

STATEMENT OF

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before the

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on

Federal Security: ID Cards and Background Checks

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Chairman Towns and Members of the Subcommittee, it is my privilege to testify today on behalf of the Office of Personnel Management (OPM) on the implementation of Homeland Security Presidential Directive 12 (HSPD-12) and the status of the background investigation process.

When President George W. Bush issued HSPD-12 on August 27, 2004, he said the policy of the United States is to enhance security, increase Government efficiency, reduce identity theft, and protect personal privacy by establishing a mandatory, Government-wide standard for secure and reliable forms of identification issued by the Federal Government to its employees and contractors. OPM Director Linda Springer takes that direction seriously and has included in OPM's Strategic and Operational Plan specific goals to ensure OPM provides the guidance and support the agencies need to implement the requirements HSPD-12.

Background

OPM's mission is to ensure the Federal Government has an effective civilian workforce. To accomplish this mission, OPM provides background investigation products and services to Federal agencies to assist them in making decisions relating to identity, suitability, and security clearances. In Fiscal Year 2007, OPM conducted over two million investigations on Federal applicants, employees, military members, and contractor personnel, including almost 300,000 National Agency Checks with Written Inquiries (NACI), the minimum investigation required for identification purposes. The division at OPM responsible for conducting background investigations is the Federal Investigative Services Division (FISD).

The Investigation Process

The HSPD-12 process begins with the agency initiating the National Agency Check with Written Inquiries (NACI) or other OPM or National Security investigation required for Federal

employment. The National Agency Check (NAC) portion of any background investigation includes searches of the investigation databases maintained by OPM, the Department of Defense (DOD), and the FBI, and the fingerprint-based national criminal history check. The agency may issue an interim PIV card after the fingerprint check has been completed. OPM provides agencies with the option to receive the results of the fingerprint check or National Agency Checks in advance of the completed investigation. These services are available to all agencies whether they submit hardcopy or electronic fingerprints.

In Fiscal Year 2007, OPM received 285,000 requests for NACI level investigations – an increase of 40% from Fiscal Year 2006 levels, primarily attributed to implementation of HSPD 12. For the most part, the NACIs are processed through our automated system – the Personnel Investigation Processing System (PIPS). The system includes standard electronic processes for the exchange of information between OPM and Federal, State, and local record systems. It also generates letters of inquiry to former employers, supervisors, educational institutions, and other references to identify potential suitability or security concerns. Returned responses are processed using Optical Mark Reading technology.

The advanced fingerprint checks and full investigation results may be sent to the requesting agency electronically as well. Given the automated nature of the NACI level investigation, the overall impact to OPM's investigations program has been minimal and we have successfully expanded our Federal and contractor workforce to process the additional workloads generated by HSPD 12 without negatively impacting our other national security workloads.

This increased workload did, however, have an impact on the number of record searches requested from Federal, State, and local record providers. We have been working closely with them to increase their processing capacity, automate information exchange processes when possible, and improve the time required to obtain search results.

Adjudication Guidance

OPM is responsible for developing adjudication guidelines for these investigations. On December 18, 2007, OPM issued interim credentialing standards for Federal departments and agencies to use when determining whether to issue or revoke personnel identity verification (PIV) cards to their employees or contractor personnel. Agencies have been asked to review this guidance, assess the impact of implementation and identify any issues yet to be resolved. An interagency working group will be established to address agencies' concerns prior to issuing final standards.

Status of the security clearance and investigation process

The Intelligence Reform and Terrorism Prevention Act of 2004 set timeliness requirements for the initial security clearance and investigation process. To ensure these goals are met, OPM worked closely with the Office of Management and Budget and the security clearance granting

agencies to establish goals for each phase of the process: workload projections, agency submission of investigation requests, the investigations process, and agencies' adjudications processes. Significant progress has been made in these areas to improve the overall timeliness of investigations and adjudications, and we are continuing to work aggressively to resolve any issues that may delay security clearance determinations.

Timeliness and quality of agency submissions of investigations: The first step in improving the timeliness of the investigation and security clearance process is timely and accurate submission of the subject's background information to OPM. The expanded use of OPM's web based electronic Questionnaires for Investigations Processing (e-QIP) which allows applicants to provide their background information security on line instead of submitting a paper form, has improved both processing timeliness and the quality of the information supplied. As of the beginning of Fiscal Year 2008, 83 percent of the submissions for national security investigations were made through e-QIP, with 14 agencies submitting all requests electronically. In addition, all industry submissions for the Department of Defense are requested electronically.

In February 2008, agencies submissions for initial security investigations through e-QIP averaged 14 days meeting the performance goal for this process. Hardcopy submission timeliness averaged 30 days – a significant improvement over the 55 calendar days reported in November 2005. In addition, the rejection rate for electronic submissions is currently 7 percent, close to the performance goal of less than 5 percent.

Investigations Timeliness: The Intelligence Reform Act required 80 percent of background investigations for initial security clearances to be completed within an average of 90 days by 2006. OPM is exceeding this goal. Of the 586,569 initial clearance investigations OPM received during Fiscal Year 2007, 80 percent were completed in an average of 67 days (92 days for 64,722 Top Secret and 63 days for 404,534 Secret/Confidential). As a result of OPM's increased investigation staffing to almost 9,400 Federal and contractor employees, there is no longer a backlog of initial clearance investigations due to insufficient manpower resources. In fact, this staff increase has resulted in the substantial decrease in the time it takes to complete the majority of the background checks submitted to OPM. During October 2006, there were over 98,000 pending initial clearance investigations that were over 180 days in process. As of March 29, 2008, OPM only had 13,365 pending investigations over 180 days in process.

While improving the timeliness of investigations, we have been vigilant in maintaining the quality of those investigations. We have put additional internal quality control processes in place to ensure that the investigations we conduct meet the national investigative standards and the needs of the adjudication community.

Adjudication Timeliness: OPM continues to work with agencies to reduce the time it takes to deliver completed investigations between OPM and the adjudicating agencies, and to record agency adjudication actions in our record system. This includes full implementation of our imaging system to electronically transmit the results of completed investigations to the adjudications facility and linking the agency's in-house record system to OPM's database for electronic updating of their adjudication actions. A good example of how this works is the pilot we started with the Department of the Army in August 2007. To date, over 162,000 completed

investigations have been sent electronically to Army for adjudication action, making the entire process between OPM and Army virtually paperless. During Fiscal Year 2008, we expect other agencies to adopt this method of receiving completed investigations.

Reform Initiatives

In summary, we are continuing to optimize the current process by maintaining adequate staffing, building partnerships with information suppliers, and through greater use of information technology. This year, *EPIC*, which is OPM's suite of automation tools that support the investigations and adjudications process, will allow for total end-to-end paperless processing for those agencies that are prepared to use them.

We are also partnering with the Office of the Director of National Intelligence and the Department of Defense for more significant reforms to the overall security clearance processes. On February 5, 2008, President Bush issued a memorandum to the heads of the Executive Departments and Agencies reaffirming his support in reforming the personnel security clearance program across Government. This reform effort is challenging traditional processing from application through adjudication. The ultimate outcome of this effort will be a Government-wide system that continues to protect national security through more modern processes that are secure, dependable, scalable, and time and cost-efficient.

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