



Highlights of [GAO-06-747T](#), a statement for the record to the Committee on Government Reform, House of Representatives

Why GAO Did This Study

The Department of Defense (DOD) is responsible for about 2 million active personnel security clearances. About one-third of the clearances are for industry personnel working on contracts for DOD and more than 20 other executive agencies. Delays in determining eligibility for a clearance can heighten the risk that classified information will be disclosed to unauthorized sources and increase contract costs and problems attracting and retaining qualified personnel. On April 28, 2006, DOD announced it had stopped processing security clearance applications for industry personnel because of an overwhelming volume of requests and funding constraints. GAO has reported problems with DOD's security clearance processes since 1981. In January 2005, GAO designated DOD's program a high-risk area because of longstanding delays in completing clearance requests and an inability to accurately estimate and eliminate its clearance backlog.

For this statement GAO addresses: (1) key points in the billing dispute between DOD and OPM and (2) some of the major impediments affecting clearances for industry personnel.

www.gao.gov/cgi-bin/getrpt?GAO-06-747T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or stewartd@gao.gov.

DOD PERSONNEL CLEARANCES

Funding Challenges and Other Impediments Slow Clearances for Industry Personnel

What GAO Found

The costs underlying a billing dispute between DOD and OPM are contributing to further delays in the processing of new security clearance requests for industry personnel. The dispute stems from the February 2005 transfer of DOD's personnel security investigations function to OPM and associated costs for which DOD agreed to reimburse OPM. Among other things, the two agencies' memorandum of agreement for the transfer allows OPM to charge DOD annual price adjustments plus a 25 percent premium, in addition to the rates OPM charges to other federal government agencies. A January 20, 2006, memorandum from the Under Secretary of Defense for Intelligence to the Office of Management and Budget (OMB) questioned the continued need for the premiums and requested mediation from OMB. According to DOD and OPM, OMB has directed the two agencies to continue to work together to resolve the matter. The inspectors general for both DOD and OPM are expected to report on the results of their investigations into the dispute this summer.

Other impediments, if not effectively addressed, could negatively affect the timeliness of clearance-eligibility determinations for one or more of the following employee groups: industry personnel, servicemembers, and civilian government employees. All three groups are affected by DOD's longstanding inability to accurately estimate the size of its security clearance workload. Inaccurate estimates of the volume of clearances needed make it difficult to determine clearance-related budgets and staffing requirements. Similarly, the July 1, 2006, expiration of Executive Order 13381, which delegated responsibility for improving the clearance process to OMB, could potentially slow improvements in personnel security clearance processes DOD-wide as well as governmentwide. GAO has been encouraged by OMB's high level of commitment to activities such as the development of a government plan to improve personnel security clearance processes governmentwide but is concerned about whether such progress will continue after the executive order expires. In contrast, demand for top secret clearances for industry personnel and the lack of reciprocity (the acceptance of a clearance and access granted by another department, agency, or military service) are impediments that mainly affect industry personnel. A previously identified increase in the demand for top secret clearances for industry personnel has workload and budgetary implications for DOD and OPM if such requests continue to occur. Finally, the lack of reciprocity has a negative effect on employees and employers, and increases the workload for already overburdened investigative and adjudicative staff. Reciprocity problems have occurred despite the issuance of governmentwide investigative standards and adjudicative guidelines in 1997.