

**SECURITY CLEARANCE REFORM: SUSTAINING
PROGRESS FOR THE FUTURE**

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
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THURSDAY, JUNE 21, 2012

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

The Subcommittee met, pursuant to notice, at 2:34 p.m., in Room 342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senator Akaka.

OPENING STATEMENT OF SENATOR AKAKA

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

Aloha and good afternoon to all of you. Mahalo. Thank you very much for coming. I would tell you that this is a time for praise because so much has been done and so much needs to be done, too. But I think we are moving along the right course and I would like to think of it like a canoe. We are on the right course, so thank you.

In 2005, the Government Accountability Office (GAO) placed the Personnel Security Clearance Process on its High-Risk List due to a massive backlog of applications and insufficient quality standards. This is the Subcommittee's eighth hearing on the security clearance process since that time.

In addition to GAO's and the Subcommittee's oversight, the Administration has placed long-term high-level focus on reforming the process, and I must commend you because, together, these agencies have made significant improvements. I am pleased to say that last year, the security clearance process was removed from GAO's High-Risk List. The application backlog has been eliminated, and timeliness requirements in the 2004 Intelligence Reform Act have been met and exceeded. Today, initial investigations take an average of 44 days to complete, compared to a staggering 189 days in 2005. That is the kind of progress we have made.

Investigation quality improvements were another key aspect of removing the high-risk designation. In multiple reports, GAO had found that clearances were granted based on incomplete investigation files. Moreover, there was no way to evaluate the quality of se-

curity clearance determinations to make sure security threats were consistently weeded out. Lapses in quality posed a national security risk.

The Performance Accountability Council (PAC) has worked together to address all aspects of investigation and adjudication quality. The PAC has updated the security clearance application, improved interview techniques, and created quality metrics. Its members are working to standardize investigator training and to develop governmentwide adjudication guidelines.

Despite considerable progress, challenges remain. Continued oversight and accountability are needed to sustain progress and momentum in the future. Reciprocity continues to be an issue. In our 2010 hearing, I urged agencies to work together to accept clearances from other agencies. This allows critical national security positions to be filled with the right people more quickly.

Although progress has been made on this issue, establishing more uniform training, investigation, and suitability standards would increase trust between agencies and promote reciprocity. Additional information technology improvements also are needed to support information sharing and case management. Without these investments, further improvements in timeliness and reciprocity will be difficult to achieve.

As you all know, this will be my last hearing on the security clearance process before I retire. Congressional oversight and sustained focus by the Executive Branch have produced a more efficient and functional security clearance process. I am proud of what we have accomplished together and hope that our work will serve as a model to address other high-risk areas in our Federal Government.

I will continue to monitor this issue during my remaining time in the Senate and I hope that future Members of this Subcommittee continue to focus on this critical issue. I look forward to hearing from our witnesses on how they plan to build on this legacy and ensure the continued success of the security clearance process.

It is my pleasure to again welcome our panel of witnesses to the Subcommittee today: Gene Dodaro, Comptroller General of the United States and head of the Government Accountability Office; Danny Werfel, who is the Controller at the Office of Management and Budget (OMB); Elizabeth McGrath, Deputy Chief Management Officer at the Department of Defense (DOD); Mr. Merton Miller, Associate Director of Federal Investigative Services (FIS) at the Office of Personnel Management (OPM); and Mr. Charlie Sowell, Deputy Assistant Director for Special Security at the Office of the Director of National Intelligence (ODNI).

As you know, it is the custom of this Subcommittee to swear in all witnesses, so will you please stand and raise your right hand.

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

Mr. DODARO. I do.

Mr. WERFEL. I do.

Ms. MCGRATH. I do.

Mr. MILLER. I do.

Mr. SOWELL. I do.

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

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

Mr. Dodaro, will you please proceed with your statement.

TESTIMONY OF HON. GENE L. DODARO,¹ COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DODARO. Thank you very much, Mr. Chairman. Good afternoon to you.

Senator AKAKA. Good afternoon.

Mr. DODARO. I would like to start with the announcement of your retirement. First, on behalf of myself and all my colleagues at the GAO, thank you for your service to the country and for being such a steadfast proponent of improving management in the Federal Government. We have had the privilege of working with you on many issues, on our High-Risk list, human capital, nuclear-radiological issues, veterans' issues, financial literacy, and the list goes on. Know, though, that when you leave the Senate, you leave with our deep appreciation for your dedication and with the best wishes from all of us to you and your family.

Senator AKAKA. Thank you much.

Mr. DODARO. I think today's hearing is a really good example of what can happen when you have sustained high-level Congressional attention and active engagement with the Executive Branch, and when the Executive Branch gets organized properly to tackle a problem and gives dedicated, committed top-level leadership and proper resources, and there is the application of good management practices to tackle a problem at hand.

As you pointed out, we put the area on the High-Risk List in 2005 for various reasons—backlogs, incomplete investigations and adjudication documentation. Congress held a series of hearings, not only this Subcommittee, but other Committees, a total of 15 hearings from the time it was put on the list. The Administration organized into the Performance Accountability Council. Top-level officials were dedicated to it. They were supported by staff in their agencies. And metrics were set, which is very important, and that is what I meant by the proper application of management principles. And as a result of dramatic improvements in the timeliness of processing initial investigations from DOD, in particular, which covers the lion's share of the investigation and clearances issues, and the establishment of these quality metrics in 2010, we felt comfortable removing the area from our High-Risk List with the proviso that there be continued attention and commitment on the part of the Executive Branch to do this.

Now, the real challenge going forward will be to sustain the attention to this area and to enhance the efforts that have been put in place and to make sure that the continued improvements are

¹The prepared statement of Mr. Dodaro appears in the appendix on page 27.

there and there is not any potential for there to be slippage in the progress that has already been achieved.

And a few areas that I would point out that I think really need attention is, one, while quality metrics have been introduced, they need to be fully implemented and they need to be refined as the process unfolds and based on experience in applying the quality metrics and to make sure that they are used governmentwide, not just at DOD, ODNI and OPM. I think those would be key developments.

Second, in terms of the fiscal pressures facing the Federal Government right now, I think there are opportunities for efficiencies to be gained in the process. I know OPM is looking now at efficiencies in their process and is supposed to have a report next year on that. We are encouraged by that development. We also pointed out in our recent report on overlap and duplication that there were five different agencies developing case management systems and we thought that there was a possibility for overlap and duplication in this area. We made a recommendation to OMB to establish policies so that agencies are leveraging off existing technologies and not making duplicative investments. We are encouraged OMB agreed with that recommendation and is moving to implementation in that area. I think that can save a lot of money, too. As we point out in our testimony, investments in information technology are one of the major cost drivers associated with processing clearances now.

And then, finally, there needs to be continued attention to determining and having in place the right process for figuring out who should have a clearance in the first place, and to make sure that only the minimum number of people have them. I know in many cases, it is important to have the flexibility of having people with clearances, particularly at the "top secret" level, in carrying out the missions of the agencies, but there needs to be an initial process of determining what that number is and keep it at a minimum. The same is true of when reinvestigations have to be taking place and you have to go through the process over again. Further, there is a huge difference in the amount of money that is spent to process a "top secret" clearance versus a "secret" clearance, and so there are cost implications, as well.

So in summary, Mr. Chairman, we are very encouraged by the progress, with the partnership in Congress and the Administration in this area. We felt comfortable enough to take it off the High-Risk List, but that does not mean we do not have a watchful eye on this going forward. Congressional oversight and continued attention by the Executive Branch are pivotal, and we will do our part, as well.

So thank you very much. I would be happy to answer questions at the appropriate time.

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

Mr. Werfel, please proceed with your statement.

**TESTIMONY OF HON. DANIEL I. WERFEL,¹ CONTROLLER, U.S.
OFFICE OF MANAGEMENT AND BUDGET**

Mr. WERFEL. Chairman Akaka, thank you for inviting me here today. It is my privilege to testify on behalf of the Office of Management and Budget and to discuss the Administration's ongoing security clearance reform efforts.

This Administration has made important advances in reforming the security clearance process. There is still work to be done, but Federal hires, military personnel, cleared contractors, and those personnel requiring a reinvestigation have a more effective and expedient clearance experience than they did just a few years ago.

For many years, a backlog in the government's security clearance inventory caused tremendous problems and significant expense. Recognizing the breadth and depth of this problem, Congress took action. In 2004, the Intelligence Reform and Terrorism Prevention Act (IRTPA) challenged the Federal Government to address these issues, and in 2005, the GAO placed DOD's Personnel Security Clearance Program on its high-risk list.

In response, the Executive Branch took aggressive action to address the goals of IRTPA and tackle the backlog, and the results are clear. In 2005, the governmentwide average for initial clearances was 265 days. As recently as 2006, the backlog of pending clearance investigations over 180 days old stood at almost 100,000 cases. By December 2009, 90 percent of the government's initial clearances were completed within the IRTPA-required time frame of 60 days, and we have consistently met the IRTPA target since that time and the decades-old backlog of initial investigations is now gone.

In addition, the Suitability and Security Clearance Performance and Accountability Council, was established in 2008 and is held accountable to the President for achieving security clearance reform goals. Since 2008, the PAC has aggressively taken on and met many reform challenges.

In concert with the goal to increase the use of information technology in making the security and suitability clearance process more efficient, applicants are using an improved electronic questionnaire for national security positions. Investigators have increased access to electronic record repositories. OPM investigations are transmitted electronically. And the PAC has completed several promising pilots on the effectiveness of automated record checks and support of revised Federal investigative standards. The PAC is currently developing an implementation plan for a five-tiered investigative model that will streamline and facilitate greater reciprocity between suitability and security investigations and determinations. And perhaps most importantly, 90 percent of the security clearance determinations last quarter were completed within 46 days, an 83 percent reduction from the 2005 level, exceeding the IRTPA timeliness standard.

This is significant progress, and our ongoing efforts to sustain timeliness and ensure quality, led GAO to remove DOD's Personnel Security Clearance Program from its high-risk list last year. Such impressive results are attributable to the skill and dedication of the

¹The prepared statement of Mr. Werfel appears in the appendix on page 55.

staff at the Defense Department, the Office of the Director of National Intelligence, the Office of Personnel Management, our partnership with GAO, and the leadership and persistent focus of Congress and this Subcommittee, in particular.

Looking forward, in order to sustain this progress, we are focused on amending the investigative and adjudicative standards to make identified efficiencies permanent and supporting them with further technology improvements. In particular, we are pushing forward on three key areas.

First, aligning suitability and security processes and policies through modification of regulatory standards, investigative standards, and information collection forms that underlie our clearance operations.

Second, leveraging information technology (IT) solutions to improve timeliness, quality, and reciprocity, in particular, continuing to convert paper-based application processes to electronic questionnaires in the intelligence community (IC) and further connecting intelligence community and unclassified record repositories.

And third, providing oversight of and assistance to agencies that are lagging behind in security clearance reform.

In all these efforts, we will rely on the continued efforts and partnership of the PAC, oversight of the Security and Suitability Executive Agents, cooperative leadership of Executive Branch agency heads, as well as the accountability brought to bear by GAO and this Subcommittee to ensure that we stay on track and do not lose momentum.

Without question, significant progress has been made to date in security clearance reform, but work remains in order to make that progress sustainable and that effort remains a high priority for this Administration and for me personally.

With that in mind, before I close, I would like to take a moment to thank you, Mr. Chairman, for your leadership. We will lose a key partner when you leave the Senate, but we are proud to have accomplished so much and to have established this trajectory on your watch. We look forward to our continued work with your colleagues on the Subcommittee as well as my fellow witnesses who continue to drive forward the reform process through the PAC.

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

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

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

**TESTIMONY OF HON. ELIZABETH MCGRATH,¹ DEPUTY CHIEF
MANAGEMENT OFFICER, U.S. DEPARTMENT OF DEFENSE**

Ms. MCGRATH. Thank you very much. Chairman Akaka, thank you for the opportunity to testify before you and the Subcommittee today on the Defense Department's efforts toward reforming the personnel security clearance process.

I, too, truly appreciate the Subcommittee's leadership over the last few years. Your sustained attention has been tremendously valuable in ensuring that we continued our improvement in both timeliness and quality. And, sir, I want to specifically thank you

¹The prepared statement of Ms. McGrath appears in the appendix on page 63.

for your personal engagement in these efforts. I do not know that I have been to all of the eight hearings, but it feels like I have been to most of them, so thank you very much, because I think without your leadership and the leadership of the Administration and the Government Accountability Office, we would not be as far along today as we are.

Since co-founding the Joint Reform Team 5 years ago, DOD and its teammates have accomplished quite a bit, as has been mentioned, streamlining policy and processes, reducing duplication and waste, strengthening governance through the Performance Accountability Council, which I believe is a model for effective inter-agency cooperation.

The results are clear. The timeliness far exceeds, as you mentioned, sir, the goals set by the Intelligence Reform and Terrorism Prevention Act. We certainly do have a higher quality security clearance program today and we have better information technology that enhances capabilities across the Federal space, and certainly within the Defense Department.

And I must also say that it has been a long desire of the Department to have at least one of its items removed from GAO's High-Risk List. I mention our work in security clearance reform all the time a model for how that it is achievable. We have demonstrated that, and I look forward to taking more of our high-risk items off of that notorious list.

These improvements to the security clearance process certainly have made great contributions to the DOD mission. It improves our ability to safeguard classified material, place qualified individuals into jobs faster, effectively utilize our contractor workforce, and reduce the burdens and inconveniences on both the Federal workforce and our military members.

Our results present the progress that is possible when agencies commit to joint goals informed by governmentwide priorities and establish proper controls to ensure results. It has been an honor to serve not only as the DOD voice to this effort, but also as the Vice Chair of the Performance Accountability Council. We could not have achieved this project without the work of the organizations represented here today and the sustained leadership and focus of this Subcommittee.

Specific to the Defense Department, I would like to highlight just a few things. Against the IRTPA goal to adjudicate cases in 20 days, DOD's statistic for adjudication gone as low as 7 days. It is extremely impressive. We did this through many different methods, both by looking at our process within the Defense Department but also infusing and implementing greater information technology.

I want to highlight our electronic adjudication capability. In our Case Adjudication Tracking System (CATS), we were able to electronically adjudicate last year almost 100,000 cases representing 24 percent of our "secret" workload to allow our adjudicators to focus on the more important cases. We have also offered that to other Federal agencies. The Department of Energy (DOE) has taken advantage of that capability with the Social Security Administration planning to implement next year.

We have also implemented greater tools to ensure we have quality in place for both our adjudicative determinations and investiga-

tions we also have initiated a robust adjudicator certification program to ensure comprehensive and standardized training of all of our adjudicators.

As has been mentioned, we still have things to do. Key to those are the policy initiatives, as Mr. Werfel mentioned, the Federal Investigative Standards, and adjudicative guidelines. We are very close to implementing both of those. Our governmentwide regulations put policy in place to ensure that we sustain this progress over the time horizon. We developed training standards from a national perspective, in order to reach not only the Department of Defense but also the Federal space. We are setting and reaching stretch goals in the area of information technology to truly enable our original vision of end-to-end automation.

I do look forward to continuing to work with this Subcommittee in the future on these important issues, and again, Senator Akaka, I want to thank you very much for your personal engagement on this and other issues that I have the opportunity to talk to you about. I look forward to your questions.

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

Mr. Miller, will you please proceed with your statement.

**TESTIMONY OF MERTON MILLER,¹ ASSOCIATE DIRECTOR,
FEDERAL INVESTIGATIVE SERVICES, U.S. OFFICE OF PERSONNEL MANAGEMENT**

Mr. MILLER. Thank you, Chairman Akaka. On behalf of Director Berry, I want to thank you for the opportunity to testify today regarding OPM's role in security clearance reform and our efforts in achieving and sustaining the tremendous progress made in the security clearance and investigation program.

I am also very pleased to have the opportunity to thank Chairman Akaka and this Subcommittee for your sustained leadership in correcting a decades-old problem through investigative consolidation, legislated performance goals, and directly supporting security clearance reform efforts.

Lastly, but most importantly, I am delighted to have the opportunity to thank Chairman Akaka, and with deepest gratitude and best wishes, mahalo nui loa, for his many years of noble and dedicated service to our country.

Senator AKAKA. Thank you very much.

Mr. MILLER. From the beginning, OPM has been deeply committed to working closely with our partners. The Office of the Director of National Intelligence and the Department of Defense, along with our other partners, have moved the security clearance program forward. We have implemented important reforms, and improved the timeliness, efficiency, and quality of the security clearance and background investigative process.

It was not that long ago when Members of this Subcommittee were hearing testimony about significant and growing security clearance backlogs, inadequate resourcing to address the growing workload, increasing risks to national security because reinvestigations were delayed or not conducted at all, and the loss of billions of dollars of productivity because hundreds of thousands of Federal

¹The prepared statement of Mr. Miller appears in the appendix on page 69.

employees, military members, and contractors experienced significant delays to obtain a clearance. The backlog was first formally recognized in 1981 and continued until 2009, when the program was finally current.

While there had been continued reporting on the challenges associated with the background investigative program, it was not until legislation like the Intelligence Reform and Terrorism Prevention Act and E.O. 13381 that put this program on the right course.

Today, OPM's background investigative program performance is strong, demonstrated by years of providing timely, quality products to our 100-plus customer agencies. We have no backlogs, are meeting Congressional timeliness mandates, and we continue to increase automation to enhance performance, quality, timeliness, and reduce cost. The success of this program can be directly attributed to this Subcommittee's leadership, OMB's determined chairmanship of the Performance Accountability Council, and the strong partnership OPM has enjoyed with the DNI, DOD, and other Executive Branch agencies.

Since 2005, OPM has seen our workload and field work intensive investigations increase significantly, with a 26 percent increase in "top secret" investigations, a 21 percent increase in "secret" and "confidential" investigations, and a 144 percent increase in "top secret" reinvestigations. Despite unpredictable workloads and projections and a shift in investigative requests towards more resource-intensive investigations, OPM has been able to improve investigative timeliness by 75 percent through appropriate levels of investment in Federal and contract staffing, training, and increased automation. More importantly, Federal, military, and government contract employees are getting to work more quickly, returning billions of dollars of previously lost productivity back to the Federal Government.

As demonstrated by years of meeting PAC quality metrics and supported by continuing reform enhancements, the quality of our investigation program remains a top priority. We ensure the quality of our investigations products by actively pursuing feedback from our customers, maintaining a robust internal quality and integrity control program, and have invested heavily in standardizing training and the use of quality tools. Our strategies to continue to ensure an effective investigative staff includes targeted training enhancements, a realigned quality structure, and modernized automation tools and system support.

OPM's partnership with other Executive Branch agencies remains one of the most important components of achieving our strategy for continuous improvement. OPM co-chairs and participates in a number of Executive Branch working groups, including the Federal Investigative Standards Working Group, Quality Standards Working Group, and Data Standards Working Group, all focused on governmentwide process, quality, and standardization improvements. In addition, OPM will continue to work with our Federal, State, and local record providers to streamline collection methods, standardize record formats, and work to identify adjudicatively relevant information that will enhance the content of our investigations.

Last, OPM is engaged in transforming our suite of eight critical tools that we use to push investigative information. I am extremely proud of the contributions that OPM has made in reforming the security clearance investigative process. Through sustained leadership of this Subcommittee and our joint partnerships, we have successfully worked through and overcome huge challenges. OPM looks forward to improving on our successes as we focus on executing our critical executive agency responsibilities to sustain the momentum.

Thank you for the opportunity to testify. I look forward to your questions.

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

Mr. Sowell, please proceed with your statement.

TESTIMONY OF CHARLES B. SOWELL,¹ DEPUTY ASSISTANT DIRECTOR FOR SPECIAL SECURITY, OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE

Mr. SOWELL. Thank you, Mr. Chairman, and thank you for the opportunity to discuss the progress we have made together on security clearance reform.

I am pleased to appear beside our principal partners of reform who work together to ensure that improvements to timeliness, quality, and reciprocity are institutionalized and sustained. Director Clapper continues to give extensive time and attention to this effort and he recognizes that his role as Security Executive Agent is key to continuing the significant progress we have made in transforming the end-to-end security clearance process across the Federal Government. Clearance reform truly remains one of his top priorities.

This initiative has enjoyed a unique level of bipartisan support, and I believe that our success is the direct reflection of that bipartisanship. We are grateful to this Subcommittee and particularly to you, Senator Akaka. During your tenure as Chairman, security clearance reform has thrived.

Today, I would like to focus my remarks on the DNI's efforts and accomplishments. As the Security Executive Agent, Director Clapper has a unique responsibility for implementing comprehensive security clearance reform. And over the past 2 years, we focused our efforts on institutionalizing his responsibilities in this area.

In August 2011, we issued a policy clarification to eliminate discrepancies between intelligence community and national investigative standards which immediately improved governmentwide reciprocity. Reciprocity is important, because as this Subcommittee knows well, it eliminates redundancy, lessens the likelihood of errors, and saves time and taxpayer dollars.

In March 2012, the DNI issued Security Executive Agent Directive 1 (SEAD), a first of its kind publication, which clearly outlines the Security Executive Agent's authorities and responsibilities across the U.S. Government. SEAD 1 applies to all departments and agencies. The DNI also led the interagency efforts to revise the National Security Adjudicative Guidelines which we expect to issue later this year.

¹The prepared statement of Mr. Sowell appears in the appendix on page 77.

The DNI continues to support the PAC's goals, including aligning security and suitability, improving quality, timeliness, and reciprocity. Our most mature oversight function in support of these goals involves tracking and reporting security clearance timeliness data from agencies across the government. Based on this data, in 2009, the DNI began issuing annual letters to departments and agencies that were failing to meet these timeliness goals. We believe these letters reflect oversight best practices. We report the facts, we hold the agencies accountable, but we do so in a way that encourages continual improvement and explicitly recognizes progress. In other words, Mr. Chairman, we have taken a play out of this Subcommittee's playbook.

Over the past year, we have refined our annual letters and added periodic reinvestigation timeliness and backlog numbers to further assist the PAC in understanding agencies' individual and collective performance.

In January 2012, the DNI sent letters to 46 departments and agencies addressing their 2011 performance. Twenty-two agencies met the timeliness goals for all of 2011. Nineteen agencies met the goals for some part of the year. And only five agencies did not meet the goals and were directed to provide improvement plans. And of particular note, four out of the five agencies which did not meet the goals in 2011 actually improved their performance throughout the year. We found this very encouraging, because given the complexity of the security clearance process and the organizational challenges at play, even moderate improvements demonstrate a commitment to progress that we think bodes well.

In addition to his oversight role, the DNI believes we must be responsive to both the emerging requirements of departments and agencies and the diminishing resources we all face. To that end, we hold quarterly Security Executive Agent Advisory Committee meetings with representatives from across the government. The meetings are rotated among the participating agencies and they serve as a forum to present ideas in innovative policy, technology, and training solutions.

There is still work to do. We continue to focus on ensuring reciprocal acceptance of existing clearances between agencies. We have established a reciprocity webpage that provides education and awareness, a checklist of exceptions, policy references, and examples of non-reciprocity issues. Measuring reciprocity is difficult, as this Subcommittee knows, and despite an abundance of anecdotes, real data is hard to come by.

To address this problem, we are developing a web-based form for individuals to submit their experience with reciprocity issues to the DNI. This will allow us for the first time to collect empirical data, perform systemic trend analysis, and assist agencies with achieving workable solutions.

We have also partnered with numerous industry associations to address longstanding reciprocity issues. Industry is uniquely affected by reciprocity problems and they have provided key insight to understanding the potential impact of a variety of Security Executive Agent efforts to make improvements.

Director Clapper is intent on creating a strong, effective Security Executive Agent capability for improving government operations

and efficiencies and we hope that the initiatives we have outlined today demonstrate that.

Mr. Chairman, on behalf of Director Clapper, we appreciate your exceptional leadership and dedication to security clearance reform. I hope our collective efforts and successes give you reassurance that the time and energy you have devoted to this important national security capability have been very well spent. We look forward to the continuing partnership with our fellow agencies and this Subcommittee as we continue to strengthen our clearance processes in defense of the Nation.

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

Mr. Sowell, the absence of standardized governmentwide training is often cited as the reason that agencies are reluctant to immediately reciprocate a clearance. As you testified now, ODNI worked with OPM to develop national training standards for investigators, which the PAC has approved. My question to you is, how is ODNI working with agencies to implement the new training standards across the government and when can we expect full implementation?

Mr. SOWELL. Thank you, Senator. As you mentioned, we have partnered with the PAC and our colleagues at OPM to develop investigator and adjudicator training standards. These will be for both the security and suitability populations. And as you mentioned, this will be an extremely important element of improving reciprocity across government.

Where those standards are at this point is they are going through the review process at the DNI and OPM. The Director of OPM and the DNI will jointly issue the investigator training standards and then Director Berry will issue the suitability adjudicator training standards and Director Clapper will issue the security adjudicator standards. We expect that those standards will be issued before the end of summer, probably the August time frame is our best estimate at this point. And once those are issued, we will have an Implementation Working Group with representatives from across government to make sure that we get that right. That Working Group will form immediately after the standards are issued.

Senator AKAKA. Thank you.

Let me follow up with a question to Mr. Miller on that. Will you comment, Mr. Miller, on OPM's role in this process and on the challenges implementing formalized training standards.

Mr. MILLER. Yes. Chairman Akaka, as Mr. Sowell indicated, we have an interagency working group. In fact, I was the co-chair of the PAC Subcommittee for Training that helped develop the training standards. And the focus of the training standards was to ensure that we had standardization across the Federal Government relative to training for both background investigators and security and suitability adjudicators, and that was to lead to, obviously, reciprocity, which is the key to reform, to ensure people can move across the government efficiently, and we have assurances that not only are the folks conducting investigations doing that to a trained standard, but also those that are adjudicating are also adjudicating to a proper standard.

The challenge will be this, getting everyone who does have training implementation requirements within their agency to comply

with the standards, which will be a role of the Executive Agents, both suitability and security, to ensure they meet those standards.

Now, I can tell you personally, within OPM, we have already implemented the new Federal standards for both background investigators and suitability adjudicators and are already training our folks and other agencies to that standard. So we are not waiting for the implementation guidance to come out to make sure we move forward.

Senator AKAKA. Thank you.

Let me follow up with a question for you, Ms. McGrath, on adjudicator training. You testified that DOD initiated the Adjudicator Certification Program in 2010 and plans to have 90 percent of its adjudicators certified by this fall. Will you please elaborate on this program and discuss how it dovetails with the new investigator training standards we just discussed.

Ms. MCGRATH. Yes, sir. Thank you. As Mr. Miller mentioned, DOD and the Office of Personnel Management are co-chairs of the Training Subcommittee that is under the PAC's watchful eye and the Adjudicator Certification Program that the Department has put in place has served as the foundation to the national adjudicator program. So the linkage between the two is very solid.

Because of the DOD's volume and also our training facility through the Defense Security Service Training Academy, we have the ability to bring people through the training program. It is very important for us to ensure we have reciprocity within our own enterprise. Therefore, standardization within our own enterprise is extremely important so that we can have the reciprocity between our military departments and agencies. And so we did move out and, as I mentioned, the national standards are built upon the work that the Department started, but worked through the Training Subcommittee to ensure that we had not just the DOD requirements, but also the requirements of the Federal Government.

And, sir, as you mentioned, we are on target to have 90 percent of our adjudicators complete the certification program in the September time frame and we will continue to ensure that all of them do meet those standards and also receive continuing education after they receive the certification.

Senator AKAKA. Thank you.

Mr. Werfel, OPM and the PAC currently track reciprocity, but the metrics are limited to things like the number of requested and rejected investigations. My question to you is are these metrics adequate to get a full picture of reciprocity challenges, and if not, what additional data will the PAC collect in the future?

Mr. WERFEL. Mr. Chairman, thank you for the question. Clearly, reciprocity is central to the overall effort. I want to point out, though, as well, that there are broader metrics that are important that will show progress as we improve reciprocity generally, and that includes the timeliness metrics, the quality metrics, reducing backlogs for investigation and reinvestigation. All of that, I think, is relevant and a byproduct to a healthier reciprocity policy across the government.

I also want to point out that there are critical steps that are underway to improve reciprocity, such as, and probably most importantly, sharing of information in an automated way across agencies

and investigations to ensure that there is seamless access that would enable a confidence level to occur to achieve reciprocity. And, obviously, all of the work that is going on to align our various policies around suitability and security clearance and standardize them enables, again, that confidence level to increase.

In terms of how we measure whether all of this is resulting in a healthy diagnosis for how reciprocity is being used, we have a performance metric team in place that is evaluating different options. One of the metrics that is under development is the number of reciprocal actions that are occurring by quarter. I think there are a couple of pieces to it.

On the one hand, you want to understand how often requests for reciprocity are being requested. You also want to understand at the back end whether those requests are being accepted and whether, at the end of the day, you have a situation in which someone was cleared through reciprocal means.

I think if you can look at those two pieces of the life cycle together and then align them with the other broader metrics that I described around timeliness and quality, you are going to get to that point where you have a healthy and comprehensive view of what is going on in security clearance. But as mentioned, there is work to be done. These metrics are not yet fully finalized and implemented. But I think we are on the right trajectory to both define and implement them.

And in the meantime, while I cannot prove it through mathematics, the availability of data in ways that it has not been available before, combined with unprecedented performance on the timeliness metrics that we are seeing continuous improvement on each quarter, give us confidence that these efforts to improve reciprocity are starting to take hold. But a good, sound metric will help us monitor that very closely and we are working towards that.

Senator AKAKA. Thank you, Mr. Werfel.

As you mentioned, in addition to tracking reciprocity, the PAC has established performance metrics to gauge the progress and quality of clearance investigations and adjudications. How is the PAC using the results of metrics to guide reforms?

Mr. WERFEL. Mr. Chairman, a high-level way of thinking about this reform effort is there are a few key pieces to it. One is that we are ensuring that we have the right amount of resources dedicated to reducing the backlog and driving activity, key points in these processes.

And second, in addition to making sure that the resources are right to attack the problem, that we are also positioning ourselves by making sure that our policies make sense to enable reciprocity and making sure that our information technology is deployed most effectively. And the metrics are constantly referred to and looked at in our PAC meetings, in the subcommittee meetings, to guide those efforts.

We have talked a little bit about the oversight role that the PAC plays, the fact that DNI has sent letters to those agencies that are underperforming, the fact that OPM has done over 60 on-site visits to various agencies to essentially audit their work. Those decisions are driven by what we see in the timeliness metrics, trends, under-

performance. So in that way, the entire oversight framework is driven by the underlying data.

Similarly, as we debate and dialogue exactly how to structure the investigative standards to ensure the appropriate alignment, we are again looking at the numbers and what the underlying data are telling us in order to balance some key things between quality and timeliness.

So I think you are going to hear a lot today and have heard a lot today about this being a model. It has the key ingredients. It has the dedication of resources at multiple levels, including at a high level. It has a commitment and a long-term commitment to changing the policies to make them more fluid in serving a particular objective. And then modernization and automation are driving everything that we do.

But critical to all of that is the reliance on metrics to make sure that we are making smart decisions along the way. So, again, I think all the right ingredients are there.

Senator AKAKA. Thank you so much.

Mr. Dodaro, GAO has focused extensively on security clearance reform since it was placed on the High-Risk List in 2005 and has worked closely with the PAC to address performance measures for the quality and reciprocity of clearance investigations and adjudications. Is GAO satisfied with the PAC's work to address performance measures?

Mr. DODARO. I think, basically, we were satisfied enough with the progress that had been made to remove them from the High-Risk List last year. But, as has been pointed out by every witness this morning, there are still additional efforts that need to be attended to going forward.

Principally in the reciprocity area, there need to be metrics. I agree with Mr. Werfel that reciprocity in the investigation and adjudication and timeliness all need to be looked at together to get a comprehensive picture of what is happening.

So good progress is being made, but it needs to be sustained and it needs to be improved and continually enhanced going forward. And as long as there is a process in place, and we are going to stay focused on watching this evolution as it takes place, I think continued progress can be made in those areas.

Senator AKAKA. Thank you, Mr. Dodaro.

Mr. Sowell, in his previous testimony before the Subcommittee, Director Clapper noted that the Intelligence Community should be subject to the same quality metrics as the rest of the Federal Government. To what extent is the IC collecting data related to these quality metrics and what does the information show regarding the quality of investigations and adjudications in the IC?

Mr. SOWELL. Thank you, Senator. As you know, the intelligence community's cleared population consists of more "top secret" Sensitive Compartmented Information (SCI) level clearances. Those clearances are granted on far more detailed investigations and adjudications because of the sensitivity of the data that the people are given access to.

Our data indicates that the quality of those investigations across the IC is consistent and very good and we are working with our partners at OPM and across the agencies that have independent

investigative authority. We are exploring specific metrics for the IC that would give us better insight into exact quality measures.

I think it is important that anything we do in the IC is also coordinated closely with the PAC because we want to have an apples-to-apples comparison as we look at quality data, timeliness data, reciprocity data, et cetera.

Senator AKAKA. Thank you.

Mr. Miller, I appreciate your focus on quality and completeness in addition to timeliness. I understand that DOD has implemented the Rapid Assessment of Incomplete Security Evaluations (RAISE), to flag incomplete investigative reports and compile data that can be shared with OPM. How does OPM plan to use the results of RAISE to improve the quality of its investigations?

Mr. MILLER. Thank you, Chairman. We receive feedback from DOD periodically on the results of their RAISE assessments that are filled out by their adjudicators as they evaluate an investigation. In fact, that leadership on the part of DOD in developing RAISE actually pushed forward the idea of developing a Quality Standards Working Group, an interagency group, to assess and put together a standard for the Federal Government relative to investigations. RAISE, as it is being used within the Department, is now being looked at as being expanded as a Federal wide quality assessment tool that can be used for all investigative service providers, not just OPM, but for those that have also been granted delegation for investigation. We co-chair that working group and we are working towards—and again, using RAISE as the current standard—expanding that to have a Federal standard for that.

So the feedback is critical. It helped actually identify some challenges we had relative to current investigative standards and ensuring that everyone was complying with standards when they conduct an investigation and this will help us in the future, as well.

Senator AKAKA. Thank you so much.

Mr. Werfel, in your testimony, you state that over 99 percent of clearance application submissions to OPM are now electronically completed. I commend the PAC's efforts in leveraging technology to move away from the old paper-based applications to more efficient processes such as the use of the Electronic Questionnaires for Investigations Processing (e-QIP). Why are some agencies still using paper-based applications? And how does this impact the PAC's efforts to improve governmentwide timeliness and quality standards?

Mr. WERFEL. Thank you, Mr. Chairman. I think it is both. As it turns out, it is basic common sense that the automation of our forms are going to lead to efficiencies, and here that common sense can be proven with data and real-time information that demonstrates that where those agencies have moved to an electronic process, it is just so much more efficient, in time, in particular.

It is not just that the transmission of the records are quicker. You also are more guaranteed to have a complete file because if you are filling it out on paper, you can leave out a question or put something down that is ineligible or illegible and the information can be transmitted to the reviewer, and then all of the sudden they realize they do not have certain information. They have to send it back. Whereas in an electronic environment, the system can make sure that before you have closed out and can articulate that you

have a completed file, that everything is clear and understandable, at least as it is programmed into the system that we have running for e-QIP.

And I can go on and on and on about both central and tangential benefits. And we are trying to carry that message across to those agencies that have not yet implemented an electronic means. I think it is just a lot of elbow grease that is required on our behalf to go in and make sure that the agencies are focused on taking those critical steps to deploy these modernized solutions.

I think it is pretty clear what the results are. I think it is about just pushing to make sure that it becomes a priority. And I think that is one of the reasons why the PAC has determined that the type of oversight that we are doing is appropriate. I work on a variety of different interagency councils across government and not all of those councils have deployed this technique of sending representatives from the council to a particular agency, in particular an under-performing agency, and to apply that type of pressure and accountability and technical assistance to make sure that progress is being made. And the work that ODNI and OPM are doing is having an impact and the take-up rate has increased and we expect it will increase over time.

So, ultimately, I think it is very clear that to the extent the agencies will adopt these electronic means, their performance will improve. That is both inevitable and certain and it is proven. For us, it is about staying relentlessly determined in making sure that these very powerful tools are implemented. And I think progress is being made.

We referenced the 99 percent statistic and clearly that is important progress. That does not mean that we are done, because an agency that is not utilizing these tools is operating in a non-efficient manner and it is our job to make sure that we end all of those situations across government.

Senator AKAKA. Thank you.

Mr. Dodaro, your statement notes that OPM still converts electronic applications to paper-based investigation files, in part because of the small number of agencies without electronic capabilities. Will you elaborate on this problem and how it should be addressed?

Mr. DODARO. Basically, yes. The electronic applications are received and then converted into paper documents, and the real solutions to this, I believe, are a couple-fold. Number one is that some of the smaller agencies could benefit from the IT investments that have been made in the larger agencies. This was the point I was making earlier about leveraging existing technologies, for example, to use DOD's system or some variation of it rather than try to justify an IT investment for a relatively small number of cases that may need to be processed for some of these smaller agencies. So you have to leverage technology, I think, a little bit more to help the smaller agencies with systems that are in place that could be used in their area.

Second, OPM, as I mentioned earlier, is doing a process study of the efficiencies in their own process, and I believe that the study, if done properly, can highlight additional areas where this conversion process may not have to take place or it should not be as ex-

tensive. And I think there are a lot of opportunities to gain efficiency in those processes by studying how to tackle some of the time lags that are a part of this process. It will have multiple benefits in terms of both improving the timeliness as well as the quality of the investigations because more information will be able to be processed in an easier manner than through the manual conversion.

Senator AKAKA. Thank you, Mr. Dodaro.

Mr. Miller, I understand that OPM has been engaged in a wide-ranging transformation of its EPIC IT system. During our last hearing in 2010, I asked Director Berry about costs and schedule concerns with this project. Would you please update us on the status of this project and how OPM intends to use these investments to streamline and automate the clearance process?

Mr. MILLER. Yes, Mr. Chairman. The investment that we are making is critical to ensuring that we remain agile enough to handle the challenges of the future. We have eight key systems that we are modernizing and I would like to characterize it as that old Volkswagen van that we used to all drive that would always start no matter what the circumstances. We are operating with a system. It is old, but it has been reliable. And what we are currently doing is we are updating that system. We are investing from 2008 until 2014 and so we are a good part of the way through our deliverables and our investment and we are seeing, in fact, increased capability. As we deliver new capability, we have seen new abilities to do new things with our systems.

We are operating right now on very old software, in particular, and a great deal of our investment is to update and modernize that. We literally have to do coding, very detailed, very costly coding today where we are now incorporating either government off-the-shelf (GOTS) or commercial off-the-shelf (COTS) products that will advance us more rapidly and make us more responsive to the needs of our customers.

So by 2014, we will have a new van, a van that will run and operate and be efficient, and we will no longer have that additional investment, IT investment that has been occurring between 2008 and 2014. We will go back to our normal operations and maintenance (O&M) investment. We are on track.

Senator AKAKA. Thank you.

Ms. McGrath, during our last hearing on this subject, I asked you about the status of DOD's new clearance IT system known as the Defense Information System for Security (DISS), D-I-S-S. Do you have updates on its capabilities, when it will be fully functional, and how DOD has budgeted for its implementation and maintenance?

Ms. MCGRATH. Yes, sir. The DISS, is essentially a family of systems. There are three main pieces. One, I mentioned in my opening remarks, the Case Adjudication Tracking System. That does the case management, which is the movement of the cases and also adjudicative determinations.

Our Joint Personnel Adjudication System (JPAS) is our legacy system that is the database that houses the decisions that have been made. That is to be replaced with a system called the Joint Verification System (JVS). And then to the extent that we decide

as a group to enable an automated records check capability, that would be the third aspect of DISS.

The CATS piece is fully implemented across our adjudication facilities today. We are also moving toward a much more consolidated adjudicative capability across the Department. The Joint Verification System is targeted for implementation in 2014. The decisions that we make as a Federal group with regard to the right approach to automated records checks will determine the implementation of that piece should the DOD be asked to do that.

CATS and JVS are fully funded and on track within the Department, and again, CATS being fully implemented.

Senator AKAKA. Thank you very much.

Mr. Sowell, national security threats can be posed by individuals who already have access to classified information. Timeliness reforms have focused primarily on initial security clearances. However, attention must also be paid to continuous monitoring and periodic reinvestigations. How is ODNI addressing these issues and how does it plan to improve moving forward?

Mr. SOWELL. Thank you, Mr. Chairman. Yes, the insider threat is something that we are all very concerned about. As you can imagine, someone who does not have a clearance does not have access to the crown jewels. The people who are inside the system with the access to our most sensitive secrets are the populations that we are among the most concerned about.

Following incidents over the past few years, we have stood up the National Insider Threat Task Force and that task force is looking at policy and technology and training issues that can all be brought to bear to address the insider threat issue. Key to addressing that issue, of course, is looking at our cleared population in a timely manner.

One of the benefits of IRTPA was that it established timeliness goals for initial clearances, and I think the PAC leadership, in their wisdom, realized that you cannot just set timeliness goals for initial investigations. You also need to look at reinvestigations. So we do have a timeliness goal for periodic reinvestigations.

I think our challenge is that while agencies are meeting those goals, there is a problem where you are only being measured when you submit the periodic reinvestigation through the process. So if you have not submitted someone for a reinvestigation, they are not being tracked. And so in his letters last year, Director Clapper started notifying agencies that we are going to be in the following year, so for 2012, measuring their backlog of periodic reinvestigations, and we think that this will give key insights to both the DNI and to the Performance Accountability Council on the extent of the problem and give us some indications of where we need to focus our efforts and attention.

Senator AKAKA. Thank you.

Mr. Miller, GAO recently issued a report on OPM's investigation pricing structure which identified costs for OPM personnel and contract employees doing field work as primary cost drivers. Spending on these contracts has risen rapidly, from roughly \$19 million in fiscal year (FY) 2005 to a peak of just under \$486 million in fiscal year 2010. Please explain any recent efforts to evaluate OPM's investigative workforce as well as whether its current size and com-

position most efficiently use taxpayer dollars to accomplish that mission.

Mr. MILLER. Yes, Mr. Chairman. We are hyper-vigilant about the expenditures of OPM. We are interested in full cost recovery. We are not profit driven. And so back in 2005 when you had tremendous backlogs and Periodic Reinvestigation (PRs) were not being conducted, I do not think at that time the government really recognized the cost associated with a current program. In fact, it had not been current since time could remember. And so when the program was transferred in 2005, there is a recognition that we probably have to increase the field investigative force to as many as 8,000 people. Along with the backlog and the burden of clearing those PRs that had not been accomplished, we still had to now meet an Intelligence Reform and Terrorism Prevention Act requirement of a 40-day standard.

So whether it is relative to a perfect storm or not, we combined not only a huge backlog, but we drove investigative times down. And we also implemented new standards during that period and we have seen a significant increase in the number of field work intensive investigations. As I mentioned earlier, our Top Secret (TS) investigative workload went up 21 percent. One "top secret" investigation is \$4,000. A National Agency Check and Inquiries (NACI) investigation can range from \$125 to \$228. So when you see 20 percent of your workload go to the TS side, you are spending 10, 20 times the amount of money for an investigation.

So we believe we have a great process in place. We have competition among our contractors. In fact, this year, our contractors, due to recognizing the distribution of their work, began to compete more dramatically on fees and we saw a reduction of almost 13 percent in the cost being charged to us by our contractors, which, extrapolated out this year, could result in a \$68 million savings to the government.

So we have a 25 percent baseline Federal workforce, which is critical. We align those mostly with our DOD customers where we know we have consistent workload. That is a sunk cost for us. We are going to pay their pay and benefits. And then as work needs to be delved out to our contractors, we pay them by the product they produce.

So we continue to work to drive our costs down. We are conducting a manpower study to drive our own resources down. In fact, we have reduced our own manpower footprint on the Federal side by about 120 personnel this year.

Senator AKAKA. Thank you very much.

Mr. Dodaro, as you know, I worked with Senator Carper and others to enact the Government Performance and Results Act (GPRA) Modernization Act, which encourages a cost-cutting approach, leadership commitment focus on management, and the use of performance metrics to achieve better results for the American people. At our hearing on implementation of the Act last year, you cited security clearance reform as an example of the type of progress that could be made using this approach. What lessons from security clearance reform can agencies apply to other high-risk areas, and what tools does the GPRA Modernization Act provide for this type of systemic reform?

Mr. DODARO. I think the GPRA Modernization Act provides extensive opportunities to address these type of issues. First, it enhances consultation requirements with Congress, which I think is pivotal. I think there is an example in personnel security clearances of Congress convening a meeting to talk about performance metrics, to provide input. So I think the Congressional consultation element of the GPRA Modernization Act is very important and a good lesson learned, and the application in this area is a good example of how that could happen.

Second, it focuses a lot on cross-cutting issues. The original Act, as you know, in 1993, focused on an agency-by-agency strategic planning and performance measures. More and more issues require multiple agencies to work together to address those issues to achieve an overall outcome. The security clearance area is another example of where now agencies are working together and organized properly and setting goals that collectively need to be met on a governmentwide basis, and I think more of that needs to be done and I think the GPRA Modernization Act is a good example of that.

Third, there needs to be regular reporting. The GPRA Modernization Act requires quarterly reporting of performance metrics on a public Web site, and I would hope that perhaps this area, the personnel security clearance process, can evolve to that as well, to be more transparent and to provide reporting requirements. One thing I am a little concerned about is that the timeliness reporting requirement for this area lapsed last year from the 2004 Act. And so I think there needs to be continued regular reporting in this area.

Additionally, the GPRA Act focused really on quality measures and outcomes and I think that area needs a lot of attention. The initial focus here, properly so, was on timeliness. But the real bottom line is, are people getting the clearances who should be getting the clearances and that is a function of quality. And I would encourage OPM in their task force that they mentioned to look at the RAISE tool and expand it across the government, expedite their work in that area, because I think quality is really pivotal in this area, and to continually reset goals. For example, it was mentioned here that the timeliness goal now for reinvestments is 150 days. Well, that is more than double the goal for the initial clearances. Perhaps that goal can be driven down over time through proper application of GPRA Modernization practices.

So those are a few of the ways that the GPRA Modernization Act could continue to improve the personnel security process, as well, as taking those lessons learned and implementing them more governmentwide in other high-risk areas.

Finally, I would just say that we have been working with Mr. Werfel and Mr. Zients at OPM in the 30 areas that are currently on the High-Risk List to have joint meetings to talk about metrics and how to assess progress going forward. So we are trying to take the lessons learned from this particular example and trying to implement them in other high-risk areas. Ms. McGrath has been involved in the ones at DOD, as well.

Senator AKAKA. Well, thank you very much for your responses.

This is my final question and it is to the entire panel. What oversight or legislative actions do you believe Congress should consider

to help sustain the progress made in the security clearance process? I would like to ask Mr. Werfel to begin followed, by Ms. McGrath, Mr. Miller, Mr. Sowell, and then Mr. Dodaro. Mr. Werfel.

Mr. WERFEL. Thank you, Chairman. It is a very good and important question. One of the reflections that I have is that the IRTPA framework worked and worked effectively. It set out a hard target and it required the Executive Branch to organize itself to meet that target, but it did not necessarily set out how the Executive Branch would do so.

What we have borne out of that framework is an integrated process bringing the right Federal agencies to the table. There are clear lines of leadership and governance. And as we mentioned today, there is a good, healthy mix of accountability, performance, transparency, and a willingness to reform the processes of government and the technologies of government to get the job done.

All that being said, it could be very easy, as we have seen in other areas of government historically, for that performance to lapse if the type of attention does not sustain it in this way. My gut tells me that the right approach from Congress's vantage point is to make sure that the oversight is sustained, that the hearings continue. It does not actually even have to be hearings. It could be staff-level briefings. And those hearings and briefings need to focus and isolate, if possible, where any of the performance gaps are occurring because there may be a need for further legislation if either certain performance gaps that exist today sustain over time or if new ones emerge.

But I think the overarching framework has worked very well, and so I think where we want to be is in a place where we are monitoring for particular systemic problems that may emerge, and to the extent we can, move quickly to close those gaps, potentially through legislative solutions. But we have to be in a monitoring mode and I would urge not to do anything that would necessarily change some of the guiding elements of the IRTPA framework that have worked so well, which combined the combination of a hard target with a certain amount of Executive Branch flexibility in order to achieve that target.

Senator AKAKA. Thank you very much. Ms. McGrath.

Ms. MCGRATH. Yes, sir, and I would actually echo, probably fully, Mr. Werfel's comments with regard to IRTPA told us what in terms of setting the target but did not dictate how and it gave us the flexibility to establish the Performance Accountability Council and then drive performance through oversight of this Subcommittee, the Council, and then the reporting aspects.

I do think that to ensure Congress is also informed on a regular basis with regard to performance, we should ensure on a very routine basis that you have those performance measures. We do collect them. But at this time, I do not see a need for immediate legislation, but per Mr. Werfel's point, going forward, and as we get further into our reform effort, there is always the opportunity to come back and ask. So thank you.

Senator AKAKA. Thank you. Mr. Miller.

Mr. MILLER. Mr. Chairman, I would echo Mr. Werfel's comments, as well. We recognize that through the Chairmanship of the PAC by OMB there has been great progress in security clearance re-

form. And as we recognize challenges as they come up, the PAC has been aggressive in standing up appropriate subcommittees like we did for training, as we have for performance, and as we are talking about doing for record repositories to ensure that we get a consistent flow of information across the Federal Government in standardizing those records so we can obtain them and pass them on to those that need them.

So I would agree that we need to be vigilant. Persistent surveillance on performance is critical. And we will report our continued performance through the PAC.

Senator AKAKA. Thank you very much. Mr. Sowell.

Mr. SOWELL. Thank you, Mr. Chairman. I agree with my colleagues. I do not see the need for additional legislation at this point, but clearly, continued oversight and attention is key. I think the combination of the Performance Accountability Council, the Government Accountability Office, the Security and the Suitability Executive Agents, and this Subcommittee, working together to align the security and suitability processes in every possible way, is where we will get the most bang for our buck.

Senator AKAKA. Thank you very much. Mr. Dodaro.

Mr. DODARO. Clearly, additional oversight and monitoring is important. The real question is how to do that. The first area I would say is in regular reporting. I think in the absence of additional legislation, given the lapsing of the timeliness reporting under the 2004 legislation, there should be a commitment to substitute for that possibly an agreement by the Administration with Congress on what form that regular reporting will take place. It could be done through the GPRA Modernization Act framework support. But I do not think it should be left to be totally unclear or ambiguous about how that reporting will take place. And if there is a satisfactory solution without a legislative outcome then that is fine.

If that solution falls short of what Congress needs to get regular information, it is important, and I do not think this area ought to be treated or subjected to lesser requirements than what the GPRA Modernization Act calls for now in terms of quarterly reporting, visibility, et cetera, and also to continue to improve the performance metrics, particularly for the quality area. I think the quality area is essential to ensuring that the objective of providing clearances which is to make sure that people who should not have access to National Security information do not have access to it.

The other area I think is important is that the Performance Accountability Council has been created through Executive Order (EO). And while attention to this area has transcended over the last two Administrations, there have been slightly different tactics taken by the different Administrations, and I would say that would be an area that needs monitoring, as well. And a number of other areas, whether it is the Chief Financial Officer (CFO) Council, the Chief Information Officer (CIO) Council, the Chief Human Capital Officer (CHCO) Council, there is a legislative underpinning that provides for transition between administrations over time. So that is another area that I think there should be an eye kept towards because the current configuration has worked well. Hopefully, it will be continued in the future, but there is no guarantee absent a legislative mandate.

Senator AKAKA. Well, thank you very much.

At this time, there are no further questions. I would like to thank all of the witnesses for being here today. Your responses have been great. It will certainly help the Subcommittee and all of us continue the progress that has been made at this time.

The security clearance process is a model for cross-cutting systemic reform. The Performance Accountability Council, working together with GAO and Congress, has made great strides and has created a framework for continued improvement. Ongoing leadership commitment and oversight are still needed if our accomplishments are to last into the future.

The hearing record will be open for one week for any additional statements or questions from other Members of the Subcommittee.

And again, I want to thank all of you for all of your work. You have been tremendous in bringing the progress about and I want to wish you well in your work.

The hearing is adjourned.

[Whereupon, at 4:02 p.m., the Subcommittee was adjourned.]

A P P E N D I X

FOR IMMEDIATE RELEASE: June 21, 2012
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STATEMENT OF CHAIRMAN DANIEL K. AKAKA

Security Clearance Reform: Sustaining Progress for the Future

Hearing

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

Aloha, I want to welcome our witnesses to today's hearing: *Security Clearance Reform: Sustaining Progress for the Future*.

In 2005, the Government Accountability Office (GAO) placed the personnel security clearance process on its High-Risk List due, in part, to a massive backlog of applications and insufficient quality standards. This is the Subcommittee's eighth hearing on the security clearance process since that time.

In addition to GAO's and the Subcommittee's oversight, the administration has placed long-term, high-level focus on reforming the process. I am pleased to say that last year, the security clearance process was removed from GAO's High-Risk List. The application backlog has been eliminated, and timeliness requirements in the 2004 Intelligence Reform and Terrorism Prevention Act have been met and exceeded. Today, initial investigations take an average of 44 days to complete, compared to a staggering 189 days in 2005.

Investigation quality improvements were another key aspect of removing the high-risk designation. In multiple reports, GAO had found that clearances were granted based on incomplete investigation files. Moreover, there was no way to evaluate the quality of security clearance determinations to make sure security threats were consistently weeded out. Lapses in quality posed a national security risk.

The Performance Accountability Council (PAC) has worked together to address all aspects of investigation and adjudication quality. The PAC has updated the security clearance application, improved interview techniques, and created quality metrics. Its members are working to standardize investigator training and to develop government-wide adjudication guidelines.

Despite considerable progress, challenges remain. Continued oversight and accountability are needed to continue progress and momentum in the future. Reciprocity continues to be an issue. In our 2010 hearing, I urged agencies to work together to accept clearances from other agencies. This allows critical national security positions to be filled with the right people more quickly.

Although progress has been made on this issue, establishing more uniform training, investigation, and suitability standards would increase trust between agencies and promote reciprocity. Additional information technology improvements also are needed to support information-sharing and case management. Without these investments, further improvements in timeliness and reciprocity will be difficult to achieve.

This will be my last hearing on the security clearance process before I retire. Congressional oversight and sustained focus by the Executive Branch have produced a more efficient and functional security clearance process. I am proud of what we have accomplished together and hope that our work will serve as a model to address other high-risk areas in the federal government.

I will continue to monitor this issue during my remaining time in the Senate, and I hope that future Members of this Subcommittee continue to focus on this critical issue. I look forward to hearing from our witnesses on how they plan to build on this legacy and ensure the continued success of the security clearance process.

-END-

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

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**PERSONNEL SECURITY
CLEARANCES**

**Continuing Leadership and
Attention Can Enhance
Momentum Gained from
Reform Effort**

Statement of Gene L. Dodaro
Comptroller General of the United States





Highlights of GAO-12-815T, 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

As of October 2010, the Office of the Director of National Intelligence reported that 3.9 million federal employees (military and civilians) and contractors hold security clearances. DOD comprises the vast majority of government security clearances. Longstanding backlogs and delays in the security clearance process led GAO to place the DOD's Personnel Security Clearance Program on its high-risk list in 2005. Delays in issuing clearances can result in millions of dollars of additional cost to the federal government and could pose a national security risk. DOD and others have taken steps to address these issues and additional concerns with clearance documentation used to determine eligibility for a clearance. As a result, in 2011, GAO removed the program from its high-risk list.

This testimony addresses (1) the key actions that led GAO to remove DOD's security clearance program from its high-risk list and (2) the additional actions that can enhance the security clearance reform efforts. This statement is based on prior GAO reports and testimonies on DOD's personnel security clearance program and governmentwide suitability and security clearance reform efforts.

View GAO-12-815T. For more information, contact Brenda S. Farrell at (202)512-3604 or farrellb@gao.gov.

June 21, 2012

PERSONNEL SECURITY CLEARANCES

Continuing Leadership and Attention Can Enhance Momentum Gained from Reform Effort

What GAO Found

Since GAO first identified the Department of Defense's (DOD) Personnel Security Clearance Program as a high-risk area, DOD, in conjunction with Congress and executive agency leadership, took actions that resulted in significant progress toward improving the processing of security clearances. Congress held more than 14 oversight hearings to help oversee key legislation, such as the Intelligence Reform and Terrorism Prevention Act of 2004, which helped focus attention and sustain momentum of the governmentwide reform effort. In addition, the committed and collaborative efforts of DOD, the Office of the Director of National Intelligence (ODNI), Office of Management and Budget (OMB), and Office of Personnel Management (OPM) as leaders of the Suitability and Security Clearance Performance Accountability Council (Performance Accountability Council) demonstrated commitment to and created a vision for the reform effort, which led to significant improvements in the timeliness of processing security clearances. As a result, in 2011, GAO removed DOD's Personnel Security Clearance Program from its high-risk list because of the agency's progress in improving timeliness, development of tools and metrics to assess quality, and commitment to sustaining progress. Specifically, GAO found that DOD met the 60-day statutory timeliness objective for processing initial clearances in fiscal year 2010 by processing 90 percent of its initial clearances in an average of 49 days. In addition, DOD developed two quality tools to evaluate completeness of investigation documentation and agencies' adjudication process regarding the basis for granting security clearances. Moreover, DOD, ODNI, OMB, and OPM developed and are in the process of implementing 15 metrics that assess the timeliness and quality of investigations, adjudications, reciprocity and automation of security clearances.

Even with the significant progress in recent years, sustained leadership attention to the following additional actions, on which GAO has previously reported, can enhance the security clearance reform efforts of executive branch agencies and the Performance Accountability Council:

- Continue to implement, monitor, and update outcome-focused performance measures. The development of tools and metrics to monitor and track quality are positive steps, but full implementation of these tools and measures will enable the executive branch to demonstrate progress in quality improvements and contribute to greater visibility over the clearance process.
- Seek opportunities to enhance efficiencies and manage costs related to the reform effort. Given the current fiscal constraints, identifying long-term funding requirements for the security clearance process is critical for the executive branch to sustain the reform effort. Further, the reform efforts are a venue to facilitate the identification of efficiencies in areas including information technology and investigation and adjudication case management processes.
- Create a sound requirements process for determining which positions require clearances and level of clearances. A sound requirements determination process may help ensure that workload and costs are not higher than necessary by ensuring that clearances are only requested for positions when needed and that the appropriate clearance level is requested.

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

Thank you for the opportunity to discuss the removal of the Department of Defense's (DOD) personnel security clearance program from our high-risk list.¹ As you know, we maintain a program to focus attention on government operations that we identify as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. In the past two decades, the attention of Congress, the agencies, and others to high-risk areas has brought results. Over one-third of the areas previously designated as high-risk have been removed from the list because significant progress was made to address the problems. When legislative, administrative, and agency actions, including those in response to our recommendations, result in significant progress toward resolving a high-risk problem, we remove the high risk designation. In 2011, DOD's personnel security clearance program became the first designated defense area to be removed from our high-risk list. Seven DOD high-risk areas remain on the list. My testimony today will focus on (1) the key actions that led us to remove DOD's personnel security clearance program from our high-risk list, and (2) additional actions that can enhance the governmentwide personnel security clearance reform efforts.

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 2010 unauthorized leaks of about 500,000 classified documents posted to the Internet related to the wars in Afghanistan and Iraq are examples of the inherent risks involved when granting an individual a security clearance. As you know, there continues to be a high volume of clearances processed. For example, prior to September 11, 2001, we reported that DOD processed about 200,000 clearances annually. For fiscal year 2008, we reported that DOD approved personnel security clearances for approximately 630,000 military, civilian, and industry personnel. In 2010, the Director of National Intelligence reported that there were approximately 3.9 million federal government and contractor employees who held a security clearance.

¹ GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: February 2007).

DOD accounts for the vast majority of all initial personnel security clearances, making it a formidable challenge to those responsible for deciding who should be granted a clearance.

Multiple executive-branch agencies are responsible for different phases in the federal government's personnel security clearance process. With respect to DOD's personnel security clearance program, DOD is responsible for determining which military, DOD civilian, and private-industry personnel working on DOD contracts require access to classified information and must apply for a security clearance and undergo an investigation. The Office of Personnel Management (OPM), in turn, conducts these investigations for DOD. OPM investigators—often contractors—use federal investigative standards and OPM internal guidance as criteria for collecting background information on applicants. Federal guidelines require that DOD adjudicators use the information contained in the resulting investigative reports to determine whether an applicant is eligible for a personnel security clearance.

We first placed DOD's personnel security clearance program on our high-risk list in 2005. Some of the problems included (1) delays in completing clearances; (2) incomplete investigative reports from OPM, the agency that reportedly supplies about 90 percent of all federal clearance investigations, including those for DOD; and (3) the granting of some clearances by DOD adjudicators even though required data were missing from the investigative reports used to make such determinations. We also reported that delays in issuing clearances can result in millions of dollars of additional cost to the federal government. Furthermore, during this period the executive branch initiated actions to reform the governmentwide security clearance process.

My testimony is based on our issued reports and testimonies on DOD's personnel security clearance program and governmentwide suitability and security clearance reform efforts.² Our reports and testimonies were conducted in accordance with generally accepted government auditing standards.

²See related GAO products at the end of this statement. More information on our scope and methodology is included in each issued report.

**Leadership
Commitment,
Improved Timeliness,
and Development of
Metrics Were Key to
Removal of DOD's
Security Clearance
Program from GAO's
High-Risk List**

Since we identified DOD's Personnel Security Clearance program as a high-risk area, DOD, in conjunction with Congress and other executive agency leadership, took actions that resulted in significant progress toward resolving problems we identified with the security clearance program. In 2011, we removed DOD's personnel security clearance program from our high-risk list because of the agency's progress in improving timeliness and the development of tools and metrics to assess quality, as well as DOD's commitment to sustaining progress. Importantly, congressional oversight and the committed leadership of the Suitability and Security Clearance Performance Accountability Council (Performance Accountability Council)³—which has been responsible for overseeing security clearance reform efforts since 2008—greatly contributed to the progress of DOD and the governmentwide security clearance reform.⁴

**Top Leadership
Demonstrated
Commitment and
Collaboration in
Reforming Security
Clearance Process**

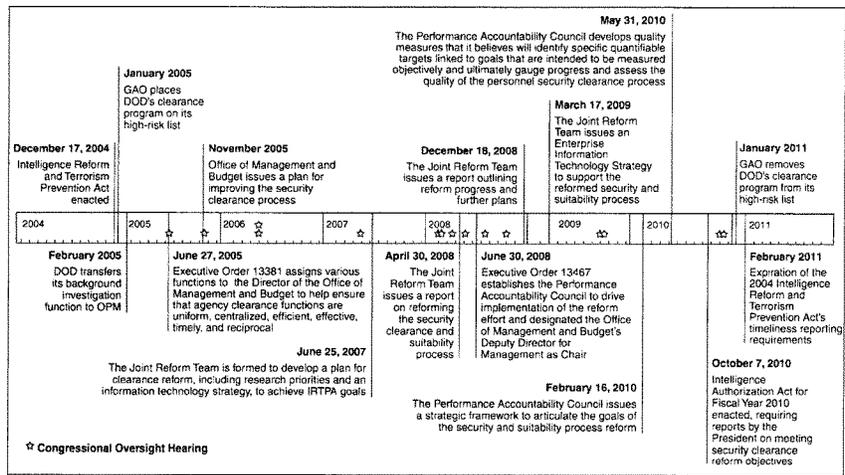
Leadership in Congress and the executive branch demonstrated commitment to reforming the security clearance process to address longstanding problems associated with the personnel security clearance program. As we have previously noted, top leadership must be committed to organizational transformation.⁵ Specifically, leadership must set the direction, pace, and tone and provide a clear, consistent rationale that brings everyone together behind a single mission. Figure 1 illustrates key events related to the Suitability and Personnel Security Clearance Reform Effort.

³ The Performance Accountability Council is comprised of the Director of National Intelligence as the Security Executive Agent, the Director of OPM as the Suitability Executive Agent, and the Deputy Director for Management, OMB, as the chair with the authority to designate officials from additional agencies to serve as members. The current council includes representatives from the Departments of Defense, Energy, Health and Human Services, Homeland Security, State, Treasury, and Veterans Affairs, and the Federal Bureau of Investigation.

⁴ Determinations of suitability for government employment in positions in the competitive service and for career appointment in the Senior Executive Service include consideration of aspects of an individual's character or conduct that may have an effect on the integrity or efficiency of their service.

⁵ GAO, *Personnel Security Clearances: Preliminary Observations on Joint Reform Efforts to Improve the Governmentwide Clearance Eligibility Process*, GAO-08-1050T (Washington, D.C.: July 30, 2008).

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



Source: GAO analysis.

Congressional Leadership

Congressional legislation and oversight has helped focus attention and sustain momentum to improve the processing of security clearances not only for DOD but governmentwide. The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA)⁶ established, among other things, milestones for reducing the time to complete initial clearances. We previously identified best practices for agencies to successfully transform

⁶Pub. L. No. 108-458, 118 Stat. 3638 (2004).

their cultures including among other things, setting implementation goals and a timeline to build momentum and show progress from day one.⁷ IRTPA established an interim objective to be met by December 2006 under which DOD and other agencies that adjudicate security clearances were to make a decision on at least 80 percent of initial clearance applications within 120 days, on average. Further, IRTPA called for the executive branch to implement a plan by December 17, 2009, under which, to the extent practical, at least 90 percent of decisions are made on applications for an initial personnel security clearance within 60 days, on average. Additionally, IRTPA required the executive branch to begin providing annual reports to Congress in 2006 on the progress made the preceding year toward meeting IRTPA's objectives for security clearances, including the length of time agencies took to complete the investigations and adjudications—the decision as to whether an individual should be granted eligibility for a clearance.

Congressional oversight through hearings held by this Subcommittee helped highlight the need for security clearance reform. From 2005 to 2010, congressional committees held more than 14 hearings on security clearance reform, with 7 held by this Subcommittee.⁸ This subcommittee's oversight helped set the direction for the agencies, including GAO, to work collaboratively on developing metrics in order to address our concerns about the completeness and quality of investigations and adjudications. Many federal program efforts, including those related to personnel security, generally require the effective collaboration of more than one agency. For example, on March 17, 2010, the leaders of the reform effort—the Office of Management and Budget (OMB), OPM, Office of the Director of National Intelligence (ODNI), and DOD—along with GAO, met with this Subcommittee's Chairman and then-Ranking Member to discuss the status of security clearance reform efforts and consult on metrics that could be used to measure progress of

⁷ GAO, *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for the Department of Homeland Security and Other Federal Agencies*, GAO-03-233SP (Washington, D.C.: Nov. 14, 2002), and *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-569 (Washington, D.C.: July 2, 2003).

⁸ GAO has testified on security clearance reform before this committee as well as the (1) Subcommittee on Intelligence Community Management, House Permanent Select Committee on Intelligence, (2) the Subcommittee on Government Management, Organization, and Procurement, House Committee on Oversight and Government Reform, and (3) Subcommittee on Readiness, House Committee on Armed Services.

security clearance reform efforts. After that meeting, OMB, ODNI, DOD, OPM, and GAO provided a memorandum on May 31, 2010 to Chairman Akaka containing a matrix with 15 metrics for assessing the timeliness and quality of investigations, adjudications, reciprocity (an agency's acceptance of a background investigation or clearance determination completed by any authorized investigative or adjudicative agency), and automation.⁹ The development of these metrics played a key role in GAO's decision to remove DOD's Personnel Security Clearance program from the high-risk list.

Furthermore, we have noted for many years the central role that the Government Performance and Results Act (GPRA) could play in identifying and fostering improved coordination across related federal program efforts. The GPRA Modernization Act of 2010 (GPRAMA)¹⁰ calls for a more coordinated and crosscutting approach to achieve meaningful results.¹¹ GPRAMA provides an opportunity for agencies to collect and report more timely and useful performance information on crosscutting programs. This performance information can play an important role in congressional decision making. In fact, Mr. Chairman, we conducted work for you focusing on how Congress can use such information to address challenges facing the government.¹² DOD's personnel security clearance program was one of three case studies we used to illustrate how Congress has used agency performance information in its decision making.

Executive Branch Leadership

In addition to congressional leadership, multiple administrations, DOD, and key executive agencies demonstrated a commitment and vision to reform the security clearance process. Specifically, after we initially

⁹ We participated in legislative and executive branch discussions on development of these metrics. However, given the need for GAO to remain independent in carrying out its auditing responsibilities of the executive branch, decisions related to performance measures and their effective implementation are fundamentally an executive branch management responsibility.

¹⁰ Pub. L. No. 111-352, 124 Stat. 3886 (2011). GPRAMA amended the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (1993).

¹¹ GAO, *Managing for Results: GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges*, GAO-11-817T (Washington, D.C.: May 10, 2011).

¹² GAO, *Managing for Results: Opportunities for Congress to Address Government Performance Issues*, GAO-12-215R (Washington, D.C.: Dec. 9, 2011).

placed the program on our high-risk list, top executive branch leadership put in place an effort to reform the security clearance process. For example, in 2007, DOD and ODNI formed the Joint Security Clearance Process Reform Team, known as the Joint Reform Team, to improve the security clearance process governmentwide.¹³ Specifically, they tasked the Joint Reform Team to execute joint reform efforts so that they achieve IRTPA timeliness goals and improve the processes related to granting security clearances.¹⁴ In 2008, the President in a memorandum called for a reform of the security clearance program and subsequently issued an executive order establishing the Performance Accountability Council.¹⁵ Under the executive order, this council is accountable to the President for leading the implementation of reform, including aligning security and suitability processes, holding agencies accountable for implementation, and establishing goals and metrics for progress.

DOD worked with the Joint Reform Team and the Performance Accountability Council to develop a corrective action plan to improve timeliness and demonstrate progress toward reforming the security clearance process. For example,

- DOD's leadership, in conjunction with the Joint Reform Team, developed a plan for reform that continuously evolved to incorporate

¹³ In June 2007, the Director of National Intelligence and Under Secretary of Defense for Intelligence through a memorandum of agreement established The Joint Security Process Reform Team.

¹⁴ The Joint Reform Team continues to work on the reform effort under the Performance Accountability Council by providing progress reports, recommending research priorities, and overseeing the development and implementation of an information technology strategy, among other things. Since its formation, the Joint Reform Team under the Performance Accountability Council: (1) Submitted an initial reform plan to the President on April 30, 2008. The plan proposed a new process for determining clearance eligibility that departs from the current system in a number of ways, including the use of a more sophisticated electronic application, a more flexible investigation process, and the establishment of ongoing evaluation procedures between formal clearance investigations. The report was updated in December 2008 to include an outline of reform progress and further plans. (2) Issued an Enterprise Information Technology Strategy to support the reformed security and suitability process in March 2009. According to the report, the Joint Reform Team is pursuing an approach that leverages existing systems and capabilities, where applicable, and developing new tools where necessary.

¹⁵ Exec. Order No. 13467, *Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information* (June 30, 2008).

new goals and address identified issues. To communicate these plans, the Joint Reform Team issued an initial reform plan in April 2008 that presented a new seven-step design intended to streamline the security clearance process, including the use of a more sophisticated electronic application, a more flexible investigation process, and the establishment of ongoing evaluation procedures between formal clearance investigations. The report was updated in December 2008 to include an outline of reform progress and further plans, and in March 2009 the Joint Reform Team issued its Enterprise Information Technology Strategy for the security clearance and suitability reform program. Then, in line with GAO recommendations, DOD worked with the Performance Accountability Council to issue a strategic framework that the council included in its 2010 report to the President. The strategic framework identified key governmentwide reform goals and identified the root causes for timeliness delays and delays to agencies honoring reciprocity. It also set forth a governmentwide mission, performance measures, a communications strategy, roles and responsibilities, and metrics to measure the quality of security clearance investigations and adjudications. DOD continues to work with the Performance Accountability Council to sustain clearance reform efforts and enhance transparency and accountability through annual reporting to Congress.¹⁶

- DOD issued guidance on adjudication standards. In May 2009, we found that although DOD asserted that adjudicators follow a risk-management approach for granting security clearances, DOD had not issued formal guidance clarifying if and under what circumstances adjudicators can adjudicate incomplete investigative reports—such as missing information relevant to residences, employment, or education. As a result, we recommended that DOD issue guidance that clarifies when adjudicators may use incomplete investigative reports as the basis for granting clearances. Subsequently, on November 8, 2009, the Under Secretary of Defense for Intelligence issued guidance on adjudication standards that outline the minimum documentation requirements adjudicators must adhere to when documenting personnel security clearance determinations for cases with potentially damaging information. On March 10, 2010, the Under Secretary of

¹⁶ Annual reports were required under IRTPA through 2011. Section 367 of the Intelligence Authorization Act for Fiscal Year 2010, Pub. L. No. 111-259 (2010), established new annual reporting requirements in section 506H of the National Security Act of 1947 (50 U.S.C. § 415a-10).

Defense for Intelligence issued additional guidance 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 incomplete investigative reports. Further, according to DOD officials, in 2010, DOD created a Performance Accountability Directorate within the Directorate of Security to provide oversight and accountability for the DOD Central Adjudication Facilities that process DOD adjudicative decisions.

DOD Developed Assessment Tools and Performance Metrics and Improved Timeliness to Demonstrate Progress

One of DOD's key actions that led to the removal of its personnel security clearance program from our high-risk list was that DOD was able to demonstrate its progress in having implemented corrective measures. Longstanding backlogs and delays in the clearance process led to our initial designation of this area as high risk. For example, in 2004, we testified that from fiscal year 2001 through fiscal year 2003, the average time for DOD to determine clearance eligibility for industry personnel increased by 56 days to over 1 year.¹⁷ In 2005, we reported that DOD could not estimate the full size of its backlog, but we identified over 350,000 cases exceeding established timeframes for determining eligibility.¹⁸ Moreover, in 2007 and 2009, we reported that clearances continued to take longer than the timeliness goals prescribed in IRTPA.¹⁹ In 2011, we reported that DOD processed 90 percent of initial clearances in an average of 49 days for federal civilians, military, and industry

¹⁷ GAO, *DOD Personnel Clearances: Preliminary Observations Related to Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel*, GAO-04-202T (Washington, D.C.: May 6, 2004).

¹⁸ High-Risk Series: An Update. GAO-05-207. Washington, D.C.: January 2005.

¹⁹ IRTPA required agencies to make a determination of eligibility for a clearance on at least 80 percent of all applications within an average of 120 days after the date of receipt of the application, with a maximum of 90 days allotted for the investigation and a maximum of 30 days allotted for the adjudication by no later than December 17, 2006. We found that clearances in 2007 for DOD industry personnel took an average of 325 days to complete. We also found that the application-submission phase averaged 111 days for industry personnel seeking initial top secret clearances, but the government goal is 14 days. In the investigation phase, we found that it took an average of 286 days for initial clearances—compared with the goal of 180 days—and 419 days for clearance updates for the 2,259 industry personnel who were granted clearance eligibility in January and February 2006. GAO, *High-Risk Series: An Update*, GAO-07-310 (Washington, D.C.: January 2007). In our 2009 high-risk update, GAO-09-271, we noted that DOD made significant progress toward meeting statutory timeliness goals for initial clearances. In December 2008, we reported that a sample of initial DOD clearances completed in fiscal year 2008 took an average of 87 days.

personnel and met the 60-day statutory timeliness objective for processing all initial clearances in fiscal year 2010. Also we found that DOD completed 90 percent of initial clearances for industry personnel in an average of 63 days for all the data we reviewed in fiscal year 2010,²⁰ demonstrating an improvement from what we found in 2004, when the average processing time for industry personnel was over a year.

Our high-risk designation was based not only on problems with timeliness but also incomplete documentation of investigations and adjudications. We reported on missing documentation in investigative reports prepared by OPM that DOD adjudicators had used to make clearance eligibility decisions. In 2009, we estimated that 87 percent of about 3,500 OPM investigative reports provided to DOD in July 2008 were missing required documentation, which in most cases pertained to residences, employment, and education. DOD adjudicators granted clearance eligibility without requesting missing investigative information or fully documenting unresolved issues in 22 percent of DOD's adjudicative files. These findings led us to recommend that OPM and DOD, among other things, develop and report metrics on completeness and other measures of quality for investigations and adjudications that address the effectiveness of the new procedures. DOD agreed and implemented our recommendations regarding adjudication. OPM neither concurred nor nonconcurred with our recommendation; however, as noted earlier, OPM has taken steps to develop metrics.

Subsequently, DOD developed two quality tools to evaluate completeness of documentation used to determine clearance eligibility. First, the Rapid Assessment of Incomplete Security Evaluations (RAISE) tracks the quality of investigations conducted by OPM. Results of RAISE will be reported to the Director of National Intelligence, which, as the Security Executive Agent of the Performance Accountability Council, will arbitrate any potential disagreements between OPM and DOD and clarify policy questions. DOD deployed RAISE to four Central Adjudication Facilities from July to October 2010 and planned to complete deployment to the remaining Central Adjudication Facilities by calendar year 2011. According to DOD officials, as of June 2012 this tool has been deployed to all of DOD's non-intelligence agencies adjudication facilities. Although the Joint Reform Team is considering using it in the future, it is not being

²⁰ GAO-11-278.

used by other executive agencies. Second, in 2008 DOD developed the Review of Adjudication Documentation Accuracy and Rationales (RADAR), which tracks the quality of clearance adjudications. In 2009, the Under Secretary of Defense for Intelligence directed DOD Central Adjudication Facilities to provide adjudication case records to the Defense Personnel Research Center for analysis. According to DOD officials, the department plans to use results of the RADAR 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 RADAR and began its implementation for the Army, Defense Industrial Security Clearance Office, and Navy Central Adjudication Facilities in September 2010. In addition to these assessment tools, in 2010 DOD, OMB, ODNI, and OPM developed 15 metrics that assess the timeliness and quality of investigations, adjudications, reciprocity, and automation. The quality metrics, in turn, can be used to gauge progress and assess the quality of the personnel security clearance process. These metrics represented positive developments that could contribute to greater visibility over the clearance process.

Having assessment tools and performance metrics in place is a critical initial step toward instituting a program to monitor and independently validate the effectiveness and sustainability of corrective measures. The combination of congressional reporting requirements, the strategic framework, and the development of quality metrics, will help ensure transparency throughout the reform effort. It is important not only to have metrics but to use them to guide implementation. By using metrics for timeliness, DOD was able to show progress over time that helped build momentum to reach the final goal.

**Continuing Executive
Branch Leadership
and Management
Attention May
Enhance the Security
Clearance Reform
Efforts**

DOD's security clearance reform effort aligned with our criteria for removal from the high-risk list in fiscal year 2011. However, security clearance reform extends beyond DOD throughout the executive branch. This is evidenced by the oversight structure, through the Performance Accountability Council, and broad executive branch participation in the reform effort. Building on the factors for reforming the security process that we have reported in the past, continued leadership and attention, such as continuing to monitor and update outcome-focused performance measures, seeking opportunities to enhance efficiency and managing costs, and ensuring a strong requirements determination process, may enhance the security clearance reform effort.²¹

**Implementing, Monitoring,
and Updating Outcome-
Focused Performance
Measures**

DOD has developed tools to monitor quality as well as participated in the development and tracking of quality metrics for OPM's investigations and DOD's adjudications through the Performance Accountability Council. We view the development of quality metrics as a positive step towards creating greater visibility over the quality of the clearance process and identifying specific quantifiable targets linked to goals that can be measured objectively. Moreover, leaders and others need to use these metrics to gauge progress toward improvements. Further, the development of performance measures related to the security clearance process by the Performance Accountability Council aligns with our previous recommendation to develop outcome-focused performance measures to continually evaluate the progress of the reform effort.²² We have also previously reported on the importance of continually assessing and evaluating programs as a good business practice, including evaluating metrics to help ensure that they are effective and updated when necessary.²³ As a result, it is important to sustain the momentum of the reform and that DOD and OPM complete implementation of the

²¹ GAO, *Personnel Clearances: Key Factors for Reforming the Security Clearance Process*, GAO-08-776T (Washington, D.C.: May 22, 2008).

²² GAO, *Personnel Security Clearances: An Outcome-Focused Strategy Is Needed to Guide Implementation of the Reformed Clearance Process*, GAO-08-485 (Washington, D.C.: May 19, 2009).

²³ GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

quality tools and metrics so that the executive branch can demonstrate progress in improving the quality of investigations and adjudications.

Leaders of the reform effort have consistently stated that implementation of reform will be incremental, and therefore, it is important that the information necessary to capture performance is up-to-date. The Performance Accountability Council quality metrics were developed subsequent to the issuance of the 2010 Strategic Framework, which articulates the goals of the security and suitability process reform. As a result, the 2010 Strategic Framework did not include a detailed plan or guidance for the implementation of the quality metrics. Further, the May 31, 2010 memorandum in which the Performance Accountability Council detailed its metrics did not discuss how often the metrics will be reexamined for continuous improvement. Moreover, according to DOD, the tools and metrics to assess quality have not been fully implemented. For example, while DOD has implemented its RAISE tool for investigation quality, it is not being used by other executive branch agencies—including OPM, which conducts the investigations and would be the appropriate agency to take actions to improve investigation quality—although the Joint Reform Team is considering using it in the future. Without these tools and metrics the executive branch will be unable to demonstrate progress in improving quality.

Emphasis on quality in clearance processes should promote positive outcomes, including more reciprocity among agencies in accepting each others' clearances. Building quality throughout clearance processes is important, but government agencies have not paid the same attention to quality as they have to timeliness. The emphasis on timeliness is due in part to the requirements and objectives established in IRTPA regarding the speed with which clearances should be completed. Our work has repeatedly called for more emphasis on quality.

As previously noted, IRTPA required an annual report of progress and key measurements as to the timeliness of initial security clearances in February of each year from 2006 through 2011. It specifically required those reports to include the periods of time required for conducting investigations, adjudicating cases, and granting clearances. IRTPA required the executive branch to implement a plan by December 2009 in which, to the extent practical, 90 percent of initial clearances were completed within 60 days, on average. In its initial reports, the executive branch reported only on the average of the fastest 90 percent of clearances and excluded the slowest 10 percent. We previously reported that full visibility was limited by the absence of comprehensive reporting

of initial clearance decisions timeliness.²⁴ Consistent with our recommendation, the executive branch began reporting on the remaining 10 percent in its 2010 and 2011 reports. However, the IRTPA requirement for the executive branch to annually report on its timeliness expired last year. More recently, in 2010, the Intelligence Authorization Act of 2010 established a new requirement²⁵ that the President annually report the total amount of time it takes to process certain security clearance determinations for the previous fiscal year for each element of the Intelligence Community.²⁶

The Intelligence Authorization Act of 2010 requires, among other things, annual reports from the President to Congress that include the total number of active security clearances throughout the United States government, to include both government employees and contractors. Its timeliness reporting requirement, however, applies only to the elements of the Intelligence Community. Unlike the IRTPA reporting requirement, the requirement to submit these annual reports does not expire. Further, the Intelligence Authorization Act requires two additional one-time reports: first, a report to Congress by the President including metrics for adjudication quality, and second, a report to the congressional intelligence committees by the Inspector General of the Intelligence Community on reciprocity. The report containing metrics for adjudication quality summarizes prior information on developed tools and performance measures; however, it does not provide additional information on the implementation or update of the performance measures that were

²⁴ GAO, *Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes*. GAO-08-352T. Washington, D.C.: February 27, 2008.

²⁵ Section 367 of the Intelligence Authorization Act for Fiscal Year 2010, Pub. L. No. 111-259 (2010), established new annual reporting requirements in section 506H of the National Security Act of 1947 (50 U.S.C. § 415a-10).

²⁶ The Intelligence Community comprises 17 components: the National Security Agency, National Geospatial-Intelligence Agency, National Reconnaissance Office, Defense Intelligence Agency, Army Intelligence, Navy Intelligence, Marine Corps Intelligence, Air Force Intelligence (Air Force Intelligence, Surveillance, and Reconnaissance), Office of the Director of National Intelligence, Central Intelligence Agency, Department of Homeland Security (Office of Intelligence and Analysis), Department of State (Bureau of Intelligence and Research), Department of the Treasury (Office of Intelligence and Analysis), Federal Bureau of Investigation (National Security Branch), Drug Enforcement Agency (Office of National Security Intelligence), U.S. Coast Guard (Intelligence and Criminal Investigations), and Department of Energy (Office of Intelligence and Counterintelligence).

identified in the May 2010 memorandum on quality metrics. Additionally, according to an ODNI official, the report on reciprocity has not been provided, although these reports were required 180 days after the law was enacted on Oct 7, 2010.

The Intelligence Authorization Act of 2010 reporting requirement on reciprocity—an agency's acceptance of a background investigation or clearance determination completed by any authorized investigative or adjudicative agency—is the first time the executive branch has been required to report on this information since the reform effort began. Further, in 2010 we reported that although there are no governmentwide metrics to comprehensively track when and why reciprocity is granted or denied, agency officials stated that they routinely take steps to honor previously granted security clearances.²⁷ We found that agencies do not consistently document the additional steps they have taken prior to granting a reciprocal clearance. For example, the Navy keeps electronic documentation, the Department of Energy and the Department of the Treasury keep paper documentation, and the Army and the Air Force do not maintain any documentation on the additional steps taken to accept a previously granted security clearance. Consequently, there is no consistent tracking of the amount of staff time spent on the additional actions that are taken to honor a previously granted security clearance.

In addition, agencies do not consistently and comprehensively track the extent to which reciprocity is granted. OPM has a metric to track reciprocity, but this metric captures limited information, such as numbers of requested and rejected investigations, but not the number of cases in which a previously granted security clearance was or was not honored. Similarly, the metrics proposed by the Performance Accountability Council do not track the extent to which reciprocity is or is not ultimately honored. For example, metrics proposed by the Performance Accountability Council, such as the number of duplicate requests for investigations, percentage of applications submitted electronically, number of electronic applications submitted by applicants but rejected by OPM as unacceptable because of missing information or forms, and percentage of fingerprint submissions determined to be "unclassifiable" by the Federal Bureau of Investigation, provide useful information but do not

²⁷ GAO, *Personnel Security Clearances: Overall Progress Has Been Made to Reform the Governmentwide Security Clearance Process*, GAO-11-232T (Washington, D.C.: Dec. 1, 2010).

track the extent to which reciprocity is or is not ultimately honored. Without comprehensive, standardized metrics to track reciprocity, and documentation of the process, decision makers lack a complete picture of the extent to which reciprocity is granted and the challenges to honoring previously granted security clearances.

To further improve governmentwide reciprocity, in 2010 we recommended that the Deputy Director of Management, OMB, in the capacity as Chair of the Performance Accountability Council, develop comprehensive metrics to track reciprocity and then report the findings from the expanded tracking to Congress.²⁸ OMB generally concurred with our recommendation, stating that the Performance Accountability Council is working to develop these additional metrics. According to a 2011 report on security clearance performance metrics, the executive branch is making progress toward developing metrics to track reciprocity specifically with the intelligence community agencies.²⁹ We are encouraged by the Performance Accountability Council's development of quality metrics, which include some metrics for tracking reciprocity. These are positive steps that can contribute to greater visibility of the clearance process, but these measures have not yet been fully implemented or their effectiveness assessed.

Enhancing Efficiencies and Managing Costs

Our previous work has highlighted the importance of the executive branch enhancing efficiency and managing costs related to the reform effort. For example, in 2008, we noted that one of the key factors to consider in current and future reform efforts was the long-term funding requirements.³⁰ Further, in 2009, we found that reform-related reports did not detail what reform objectives require funding, how much they will cost, or where funding will come from.³¹ Furthermore, the reports did not

²⁸ GAO, *Personnel Security Clearances: Progress Has Been Made to Improve Timeliness but Continued Oversight Is Needed to Sustain Momentum*, GAO-11-85 (Washington, D.C.: November 19, 2010).

²⁹ Office of the Director of National Intelligence, *2011 Report on Metrics for Security Clearance Adjudication Quality* (January 17, 2012).

³⁰ GAO, *DOD Personnel Clearance: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, GAO-08-350 (Washington, D.C.: February 13, 2008).

³¹ 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).

estimate potential cost savings resulting from the streamlined process. At that time, senior reform leaders stated that cost estimates had not been completed by the Joint Reform Team or the agencies affected by reform as it was too early. Accordingly, we recommended that reform leaders issue a strategic framework that contained the long-term funding requirements of reform, among other things. Consequently, in February 2010, the Performance Accountability Council issued a strategic framework that responded to our recommendation; however, that framework did not detail funding requirements. Instead, it noted that DOD and OPM would cover costs for major information technology acquisitions.

As reform leaders, through the Performance Accountability Council, consider changes to the current clearance processes, they should ensure that Congress is provided with the long-term funding requirements necessary to implement any such reforms. Those funding requirements to implement changes to security clearance processes are necessary to enable the executive branch to compare and prioritize alternative proposals for reforming the clearance processes. For example, DOD officials told us that it was unable to conduct quality assessment of adjudications during fiscal year 2011 due to lack of funding. In addition, DOD officials noted that the department is using its tool to assess the quality of investigations. However, there is no evidence that this tool is being used by other agencies to assess the quality of investigations. Given current fiscal constraints, identifying the long-term costs is critical for decision-makers to compare and prioritize alternative proposals for completing the transformation of the security clearance process. Without information on longer-term funding requirements necessary to implement the reform effort, Congress lacks the visibility it needs to fully assess appropriations requirements. We most recently reported on two areas of opportunity for which the executive branch may be able to identify efficiencies: information technology and investigation and adjudication case management and processes.³²

³² GAO, *Background Investigations: The Office of Personnel Management Needs to Improve Transparency of Its Pricing and Seek Cost Savings*, GAO-12-197 (Washington, D.C.: Feb. 2012).

Information Technology Is a
Primary Cost Driver in the
Security Clearance Process

In February 2012, we reported that information technology investments were one of OPM's background investigations programs' three main cost drivers.³³ While these investments represent less than 10 percent of OPM's fiscal year 2011 reported costs, they have increased more than 682 percent over 6 years (in fiscal year 2011 dollars), from about \$12 million in fiscal year 2005 to over \$91 million in fiscal year 2011.³⁴ Moreover, we reported that OPM's investigation process reverts its electronically-based investigation back into paper-based files. In November 2010, the Deputy Director for Management of the Office of Management and Budget testified that OPM now receives over 98 percent of investigation applications electronically, yet we observed that it is continuing to use a paper-based investigation processing system and converts electronically submitted applications to paper. OPM officials stated that the paper-based process is required because a small portion of their customer agencies do not have electronic capabilities. Furthermore, OPM's process has not been studied to identify efficiencies. As a result, OPM may be simultaneously investing in process streamlining technology while maintaining a less-efficient and duplicative paper-based process. We recommended that OPM take actions to identify process efficiencies, including its use of information technology to complete investigations, which could lead to cost savings within its background investigation processes. OPM concurred with our recommendation and commented that these actions also reinforce a Federal Investigative Services priority and that the agency will continue to map its process to achieve maximum process efficiencies and identify potential cost savings. In commenting on our final report, OPM stated in a May 25, 2012 letter to us that it is taking a number of actions that could lead to cost savings within its background investigation process. For example, OPM noted it is conducting a study of business processes identifying time savings and efficiencies for future Federal Investigative Services' business processes which will conclude by December 2013.

³³ GAO-12-197.

³⁴ For fiscal years 2005 to 2007, information technology costs were primarily for the operation and maintenance of OPM's information technology for processing background investigations; after fiscal year 2008 and beyond, according to officials information technology costs increased as a result of Federal Investigative Services' modernization effort, known as EPIC modernization.

Case Management and
Adjudication Process
Efficiencies Could
Reduce Duplication

In February 2012, as part of our annual report on opportunities to reduce duplication, overlap and fragmentation, we reported that multiple agencies have invested in or are beginning to invest in potentially duplicative, electronic case management and adjudication systems despite governmentwide reform effort goals that agencies leverage existing technologies to reduce duplication and enhance reciprocity.³⁵ According to DOD officials, DOD began the development of its Case Adjudication Tracking System in 2006 and, as of 2011, invested a total of \$32 million to deploy the system. The system helped DOD achieve efficiencies with case management and an electronic adjudication module for secret level cases that did not contain issues, given the volume and types of adjudications performed. According to DOD officials, after it observed that the Case Adjudication Tracking System could easily be deployed to other agencies at a low cost, the department intended to share the technology with interested entities across the federal government. For example, the Department of Energy is piloting the electronic adjudication module of DOD's system, and, according to DOD officials, the Social Security Administration is also considering adopting the system. In addition to DOD, Department of Justice officials said they began developing a similar system in 2007 at a cost of approximately \$15 million. In an effort to better manage the adjudication portion of the suitability and security clearance process, agencies have transitioned or plan to transition from a paper-based to an electronic adjudication case-management system. Although the investment in electronic case-management systems will likely lead to process efficiencies, agencies may not be leveraging adjudication technologies in place at other executive branch agencies to minimize duplication.

Five other agencies are also developing or seeking funds to develop systems with similar capabilities.³⁶ With multiple agencies developing individual case-management systems, these agencies may be at risk of duplicating efforts and may fail to realize cost savings. DOD officials suggested that opportunities may exist to leverage their case-management technology. However, DOD officials explained that agencies

³⁵ GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012).

³⁶ One of these other agencies, the National Reconnaissance Office, is itself a component of DOD.

would have to initially invest approximately \$300,000 for implementation, plus any needed expenditures related to customizations, and long-term support and maintenance, which could require approximately \$100,000 per year.

Officials from OPM, one of the five other agencies developing or seeking funds to develop similar systems, explained that they plan to develop an electronic case-management system that is synchronized with its governmentwide background investigations system that would be available for their customer agencies to purchase. OPM released a request for information to evaluate the options for this system. DOD responded to OPM's request for information by performing a comparative analysis of its own case-management system and said that it believes its system meets the needs set out in OPM's request for information. However, OPM officials said that DOD's system would cost too much money for smaller agencies to adopt, so OPM plans to continue exploring other options that would allow customer agencies access to their electronic case-management system without the need to make an expensive initial investment. Additionally, OPM officials said that their effort is intended to promote process efficiency by further integrating OPM with its more than 100 customer agencies. However, some OPM customer agencies, including DOD, which makes up approximately 75 percent of OPM's investigation workload, expressed concern that such a system would likely be redundant to currently available case-management technology. Further, any overhead costs related to the development of an OPM system would be incorporated into OPM's operating costs, which could affect investigation prices.

The investment in electronic case-management systems aligns with the reform effort's goal to automate information technology capabilities to improve the timeliness, efficiency, and quality of existing security clearance and suitability determinations systems. It also will likely lead to process efficiencies; however, agencies may be unclear how they might achieve cost savings through leveraging adjudication technologies in place at other executive branch agencies. In its March 2009 Enterprise Information Technology Strategy, the Joint Reform Team stated that agencies will leverage existing systems to reduce duplication and enhance reciprocity. Moreover, the Performance Accountability Council is positioned to promote coordination and standardization related to the suitability and security clearance process through issuing guidance to the agencies. The reform effort's strategic framework includes cost savings in its mission statement, but this framework lacks specificity regarding how agencies might achieve cost savings. Without specific guidance, the

opportunities to minimize duplication and achieve cost savings may be lost. Therefore, in 2012 we recommended that OMB as the Chair of the Performance Accountability Council expand and specify reform-related guidance to help ensure that reform stakeholders identify opportunities for cost savings, such as preventing duplication in the development of electronic case management. OMB concurred with our recommendation.³⁷

A Sound Requirements Process for Determining Required Clearances and Level of Clearances May Reduce Costs

In February 2008 and in subsequent reports, we have noted the importance of having a sound requirements determination process for security clearances. Specifically, a sound requirements determination process may help ensure that workload and costs are not higher than necessary. Further, the Performance Accountability Council's reformed security clearance process identified determining if a position requires a security clearance as the first step of the process. Specifically, the clearance process begins with establishing whether a position requires a clearance, and if so, at what level. The numbers of requests for initial and renewal clearances and the levels of such clearance requests are two ways to look at outcomes of requirements setting in the clearance process. As of October 2010, the Director of National Intelligence reported that 3.9 million³⁸ federal employees (military and civilian) and contractors hold security clearances. Moreover, OPM reported that its cost to conduct background investigations for much of the executive branch outside the intelligence agencies increased about 79 percent from about \$602 million in fiscal year 2005 to over \$1.1 billion in fiscal year 2011.

In our prior work, DOD personnel, investigations contractors, and industry officials told us that the large number of requests for investigations could be attributed to many factors. For example, they ascribed the large number of requests to the heightened security concerns that resulted from the September 11, 2001, terrorist attacks. They also attributed the large number of investigations to an increase in the operations and deployments of military personnel and to the increasingly sensitive technology that military personnel, government employees, and contractors come in contact with as part of their jobs. Having a large number of cleared personnel can give the military services, agencies, and

³⁷ GAO-12-197.

³⁸ These are the latest available data.

industry a great deal of flexibility when assigning personnel, but the investigative and adjudicative workloads that are required to provide clearances and that flexibility further tax the clearance process.

A change in the higher level of clearances being requested also increases the investigative and adjudicative workloads. For example, top secret clearances must be renewed twice as often as secret clearances (i.e., every 5 years versus every 10 years). More specifically, the average investigative report for a top secret clearance takes about 10 times as many investigative staff hours as the average investigative report for a secret clearance. As a result, the investigative workload increases about 20-fold. Additionally, the adjudicative workload increases about 4-fold, because in our previous work, DOD officials estimated that investigative reports for a top secret clearance took about twice as long to review as an investigative report for a secret clearance. Further, a top secret clearance needs to be renewed twice as often as the secret clearance. In August 2006, OPM estimated that approximately 60 total staff hours are needed for each investigation for an initial top secret clearance and 6 total staff hours are needed for the investigation to support a secret or confidential clearance. The doubling of the frequency along with the increased effort to investigate and adjudicate each top secret reinvestigation adds costs and workload for the government.

For fiscal year 2012, OPM's standard base prices are \$4,005 for an investigation for an initial top secret clearance; \$2,711 for an investigation to renew a top secret clearance, and either \$228 or \$260 for an investigation for a secret clearance.³⁹ As we reported in February 2012, these base prices can increase if triggered by the circumstances of a case, such as issues related to credit or criminal history checks. For example, in 2011, DOD officials stated that the prices contained in OPM's Federal Investigative Notices are not always reflective of the amount DOD actually pays for an investigation, as a result of these circumstances. Further, the cost of getting and maintaining a top secret clearance for 10 years is almost 30 times greater than the cost of getting and maintaining a secret clearance for the same period. For example, an individual getting a top secret clearance for the first time and keeping the clearance for 10 years would cost the government a total of \$6,716 in current year dollars (\$4,005 for the initial investigation and \$2,711 for the

³⁹ These billing rates are published in OPM's annual Federal Investigative Notices.

reinvestigation after the first 5 years). In contrast, an individual receiving a secret clearance and maintaining it for 10 years would result in a total cost to the government of \$228 (\$228 for the initial clearance that is good for 10 years). Requesting a clearance for a position in which it will not be needed, or in which a lower level clearance would be sufficient, will increase investigative workload and thereby costs unnecessarily. We are currently reviewing the process that the executive branch uses to determine whether a position requires a security clearance for the Ranking Member of the House Committee on Homeland Security, and the expected issuance date for this report is this summer.

In conclusion, Mr. Chairman, Mr. Johnson, and Members of the Subcommittee, as evidenced by our removal of the DOD's security clearance program from our high-risk list, we are strongly encouraged by the progress that the Performance Accountability Council, and in particular, DOD, has made over the last few years. DOD has shown progress by implementing recommendations, improving overall timeliness, and taking steps to integrate quality into its processes. 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 as well as their dedicated staff. Continued oversight and stewardship of the reform efforts is the cornerstone to sustaining momentum and making future progress. As the executive branch continues to move forward to enhance the suitability and security clearance reform, the actions to monitor quality and enhance efficiency will be key to enhance the progress made on timeliness to date.

Chairman Akaka, Ranking Member Johnson, and Members of the Subcommittee, this concludes my prepared statement, and I would be pleased to answer any questions that you may have. Thank you.

For further information on this testimony, please contact Brenda S. Farrell, Director, Defense Capabilities and Management, who may be reached at (202) 512-3604. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement. GAO staff who made key contributions to this testimony include Lori Atkinson (Assistant Director), Grace Coleman, Sara Cradic, James Krustapentus, Gregory Marchand, Jilena Roberts, and Amie Steele.

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STATEMENT OF
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BEFORE THE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL
WORKFORCE, AND THE DISTRICT OF COLUMBIA
UNITED STATES SENATE

PERSONNEL SECURITY CLEARANCE REFORM: SUSTAINING PROGRESS FOR THE
FUTURE

JUNE 21, 2012

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

This Administration has made important advances in reforming the security clearance process. There is still work to be done, but federal hires, military personnel, cleared contractors, and those personnel requiring a reinvestigation have a more effective and expedient clearance experience than they did just a few years ago. These reforms have saved money by reducing lost work days and increasing productivity as employees wait less time to perform the full spectrum of their jobs, ensuring that critical national security work is completed more efficiently. Today, I would like to share some of our accomplishments and discuss our plan to sustain this progress.

Background and Progress

For many years, a backlog in the government's security clearance inventory caused tremendous problems and significant expense. In 1994, a Department of Defense (DoD) and

Central Intelligence Agency (CIA) Joint Security Commission report noted that substantial delays in processing clearances resulted in tremendous unnecessary costs, primarily due to workers waiting to perform the jobs for which they were already hired. Over the next nine years, agencies made little progress addressing the longstanding coordination problems that compromised the timeliness and quality of the process involved in obtaining a security clearance.

Recognizing the breadth and depth of this problem, Congress took action. In 2004, the Intelligence Reform and Terrorism Prevention Act (IRTPA) challenged the Federal government to address these issues, and in 2005, the Government Accountability Office (GAO) placed DoD's Personnel Security Clearance Program on its high-risk list. IRTPA required all agencies to complete 90 percent of their security clearances in an average of 60 days by December 2009.

As a result of actions the Executive Branch has taken to meet the objectives of IRTPA, the speed of the average security clearance has increased dramatically. In 2005, the government-wide average for initial clearances was 265 days, and as recently as October 2006, the backlog of pending clearance investigations over 180 days old stood still at almost 100,000 cases. By December 2009, 90 percent of the government's initial clearances were completed within the IRTPA-required timeframe of 60 days. We have consistently met the IRTPA target since and the decades-old backlog of initial investigations is now gone.

Importantly, Executive Branch reform efforts have also extended beyond timeliness. In order to align suitability and security policies and practices, and to establish enterprise information technology standards to improve efficiency and reciprocity, Executive Order 13467 established the Suitability and Security Clearance Performance Accountability Council (PAC) in 2008 to be accountable to the President for reform goals. The Executive Order also further

consolidated oversight by designating the Director of the Office of Personnel Management (OPM) and the Director of National Intelligence (DNI) as the Suitability and Security Executive Agents, respectively.

The PAC has also aggressively taken on and met many reform challenges. In concert with the goal to increase the use of information technology in making the security and suitability clearance process more efficient, applicants are using an improved electronic questionnaire for National Security Positions, investigators have increased access to electronic record repositories, OPM investigations are transmitted electronically, and the PAC has completed several promising pilots on the effectiveness of automated record checks in support of revised federal investigative standards. The PAC is currently developing an implementation plan for a five-tiered investigative model that will streamline and facilitate greater reciprocity between suitability and security investigations and determinations. And perhaps most importantly, 90 percent of security clearance determinations last quarter were completed within 46 days, an 83 percent reduction from the 2005 level—exceeding the IRTPA timeliness standard.

This significant progress, and our ongoing efforts to sustain timeliness and ensure quality, led GAO to remove DoD's Personnel Security Clearance Program from its high-risk list last year. Such impressive results are attributable to the skill and dedication of the staff at the Defense Department and the agencies representing the security and suitability communities, our partnership with GAO, effective governance, and the leadership and persistent focus of Congress, and this subcommittee in particular, on these issues.

Sustaining Progress

We met IRTPA's timeliness goals by changing long-standing practices and committing necessary resources to the goals of reform. In order to sustain this progress, we are focused on amending the investigative and adjudicative standards to make identified efficiencies permanent and supporting them with further technology improvements. Today, I would like to emphasize our progress in several critical areas within the larger plan: aligning suitability and security processes and policies; leveraging information technology solutions to improve timeliness, quality, and reciprocity; and providing oversight of and assistance to agencies that are lagging behind in security clearance reform.

- Policy Alignment. We are aligning suitability and security policies and processes to limit redundancies in our investigative and adjudicative practices. 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 August 2010, OPM and the Office of the Director of National Intelligence (ODNI) issued policy guidance to establish reciprocity between suitability determination and security clearance investigation levels. Furthermore, in August of 2011, ODNI issued a policy clarification to address discrepancies between the intelligence community and national investigation standards, and increase reciprocity between the two communities. In December 2011, OPM issued revisions to 5 CFR 731, establishing a five-year cycle of reinvestigations for persons occupying public trust positions, which aligned suitability and security clearance investigative and reinvestigation cycles. The revisions also established that separate investigations for the purpose of security clearance determinations or for holding sensitive positions are sufficient to meet that public trust reinvestigation requirement.

This alignment limited the number of investigations that individuals must undergo, but maintained continuous and up-to-date investigations for security and suitability.

- Technology Solutions. We are leveraging technology to improve timeliness and quality by converting the paper-based application processes for National Security Positions to the Electronic Questionnaires for Investigations Processing (e-QIP). This has reduced both the number of unnecessary questions that individuals are required to answer, as well as mitigating the submission of incomplete forms that would cause further delays. Notably, over 99% of clearance application submissions to OPM are now completed electronically. While this process began at OPM, the PAC is now replicating the e-QIP technology within the intelligence community. We also continue to improve reciprocity between security and suitability determinations through initiatives such as enhanced sharing of relevant investigatory data among Federal agencies. For example, OPM's Central Verification System and DoD's Joint Personnel Adjudication System are 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.
- Oversight and Assistance. In 2009, ODN1 began issuing annual letters to agencies not meeting IRTPA's timeliness goals. These letters require that those agencies at most risk establish improvement plans to address their deficiencies. In July 2010, the Security Executive Agent's Oversight Team began visiting individual at-risk agencies to provide on-site, hands-on support. As a result of this oversight and assistance, I am happy to report that 12 of the 19 agencies that initially received letters from ODN1 are now fully in compliance with the timeliness goals established under IRTPA. In 2010, OPM began

onsite evaluations of agencies' adoption of security and suitability process reforms, focusing on reciprocity, investigative and adjudicative timeliness, and automation. The 61 audits completed to date demonstrated that 23 agencies instituted appropriately reformed processes, and that 38 had more work to do. OPM helped those agencies develop corrective action plans, and is monitoring progress at six month intervals until full compliance is achieved. Since OPM began providing that assistance, 21 agencies have implemented stricter guidelines on investigation submission timeliness, 18 began working with OPM to update projections on a routine bases to improve compliance and accuracy, and 6 eliminated outdated designation processes and implemented OPM's automated Position Designation Tool.

Moving Forward

While the reform process has achieved many successes by aligning policies, leveraging technology, and providing appropriate oversight and assistance, work remains. Currently, we are finalizing revised Federal Investigative Standards. These standards will align investigations of individuals who require approval for obtaining logical and physical access, holding sensitive positions, and accessing classified information, with the separate determinations of employee suitability and contractor fitness. The standards will establish five tiers of successively higher levels of investigation and adjudications that will enable greater reciprocity of clearances among tiers of equal or lower risk level. OPM and ODNI expect to release these standards by the end of this summer.

In order to support this tiered investigative model, we also plan to issue revisions to 5CFR 732 in the near future, which will broaden positions that should be designated as national

security sensitive and update guidance regarding proper designation of national security positions. We also plan to issue revised adjudicative guidelines later this year.

Finally, we are also working to support these new policy standards with continued technology improvements. The PAC and the Executive Agents are leading and overseeing interagency working groups to establish government-wide application, investigation, and adjudication data standards. These data standards will bring the reform effort in line with the November 28, 2011 Presidential Memorandum on creating an efficient and cost effective framework for managing government records. They will enable even greater data sharing among suitability and security clearance reform partners, will facilitate improved case management, and pave the way for increased automation. Moving forward, our goals will focus on transitioning from increased electronic information sharing to greater automation, where appropriate.

In all of these efforts, we will rely on the continued efforts and partnership of the PAC, oversight of the Security and Suitability Executive Agents, cooperative leadership of Executive Branch agency heads, as well as the accountability brought to bear by GAO and this Subcommittee, to ensure that we stay on track and do not lose momentum.

Conclusion

As I've outlined here today, we have made significant progress on improving the suitability and security clearance processes. That said, work remains to sustain the progress and to realize continued efficiency improvements. This reform effort remains extremely important to me personally, as I have been involved in these improvements since 2008. They also remain a high priority for this Administration.

I would like to take a moment to thank you, Mr. Chairman, for your leadership. We will lose a key partner in your retirement, but we are proud to have accomplished so much and to have established this trajectory on your watch. We look forward to our continued work with your colleagues on the Subcommittee. I would also like to take a moment to thank the extraordinary leadership of the PAC— Ms. Elizabeth McGrath, the Deputy Chief Management Officer from the Department of Defense (and the Vice Chair of the PAC), Mr. John Berry, the Director of the Office of Personnel Management, and Mr. James Clapper, the Director of National Intelligence. They have been instrumental in this effort. With their assistance, as well as 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, and I look forward to answering your questions.

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STATEMENT BY

THE HONORABLE ELIZABETH A. MCGRATH
DEPUTY CHIEF MANAGEMENT OFFICER
DEPARTMENT OF DEFENSE

BEFORE THE

SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

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

OPEN HEARING ON SECURITY CLEARANCE REFORM

JUNE 21, 2012

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

Since co-founding the Joint Reform Team five years ago, DoD, working with the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and the Office of the Director of National Intelligence (DNI), has made significant improvements to its Department-wide personnel security clearance program. I appreciate the opportunity to share with you a number of important developments that have taken place since I last testified before this committee on this subject in November 2010. Working together, we have achieved major improvements in the timeliness of Federal background investigations and adjudications, and reduced duplication and waste through both technology enhancements and the streamlining of policy and processes. Perhaps most importantly, we established a key governance body – the Performance Accountability Council – that effectively bridges agency divides, ensures we sustain our progress and strives for even greater efficiencies for the future. Our efforts have resulted in timeliness that far exceeds goals set by Congress in the Intelligence Reform and Terrorism Prevention Act of 2004, a superior security clearance quality program, and information technology systems that enhance Department-wide capabilities and are being studied for implementation by other government agencies. Recognizing these strides, the Government Accountability Office (GAO) removed the DoD Personnel Security Clearance Process, from its High Risk List a year ago. This marked the first time that GAO has removed a DoD High Risk Area since the inception of the High Risk List in 1990.

I applaud the significant contributions that my colleagues across the interagency have made to this effort and also want to sincerely thank this subcommittee for the leadership and encouragement that you have provided over the years. Your sustained attention to this matter has been invaluable in ensuring our continued improvement. Senator Akaka, I especially want to thank you for your personal engagement on this issue and your efforts to work across the aisle to drive improvements - with Senator Voinovich, while he was here - and now with Senator Johnson.

Importance of the Personnel Security Clearance Process

A high quality and timely Personnel Security Clearance Process is important to the Department for a number of reasons. First, a high quality investigation and adjudication process for granting security clearances is a key line of defense in the safeguarding of classified materials. Second, a timely process is important because delays in processing security clearances can cause delays in placing qualified individuals

in the cleared positions that need them to accomplish our many missions. In some cases, delays may result in highly qualified applicants withdrawing themselves from consideration for positions and the government losing out on these potential key contributors to our workforce. These delays are also detrimental in that they increase the cost of and reduce the productivity of our contracted workforce. Additionally, delays can be an enormous personal inconvenience for our service members and civilian employees as lengthy wait times degrade their personal quality of life as well as their ability to participate in all aspects of their professional lives.

Role of the Performance Accountability Council

The Suitability and Security Clearance Performance Accountability Council (PAC) was chartered to ensure the goals of reform are sustained across the federal government. Established in June 2008 as part of Executive Order 13467, "Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information," the PAC is chaired by OMB's Deputy Director for Management and includes, but is not limited to, senior leaders of the executive branch agencies you see seated here today.

The advances DoD has made thus far in security clearance processing, timeliness and quality would not have been achieved without the dedication and top-down direction from the PAC. The PAC's focus on performance, quality, technological improvement, and standardization of key practices in investigation and adjudication has guided the Department's achievements I describe to you today. As the federal government's largest customer of investigations, we have worked vigorously with our partners OPM and ODNI to ensure new standards and practices in investigation and adjudication not only meet our needs for quality and timeliness, but also reflect the goal of modernizing long-outdated, cold war era formulas and provide data relevant to the norms and behaviors of a 21st century workforce. Not content to be a demanding customer, we have scoured our internal processes and standards for conducting adjudications and raised our game, vying for best-in-government timelines, while fortifying underlying quality assurance programs with improved guidance and enterprise wide technological tools. These results represent the progress possible when an agency commits to goals informed by interagency priorities and collaboration. It has been an honor to serve as the vice-chair of the PAC, and to play a role in helping to reform not only the Department's performance, but government wide clearance processes. This subcommittee, in particular, has been a champion of the PAC's work, and I am grateful for your continued emphasis on its effectiveness in realizing the benefits of reform.

Next, I'd like to discuss some specific initiatives the Department has executed in response to the priorities for clearance reform.

Timeliness Improvements

The Intelligence Reform and Terrorism Prevention Act of 2004 directs agencies to conduct adjudicative determinations in no more than 20 days. At the end of the second quarter of FY12, the average timeliness for the fastest 90% of DoD's adjudication of initial confidential, Secret, and Top Secret investigations was down to a fleet 7 days. DoD's success in improving adjudication timeliness is due in large part to the development and deployment of an electronic adjudication (e-Adjudication) capability through the DoD's Case Adjudication Tracking System (CATS). CATS was developed initially by the Army and has since been deployed across all DoD components.

As part of our interagency reform efforts, the DNI issued eAdjudication business rules for adjudicating non-issue National Agency Checks with Local Agency Checks and Credit Checks (NACLCLC). The NACLCLC is the investigation conducted on all military accessions personnel who do not require access to Top Secret classified information and all contractor personnel requiring access to Secret classified information. Between April 2011 and March 2012, 228,285 NACLCLC investigations were processed through e-Adjudication. Of these, 98,655 or 24% were able to be completed with no manual processing required in the course of adjudication, allowing our adjudicators to spend their time more effectively and efficiently on cases of greater complexity and potential risk.

CATS is gaining users in other federal agencies. The Department of Energy has adopted CATS for e-Adjudication of its clearance cases and the Social Security administration is scheduled to deploy CATS e-adjudication capability in FY13. Business rules have been approved and are being piloted within the Department for application of e-Adjudication to additional investigation types.

DoD Investigative and Adjudicative Quality Improvements

In November 2009, the Office of the Under Secretary of Defense (Intelligence) established a program called the Review of Adjudicative Documentation Accuracy and Rationales (RADAR). RADAR is DoD's assessment tool for measuring the quality of adjudicative documentation within DoD's non-Intelligence Community Central Adjudication Facilities (CAFs). In our most recent assessment, DoD exceeded its 90% compliance benchmark with 92% of adjudications evaluated meeting documentation standards.

In March 2010, Senators Akaka and Voinovich, the Chairman and then-ranking member of this subcommittee, directed GAO to develop quality measures for clearance investigations and adjudications and suggested that OMB, OPM, DoD, and DNI do the same. The subcommittee was rightly concerned that our gains in timeliness of security clearances should not be at the expense of investigative and adjudicative quality. In response to the Committee's suggestion, the DoD committed to three adjudication quality benchmarks: (1) quality of adjudicative determinations; (2) percent of adjudications reviewed and approved by certified adjudicators; and (3) percent of certified adjudicators.

GAO recommended that DoD issue guidance clarifying when adjudicators may use incomplete investigative reports as a basis for granting clearances. In March 2010, DoD established guidance for adjudicating investigations with missing or incomplete information. Later that year, DoD deployed the Rapid Assessment of Incomplete Security Evaluations (RAISE) electronic tool to assess personnel security investigation quality. RAISE is administered through CATS and, using a random sample method, flags cases to be rated and identifies investigations with missing or incomplete information. RAISE has been deployed at each of the DoD non-Intelligence Community (IC) CAFs and is being considered as a basis for standardizing investigative quality across the federal government.

To promote quality through comprehensive and standardized training of adjudicators, the DoD initiated an Adjudicator Certification Program (ACP) in July of 2010. This program became fully operational in September 2010, and DoD adjudication facilities were given two years to implement and comply with certification requirements for all personnel. As of this month, 81% of adjudicators are certified and the DoD is on target to achieve 90% certification by September 15, 2012.

Challenges for the Future

Opportunities within the reform program are many, none more compelling than the need to ensure the Executive Branch is continuing to align processes and reduce duplicative technology and investments where possible. Under Secretary Panetta's leadership, DoD continues to emphasize reducing duplication, overhead, and excess spending. Personnel across the Department are tasked with streamlining activities, instilling a culture of savings and accountability, and identifying and executing savings. These values are shared across the Federal Government.

Continuing our efforts to utilize technology also deserves our sustained support. As I have detailed, the Department has leveraged enterprise tools (eAdjudication, CATS and RAISE) to improve its internal operations, and regularly seeks to partner externally

to move closer to the vision of end-to-end automation. The PAC recognizes this as an area of future promise and is committed to identifying the next, best steps to advance our technological capabilities.

Conclusion

While much has been achieved, it remains critically important that Members of this Committee, DoD, DNI, OPM, OMB and GAO continue to collaborate on ways to deliver greater efficiencies and cost-effectiveness in background investigations and adjudications. Our sustained commitment to working together leaves me confident that we will be able to take on the challenges that lie ahead.

I want to close by again thanking you, Chairman Akaka, and this subcommittee for your attention to, and oversight of, security clearance reform over the years. Your commitment to the highest values of interagency cooperation and utmost consideration for our taxpayers, war fighters, industry partners, and civil servants has resulted in dramatic progress in our government's ability to better deliver security clearances to the people who need them without compromising national security. It is upon this foundation of success that we will strive for even greater gains in the future.



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

**STATEMENT OF
MERTON W. MILLER
ASSOCIATE DIRECTOR**

**U.S. OFFICE OF PERSONNEL MANAGEMENT, FEDERAL INVESTIGATIVE
SERVICES**

before the

**SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA, COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENT AFFAIRS, UNITED STATES SENATE**

on

SECURITY CLEARANCE REFORM: SUSTAINING PROGRESS FOR THE FUTURE

June 21, 2012

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

On behalf of Director Berry, I want to thank you for the opportunity to testify today regarding the U.S. Office of Personnel Management's (OPM) role in security clearance reform and our efforts in achieving and sustaining the tremendous progress made in the security clearance and investigation process. I am also pleased to have the opportunity to thank Chairman Akaka and this Subcommittee for their leadership in correcting a decades old problem through investigative consolidation, legislative performance goals, and supporting security clearance reform efforts. I am also pleased to have the opportunity to extend OPM's gratitude and best wishes to Chairman Akaka and thank him for his many years of service to our country.

From the beginning, OPM has been deeply committed to overhauling the security clearance process, and working closely with our partners – the Office of Management and Budget (OMB),

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Associate Director
U.S. Office of Personnel Management, Federal Investigative Services

June 21, 2012

the Office of the Director of National Intelligence (ODNI), and the Department of Defense (DOD) – to implement reforms that improved timeliness, efficiency, and quality of the security clearance and investigation process. Today, OPM’s background investigation program’s performance is strong, as demonstrated by years of providing timely and quality products to our customer agencies. We have no backlogs, are meeting timeliness mandates, and have increased automation. OPM looks forward to continuing our partnerships and improving on our successes as we shift towards executing our executive agent responsibilities.

OPM’s Efforts and Accomplishments to Provide Timely, High-Quality Investigations and Implementing Security Clearance Reform as a Member of the Suitability and Security Clearance Performance Accountability Council (PAC):

Investigation Timeliness: OPM’s background investigation program has unfailingly met timeliness and quality expectations for our customers – while consistently meeting the challenges of an ever-growing investigative workload (since FY 2005, our workloads have increased significantly – 26 percent increase in top secret investigations, 21 percent for secret/confidential investigations, and 144 percent in top secret reinvestigations). During this same period, we also eliminated an inherited backlog. Yet, we met and exceeded the government-wide timeliness goals mandated in the Intelligence Reform and Terrorism Prevention Act of 2004, and have sustained this level of performance to date.

Type of Investigation	FY 2005	FY 2012 to date (June 1, 2012)	Percent Improved since 2005
All Initial Security Investigations	145 days	36 days	75%
Top Secret / Q	308 days	72 days	77%

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Secret/Confidential / L	115 days	31 days	73%
Reinvestigations for Top Secret / Q	419 days	93 days	78%

By improving investigation timeliness and eliminating backlogs, OPM has enabled agencies to put people to work more quickly, thereby saving the Federal government billions of dollars.

Investigation Quality: The quality of our investigation program remains a top priority – as demonstrated by years of meeting PAC quality metrics and supported by continued reform enhancements. We ensure the quality of our investigation products by actively pursuing feedback from our customer agencies and maintaining a robust internal quality control process. In addition, we have incorporated reform initiatives into our process, such as aligning our existing investigative products with the proposed tiered investigation model. This simplified approach has streamlined processes and promotes reciprocity throughout the Federal government. We enhanced the quality of our investigative products by implementing an updated electronic Standard Form 86, which collects more information up front from the applicant and targets issue information for expansion, and implemented enhanced subject interview techniques. Additionally, we have partnered with ODNI to create an inter-agency Quality Assessment Working Group to establish Federal quality measures and standards for evaluating investigative products. These key reform enhancements promote quality by using investigative resources more effectively and efficiently and providing agencies with relevant adjudicative information to make critical security clearance decisions.

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Reform Initiatives: OPM continues to work closely with members of the PAC to reform the security clearance and investigation process. The following highlights some of the initiatives that have been successfully implemented over the past couple years and the areas benefited from these initiatives.

- 1) Reciprocity. Today, reciprocity is fully enabled with relevant security clearance, suitability, and identity data shared across the Federal government. By implementing an automated position designation tool and expanding the data stored in the Central Verification System (CVS), agencies can more accurately determine the proper level of investigation to be conducted. By building a pass through to DOD's Joint Personnel Adjudication System, CVS is the standard for clearance validation for most of the Federal government.
- 2) Electronic Application. OPM's Electronic Questionnaires for Investigations Processing (e-QIP) is the gold standard for electronic application throughout the Federal government. Statistics show the system improves the quality of agency submissions and speeds the initiation of the investigation process. Currently, OPM receives over 99 percent of all security investigation requests through e-QIP, with many agencies, such as DOD and OPM, at 100 percent. In addition, we continue to work with other investigation service providers to implement e-QIP in their organizations. Specifically, we enabled e-QIP pass-through use for other agencies with delegated investigative authorities and provided the source code to allow the intelligence community to replicate e-QIP on their classified systems.

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- 3) *Investigation Process*. OPM has fully aligned our current investigative products with all aspects of the reformed investigative model supported by current policies, and following a detailed cost assessment, are poised to implement the new Federal investigative standards. In addition to aligning our existing investigation products with the tiered model and enhanced investigation techniques, we have taken additional steps to streamline and improve the investigation process. For example, we have added additional agency checks, such as Social Security number and CVS records, and have migrated previously manual record checks for criminal history and birth verification to automated checks.
- 4) *Agency Adjudications*. OPM enhanced investigative delivery processes that have supported electronic adjudication methods and reduced agency adjudication timeliness. OPM revised our case seriousness coding and incorporated the use of machine-readable coding, known as XML tagging, into portions of the investigation product to aid the electronic adjudication process. OPM expanded the use of electronic delivery of completed investigations to our customer agencies, delivering over 3.2 million investigations to 53 participating agencies. OPM also developed and implemented PAC-approved standardized suitability adjudicator training, thereby promoting the consistent application of adjudication standards across government and reciprocal acceptance of agency suitability decisions.

OPM's Workforce Planning and Other Strategies to Ensure an Effective Investigative Staff

OPM currently manages a balanced nation-wide Federal and contract workforce to provide a flexible, responsive, and cost-effective investigative program. Our core Federal investigator

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presence permits us to appropriately manage highly sensitive and inherently governmental investigative requirements while our contractor presence permits us to expand and contract operations as the workload numbers and locations dictate. OPM has expanded the pool of contractors who have the capability to conduct background investigations which has driven meaningful competition providing us the best possible price.

Our strategies to ensure an effective investigative staff includes targeted training enhancements, realigned quality structured organization, and automated tools and system support. OPM co-chaired the PAC Training Subcommittee to develop core competencies, skill standards, and training objectives for background investigators and security/suitability adjudicators that were approved by the PAC as the national training standards. The Suitability and Security Executive Agents will inform the Executive Branch agencies of the national standards.

At OPM, we transformed our National Training Center into a professional cadre of certified instructors and instructional system specialists who develop and provide core training and professional development to our investigative staff, contractors, and other agencies. OPM implemented an automated Learning Management System that provides online training capabilities. Finally, we are in the process of obtaining accreditation for our basic Background Investigator and Suitability Adjudicator training programs through the Federal Law Enforcement Training Accreditation. Upon accreditation, we will have the first and only Federally accredited personnel security investigation training program in the country.

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Enhanced Investigatory Capabilities and Improvements to Information Technology

In addition to our certified training program, OPM is working on other initiatives that will enhance the content of our investigations. OPM is co-chairing a number of Executive Branch working groups aimed at implementing the new Federal investigative standards. This includes developing data standards for consistent formatting of investigative results and data sharing; developing quality expectations and measures for the revised standards; and identifying best-practices for enhanced investigative capabilities across the investigations enterprise. We are also exploring social media information for investigative leads and data mining benefits and standardizing investigative policy across the Executive Branch.

In addition, OPM will continue to work with Federal, State, and local record providers to streamline collection methods and identify information that will enhance the content of the investigation. We are also developing automated solutions that will aid our investigators in preparing for interviews and reporting the results. OPM will also continue our efforts to streamline processes through our Business Process Reengineering Effort where we will map future “to-be” processes to take full advantage of future information technology capabilities.

OPM is also engaged in the transformation of our EPIC¹ suite of automated tools. The goals of the EPIC transformation are to improve the timeliness and quality of the investigation process, enable standardization, support reform, and protect and secure investigation information.

¹ The EPIC acronym is derived from the names of four critical systems: E – “e-QIP”; P – “Personnel Investigations Processing System”; I – “Imaging”; and C – “CVS”.

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June 21, 2012

The EPIC transformation includes platform enhancements to update hardware and software, implement an event driven architecture, and use relational database functionality to increase system flexibility. As we progress through the modernization project, with the completion of each release, our capabilities and efficiencies are enhanced, contributing directly to improved investigative timeliness and cost savings. OPM is on track to complete the EPIC transformation by 2014, giving us the technical agility and flexibility needed to sustain timeliness and quality and to keep pace with changing investigative program demands.

The Way Forward

I am extremely proud of the progress OPM has made in reforming the investigations program. Through our joint partnership with OMB, ODNI, and DOD, we have successfully worked through and overcome many challenges, including: consolidating and aligning the background investigations program; balancing workforce requirements; eliminating significant workload backlogs; satisfying aggressive timeliness requirements; professionalizing training; monitoring performance; developing advanced automation; and reforming processes to enhance quality.

Across the Executive Branch, reform has enjoyed the leadership of the PAC, with specific support of the PAC subcommittees, the Joint Reform Team, and the Executive Branch working groups that have worked to establish and operationalize the Joint Security and Suitability Reform process. It is because of these important partnerships that I can speak with full confidence about the future of the investigations program and the security and suitability process.

Thank you for the opportunity to testify today, and I look forward to answering your questions.

UNCLASSIFIED STATEMENT FOR THE RECORD

ON SECURITY CLEARANCE REFORM

FOR THE

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

SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS



MR. CHARLES B. SOWELL

DEPUTY ASSISTANT DIRECTOR FOR SPECIAL SECURITY, OFFICE OF THE
DIRECTOR OF NATIONAL INTELLIGENCE

JUNE 21, 2012

Introduction

Chairman Akaka, Ranking Member Johnson, 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 – the Department of Defense (DoD), the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) – who together work to ensure that improvements to timeliness, quality, and reciprocity are institutionalized and sustained.

Director Clapper continues to give extensive time and attention to this effort, and he recognizes that his role as Security Executive Agent (SecEA) is key to continuing the significant progress we have made in transforming the end-to-end security clearance process across the Federal Government. Clearance reform truly remains one of his top priorities.

We greatly appreciate the strong bipartisan support this initiative has received from this subcommittee, particularly Senator Akaka during your tenure as Chairman, and look forward to continuing our partnership with this committee and our fellow agencies across the Government to ensure further success.

Today I would like to focus my remarks on the Office of the Director of National Intelligence's (ODNI) efforts and accomplishments as the SecEA to implement comprehensive security clearance reform, highlight best practices in the Intelligence Community's (IC) clearance process that can be applied government-wide, and discuss some remaining challenges in standardizing policies and practices.

Accomplishments as the Security Executive Agent

Over the past two years, we have focused our efforts on institutionalizing the DNI's responsibilities as Security Executive Agent for the Government. In August 2011, we issued a policy clarification to eliminate discrepancies between intelligence community and national investigative standards, which immediately eliminated redundancy and improved government-wide reciprocity. In March 2012, the DNI issued Security Executive Agent Directive 1 (SEAD 1), a landmark publication, applicable US Government-wide, which provides a clear and comprehensive description of the SecEA's authorities and responsibilities. SEAD 1 applies to all departments and agencies performing investigations or adjudications of persons proposed for eligibility to hold a sensitive position whether or not requiring access to classified information. The ODNI also led the inter-agency efforts to revise the National Security Adjudicative Guidelines which we expect to issue later this year.

Through his Security Executive Agent responsibilities, the DNI continues to support the Suitability and Security Clearance Performance Accountability Council's (PAC) goals of aligning security and suitability, and improving quality, timeliness and reciprocity. Our most mature oversight function is tracking and reporting security clearance timeliness data from agencies across the Government. Based on this data, the DNI began issuing annual letters in 2009 to departments and agencies not meeting the timeliness goals required by IRTPA for initial clearances. Over the past year we have refined our annual letters and added periodic reinvestigation timeliness and backlog numbers to assist agencies to focusing on those critical areas.

In January 2012, the DNI sent letters to 46 departments and agencies addressing their 2011 performance. Twenty-two agencies met the timeliness goals for all of 2011, nineteen agencies met the goals for some of the year, and only five agencies did not meet the goals and were directed to provide improvement plans. Of particular note, four of the five agencies which did not meet the goals in 2011 actually improved their performance throughout the year which demonstrated their commitment and progress. The military services, the Departments of Commerce, Energy, State, Transportation, Treasury and Veterans Affairs, OPM, Federal Bureau of Investigation, and National Security Agency are among the organizations that met the goals for all of 2011. I also want to highlight the Defense Security Service's Defense Industrial Security Clearance Office (DISCO), which met its timeliness goals for industry for the first time ever in 2011 and has continued to meet the goals for the past year.

DISCO's improved performance is tied to DoD's automated Case Adjudication Tracking System (CATS) which electronically adjudicates clean cases at the Secret level. This award-winning tool is a great example of DoD's powerful innovative capabilities to use automation for a more efficient allocation of adjudicative resources. DoD's efforts to share its automated adjudicative capability with other government agencies demonstrates government partnering at its best.

The dedicated oversight and assessment from this committee, the Government Accountability Office, the Security and Suitability Executive Agents, the PAC and the individual agencies and departments have combined to dramatically improve the government-wide average for initial clearances from 265 days in 2005 to 46 days in the

second quarter of FY 2012. We believe this is a clear demonstration of the power of partnership.

In addition to his oversight role, the DNI believes we must be responsive to department and agency emerging requirements and constrained resources. We hold quarterly Security Executive Agent Advisory Committee meetings with representatives from across the Government where we share ideas, best practices, and update each other on key policy, technology and training initiatives. We rotate these meetings throughout the Washington area with individual agencies hosting them. Past hosts include the State Department and Defense Security Service, and the Central Intelligence Agency is hosting our next meeting later this month.

Several agencies have approached the SecEA for guidance on using publicly available social media in the background investigation process. We have formed a working group to explore this issue and provide recommendations that will protect privacy and civil liberties while allowing the use of this emerging source of data; a SecEA Directive has also been drafted for coordination throughout the community. We have formed a working group to establish national level reporting requirements for individuals who are eligible or granted access to classified information. Working with our partners throughout both the IC and all of Government, we will standardize the way people report issues like foreign travel.

OPM is a critical partner, as the Suitability Executive Agent and largest investigative services provider for the Government. In August 2010, the ODNI and OPM jointly issued policy guidance which aligned suitability determination and security clearance investigation levels, essentially establishing reciprocity among them. The

ODNI and OPM have co-chaired the inter-agency Federal Investigative Standards (FIS) Working Group, tasked with revision of the FIS to align security and suitability investigations. Last month OPM and ODNI partnered to establish the FIS Implementation Working Group (FISIWG) that includes participation by all federal agencies with investigative authority. The FISIWG will collaboratively develop a high-level project plan, implementation strategy and timelines, deliverables and follow-on activities required for phased implementation of the revised Standards across the Federal Government. We are working with OPM to revise Background Investigator Training Standards to standardize training for background investigations, as well as Security and Suitability Adjudicator Training Standards. These training programs have been endorsed by the Performance Accountability Council. In the future, OPM and the ODNI will conduct joint assessments of agencies with suitability and security clearance investigation and adjudication authority. Our strong partnership will help us implement the reformed security clearance process and continue to make further improvements.

There is still work to do. We continue to focus on ensuring reciprocal acceptance of existing security clearances between agencies. To that end, we have put in place a reciprocity web page hosted on the SecEA Website that provides education and awareness, a checklist of exceptions, policy references, and examples of non-reciprocity issues. Another reciprocity initiative is the effort to document all DoD collateral clearances in Scattered Castles (SC); further, SC now includes fields that better support reciprocity. Measuring reciprocity is difficult, and despite an abundance of anecdotes, real data is hard to come by. To address this problem, we are developing a web-based form for individuals to submit their experience with reciprocity issues to the ODNI. This

will allow us, for the first time to collect empirical data, perform systemic trend analysis, and assist agencies with achieving workable solutions.

We have partnered with numerous industry associations to identify and address long-standing reciprocity issues. Industry is uniquely affected by reciprocity problems, and they have provided key insight to understanding the potential impact of a variety of SecEA efforts to make improvements. The ODNI is also a member of the National Industry Security Program Policy Advisory Committee (NISPPAC) and we have recently briefed our fellow members on the reciprocity website and web-based form initiative.

Best Practices in the IC Applicable Government-wide

One of the best practices in the IC security clearance process that can be applied government-wide is the continuous monitoring of cleared personnel, such as the program that NSA has implemented. Personnel security and CI professionals from NSA collaborate on initiatives to improve the timely detection of potential insider threats. Automated record checks are used to make re-evaluations more cost-effective, reduce adverse impact on agency resources and facilitate agency monitoring of employee conduct between standard reinvestigation cycles. Potential CI threats or associations are identified for further investigation.

As previously mentioned, the IC is exploring the use of social media in the clearance vetting process. An inter-agency working group is developing a recommendation to the SecEA for a government-wide social media policy and implementation strategy to use open source publically available electronic information to enhance security vetting, while respecting individual privacy and civil liberties. We are also reviewing data from government agencies and industry vendors suggesting potential

value in publically available electronic information on the internet. Several IC agencies are considering initiatives to conduct pilots involving checks of social media sites to determine cost-benefit. We expect to have a final recommendation to SecEA on government-wide applicability by December 2012.

Challenges in Developing Standardized Policies and Procedures Relating to the Security Clearance Process

Different formats of electronic and paper-based record systems at the federal, state and local levels, individual agency information protection policies and technology limitations pose some of the biggest challenges to improving further the security clearance process. To address these challenges, the PAC is re-establishing the Records Repository Working Group (RRWG) which will focus on improving information sharing and records exchange. In addition, the ODNI has formed a Data Standards Working Group (DSWG) with membership including all investigative service providers and agencies that conduct or adjudicate background investigations. The group is creating a standard by which all investigative data can be exchanged between organizations electronically. This achieves a number of purposes, including:

- Standardization of electronic data format and XML tagging of security background information
- Easy electronic transfer of data for reciprocity, reinvestigation, and adjudication
- Increased capability to use electronic adjudication
- Electronic (versus paper) storage of security “jackets”
- Reduction in the labor, time, and cost associated with rekeying and transporting physical files

In addition to benefiting the broader Government, as the IC moves ahead with its Information Technology Enterprise initiative, opportunities to leverage the work of the DSWG will abound.

Conclusion

Director Clapper is intent on creating a strong, effective Security Executive Agent capability for improvement of Government operations and efficiency. We hope the initiatives we have outlined demonstrate that.

Mr. Chairman, on behalf of Director Clapper, we appreciate your exceptional leadership on, and dedication to, security clearance reform. I hope our collective efforts and successes give you reassurance that time and energy you have devoted to this important national security capability has been very well spent. We look forward to continuing the partnership with our fellow agencies and this Subcommittee as we continue to strengthen our clearance processes in defense of the nation.

