Chief Management Officer (DCMO), I am Deputy Secretary Lynn's primary agent for improving cross-cutting management of the Department's business activities. Each day, my team and I work to integrate strategic planning activities for the Department's business operations, execute a performance management framework to hold people accountable for results, oversee the Department's investments in defense business systems, and improve enterprise-wide business processes. Secretary Gates and Deputy Secretary Lynn have both clearly articulated the pressing need for reforms that include: driving a proactive financial management strategy that focuses on information that we use the most; the development of a new, more adaptable Information Technology (IT) acquisition process that will deliver capability faster and is more in line with industry's model; and a reformed civilian hiring process that will allow the Department to hire people with appropriate experience and skills in a timely manner. Overall, the Department of Defense's overarching management agenda is focused on creating an effective, agile, and innovative business environment that is fiscally responsible.

With those same ends in mind, the Department has invested a significant amount of attention and energy on the improvement of personnel security clearance processes, both within the Department and also as part of an integrated federal reform effort. As this subcommittee is well aware, the Government Accountability Office (GAO) placed the Department of Defense Security Clearance Program on its high risk list in 2005 due to timeliness issues which included extensive backlogs and significant delays in the clearance process. Each year since then, the Department has taken proactive steps and made incremental improvements. This includes direct leadership engagement, sufficient resources to resolve the risk, a corrective action plan, the presence of a program to monitor and independently validate the effectiveness and sustainability of corrective actions and the ability to demonstrate the implementation of corrective measures. This written testimony highlights the activities we have undertaken to improve security

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clearance cycle times and institute proactive management and accountability, as well as describes the actions the Department has taken to address all of GAO's High Risk List removal criteria.

To specifically address the issue of timeliness of investigations, DoD partnered with its primary Investigative Service Provider, the Office of Personnel Management (OPM), and has made remarkable progress. As a point of reference, using the 2004 Intelligence Reform and Terrorism Prevention Act measurement of the fastest 80 percent for the combined investigations and adjudications of clearances, DoD military and civilian clearances averaged 155 days in FY2006 and industry clearances averaged 196 days. The IRTPA required all agencies to complete 90 percent of their security clearances in an average of 60 days by December 2009; 40 days for investigation and 20 days for adjudication. DoD exceeded the 20-day adjudication requirement by 7 days. Since then, DoD has continued to improve. As of the fourth quarter of FY2010, 90 percent of the investigations and adjudications for DoD were completed in an average of 47 days.

This remarkable performance is attributable to several activities. The first came from OPM and its ability to significantly reduce the amount of time needed to conduct the investigation portion of the clearance process. OPM's proactive processing steps, coupled with DoD's improved clearance forecasting capability, enabled effective workload balancing for both investigations and adjudications. In fact, as of September 2010, OPM reported that DoD's projections are now within two percent of its actual requirements. Another notable improvement contributing to cycle time reduction was the transition away from hard copy, paper reports of investigation to electronic transmission and receipt of these documents. This collaborative effort between DoD and OPM resulted in the Department receiving approximately 570,000 of its 590,000 initial investigations in FY2010 via electronic delivery, eliminating the need to deploy trucks to deliver these investigative packages. This process improvement alone is estimated to have eliminated up to 15 days of processing, packaging, mail and irradiation time for each clearance package moved between DoD and OPM.

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The next significant improvement came from the Department's development and deployment of– the Case Adjudication Tracking System (CATS); which is comprised of four components: electronic receipt of completed reports of investigation; paperless workflow management; automated reporting of decisions to OPM's Central Verification System; and "e"Adjudication. Through this system, the Department made over 73,000 fully automated SECRET clearance adjudicative decisions in FY2010. This reformed process reduced processing time on those cases to mere minutes and was a factor in reducing overall adjudication time from an average of 71 days for the third Quarter of FY2009 to an average of 9 days for the fourth quarter of FY2010.

Our timeliness measures also include a deliberate focus on policies and process associated with quality. Specifically, DoD established clear policy regarding the conditions under which adjudicative decisions can be made when investigations do not have all of the components outlined in national level policy. DoD's policy also stipulates the documentation that is required and the annotations that must become part of the adjudicative records when such an action is taken. Additionally, the Department has initiated an information technology solution called RAISE (Rapid Assessment of Incomplete Security Evaluations) to assist with measuring investigative quality. RAISE capability coupled with a policy that requires the identification and documentation of cases that do not meet the National Standard for Security Investigations, provides an audit trail for investigative quality.

As previously mentioned, DoDs policy ensures proper documentation of all adjudicative decisions. In addition to establishing clear policy on the minimum standards for adjudicative rationale documentation, the Department developed an electronic tool called RADAR (Review of Adjudication Documentation Accuracy and Rationales). These adjudication assessments are conducted by an independent DoD component that reports directly to the Under Secretary of Defense for Intelligence (USD(I)). To date, the Department has conducted RADAR reviews on 452 cases. By the end of this calendar year, DoD will have completed its quality assessments of the clearance determinations conducted at all of our adjudication facilities and will be able to report statistically relevant information

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during the second quarter of FY2011. Although we do not yet have a statistically relevant sample of adjudicative determinations and corresponding documentation, initial indications are that we are within 10 percent of reaching our stated goal for quality of 90 percent by December 2010 for completeness of adjudicative documentation. This is a substantial improvement over DoD's baseline assessment of 68 percent in 2008.

In addition to policy and information technology improvements, training also plays a key role in ensuring quality and consistency. To that end, the Department enhanced its formal adjudicator training program by requiring that every adjudicator obtain professional certification. In addition to the two current levels of formal classroom training for journeyman and senior adjudicators, the certification program assesses the performance of our adjudicators based on their ability to meet specific skill standards and proficiency capabilities through a combination of proctored examinations, supervisory reviews, continuous evaluations and education to maintain certification. It is worth noting that the Department's program is the basis for the currently proposed national level program for security adjudicator training and certification. For quality, consistency and reciprocity reasons, we also committed to attain professional certification for 50 percent of our adjudicators by December 2010 and 90 percent of our adjudicators by December 2011. We are on track to meet those goals.

In summary, I believe the Department has taken all the necessary steps to warrant removal from GAO's High Risk List for personnel security clearances. Throughout the organization, we have demonstrated significant leadership engagement in security clearance reform; provided sufficient resources across the enterprise to resolve the risk; developed and are executing a structured, robust corrective action plan with vigorous oversight from both the Under Secretary of Defense for Intelligence and the Performance Accountability Council. Lastly, our demonstrated and sustained performance that exceeds the requirements set by both the IRTPA and the PAC is evidence of our ability to demonstrate the implementation of corrective measures. The decades-old backlog of investigations, which as recently as October 2006 stood at almost 100,000 cases, has been eliminated.

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While we continue to refine our processes and measures and recognize that there is more work to be done. We look forward to continuing our partnership with the Joint Reform Team and appreciate GAO's ongoing interest in this issue, as well as the tremendous support we've received from this Subcommittee.

Thank you for the opportunity to discuss this important issue with you. I look forward to your questions.

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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 10:30 a.m. EST
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DOD PERSONNEL CLEARANCES

Preliminary Observations on DOD's Progress on Addressing Timeliness and Quality Issues

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

GAO
Accountability * Integrity * Reliability

GAO-11-185T

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GAO
Accountability • Integrity • Reliability
Highlights

Highlights of GAO-11-185T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

In light of longstanding problems with delays and backlogs, Congress mandated personnel security clearance reforms through the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), which requires, among other things, that executive agencies meet objectives for the timeliness of the investigative and adjudicative phases of the security clearance process. Since 2005, the Department of Defense's (DOD) clearance program has been on GAO's high-risk list due to timeliness delays and GAO continued that designation in 2007 and 2009 also due to concerns about quality.

Based on prior and ongoing work, this statement addresses DOD's progress in (1) reducing the timeliness of initial personnel security clearances at DOD and (2) building quality into the processes used to investigate and adjudicate security clearances. GAO reviewed Performance Accountability Council timeliness data and has begun a preliminary analysis of available DOD data, examined key clearance reform documents, and conducted interviews with DOD and the Performance Accountability Council officials about timeliness and efforts to improve the quality of investigations and adjudications. GAO plans to continue examining the timeliness and quality of personnel security clearances in DOD. This work will help inform the Comptroller General's high risk update decision in January 2011.

View GAO-11-185T or key components. For more information, contact Brenda S. Farrell, 202-512-3604, farrellb@gao.gov

November 16, 2010

DOD PERSONNEL CLEARANCES

Preliminary Observations on DOD's Progress on Addressing Timeliness and Quality Issues

What GAO Found

DOD, which comprises the vast majority of clearances, has made significant progress in reducing delays in making personnel security clearance decisions and meeting statutory timeliness objectives since GAO first designated DOD's personnel security clearance program as a high risk area in 2005. In 2007, GAO found that initial clearances for DOD industry personnel took an average of 325 days to complete. With the passage of IRTPA in 2004, timeliness requirements were established in law and executive branch agencies were required to make decisions on at least 80 percent of initial clearances within an average of 120 days. In 2008, GAO found that DOD had made significant improvements in reducing delays, with the fastest 80 percent of clearances taking an average of 87 days to complete. As of December 2009, IRTPA's timeliness objective is for each federal agency to process the fastest 90 percent of initial security clearances within an average of 60 days, including a period of not longer than 40 days to complete the investigative phase and 20 days to complete the adjudicative phase. DOD met the 60 day IRTPA timeliness objective for initial personnel security clearances, as well as the 20 day objective for the timeliness of adjudications, for each of the first, second, and third quarters of fiscal year 2010, according to data provided by the Performance Accountability Council. GAO's ongoing work continues to examine the timeliness of personnel security clearances in DOD.

DOD has taken a number of positive steps to integrate quality into its investigative and adjudicative processes, including issuing guidance and developing tools to measure quality. For example, in November 2009, the Under Secretary for Defense for Intelligence (USD(I)) issued guidance to outline the requirements that adjudicators must adhere to when documenting personnel security clearance adjudication rationales. Similarly, in March 2010, the USD(I) issued guidance to clarify when adjudicators may use incomplete investigative reports as the basis for granting clearances. In addition, DOD created two electronic quality assessment tools—the Rapid Assessment of Incomplete Security Evaluations (RAISE) and the Review of Adjudication Documentation Accuracy and Rationales (RADAR)—to track the quality of investigative and adjudicative documentation. These tools are embedded in DOD's Clearance Adjudication Tracking System (CATS), a system used by all non-intelligence DOD Central Adjudication Facilities. Although these are positive developments that can contribute to greater visibility over the clearance process, these tools have not been fully implemented. GAO's ongoing work continues to examine the implementation of these tools and other efforts to ensure that momentum is sustained.

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Chairman Akaka, Ranking Member Voinovich, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss DOD's efforts to improve timeliness and quality of its security clearance process. Personnel security clearances allow government and industry personnel to gain access to classified information that, through unauthorized disclosure, can in some cases cause exceptionally grave damage to U.S. national security. The recent unauthorized leak this past year of about 500,000 pages of classified documents posted to the internet related to the ongoing wars in Afghanistan and Iraq is an example of the inherent risks involved when granting an individual a security clearance. As you know, there continues to be a high demand for security clearances. For example, prior to September 11, 2001, we reported that DOD processed about 200,000 security clearances annually.[1] For fiscal year 2008, we reported that DOD approved personnel security clearances for approximately 630,000 military, civilian, and industrial personnel.[2] Government-wide, the federal government processed nearly 900,000 clearance cases annually for the period covering fiscal years 2006 through 2009. DOD accounts for the vast majority of all initial security clearances making it a formidable challenge to those responsible for deciding who should be granted a clearance.

In light of long-standing concerns regarding delays in processing clearances and other issues, Congress has taken a number of actions to help ensure the continued focus on improving the personnel security clearance processes governmentwide. For example, with the passage of the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004, Congress set objectives and established requirements for improving the clearance processes, including requirements related to timeliness, reciprocity,[3] and an integrated, secure database to house clearance information.[4] Further, IRTPA required annual reports to Congress about

[1]GAO, *DOD Personnel: More Consistency Needed in Determining Eligibility for Top Secret Security Clearances*, GAO-01-465 (Washington, D.C.: Apr. 18, 2001).

[2]GAO, *DOD Personnel Clearances: Preliminary Observations about Timeliness and Quality*, GAO-09-261R, (Washington, D.C.: Dec. 19, 2008)

[3]For the purposes of this testimony, we define reciprocity as an agency's acceptance of a background investigation or clearance determination completed by any authorized investigative or adjudicative agency.

[4]Pub. L. No. 108-458, § 3001 (2004) (codified at 50 U.S.C. § 435b). While IRTPA was a far-reaching act with many broad implications, our references to it throughout this report pertain solely to section 3001, unless otherwise specified.

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personnel security clearance reform, including timeliness. In addition, the Intelligence Authorization Act for Fiscal Year 2010 stipulates that by February 1 of each year, the president will report on, among other things, the number of contractors and employees of the U.S. government who hold a security clearance, the amount of time it takes the intelligence community to make a security clearance determination, and metrics for investigative and adjudicative quality.[5] Through these annual reports and numerous oversight hearings, Congress has provided valuable oversight over reform efforts. Specifically, this committee alone has held six prior hearings on this issue over the past five years.[6]

In 2005, we designated the Department of Defense's (DOD) personnel security clearance program as a high-risk area due to delays in processing security clearances.[7] 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.[8] 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 established by IRTPA that were to take effect in December 2009, as well as continuing problems with incomplete clearance documentation.[9] More specifically, in

[5]Pub. L. No. 111-259, § 367 (2010).

[6]GAO, *DOD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation,* GAO-05-842T (Washington, D.C.: June 28, 2005); GAO, *DOD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DOD's Program, But Concerns Remain,* GAO-06-233T (Washington, D.C.: Nov. 9, 2005); GAO, *DOD Personnel Clearances: Funding Challenges and Other Impediments Slow Clearances for Industry Personnel,* GAO-06-747T (Washington, D.C.: May 17, 2006); GAO, *DOD Personnel Clearances: Delays and Inadequate Documentation Found For Industry Personnel,* GAO-07-842T (Washington, D.C.: May 17, 2007); GAO, *Personnel Clearances: Key Factors for Reforming the Security Clearance Process,* GAO-08-776T (Washington, D.C.: May 22, 2008); and GAO, *Personnel Security Clearances: Progress Has Been Made to Reduce Delays But Further Actions Are Needed to Enhance Quality and Sustain Reform Efforts,* GAO-09-684T (Washington, D.C.: Sep. 15, 2009). The Subcommittee on Intelligence Community Management, House Permanent Select Committee on Intelligence; the Subcommittee on Readiness, House Committee on Armed Services; and the Subcommittee on Government Management, Organization and Procurement, House Committee on Oversight and Government Reform have also held hearings on this issue.

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

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

[9]GAO, *High-Risk Series: An Update,* GAO-09-271 (Washington, D.C. January 2009).

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December 2009, IRTPA set new timeliness goals for executive branch agencies, requiring decisions on at least 90 percent of initial clearance decisions within an average of 60 days and permits the executive branch to exclude the slowest 10 percent from the reported average.[10] With regard to incomplete documentation, we noted that building quality throughout DOD's processes was important. For example, the lack of quality could increase the risk of adjudicators missing patterns of behavior in subsequent clearance renewals, undermine reciprocity, increase the risk of unauthorized disclosure of classified information, and reduce the assurance that appropriate safeguards are in place.

Executive agencies have also demonstrated a commitment to personnel security clearance reform. For example, in 2007, the Director of National Intelligence and the Under Secretary of Defense for Intelligence (USD(I)) established the Joint Reform Team to coordinate governmentwide efforts to achieve timeliness goals established in IRTPA and improve the processes related to granting security clearances. In 2008, the Joint Reform Team—comprised of entities within the Office of Management and Budget (OMB), Office of Personnel Management (OPM), Office of the Director of National Intelligence (DNI), and USD(I)—developed a plan to transform the clearance process and in the following year, developed an Enterprise Information Technology Strategy to support the reformed process. In June 2008, the president issued Executive Order 13467, establishing a Suitability and Security Clearance Performance Accountability Council—commonly known as the Performance Accountability Council—as the head of the governmentwide governance structure for driving implementation and overseeing clearance reform efforts and appointing 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. (See Figure 1 for key events related to security clearance reform.)

[10]This 60 day period is to include periods of not more than 40 days to complete the investigative phase and 20 days to complete the adjudicative phase from the date of receipt of the completed application by an authorized investigative agency.

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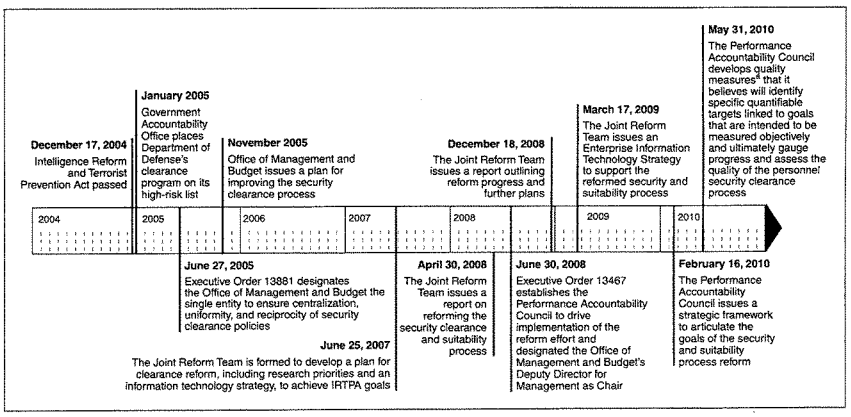
Figure 1: Key Events Related to the Security Clearance Reform Effort



Source: GAO analysis.

*The Quality Measures are proposed measures.

During the past five years, we have conducted numerous reviews that have enabled us to gain a historical view of the progress that has been made in clearance reform efforts. Specifically, since we first placed DOD's personnel security clearance program on our list of high-risk government programs and operations, we have testified on clearance-related issues in 12 prior hearings and issued four reports[11] with 14 recommendations, including recommendations that DOD has implemented to issue guidance that clarifies when adjudicators may use incomplete investigative reports

[11] *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); GAO, *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); GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, GAO-08-350 (Washington, D.C.: Feb. 13, 2008); and GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed To Improve The Security Clearance Process*, GAO-06-1070 (Washington, D.C.: Sep. 28, 2006).

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as the basis for granting clearances and recommendations that OMB has implemented to report on the time required to complete all initial clearance applications—not just the average of the fastest 90 percent of initial clearances—in the executive branch's IRTPA-required annual reports. In response, DOD and the Performance Accountability Council have already taken steps to implement several of our recommendations aimed at further improving DOD's security clearance program. Through our ongoing work, we plan to continue to examine the timeliness and quality of personnel security clearances in DOD and the extent to which DOD has met our criteria for removal of an issue from our high-risk list. This work will help determine whether DOD's personnel security clearance program should remain on or be removed from our 2011 high-risk list that the Comptroller General will announce in January 2011. A list of our related GAO products is provided at the end of this statement.

As requested, my statement today will address DOD's progress in 1) reducing the timeliness of initial personnel security clearances and 2) building quality into personnel security clearance investigation and adjudication processes. My statement draws on both our ongoing and prior work on the personnel security clearance process. To assess the extent to which DOD has made progress in reducing the timeliness of initial personnel security clearances, we analyzed IRTPA timeliness objectives and reviewed quarterly data provided by the Performance Accountability Council's Subcommittee on Performance Measurements and Management, chaired by the DNI, which covered the first, second, and third quarters of fiscal year 2010. We also interviewed knowledgeable DNI officials about the accuracy and completeness of the data they provided and determined that these data were sufficiently reliable for our purposes. At the time of this testimony, we had not completed our independent assessment of the DOD timeliness for fiscal year 2010 because not all data were available. However, we have begun a preliminary analysis of first, second, and third quarter data for fiscal year 2010 provided by the Defense Personnel Security Research Center. We anticipate completing this analysis after obtaining and analyzing DOD's fourth quarter fiscal year 2010 data. To assess the extent to which DOD has made progress in building quality into personnel security clearance investigation and adjudication processes, we interviewed DOD officials who are knowledgeable about quality tools and their implementation plans. We also reviewed DOD guidance that addresses quality and the implementation of quality tools. Our review was performed from October 2010 through November 2010 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

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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 objectives.

DOD Has Made Significant Progress in Reducing the Time for Processing Initial Personnel Security Clearances for DOD Personnel

DOD has made significant progress in reducing delays in personnel security clearance decisions and in meeting statutory timeliness objectives since we first designated DOD's personnel security clearance program as a high-risk area in 2005. In 2007, we found that initial clearances for DOD industry personnel took an average of 325 days to complete.[12] With the passage of IRTPA in 2004, timeliness requirements were established in law under which executive branch agencies were initially required to make decisions on at least 80 percent of initial clearances within an average of 120 days. We found that by 2008, DOD had made significant improvements in reducing delays. For example, in examining fiscal year 2008 data, we reported that the average of the fastest 80 percent of initial DOD clearances, including military, civilians, and industry personnel, took an average of 87 days to complete, well below what was required by law.[13] However, despite these improvements, we continued to designate this program as a high-risk area due to more stringent timeliness objectives that were to take effect in December 2009. IRTPA required the Performance Accountability Council to develop a plan under which, to the extent practical, each authorized adjudicative agency would be required to make a determination on at least 90 percent of all applications for a personnel security clearance within an average of 60 days from the date of receipt of the completed application by an authorized investigative agency.[14] Although the government is required to only report on the average of the fastest 90 percent of cases, we previously identified that the absence of comprehensive reporting limits full visibility over the timeliness of initial clearance decisions. Consistent with GAO's recommendation, the government now reports on the remaining 10 percent.

[12]GAO-09-271.

[13]GAO-09-400.

[14]Pub. L. No. 108-458, § 3001 (2004) (codified at 50 U.S.C. § 435b). According to IRTPA, this period shall include a period of not longer than 40 days to complete the investigative phase of the clearance review and a period of not longer than 20 days to complete the adjudicative phase of the clearance review. These measures apply to initial personnel security clearances.

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Our ongoing work has shown that DOD has continued to improve its timeliness and DOD reports that it is meeting the new statutory timeliness requirements. According to data provided by the Performance Accountability Council, DOD initial personnel security clearances met the 60 day IRTPA overall timeliness objective and the 20 day objective for the timeliness of adjudications for each of the first, second, and third quarters of fiscal year 2010, as shown in Table 1.[15] Over this same period, average timeliness for the fastest 90 percent of DOD industry personnel security clearances ranged from 64 days to 69 days. In addition, DOD reported meeting the IRTPA 40 day timeliness objective for investigations in the third quarter of fiscal year 2010. However, timeliness data for investigations is a reflection of OPM as the investigative service provider for DOD.

[15]The annual report to Congress contained self reported agency data that was provided to the PAC Subcommittee on Performance Measurements and Management. This data excludes the elements of the intelligence community under DOD, such as the Defense Intelligence Agency, National Reconnaissance Office, National Geospatial-Intelligence Agency, and National Security Agency, but does include the intelligence components of the military departments. According to DOD officials, DOD's system for tracking and reporting security clearance case information does not differentiate between initial secret/confidential clearances and renewal secret/confidential clearances. Therefore, the Performance Accountability Council timeliness reports on initial clearances include DOD secret/confidential renewal cases, as well as initial secret, confidential, top secret, and sensitive compartmented information clearances. A prior GAO review and OPM officials' estimates of DOD clearance timeliness in fiscal year 2009 indicated that confidential and secret level clearances, whether initial or renewal, generally took the same amount of time to investigate. Furthermore, the Defense Personnel Security Research Center—a DOD entity dedicated to improving the effectiveness, efficiency, and fairness of the DOD personnel security system—issued a working paper that showed that average adjudication timeliness did not substantially differ between initial and renewal secret clearance cases for DOD using first, second, and third quarter data for fiscal year 2008.

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Table 1: Fastest 90 Percent of All DOD Initial Security Clearances for First, Second, and Third Quarters of Fiscal Year 2010

	Investigations 40 days average days to complete			Adjudications 20 days average days to complete			Combined 60 days average days to complete		
	First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter
Department of Defense	42	45	39	15	11	9	57	56	48
Army	42	45	40	10	4	3	52	49	43
Navy	43	42	38	12	18	7	55	60	45
Air Force	40	41	39	28	12	9	68	53	48
Industry[a]	44	49	41	20	20	26	64	69	67
DOD other[b]	89	51	48	42	29	21	131	80	69

Source: Performance Accountability Council data.

[a]DOD's Defense Industrial Security Clearance Office adjudicates clearances for industrial personnel. When the Defense Industrial Security Clearance Office identifies issues with these cases that may potentially affect the adjudicative decision, they submit the cases to the Defense Office of Hearings and Appeals. The time it takes the Defense Industrial Security Clearance Office to arrive at the initial decision is included in DOD timeliness. However, timeliness information is not reported for cases sent to the Defense Office of Hearings and Appeals.

[b]"DOD other" includes 1) all secret and confidential clearances and initial top secret clearances adjudicated by the DOD Central Adjudication Facilities for the Joint Chiefs of Staff and the Washington Headquarters Services and 2) the initial Sensitive Compartmented Information clearance cases adjudicated on their behalf by elements of the intelligence community, such as the Defense Intelligence Agency.

Although DOD has made significant progress in reducing delays in making personnel security clearance decisions, it is important that DOD sustain this progress. Reducing delays in the security clearance process will enable DOD to reduce risks to national security, expedite the start of classified work, hire the best-qualified workers, and decrease the government's cost of national security-related contracts.

Positive Steps Have Been Taken to Address Quality and Enhance Visibility Over the Security Clearance Process

We are also encouraged by a number of recent developments that are intended to enhance visibility over the quality of the security clearance process. In our prior work, we have stated that timeliness alone does not provide a complete picture of the clearance process and we emphasized the need for attention to quality. However, we found an uneven attention to quality within DOD's process; specifically, we found missing documentation in reports prepared by OPM that DOD adjudicators had used to make clearance decisions. In May 2009, for example, we estimated that 87 percent of OPM investigative reports provided to DOD at three Central Adjudication Facilities in July 2008 were missing required

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documentation.[16] Because neither OPM nor DOD measured the completeness of their investigative reports or adjudicative files, we reported that both agencies were limited in their ability to explain the extent to which, or the reasons why, some documents were incomplete. Incomplete documentation may increase the time needed to complete the clearance process, increase the overall costs of the process, and reduce the assurance that appropriate safeguards are in place to prevent DOD from granting clearances to untrustworthy individuals. We emphasized that building quality throughout DOD's process could promote positive outcomes, such as facilitating reciprocity with other agencies.

DOD has taken a number of positive steps to integrate quality into its investigative and adjudicative processes and demonstrated the commitment of senior leadership to reforming the personnel security process within DOD. For example, according to DOD officials, DOD recently initiated the creation of a Performance Accountability Directorate within USD(I)'s Directorate of Security to provide oversight and accountability for the DOD Central Adjudication Facilities that process DOD adjudicative decisions. Most importantly, DOD has also issued guidance and developed tools to measure quality. For example:

Guidance. DOD has taken steps to issue guidance on adjudication standards. On November 8, 2009, the USD(I) issued guidance on adjudication standards that outline the minimum documentation requirements adjudicators must adhere to when documenting personnel security clearance adjudication rationales in the Joint Adjudication Management System.[17] These standards are for cases with significant derogatory information and for Single Scope Background Investigations[18] that are missing standard investigative scope items but were still adjudicated. In response to our recommendation, the USD(I) issued additional guidance on March 10, 2010 that clarifies when adjudicators may use incomplete investigative reports as the basis for granting clearances. This guidance provides standards that can be used for the sufficient explanation of missing or incomplete scope items.

[16]GAO-09-400.

[17]The Joint Adjudication Management System is a subsystem of the Joint Personnel Adjudication System and provides the capability for DOD adjudicators to record eligibility decisions and potentially disqualifying information.

[18]Single Scope Background Investigations are used to support initial top secret with Sensitive Compartmented Information clearance adjudicative decisions.

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Tools. DOD has taken steps to measure the frequency with which documentation for investigations and adjudications meets federal standards. DOD developed two tracking tools—the Rapid Assessment of Incomplete Security Evaluations (RAISE) and the Review of Adjudication Documentation Accuracy and Rationales (RADAR)— to assess the quality of investigative and adjudication documentation. These tracking tools are embedded capabilities in DOD's Clearance Adjudication Tracking System (CATS), which is used by all non-intelligence DOD Central Adjudication Facilities. Although these are positive steps, it is too early to assess the effectiveness of these tools as they have not yet been fully deployed.

- The RAISE tracking tool will document the instances of missing case information or unresolved case issues for records of investigation provided by OPM.[19] In July 2010, DOD issued guidance requiring that each DOD Central Adjudication Facility that utilizes the Clearance Adjudication Tracking System use the RAISE tracking tool on all incomplete national security investigations and on random samples of other clearance cases accounting for 7 percent of their respective Single Scope Background Investigations and 14 percent of both their Periodic Reinvestigations and National Agency Check with Local Agency Check and Credit Check investigations. The results are to be reported to the DNI who, as Security Executive Agent of the Performance Accountability Council, will arbitrate disagreements between OPM and DOD and clarify policy questions. DOD deployed the RAISE tracking tool to four Central Adjudication Facilities between July and October 2010 and plans to complete deployment to the remaining Central Adjudication Facilities by the beginning of calendar year 2011.

- The RADAR tracking tool will enable DOD to independently evaluate the quality of adjudicative decisions against the adjudicative standards. The USD(I) has directed DOD Central Adjudication Facilities to provide adjudication case records to the Defense Personnel Research Center for analysis. The USD(I) plans to use results of the RADAR

[19]In addition to DOD's tools to assess the quality of investigations and adjudications, the broader reform effort also has two quality tools sponsored by OPM. First, the Quality Assessment Tool, deployed by OPM in March 2010, is designed to track OPM investigations provided to adjudicators that were deemed quality deficient by the adjudicators. Second, the Quality Hotline is designed for adjudicators in agencies for which OPM is the investigative service provider to report deficient investigations. However, according to DOD officials we spoke with, DOD asked the DOD Central Adjudication Facilities to not use the OPM quality assessment tools because of the lack of oversight. According to these officials, these tools are primarily for suitability, not national security.

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tracking tool assessments to monitor Central Adjudication Facilities' compliance with documentation policies, communicate performance to the Central Adjudication Facilities, identify potential weaknesses and training needs, increase compliance, and establish trend data. DOD has completed a pilot program for the use of the RADAR tracking tool and has begun its implementation for the Army, Defense Industrial Security Clearance Office, and Navy Central Adjudication Facilities in September 2010. Further, implementation is scheduled for the Air Force and Washington Headquarters Services by November 2010.

Beyond these steps, DOD has participated in the development and tracking of quality metrics through the Performance Accountability Council. On March 17, 2010, the leaders of the reform effort—the OMB, OPM, DNI, and DOD—along with GAO, briefed this Subcommittee's chairman and ranking member on the status of security clearance reform efforts. Subsequent to this briefing, this Subcommittee requested that the Joint Reform Team and GAO engage in an effort to develop metrics to measure the quality of security clearance investigations and adjudications in order to address GAO's concerns about quality. In May 2010, the leaders of the reform effort provided this Subcommittee with 15 metrics assessing the timeliness and quality of investigations, adjudications, reciprocity, and automation. According to Joint Reform Team officials, these metrics were communicated to executive agencies in June 2010. Given the role of the executive branch and the need for GAO to remain independent in carrying out its auditing responsibilities, decisions related to performance measures and their effective implementation are fundamentally an executive branch management responsibility. However, we are encouraged by the Joint Reform Team's collaborative efforts to develop these quality measures. We have previously reported that successful performance measures should meet nine criteria.[20] For example, successful measures should clearly link to agency goals, have measurable targets, and be reasonably free from bias. GAO has been examining the Performance Accountability Council metrics and our preliminary observations show that many of the quality metrics appear to address attributes of a successful performance measure, such as being objective, quantifiable, and are linked to reform effort goals. We view the quality metrics as a positive step towards identifying specific quantifiable targets linked to goals that can be measured objectively and used by leaders and others to gauge progress and assess the quality of the personnel security

[20]GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, GAO-03-143 (Washington, D.C.: Nov. 22, 2002).

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clearance process. Although these are positive developments that can contribute to greater visibility over the clearance process, these measures have not yet been fully implemented and we are continuing to examine these efforts as part of our ongoing work.

In conclusion, Mr. Chairman, we are strongly encouraged by the progress that the Performance Accountability Council, and in particular, DOD, has made over the last few years to implement recommendations, reduce overall timeliness, and take steps to integrate quality into its processes. As I have already noted, based on Performance Accountability Council data, DOD has reported that it is meeting IRTPA timeliness requirements for the first three quarters of fiscal year 2010, which represents significant and noteworthy progress. Moreover, the progress that has been made with respect to the overall governmentwide reform efforts would not be possible without committed and sustained leadership of Congress and by the senior leaders involved in the Performance Accountability Council. Their continued oversight and stewardship of the reform efforts is the cornerstone to sustaining momentum and making future progress. Although DOD has taken steps to develop and implement quality assessment tools, these tools have not yet been fully implemented. Therefore, it is important that management focus is sustained to ensure that these efforts are implemented and continuously evaluated. We are continuing to track timeliness and monitor the implementation and results of DOD's quality assessment tools. This work will help inform the Comptroller General's high-risk update decision in January 2011.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond at this time to any questions that you or members of the Subcommittee may have at this time.

GAO Contact and Staff 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 Liz McNally, Assistant Director; James Ashley; Joseph M. Capuano; Sara Cradic; Cindy Gilbert; Linda Keefer; James Krustapentus; Greg Marchand; Richard Powelson; and Jillena Roberts.

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

"Security Clearance Reform: Setting a Course for Sustainability"
November 16, 2010

1. **Earlier this year, the Chairman and Ranking Member of this Subcommittee introduced the Security Clearance Modernization and Reporting Act (S. 2834), which would require a comprehensive strategic plan, more thorough reporting on investigation timeliness, and statutory establishment of the Performance Accountability Council (PAC). This bill was referred to the Senate Select Committee on Intelligence. Do you believe this bill would further the reform effort, and does your office have any specific concerns over the bill?**

   Answer: We appreciate the Act's intent and see it as further evidence of your sustained commitment to suitability and security clearance reform demonstrated over the past 10 years. We agree with the Act's description of the importance of the Suitability and Security Clearance Performance Accountability Council (PAC). However, we are concerned that codifying the PAC with directives regarding its activities could constrain our ability to adapt to emerging challenges and realities and potentially require the enactment of additional legislation to address these constraints.

   We appreciate the Act's emphasis on performance metrics which would include broader measures with increased fidelity, providing a more accurate overview of reform progress. We are instituting a variety of performance measures in the areas of reciprocity, quality, cost, and timeliness throughout the reform effort and in coordination with the Government Accountability Office (GAO). We would welcome the opportunity to work with your Committee on how to implement these measures, allowing us to provide a fuller picture of reform areas that are working and those which need increased attention.

2. **Director John Berry from Office of Personnel Management (OPM) testified that OPM's EPIC Modernization program is "on track." Recognizing that OPM provides most Federal investigations, and that as Performance Accountability Council Chair you have the authority to establish end-to-end information technology requirements, what steps have been taken to ensure that the OPM plan for EPIC is sufficient to meet the goals of security clearance reform efforts?**

   Answer: There are numerous IT initiatives underway, including the development of end-to-end IT requirements and the successful deployment of EPIC. Working closely with other government partners on the PAC, we are closely monitoring all IT developments to ensure alignment with our broader strategy and goals. For example, OPM has been accountable to the PAC for timely updating eQIP to include changes to the Standard Form 86. OPM successfully met all of its eQIP modification milestones on this effort, and as they reported to the PAC last month, the development is now complete. OPM

eQIP users are in the process of implementing the new version and will complete by 2011.

I anticipate similar results with other relevant aspects of OPM's EPIC Modernization. However, in the event that milestones slip or modernization efforts fall out of alignment with our broader strategy and goals, the PAC is well-positioned to work through such issues, drive necessary adjustments or enhancements, and keep our efforts on track.

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

"Security Clearance Reform: Setting a Course for Sustainability"
November 16, 2010

1. **Last year, the Office of the Director of National Intelligence (ODNI) updated the security clearance investigative standards for the first time in years. In addition, I understand that ODNI, working with the Performance Accountability Council (PAC), has been developing a new tiered investigation model for Secret and Top Secret investigations. How does this new tiered system differ from how clearances are granted now, and what changes are necessary to implement the tiers?**

Answer: The tiered investigative model outlined in the December 2008 Federal Investigative Standards is being updated to a five-tier framework for investigations. The five-tiered investigative model aligns the investigative requirements for both security clearance and suitability cases according to their relative risk reducing the types of *initial* investigations from fifteen to five. The alignment also eliminates customization of investigations - further emphasizing standardization and better enabling government-wide reciprocity. Each successive investigative tier builds on, but does not duplicate, the tier below it. Additionally, investigations do not duplicate leads previously conducted on pieces of data that do not change over time, such as verification of social security number. Reducing the range of investigative levels will simplify the process, focus resources, ensure consistency, and support reciprocity.

Changing the tiered structure does not change the way clearances are now granted. The process remains the same – investigation based on position sensitivity or risk level conducted according to the criteria in the Federal Investigative Standards, then adjudication of the data collected during the investigation based on national adjudicative standards, and finally granting of the clearance. What has changed is the criterion for the scope of investigations required by Homeland Security Presidential Directive 12: "Policy for a Common Identification Standard for Federal Employees and Contractors," suitability and the various levels of security clearances.

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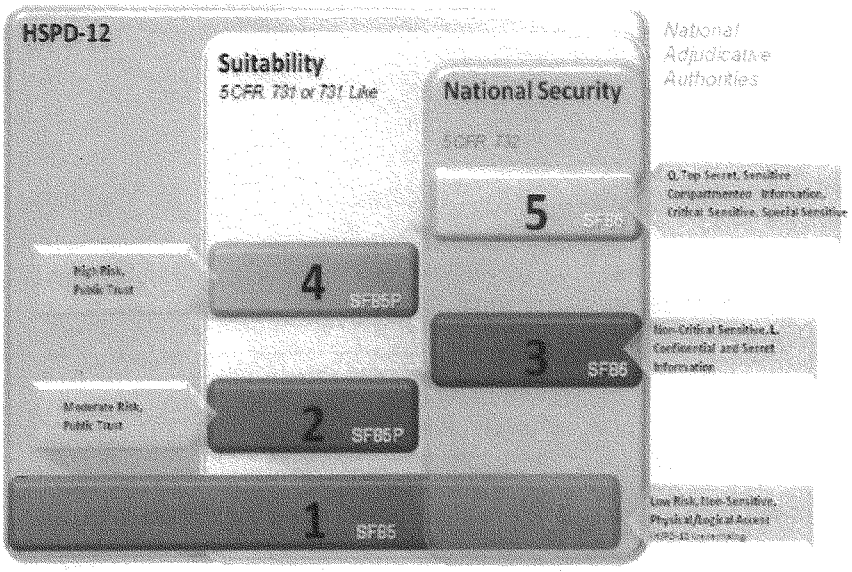
Five-Tiered Investigative Model



2. **You testified that ODNI has issued reciprocity rules and that it is developing metrics to gather empirical data on reciprocity complaints to evaluate the extent of the problem. What is ODNI's timeline for collecting this data, and what other metrics are you considering for measuring the extent of clearance reciprocity and barriers to reciprocity?**

Answer: The ODNI issued reciprocity policy for the IC in IC Directive 704, *Personnel Security Standards and Procedures Governing Eligibility for Access to Sensitive Compartmented Information and Other Controlled Access Program Information* (Effective 01 October 2008), and subsequent policy guidance. The ODNI plans to gather empirical data on reciprocity issues through a reciprocity webpage and a reciprocity telephone hotline. The reciprocity webpage and hotline will be operational in the second quarter of Fiscal Year 2011. The webpage is under development, and the necessary telephone equipment is currently being installed. The objectives of the webpage are to promote reciprocity education and awareness, and to focus on equivalent security clearance acceptance amongst agencies. The reciprocity hotline objectives are to identify agencies requiring applicants to complete security processing outside

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scope of established policies, and to collect empirical performance measurement data.

In addition, the Office of the National Counterintelligence Executive Special Security Directorate established baseline reciprocity metrics to use in parallel with the results from the reciprocity hotline. These metrics will collect the number, timeliness, and outcome of all reciprocal actions. The collection will be implemented in phases; the first phase began in the first quarter of Fiscal Year 2011.

The first full set of results will be available by fourth quarter, Fiscal Year 2011. No additional metrics have been finalized at this time.

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

"Security Clearance Reform: Setting a Course for Sustainability"
November 16, 2010

1. In September, the Government Accountability Office (GAO) released a report requested by the Subcommittee that examined privacy protections for personal information at the Office of Personnel Management's Federal Investigative Service Division (OPM/FISD). Generally, GAO found that OPM/FISD does have guidance on protecting privacy, but there is little oversight of how protections are implemented. What action is OPM taking on GAO's recommendations related to privacy?

The U.S. Office of Personnel Management's (OPM's) Federal Investigative Services (FIS) has well established policies that govern the protection of Personally Identifiable Information (PII). In their recent audit, GAO recognized FIS' compliance with the major requirements for the protection of personal privacy.[1] As a result of FIS' established policies for the protection of PII, we have seen a decrease in reportable incidents over the past three years and FIS has a current incident rate of PII breaches that is less than .01% annually. Our policies provide guidance for the proper handling and protection of PII, as well as strict reporting guidelines when a possible breach occurs. FIS promotes awareness of PII handling and protection through training and agency newsletters.

In response to GAO's findings regarding limited oversight of the implementation of PII protection processes, OPM intends to initiate a number of measures that will incorporate risk analysis and mitigation techniques into its existing privacy impact assessments for systems that contain PII. OPM will also require all system owners to update existing Privacy Impact Assessments using the newly implemented guidance for Privacy Impact Assessments.

OPM has also implemented additional oversight regarding its policies for the handling and protection of hard-copy PII. In March 2010, FIS implemented a random audit program to insure compliance with established PII policies. In August 2010, FIS updated its guidance to Federal staff regarding the handling and protection of PII. Between March 1 and September 30, 2010, FIS' Integrity Assurance staff conducted 13 random audits of FIS' field offices to ensure their compliance with PII policies. As part of the audit process, Integrity Assurance staff interviewed field investigators and reviewed their adherence to established policies. FIS intends to continue random, structured audits of FIS field offices during Fiscal Year (FY) 2011 and will work towards auditing all FIS field offices in the future. While the Integrity Assurance staff is responsible for audits of FIS field offices, FIS' Management Services staff is responsible for oversight of FIS' Investigative Contractors.

Management Services has scheduled 23 structured audits during FY 2011, which includes multiple locations for each of FIS' three different investigative contractors. Lastly, FIS is

[1] U.S. Government Accountability Office (GAO), *Privacy: OPM Should Better Monitor Implementation of Privacy-Related Policies and Procedures for Background Investigations*, GAO-10-849 (Sep. 2010).

working to implement procedures for improved handling and monitoring of its customer agencies' adherence to the privacy provisions that have been agreed to within memoranda of understanding. FIS is preparing a Federal Investigations Notice (FIN) to all customer agencies regarding the proper use and retention of investigative information retained by them, and FIS Agency Training and Oversight staff will conduct follow-up visits with customer agencies to ensure compliance.

2. I have previously asked you about the EPIC Modernization project which would update OPM/FISD's information technology systems. You testified that OPM/FISD is currently in the process of updating the systems.

   a. When do you anticipate the modernization effort will be completed?

   The EPIC modernization project is scheduled to conclude in 2014.

   b. What new or improved capabilities will be included in each of the systems in EPIC?

   Once completed, the EPIC modernization project will result in a major upgrade of FIS' suite of eight critical systems. This transformation will be accomplished using iterative processes, phasing in capabilities and improvements through incremental releases, and will provide benefits to the program throughout the life of the project. OPM will add new and improved capabilities through the use of proven technologies such as Event Bus, Business Rules Engines, and Identity Access Management. These critical improvements will:

   - transition FIS systems from a batch to real-time processing throughout the investigative process;
   - provide automated mechanisms to enhance data validations to improve quality and reduce rework;
   - create a single standardized and intuitive user interface; and
   - support the ability to add or modify interfaces while minimizing application modification or disruption to services.

   Each system in the EPIC suite will be transformed into an integrated environment providing improvements in timeliness and quality of investigations and standardization of systems while continuing to preserve and protect PII. It is important to note, the EPIC modernization project is being accomplished while FIS continues to serve over 100 Federal agencies and complete approximately 2.2 million investigations annually within IRTPA mandates.

   c. What is the budget for EPIC modernization, and how will it be funded?

   The current budget for the EPIC modernization life-cycle is $143M, which encompasses FY 2009 to FY 2014. Expenditures for FY 2011 are estimated to be $44M. Funding for the project is derived from strategic pricing of investigative products, using cumulative results of fiscal year operations to re-invest into the EPIC modernization efforts. Cumulative savings derived during the project life-cycle are also re-invested to cover on-going project expenses.

d. Has OPM/FISD consulted with the Performance Accountability Council and asked for approval of the EPIC modernization plan as meeting requirements for enterprise information technology in accordance with Executive Order 13467?

OPM's EPIC modernization was approved by the Agency Investment Review Board and was submitted to OMB as required by Circular A-11, Exhibit 300. Executive Order 13467 does not require the approval of enterprise information technology (IT), rather it mandates the establishment of requirements for enterprise IT. Federal Enterprise Architecture is determined by OMB and approved through the OMB Enterprise Architecture Program Management Office.

While key components (e-QIP and Central Verification System (CVS)) of OPM's EPIC modernization have been adopted as part of the broader reform effort, the modernization program is meant to update all OPM automated tools that support FIS' investigative mission, and was not designed to serve the same purpose of the Security Clearance Performance Accountability Council's (PAC's) forthcoming end-to-end technology requirements.

Once the PAC has established end-to-end IT requirements for the reform process, OPM will develop a project plan to ensure its relevant systems fully align with those technology requirements.

3. You testified that the revised SF-86 form would be deployed in OPM's e-QIP application in December 2010. What is the specific implementation schedule for agencies using e-QIP after the new version is available?

OPM has been coordinating implementation plans with its customers and other Investigative Service Providers (ISPs) across government via FINs, individual agency meetings, at the annual Security Professionals Seminar (held this year on November 30th and December 1, 2010), and during monthly Background Investigations Stakeholders Group meetings. OPM met the December 31, 2010, deadline for the implementation of the 2010 form SF-86 within e-QIP (with a move to production on December 17th). Key dates for implementation are:

December 31, 2010	Department of State deployed the revised form for their applicants and associated background investigations.
January 3, 2011	Other ISP's are able to deploy. OPM is currently working closely with them to coordinate schedules.
January 4 – 27, 2011	OPM will host several half-day orientation sessions for e-QIP agency users. This will provide ample time for them to become familiar with the form and prepare their Help Desk employees for addressing applicant questions regarding the electronic form and branching questions.
February 7, 2011	Those agencies who participated in testing of the revised form will be the first to deploy within their organizations.
February – March, 2011	Remaining OPM customers will deploy the form.
March – September, 2011	Some ISP's as well as OPM customer agencies have other automated systems which require interface with the SF 86

	data collected in e-QIP. These include the Department of Defense (DoD) Accessions systems, various agency case management systems, DoD's Automated Continuous Evaluation System, DoD's Clearance Adjudication Tracking System, other agency electronic adjudication systems, and DoD's Joint Personnel Adjudication System. OPM will coordinate with impacted agencies, and they will be deployed in e-QIP as these other systems are updated to ingest and process the revised data files.
October 1, 2011	OPM anticipates that all agencies will have converted to the 2010 form SF- 86.

4. General Clapper testified that as the Security Executive Agent, the Office of the Director of National Intelligence has issued reciprocity rules. Executive Order 13467 also requires reciprocity for suitability for Government employment. As the Suitability Executive Agent, what steps is OPM taking to ensure reciprocity for employment suitability?

Executive Order 13467, mandated that Executive branch policies and procedures relating to suitability, contractor employee fitness, eligibility to hold a sensitive position, access to Federally controlled facilities and information systems, and eligibility for access to classified information shall be aligned using consistent standards to the extent possible and provide for reciprocal recognition. Further, except as otherwise authorized by law, background investigations and adjudications shall be mutually and reciprocally accepted by all agencies.

OPM published revised suitability regulations on November 10, 2008, and these came into effect on January 9, 2009.[2] The suitability regulations, found under 5 C.F.R. part 731, cover applicants, appointees, and employees in competitive service positions; excepted service appointments where the incumbent can be noncompetitively converted to the competitive service; and career appointments to positions in the Senior Executive Service. The January 9, 2009 revisions to the suitability regulations require reciprocity for background investigations and suitability adjudications. With limited exceptions, reciprocity applies when a person previously a) was investigated at a level that meets or exceeds the level required for the new position; b) was determined suitable under 5 C.F.R. part 731 or fit based on character and conduct under criteria equivalent to the suitability factors of 5 C.F.R. 731.202; and c) meets continuous service requirements. OPM issued FIN 09-06 on September 18, 2009, to give Federal investigations personnel a detailed explanation of these new requirements.

For contract employees and excepted service Government employees (other than certain Intelligence Community employees), Executive Order 13488 of January 16, 2009 mandates reciprocal recognition of a prior favorable determination of fitness (based on character and conduct) or suitability when certain conditions are met. On September 24, 2009, the Director of

[2] *Suitability*, 73 Fed. Reg. 66489 – 93 (Nov. 10, 2008) (amending 5 C.F.R. pt. 731).

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OPM issued a memorandum to the heads of Federal agencies implementing these reciprocity requirements.

As reported in FINs 10-03 and 10-04, FIS has taken additional steps to facilitate reciprocity of security clearances, suitability, and fitness determinations. FIS expanded the CVS to capture and maintain information about suitability and fitness determinations. FIS redesigned screen views for agencies accessing CVS through FIS's secure portal and published a comprehensive user manual for use by agencies. Additionally, FIS revised the mechanisms used by agencies to report adjudications on FIS investigations so that OPM can collect the adjudicative basis upon which a favorable determination was made. These various steps taken by OPM and FIS support the expanding application of reciprocity rules to the Government's vetting determinations and demonstrate OPM's commitment to ensuring reciprocity for employment suitability.

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Post-Hearing Questions for the Record
Submitted to the Honorable Elizabeth McGrath
From Senator Daniel K. Akaka

"Security Clearance Reform: Setting a Course for Sustainability"
November 16, 2010

Question: You have previously testified that the Department of Defense (DoD) is modernizing and replacing its current clearance processing systems, known as the Joint Personnel Adjudication System (JPAS) and will implement the Defense Information System for Security (DISS) between 2012 and 2013. Please provide additional details on the DISS budget and whether you anticipate adequate funding to implement and sustain this system going forward?

Answer: DISS has a Fiscal Year (FY) 2011 President's budget request of $10.0M in Research, Development, Test and Evaluation and $10.6M in Operations and Maintenance funds. The Department is considering the program's FY 2012 Program Objective Memorandum (POM) request for Fiscal Years 2012 to 2016. If both the FY 2011 President's Budget and POM requests are supported, DISS will have adequate funding to complete development and sustain the system.

Post-Hearing Questions for the Record
Submitted to Ms. Brenda Farrell
From Senator Daniel K. Akaka

"Security Clearance Reform: Setting a Course for Sustainability"
November 16, 2010

Earlier this year, the Chairman and Ranking Member of this Subcommittee introduced the Security Clearance Modernization and Reporting Act (S. 2834), which would require a comprehensive strategic plan, more thorough reporting on investigation timeliness, and statutory establishment of the Performance Accountability Council (PAC). This bill was referred to the Senate Select Committee on Intelligence. Do you believe this bill would further the reform effort, and does your office have any specific concerns over the bill?

The Security Clearance Modernization and Reporting Act (S. 2834) aligns with many of our previous recommendations regarding security clearance reform; however, some of the requirements contained in the proposed bill are already in place. See below for a further analysis of the components of the bill that you have highlighted in your question.

- Comprehensive Strategic Plan:

Our past reports and testimonies[1] have emphasized the executive branch's need for a strategic plan for the govermentwide personnel security clearance reform effort. Specifically, GAO recommended in May 2009[2] that the OMB Deputy Director for Management in his capacity as Chair of the Performance Accountability Council, ensure that the appropriate entities establish a strategic framework for the joint reform effort to include (1) a mission and strategic goals, (2) outcome-focused performance measures to continually evaluate the progress of the reform effort, (3) a comprehensive communication strategy, (4) clear roles and responsibilities for the implementation of the information technology strategy, and (5) long-term funding requirements. The leaders of the reform effort—including leaders from the Office of Management and Budget (OMB), the Department of Defense (DOD), the Office of Personnel Management (OPM), and the Office of the Director for National Intelligence (ODNI)—then issued a strategic framework in February 2010, in response to both our recommendation and a letter from your subcommittee dated September 24, 2009. The strategic framework addresses, to some extent, all of the elements we highlighted in our recommendation including a mission statement, strategic goals, some performance measures, high-level roles and responsibilities for information technology implementation, and funding requirements.

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[1] 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); GAO, *Personnel Security Clearances: Progress Has Been Made to Reduce Delays but Further Actions Are Needed to Enhance Quality and Sustain Reform Efforts*, GAO-09-684T (Washington, D.C.: September 15, 2009); and GAO, *Personnel Security Clearances: An Outcome-Focused Strategy and Comprehensive Reporting of Timeliness and Quality Would Provide Greater Visibility over the Clearance Process*, GAO-10-117T (Washington, D.C: October 1, 2009).
[2] GAO-09-488.

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However, the funding requirements section was vague; stating only that DOD's and OPM's budgets were sufficient to implement the reformed process and that other agencies could identify resource constraints in quarterly reports to the Performance Accountability Council. Further, the strategic framework focused on DOD and OPM, and did not provide specific information about how reform would impact agencies with delegated authority to conduct their own investigations, such as the agencies within the intelligence community.

- More Thorough Reporting of Investigation Timeliness:

In 2008 and 2009 we recommended that DOD and OPM expand annual oversight reports to Congress on timeliness of the security clearance process[3]. For example, in 2009[4] we recommended that the Deputy Director for Management of OMB, in the capacity as the Chair of the Performance Accountability Council, include appropriate statistics that describe the full range of the time required to complete all initial clearance applications in the executive branch's annual reports that are required by the Intelligence Reform and Terrorism Act (IRTPA) of 2004[5]. We made this recommendation because the executive branch's 2008 report excluded the slowest 10 percent of initial clearances from the timeliness calculation and therefore did not communicate the full range of time it took OPM and DOD to complete the clearance investigations and adjudications. The Performance Accountability Council's 2009 annual report (which was published in the February 2010 Strategic Framework) contained the slowest 10 percent of initial clearances per our recommendation. In addition, the 2009 report captured the end-to-end timeliness of clearances by tracking the initiation phase in addition to the investigation and adjudication phases. Finally, the 2009 annual report provided a detailed breakdown of timeliness statistics for each agency, which enhanced oversight by distinguishing the agencies that are meeting statutory timeliness objectives from those that are not meeting IRTPA objectives. Some of the additional timeliness information that the Performance Accountability Council included in the 2009 annual report is not statutorily required and may not appear in future annual reports. Requiring more thorough timeliness information may enhance oversight of the clearance process and governmentwide clearance reform efforts. Recently, the Intelligence Authorization Act for Fiscal Year 2010[6] created additional timeliness reporting requirements for intelligence community agencies' personnel security clearance processes. However, these requirements do not apply to DOD and agencies that use OPM as their investigative service provider.

- Statutory Establishment of the Suitability and Security Clearance Performance Accountability Council:

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

[4] GAO-09-400.

[5] Pub. L. No. 108-458, § 3001 (2004) (codified at 50 U.S.C. § 435b). We use the acronym 'IRTPA' in this letter to refer to § 3001 of the Act.

[6] Pub. L. No. 111-259, § 367 (2010).

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Executive Order 13467 that was signed by the President on June 30, 2008 established the Suitability and Security Clearance Performance Accountability Council, commonly known as the Performance Accountability Council. An Executive Order constitutes executive branch policy, and will remain effective unless it is revoked, amended or superseded by a future President, or unless it is overturned by statute[7]. Placing the requirements of the Executive Order into statute may enhance the permanence of the Performance Accountability Council; however; it is not necessary at this time to change or complete the current reform efforts.

If you or other members of the subcommittee have any additional questions about the governmentwide personnel security clearance reform effort, please contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

[7] According to the Congressional Research Service, Congress may repeal an Executive Order as long as it is not constitutionally based. Congressional Research Service, *Executive Orders: Issuance and Revocation* (March 25, 2010).

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BACKGROUND
SECURITY CLEARANCE REFORM: SETTING A COURSE FOR SUSTAINABILITY
NOVEMBER 16, 2010

BACKGROUND

In 2005, GAO placed the Department of Defense (DoD) 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] Until 2005, DoD conducted its own investigations for DoD military, civilian, and contract industry personnel.

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.

REQUIREMENTS FOR SECURITY CLEARANCE TIMELINESS AND QUALITY

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. The most recent timeliness data from Fiscal Year 2010 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

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

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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.

Most recently, the *Intelligence Authorization Act for Fiscal Year 2010* (P.L. 111-259), which was signed into law on October 7, 2010, contains several reporting requirements related to security clearance investigations and adjudications. While most of these requirements relate specifically to the Intelligence Community, Section 367 requires the President to issue a report with government-wide guidelines and metrics for adjudication and investigation quality, a plan to improve professional development of adjudicators, reciprocity metrics, and the advisability, feasibility, risk, and cost effectiveness of consolidating investigations to two Federal agencies by January 2012 and to one Federal agency by January 2015.

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. 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, 2008, and 2009 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. DoD plans to replace JPAS in the coming years.

The FY 2011 OPM budget justification also cited ongoing efforts to modernize its suite of automation tools that support the investigations and adjudications process, known as EPIC. According to OPM, this will support an end-to-end paperless investigation process, as well as

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improve investigation timeliness and quality, enable process standardization and reform, and protecting investigation information.[2]

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 the Office of Management and Budget (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 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.[3] The group submitted its initial report and recommendations on April 30, 2008.[4] 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, information

[2] FY 2011 Office of Personnel Management Congressional Budget Justification, February 2010.
[3] 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.
[4] Joint Security and Suitability Reform Team, *Security and Suitability Process Reform – Initial Report*, April 30, 2008 [http://www.whitehouse.gov/sites/default/files/omb/assets/omb/reports/reform_plan_report_2008.pdf].

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technology (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.

In December 2008, the Joint Reform Team issued its full report[5] 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.

Progress has continued since the Presidential transition. Timeliness remains generally within the IRTPA goals, and quality metrics are in the process of being implemented throughout the clearance process.

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

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ADDITIONAL INFORMATION/RESOURCES:

FY 2011 Office of Personnel Management Congressional Budget Justification. February 2010. [http://www.opm.gov/Budget/2011/2011budget.pdf]

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/sites/default/files/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/sites/default/files/omb/assets/omb/reports/reform_plan_report_2008.pdf]

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

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Figures Provided by the Joint Reform Team, November 2010

Initial Clearances

Fastest 90%

Dec 09	Goal	Initiate				Investigate				Adjudicate				End-to-End (Initiate + Inv. + Adj.)			
		14 Days				40 Days				20 Days				74 Days			
		Average Days				Average Days				Average Days				Average Days			
Agency	% of overall workload (FY10Q4)	1Q 10	2Q 10	3Q 10	4Q 10	1Q 10	2Q 10	3Q 10	4Q 10	1Q 10	2Q 10	3Q 10	4Q 10	1Q 10	2Q 10	3Q 10	4Q 10
All Agencies	100.0%	11	11	12	12	46	47	41	42	14	13	10	11	71	71	63	65

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