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**PERSONNEL
CLEARANCES**

**Key Factors to Consider in
Efforts to Reform Security
Clearance Processes**

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Defense Capabilities and Management





Highlights of [GAO-08-352T](#), a testimony before the Subcommittee on Intelligence Community Management, Permanent Select Committee on Intelligence, House of Representatives

Why GAO Did This Study

In 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act to reform security clearance processes. Much of GAO's experience in evaluating personnel security clearance processes over the decades has consisted of examining the Department of Defense's (DOD) program, which maintains about 2.5 million clearances on servicemembers, DOD civilian employees, legislative branch employees, and industry personnel working for DOD and 23 other federal agencies. Long-standing delays in processing applications—and other problems in DOD's clearance program—led GAO to designate it a high-risk area in 2005. GAO also has documented clearance-related problems in other agencies.

For this hearing, GAO was asked to identify key factors that could be applied in personnel security clearance reform efforts. To identify key factors, GAO drew upon its past reports and institutional knowledge. For those reports, GAO reviewed laws, executive orders, policies, reports, and other documentation related to the security clearance process; examined samples of cases of personnel granted top secret eligibility; compared documentation in those sampled cases against federal standards; and interviewed a range of cognizant government officials.

To view the full product, click on [GAO-08-352T](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

PERSONNEL CLEARANCES

Key Factors to Consider in Efforts to Reform Security Clearance Processes

What GAO Found

Current and future efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: determining whether clearances are required for positions, incorporating quality control steps throughout the clearance processes, establishing metrics for assessing all aspects of clearance processes, and providing Congress with the long-term funding requirements of security clearance reform. 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 both costs and investigative workload unnecessarily. For example, changing the clearance needed for a position from a secret to top secret increases the investigative workload for that position about 20-fold and uses 10 times as many investigative staff hours.

Emphasis on quality in clearance processes could promote positive outcomes, including more reciprocity among agencies in accepting each others' clearances. Building quality throughout clearance processes is important, but government agencies have paid little attention to quality, despite GAO's repeated suggestions to place more emphasis on quality. Even though GAO identified the government's primary metric for assessing quality—the percentage of investigative reports returned for insufficiency during the adjudicative phase—as inadequate by itself in 1999, the Office of Management and Budget and the Office of Personnel Management continue to use that metric. Concerns about the quality of investigative and adjudicative work underlie the continued reluctance of agencies to accept clearances issued by other agencies; as a result, government resources are used to conduct duplicative investigations and adjudications.

Many efforts to monitor clearance processes emphasize measuring timeliness, but additional metrics could provide a fuller picture of clearance processes. The emphasis on timeliness is due in part to recent legislation that provides specific guidelines regarding the speed with which clearances should be completed and requires annual reporting of that information to Congress. GAO has highlighted a variety of metrics in its reports (e.g., completeness of investigative and adjudicative reports, staff's and customers' perceptions of the processes, and the adequacy of internal controls), all of which could add value in monitoring clearance processes and provide better information to allow improved oversight by Congress and the Executive Branch.

Another factor to consider in reform efforts is providing Congress with the long-term funding requirements to implement changes to security clearance processes. DOD's August 2007 congressionally mandated report on industry clearances identified its immediate funding needs but did not include information on the funding requirements for fiscal year 2009 and beyond. The inclusion of less than 2 future years of budgeting data in the DOD report limits Congress's ability to carry out its long-term oversight and appropriations functions pertaining to industry personnel security clearances.

Madam Chairwoman and Members of the Subcommittee:

Thank you for the opportunity to be here today for this hearing on security clearance reform which is intended to cover efforts being undertaken to improve the process, impediments to those reforms, planned future steps, and possible changes in the strategy for improving clearance processing timeliness. Congress passed and the President signed into law the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) to mandate a variety of steps be taken to reform security clearance processes.

One recent step taken to reform security clearance processes was the formation of an interagency security clearance process reform team in June 2007. Agencies included in this governmentwide effort are the Office of the Director of National Intelligence, the Department of Defense (DOD), the Office of Management and Budget (OMB), and the Office of Personnel Management (OPM). The team's memorandum of agreement indicates that it seeks to develop, in phases, a reformed DOD and intelligence community security clearance process that allows the granting of high-assurance security clearances in the least time possible and at the lowest reasonable cost. The team's July 25, 2007, terms of reference indicate that it plans to deliver "a transformed, modernized, fair, and reciprocal security clearance process that is universally applicable" to DOD, the intelligence community, and other U.S. government agencies, no later than December 31, 2008.

Since 1974, we have been examining personnel security clearance processes on behalf of the Congress. Through scores of reports and testimonies, we have acquired broad institutional knowledge that gives us a historical view of key factors that should be considered in clearance reform efforts. See a list of our related GAO products at the end of this statement. My comments will focus on four key factors that should be considered in clearance reform efforts. Before offering observations on these factors, I would like to provide some background information on our prior work and recent government reform efforts.

Our reports have documented a wide variety of problems present in DOD's clearance program. Some of the problems that we noted in our 2007 high-risk report included incomplete and delayed investigative reports from OPM, which supplies about 90 percent of all federal clearance investigations, and DOD adjudicators granting clearance eligibility even though data were missing from the investigative reports used to make such determinations. While some of those findings are now about 2 years

old, DOD's August 2007 congressionally-mandated report on clearance investigations for industry personnel¹ noted continuing problems. For example, during the first 6 months of fiscal year 2007, the end-to-end processing of initial top secret clearances took an average of 276 days; renewal top secret clearances averaged 335 days; and both initial and renewal secret clearances averaged 208 days. On the other hand, DOD's report also noted progress that the department had made to improve its industry clearance program, including submitting 100 percent of the clearance requests electronically to improve timeliness and reduce the number of rejected applications and conducting research in an effort to improve the accuracy of its projections for future industry clearance needs.

Much of our experience in evaluating personnel security clearance processes over the decades has emphasized examinations of DOD's program that maintains approximately 2.5 million clearances on servicemembers, DOD civilian employees, industry personnel for DOD and 23 other federal agencies, and employees in the federal legislative branch. Long-standing delays in determining clearance eligibility and other clearance challenges led us to designate DOD's personnel security clearance program as a high-risk area in January 2005 and continue that designation in the updated list of high-risk areas that we published in 2007.² The areas on our high-risk list received their designations because they are major programs and operations that need urgent attention and transformation in order to ensure that our national government functions in the most economical, efficient, and effective manner possible.

You asked that we identify key factors that should be considered in personnel security clearance reform efforts. As requested, my statement today will address four factors for your consideration based on our prior work. They are (1) having a sound requirements-determination process in place, (2) building quality into every step of the clearance processes, (3) having a valid set of metrics for evaluating efficiency and effectiveness, and (4) providing Congress with the long-term funding requirements of

¹DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (August 2007). This first of a series of annual reports was mandated by The John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, §347 (2006).

²GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005); and GAO, *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007).

security clearance reform. My statement draws on our prior work on clearance processes, which included reviews of clearance-related documents and interviews of senior officials at DOD and OPM, which has the primary responsibility for providing investigation services to DOD. Our work was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

Determining whether clearances are required for positions, establishing quality control steps throughout the clearance processes, developing metrics for assessing all aspects of clearance processes, and providing Congress with the long-term funding requirements of security clearance reform are important factors to consider in current and future efforts to reform personnel security clearance processes. Developing a sound requirements process is important because requests for clearances for positions that do not need a clearance or need a lower level of clearance increase investigative workload and costs unnecessarily. For example, changing the clearance needed for a position from secret to top secret increases the investigative workload for that one position about 20-fold. That is, top secret clearances must be performed twice as often as secret clearances (every 5 years versus 10 years) and require 10 times as many investigative staff hours (about 60 versus 6).

Emphasis on quality in all processes could promote positive outcomes such as greater reciprocity of clearances. The steps to build quality throughout clearance processes are important, but government agencies have paid little attention to this factor despite our repeated suggestions to place more emphasis on it and its measurement. Even though in 1999 we identified the government's primary metric for assessing quality—the percentage of investigations returned because of problems—as being inadequate by itself, OMB and OPM have continued to use that metric as late as February 2008. Concerns about the quality of investigative and adjudicative work underlie the continued reluctance of agencies to accept the clearances issued by other agencies, thus using government resources to conduct duplicative investigations and adjudications.

Efforts to monitor clearance processes emphasize timeliness measurement, but additional metrics could provide a fuller picture of clearance processes. The emphasis on timeliness is partially due to recent

legislation which provides specific guidelines regarding the speed with which clearances should be completed and requires annual reporting of that information to Congress. Still, our past reports on clearance processes have highlighted a wide variety of metrics (e.g., completeness of investigative and adjudicative reports, staff and customers' perceptions of the processes, and adequacy of internal controls) which could add value in monitoring clearance processes and supply better information for greater congressional oversight.

Providing Congress with the long-term funding requirements to implement changes to security clearance processes could enable more informed congressional oversight. DOD's August 2007 congressionally mandated report on industry personnel security clearances identified its immediate needs by submitting a projected need of \$178.2 million for fiscal year 2007 and a projected need of approximately \$300 million for fiscal year 2008. However, the report did not include information on the funding requirements for fiscal year 2009 and beyond. The inclusion of less than 2 future years of budgeting information in the DOD report limits Congress's ability to carry out its long-term oversight and appropriations functions pertaining to industry personnel security clearances.

Background

Although our high-risk designation covers only DOD's program, our reports have also documented clearance-related problems affecting other agencies. For example, our October 2007 report on state and local information fusion centers cited two clearance-related challenges: (1) the length of time needed for state and local officials to receive clearances from the Federal Bureau of Investigation (FBI) and the Department of Homeland Security (DHS) and (2) the reluctance of some federal agencies—particularly DHS and FBI—to accept clearances issued by other agencies (i.e., clearance reciprocity).³ Similarly, our April 2007⁴ testimony on maritime security and selected aspects of the Security and

³GAO, *Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers*, [GAO-08-35](#) (Washington, D.C.: Oct. 30, 2007). This report indicated that according to the 9/11 Commission, a breakdown in information sharing was a major factor contributing to the failure to prevent the attacks of September 11, 2001. Since then most states and some local governments have, largely on their own initiative, established fusion centers to address gaps in homeland security, terrorism, and law enforcement information sharing by the federal government and to provide a conduit of this information within the state.

⁴GAO, *Maritime Security: Observations on Selected Aspects of the SAFE Port Act*, [GAO-07-754T](#) (Washington, D.C.: Apr. 26, 2007).

Accountability for Every Port Act (SAFE Port Act⁵) identified the challenge of obtaining clearances so that port security stakeholders could share information through area committees or interagency operational centers. The SAFE Port Act includes a specific provision requiring the Secretary of Homeland Security to sponsor and expedite individuals participating in interagency operational centers in gaining or maintaining their security clearances.

Our reports have offered findings and recommendations regarding current impediments, and they offer key factors to consider in future reforms. For example, as the interagency security clearance process reform team develops a new governmentwide end-to-end clearance system, this reform effort provides an opportune time to consider factors for evaluating intermediate steps and the final system in order to optimize efficiency and effectiveness. The Director of National Intelligence's July 25, 2007, memorandum provided the terms of reference for the security clearance process reform team and noted that a future Phase IV would be used to perform and evaluate demonstrations and to finalize the acquisition strategy.

In designing a new personnel security clearance system, the Government Performance and Results Act of 1993 (GPRA) may be a useful resource for the team designing the system and the congressional committees overseeing the design and implementation. GPRA provides a framework for strategic performance planning and reporting intended to improve federal program effectiveness and hold agencies accountable for achieving results. Agencies that effectively implement GPRA's results-oriented framework clearly establish performance goals for which they will be held accountable, measure progress towards those goals, determine strategies and resources to effectively accomplish the goals, use performance information to make the programmatic decisions necessary to improve performance, and formally communicate results in performance reports. Our reports have also identified a number of directly relevant factors, such as those found in our November 2005 testimony that evaluated an earlier governmentwide plan for improving the personnel security clearance process.⁶

⁵ Pub. L. No. 109-347, 120 Stat. 1184 (2006).

⁶ GAO, *DOD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DOD's Program, But Concerns Remain*, [GAO-06-233T](#) (Washington, D.C.: Nov. 9, 2005).

Four Key Factors Should Be Considered in Efforts to Reform Security Clearance Processes

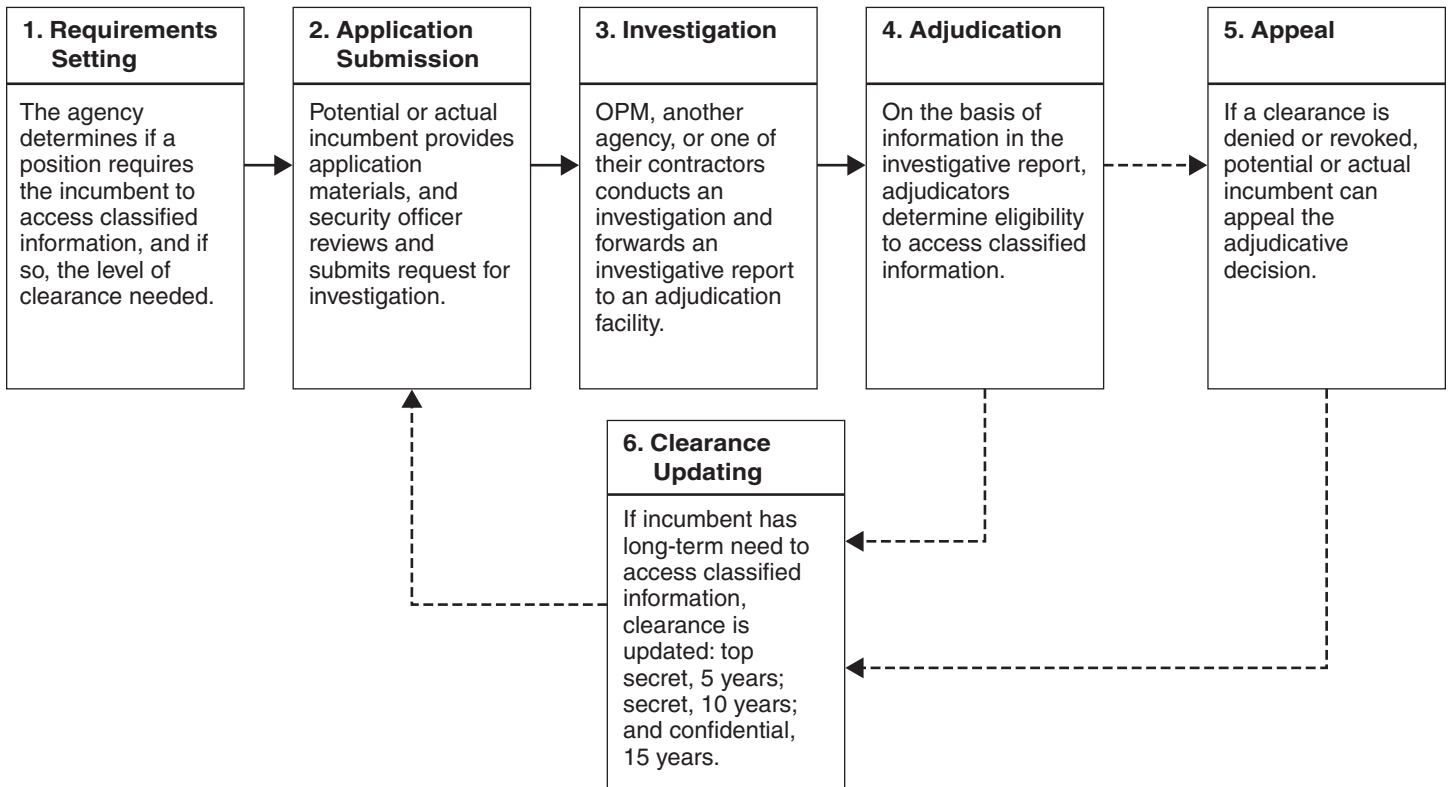
I will address the need for consideration of four key factors in my testimony: (1) a strong requirements-determination process, (2) quality emphasis in all clearance processes, (3) additional metrics to provide a fuller picture of clearance processes, and (4) long-term funding requirements of security clearance reform.

A Strong Requirements- Determination Process Can Help Manage Clearance Workloads and Costs

The interagency security clearance process reform team established in July 2007 might want to address whether the numbers and levels of clearances are appropriate since this initial stage in the clearance process can affect workloads and costs in other clearance processes. For instance, the team may want to examine existing policies and practices to see if they need to be updated or otherwise modified. We are not suggesting that the numbers and levels of clearances are or are not appropriate—only that any unnecessary requirements in this initial phase use government resources that can be utilized for other purposes such as building additional quality into other clearance processes or decreasing delays in clearance processing.

Figure 1 highlights the fact that the clearance process begins with establishing whether an incumbent's 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 (phase 2 in fig. 1) are two ways to look at outcomes of requirements setting in the clearance process.

Figure 1: Six Phases in the Personnel Security Clearance Process



Source: GAO analysis of DOD-provided information.

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. While having a large number of cleared personnel can give the military services, agencies, and industry a great deal of flexibility when assigning personnel, the investigative and adjudicative workloads that are required to provide the clearances and flexibility further tax a clearance process that already experiences delays in determining clearance eligibility.

A change in the level of clearances being requested also increases the investigative and adjudicative workloads. For example, in our February 2004 report on impediments to eliminating clearance backlogs,⁷ we found that a growing percentage of all DOD requests for clearances for industry personnel was at the top secret level: 17 percent of those requests were at the top secret level in 1995 but 27 percent were at the top secret level in 2003. This increase of 10 percentage points in the proportion of investigations at the top secret level is important because top secret clearances must be renewed twice as often as secret clearances (i.e., every 5 years versus every 10 years). 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.

- **Cost.** For fiscal year 2008, OPM's standard billing rate is \$3,711 for an investigation for an initial top secret clearance; \$2,509 for an investigation to renew a top secret clearance, and \$202 for an investigation for a secret clearance. The cost of getting and maintaining a top secret clearance for 10 years is approximately 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 \$6,202 in current year dollars (\$3,711 for the initial investigation and \$2,509 for the 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 \$202 (\$202 for the initial clearance that is good for 10 years).
- **Time/Workload.** The workload is also affected by the scope of coverage in the various types of investigations. Much of the information for a secret clearance is gathered through electronic files. The investigation for a top secret clearance, on the other hand, requires the information needed for the secret clearance as well as data gathered through time-consuming tasks such as interviews with the subject of the investigation request, references in the workplace, and neighbors. Since (1) the average investigative report for a top secret clearance takes about 10 times as

⁷ GAO, *DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size*, GAO-04-344 (Washington, D.C.: Feb. 9, 2004).

many investigative staff hours as the average investigative report for a secret clearance and (2) the top secret clearance must be renewed twice as often as the secret, the investigative workload increases about 20-fold. Additionally, the adjudicative workload increases about 4-fold. In 2007, DOD officials estimated that it took about twice as long to review an investigative report for a top secret clearance, which would need to be done twice as often as the secret clearance.

Unless the new system developed by the interagency security clearance process reform team includes a sound requirements process, workload and costs may be higher than necessary.

Emphasis on Quality in All Processes Could Promote Positive Outcomes Such as Greater Clearance Reciprocity

Since the late 1990s, GAO has emphasized a need to build more quality and quality monitoring into clearance processes to achieve positive goals such as promoting greater reciprocity and maximizing the likelihood that individuals who are security risks will be scrutinized more closely. In our November 2005 testimony on the earlier governmentwide plan to improve the clearance process, we noted that the plan devoted little attention to monitoring and improving the quality of the personnel security clearance process, and that limited attention and reporting about quality continue. When OMB issued its February 2007 Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004, it documented quality with a single metric. Specifically, it stated that OPM has developed additional internal quality control processes to ensure that the quality of completed investigations continue to meet the national investigative standards. OMB added that, overall, less than 1 percent of all completed investigations are returned to OPM from the adjudicating agencies for quality deficiencies. When OMB issued its February 2008 Report of the Security Clearance Oversight Group, it did not discuss the percentage of completed investigations that are returned to OPM or the development or existence of any other metric measuring the level of quality in security clearance processes or products.

As part of our September 2006 report,⁸ we examined a different aspect of quality—the completeness of documentation in investigative and adjudicative reports. We found that OPM provided incomplete

⁸GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, [GAO-06-1070](#) (Washington, D.C.: Sept. 28, 2006).

investigative reports to DOD adjudicators, which the adjudicators then used to determine top secret clearance eligibility. Almost all (47 of 50) of the sampled investigative reports we reviewed were incomplete based on requirements in the federal investigative standards. In addition, DOD adjudicators granted clearance eligibility without requesting additional information for any of the incomplete investigative reports and did not document that they considered some adjudicative guidelines when adverse information was present in some reports.

GAO has long reported that it is problematic to equate the quality of investigations with the percentage of investigations that are returned by requesting agencies due to incomplete case files. For example, in October 1999 and again in our November 2005 evaluation of the governmentwide plan, we stated that the number of investigations returned for rework is not by itself a valid indicator of quality because adjudication officials said they were reluctant to return incomplete investigations in anticipation of further delays.⁹ We additionally suggested that regardless of whether this metric continues to be used, the government might want to consider adding other indicators of the quality of investigations, such as the number of counterintelligence leads generated from security clearance investigations and forwarded to relevant units. Further, our September 2006 report recommended that OMB's Deputy Director of Management require OPM and DOD to (1) submit their procedures for eliminating the deficiencies that we identified in their investigative and adjudicative documentation and (2) develop and report metrics on completeness and other measures of quality that will address the effectiveness of the new procedures. We believe that our recommendation still has merit, but the previously cited passage from the February 2007 OMB report does not describe the new procedures or provide statistics for the recommended new quality measures and the 2008 OMB report is silent on quality measures.

As we noted in September 2006, the government cannot afford to achieve its timeliness goal by providing investigative and adjudicative reports that are incomplete in key areas required by federal investigative standards and adjudicative guidelines. Incomplete investigations and adjudications undermine the government's efforts to move toward greater clearance reciprocity. An interagency working group, the Security Clearance

⁹ [GAO-06-233T](#); and GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, [GAO/NSIAD-00-12](#) (Washington, D.C.: Oct. 27, 1999).

Oversight Steering Committee,¹⁰ noted that agencies are reluctant to be accountable for poor quality investigations and/or adjudications conducted by other agencies or organizations. To achieve fuller reciprocity, clearance-granting agencies need to have confidence in the quality of the clearance process. Without full documentation of investigative actions, information obtained, and adjudicative decisions, agencies could continue to require duplicative investigations and adjudications. Earlier, we stated that reciprocity concerns continue to exist, citing FBI and DHS reluctance to accept clearances issued by other agencies when providing information to personnel in fusion centers.

Government Clearance Metrics Emphasize Timeliness Measurement, but Additional Metrics Could Provide a Fuller Picture of Clearance Processes

Much of the recent quantitative information provided on clearances has dealt with how much time it takes for the end-to-end processing of clearances (and related measures such as the numbers of various types of investigative and adjudicative reports generated); however, there is less quantitative information on other aspects of the clearance process. In our November 2005 testimony, we noted that the earlier government plan to improve the clearance process provided many metrics to monitor the timeliness of clearances governmentwide, but that plan detailed few of the other elements that a comprehensive strategic plan might contain. A similar emphasis on timeliness appears to be emerging for the future governmentwide clearance process. In the Director of National Intelligence's 500 Day Plan for Integration and Collaboration issued on October 10, 2007, the core initiative to modernize the security clearance process had only one type of metric listed under the heading about how success will be gauged. Specifically, the plan calls for measuring whether "performance of IC [Intelligence Community] agency personnel security programs meet or exceed IRTPA guidelines for clearance case processing times."

While the February 2007 and 2008 OMB reports to Congress contain statistics and other information in addition to timeliness metrics (e.g., use of information technology and reciprocity-related procedures) and the joint team developing the new clearance process may be considering a wider range of metrics than timeliness only, an underlying factor in the

¹⁰ At that time, the committee was led by OMB's Deputy Director for Management and was composed of representatives from DOD, Homeland Security, Energy, Justice, Transportation, Commerce, State, the Director of National Intelligence, the National Security Council, and the National Archives and Records Administration.

emphasis on timeliness is IRTPA.¹¹ Among other things, IRTPA established specific timeliness guidelines to be phased in over 5 years. The Act also states that, in the initial period which ends in 2009, each authorized adjudicative agency shall make a determination on at least 80 percent of all applications for personnel security clearance within an average of 120 days after the receipt of the application for a security clearance by an authorized investigative agency. The 120-day average period shall include a period of not longer than 90 days to complete the investigative phase of the clearance review and a period of not longer than 30 days to complete the adjudicative phase of the clearance review. Moreover, IRTPA also includes a requirement for a designated agency (currently OMB) to provide information on among other things the timeliness in annual reports through 2011, as OMB did in February 2008.

Prior GAO reports as well as inspector general reports identify a wide variety of methods and metrics that program evaluators have used to examine clearance processes and programs. For example our 1999 report¹² on security clearance investigations used multiple methods to examine numerous issues that included:

- documentation missing from investigative reports;
- the training of investigators (courses, course content, and number of trainees);
- investigators' perceptions about the process;
- customer perceptions about the investigations; and
- internal controls to protect against fraud, waste, abuse, and mismanagement.

Including these and other types of metrics in regular monitoring of clearance processes could add value in current and future reform efforts as well as supply better information for greater congressional oversight.

¹¹ Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. No. 108-458, §3001 (g) Reduction of Length of Personnel Security Clearance Process (2004).

¹² GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, [GAO/NSIAD-00-12](#) (Washington, D.C.: Oct. 27, 1999).

Long-Term Funding Requirements Information Could Enable More Informed Congressional Oversight of Security Clearance Reform

The joint Security Clearance Process Reform team may also want to consider providing Congress with the long-term funding requirements to implement changes to security clearance processes enabling more informed congressional oversight. In a recent report to Congress, DOD provided funding requirements information that described its immediate needs for its industry personnel security program, but it did not include information about the program's long-term funding needs. Specifically, DOD's August 2007 congressionally mandated report on clearances for industry personnel provided less than 2 years of data on funding requirements. In its report, DOD identified its immediate needs by submitting an annualized projected cost of \$178.2 million for fiscal year 2007 and a projected funding need of approximately \$300 million for fiscal year 2008. However, the report did not include information on (1) the funding requirements for fiscal year 2009 and beyond even though the survey used to develop the funding requirements asked contractors about their clearance needs through 2010 and (2) the tens of millions of dollars that the Defense Security Service Director testified before Congress in May 2007 were necessary to maintain the infrastructure supporting the industry personnel security clearance program.

As noted in our February 2008 report, the inclusion of less than 2 future years of budgeting information in the DOD report limits Congress's ability to carry out its oversight and appropriations functions pertaining to industry personnel security clearances.¹³ Without more information on DOD's longer-term funding requirements for industry personnel security clearances, Congress lacks the visibility it needs to fully assess appropriations requirements. In addition, the long-term funding requirements to implement changes to security clearance processes are also needed to enable the executive branch to compare and prioritize alternative proposals for reforming the clearance processes. As the joint Security Clearance Process Reform team considers changes to the current clearance processes, it may also want to consider ensuring that Congress is provided with the long-term funding requirements necessary to implement any such reforms.

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

Concluding Observations

We were encouraged when OMB undertook the development of an earlier governmentwide plan for improving the personnel security clearance process and have documented in our prior reports both DOD and governmentwide progress in addressing clearance-related problems. Similarly, the current joint effort to develop a new governmentwide end-to-end security clearance system represents a positive step to address past impediments and manage security clearance reform efforts. Still, much remains to be done before a new system can be designed and implemented. GAO's experience in evaluating DOD's and governmentwide clearance plans and programs as well as its experience monitoring large-scale, complex acquisition programs could help Congress in its oversight, insight, and foresight regarding security clearance reform efforts.

Madam Chairwoman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have at this time.

Contact and Acknowledgments

For further information regarding this testimony, please contact me at (202) 512-3604 or farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony are Jack E. Edwards, Acting Director; James P. Klein, Joanne Landesman, Charles Perdue, Karen D. Thornton, and Stephen K. Woods.

Related GAO Products

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

Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers. [GAO-08-35](#). Washington, D.C.: October 30, 2007.

Defense Business Transformation: A Full-time Chief Management Officer with a Term Appointment Is Needed at DOD to Maintain Continuity of Effort and Achieve Sustainable Success. [GAO-08-132T](#). Washington, D.C.: October 16, 2007.

DOD Personnel Clearances: Delays and Inadequate Documentation Found For Industry Personnel. [GAO-07-842T](#). Washington, D.C.: May 17, 2007.

Maritime Security: Observations on Selected Aspects of the SAFE Port Act. [GAO-07-754T](#). Washington, D.C.: April 26, 2007.

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

DOD Personnel Clearances: Additional OMB Actions Are Needed To Improve The Security Clearance Process, [GAO-06-1070](#). Washington, D.C.: September 2006.

Managing Sensitive Information: DOD Can More Effectively Reduce the Risk of Classification Errors, [GAO-06-706](#). Washington, D.C.: June 30, 2006.

DOD Personnel Clearances: Questions and Answers for the Record Following the Second in a Series of Hearings on Fixing the Security Clearance Process. [GAO-06-693R](#). Washington, D.C.: June 14, 2006.

DOD Personnel Clearances: New Concerns Slow Processing of Clearances for Industry Personnel. [GAO-06-748T](#). Washington, D.C.: May 17, 2006.

DOD Personnel Clearances: Funding Challenges and Other Impediments Slow Clearances for Industry Personnel. [GAO-06-747T](#). Washington, D.C.: May 17, 2006.

Questions for the Record Related to DOD's Personnel Security Clearance Program and the Government Plan for Improving the Clearance Process. [GAO-06-323R](#). Washington, D.C.: January 17, 2006.

DOD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DOD's Program, But Concerns Remain. [GAO-06-233T](#). Washington, D.C.: November 9, 2005.

Defense Management: Better Review Needed of Program Protection Issues Associated with Manufacturing Presidential Helicopters. [GAO-06-71SU](#). Washington, D.C.: November 4, 2005.

Questions for the Record Related to DOD's Personnel Security Clearance Program. [GAO-05-988R](#). Washington, D.C.: August 19, 2005.

Industrial Security: DOD Cannot Ensure Its Oversight of Contractors under Foreign Influence Is Sufficient. [GAO-05-681](#). Washington, D.C.: July 15, 2005.

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