

Statement of

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before the

**Subcommittee on Readiness
Committee on Armed Services
U.S. House of Representatives**

on

Readiness at Risk: Department of Defense Security Clearance Processes

February 13, 2008

Mr. Chairman, and Members of the Subcommittee:

It is my pleasure to appear before you today to discuss the Office of Personnel Management's (OPM's) support of the Department of Defense's (DOD's) security clearance process and compliance with the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA). As the agency responsible for 90 percent of the Federal workforce's background investigations, OPM continues to ensure the goals and expectations set out by Congress and President Bush are met in a timely manner.

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, including DOD, to assist them in making security clearance or suitability decisions on civilian, active military, and contractor personnel. The division responsible for conducting background investigations is the Federal Investigative Services Division (FISD), headquartered in Boyers, Pennsylvania.

By statutory requirement, on February 20, 2005, DOD's personnel security investigations program and staff were consolidated with the OPM investigations staff which is headquartered in Pennsylvania. This meant the absorption of over 1,600 Defense Security Service (DSS) staff by OPM, along with 145,000 background investigations in process, and all ongoing DSS workloads previously handled by DOD.

Currently, DOD is our largest customer agency for national security investigations. In fact, of the two million investigations OPM conducted in Fiscal Year 2007, over one million were processed for DOD, including over 640,000 that supported security clearance determinations.

Status of the security clearance and investigation process

The investigation and security clearance process includes four critical areas that must be managed effectively for efficient processing: workload projections, agency submission of investigation requests, the investigations process, and agencies' adjudication 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.

Workload projections: To staff the investigation and adjudication programs responsibly, agencies must develop a process to accurately project their investigation needs. OPM works with agencies to project annual workloads, which may vary significantly year to year depending on hiring patterns and contracting efforts.

Timeliness and quality of agency submissions for investigations: Using technology to speed the time it takes to process the paperwork required to conduct an investigation, OPM's electronic Questionnaires for Investigations Processing (e-QIP) allows subjects to submit their security clearance forms electronically, improving both clearance processing timeliness and the quality of the information supplied. During the first quarter of Fiscal Year 2008, DOD submitted 82 percent of all security clearance investigations through e-QIP, reducing the processing time for submission from 30 days to 14 days, on average.

Investigations Timeliness: The Intelligence Reform and Terrorism Prevention Act of 2004 requires 80 percent of background investigations for initial security clearances to be completed within an average of 90 days by 2006. As of today, OPM is exceeding this statutory goal. In fact, 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 investigations staffing level of over 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; however, as of January 26, 2008, OPM only had 22,115 pending investigations over 180 days in process. Other factors also contributed to OPM's timeliness improvements. One such factor is the agency's ability to receive third-party information in a more timely manner. OPM has successfully negotiated agreements with a number of Federal, State and local record agencies so that individuals' records are provided to OPM more rapidly. Another factor is our improved ability to work with the international community and the State Department. In 2007, we sent 360 agents abroad and closed more than 24,000 international leads for new employee clearances or reinvestigations of current Federal employees and contractors.

Even though we have decreased the time it takes to complete background investigations, we have not compromised quality in the process. Over time, OPM has developed additional internal quality control processes including a dedicated Quality Management Group to ensure that background checks continue to meet investigative standards. OPM has met these standards with less than 1 percent of all completed investigations returned to OPM for quality deficiencies by agencies' adjudicating personnel.

Adjudications Timeliness: OPM continues to work with agencies to find ways to ensure adjudications are completed quickly, and the expanded use of OPM's electronic imaging system to transmit investigative results has helped improve this process. In many cases, an agency's in-house record system is linked to OPM's data base so adjudications can be updated electronically. One good example of how this works is the pilot we completed with the Department of the Army, starting in August 2007. To date, over 113,000 completed investigations have been electronically sent 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.

Billing Process

OPM's investigation program operates under a revolving fund, fee-for-service structure. A fixed price is determined each year for each type of investigation to ensure full cost recovery as required by law. The cost of the investigation includes all contractor and Federal labor costs, infrastructure costs, fees paid for third-party records, such as FBI fingerprint checks, police records, and birth verifications, and any capital investments needed to support the investigations program. We have been working closely with DOD to provide additional backup to our billing records which supports management of their internal personnel security program budget.

Reform Initiatives

OPM is 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 integrated suite of automation tools that support the investigations and adjudications process, will allow for total end-to-end paperless processing for those agencies equipped to implement them.

By linking e-QIP, which collects the subjects' background information electronically, along with imaged fingerprints and supporting documents, to OPM's automated investigations processing system, data and required forms can now move seamlessly between the subject, their clearance granting agency, and OPM without paper handling, mail, or redundant data entry.

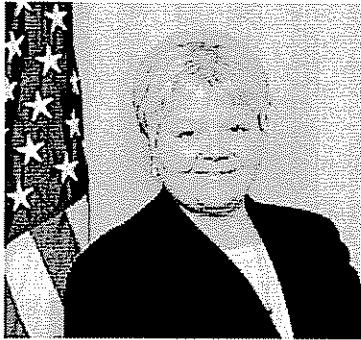
During investigations processing, relevant data is relayed electronically to Federal, State, and local record providers, as well as OPM's field investigators, for their use in conducting required interviews and record searches. Reports of investigation are constructed and stored in a data format, along with text, data, or imaged results received from third-party record suppliers. The investigative results can then be electronically bundled for transmission to the adjudicating agency.

In addition, our work with national, State, and local record providers will continue to improve the processes for obtaining required information.

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 for the Federal workforce 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.

Associate Director, Federal Investigative Services Division (FISD)



Kathy Dillaman

Kathy L. Dillaman is the Associate Director of Investigations for U.S. Office of Personnel Management (OPM), Federal Investigative Services Division (FISD). An OPM Senior Executive since 1999, Director Springer appointed Ms. Dillaman to her current position in October 2005.

OPM's Federal Investigative Services Division is the Federal Government's largest provider of background investigations and services, supporting over 90 Federal agencies' personnel security programs.

Ms. Dillaman oversees OPM-FISD's operations in Washington, DC, Boyers, Pennsylvania, Ft. Meade, Maryland offices, as well as Regional operations. She is responsible for FISD's operations, policy development, and contractor oversight of OPM's Investigations Program with an annual revolving fund of over \$500 million.

Previously, Ms. Dillaman was one of the senior managers responsible for the automation of OPM's investigations processing system. The Personnel Investigations Processing System (PIPS) is considered one of the government's most successful automation efforts.

Ms. Dillaman participates on several national panels and committees, including the Compact Council, established under the authority of Title II, Public Law 105-261 and the Federal Working Group of the Criminal Justice Information Services' (CJIS) Advisory Policy Board. This Working Group represents the Federal criminal and non-criminal justice community on issues of worldwide importance.

In 2004, Ms. Dillaman was awarded the Presidential Rank Award for Meritorious Executive. Born in Grove City, Pennsylvania, Kathy attended Slippery Rock University and is a graduate of the Federal Executive Institute. She and her husband Garry have two children and one grandchild.