

Statement for the Record
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before the

House Armed Services Readiness Subcommittee
House Armed Services Committee

on

Readiness at Risk: Department of Defense Security Clearances

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Chairman Ortiz, Ranking Member Forbes, and Members of the Subcommittee, it is my pleasure to appear before you today to discuss the Department of Defense (DoD) security clearance process and the progress we are making towards the goals outlined in the Intelligence Reform and Terrorism Prevention Act (IRTPA). While we have met several key objectives in the past year, the Department recognizes that opportunities for improvement remain. As the Director of Security, in the Office of the Under Secretary of Defense for Intelligence (USD(I)) within the DoD, my office is responsible for the development of personnel security policy and oversight of the personnel security program.

Over the past year, under the leadership of the Office of Management and Budget (OMB), the Department and its primary partner for this process, the Office of Personnel Management (OPM), have made significant progress. Although we have not yet resolved all of the challenges to

establishing an efficient and effective process, we continue to work together towards that goal. I believe it is important for you to understand the level of attention and energy focused on the security clearance process within the Intelligence Community and the Department. I will discuss each of these in more detail but would like to highlight some significant initiatives first. These initiatives include:

- The Joint Security Clearance Process Reform Team commissioned by the Director of National Intelligence (DNI) and USD(I) to systematically examine and improve the way we do business. This effort includes many ongoing actions intended to make an immediate and lasting impact.

- The Base Realignment and Closure Commission requirement for us to collocate our ten adjudication facilities at Fort Meade. This action will allow us to carefully review options that will increase process efficiencies and capture best practices for work standardization and risk management.

- Numerous initiatives being conducted within the services and defense agencies sponsoring demonstration programs to streamline and enhance current business practices.

- The Defense Security Service (DSS) implementation of a transformation plan that will position it to support the Department and our Industry partners.

- The IRTPA mandated that by December 2006 80 percent of clearance actions be completed in an average of 120 days (90 days for the investigation phase, and 30 days for the adjudication phase). Since that time, OPM has demonstrated a marked improvement in investigative timeliness for cases submitted after 1 October 2006.

Each of these examples is a deliberate effort to move the Department forward on a course for success.

I would like to take a moment to highlight some examples of this progress. First, the magnitude of the process is worthy of some consideration. Within the federal government, DoD composes approximately 90% of the investigation requests submitted to OPM for security clearances. On an annual basis, DoD processes over 700,000 clearance eligibility actions at 10 adjudication facilities. In managing such an expansive security clearance program, the Department complies with Executive Orders, Presidential issuances, and all applicable laws to ensure that processing investigations and determining eligibility for access to classified information is appropriately uniform, expedient, and reciprocal to protect national security interests.

The Security Clearance Process begins with a determination that an individual requires access to classified information for the performance of his or her official duties. The individual completes a security questionnaire, and it is submitted for investigation. During the submission review process, and in accordance with Executive Orders and DoD policy, we continue to expedite interim clearances for our military, civilian and contractor workforce, enabling eligible personnel to begin working on classified programs quickly with minimal risk to national security.

Electronic submissions of requests for investigation for DoD military and civilian personnel are already at 82%, up from approximately 65% at this same time last year with a goal of 100% use by the end of this fiscal year. This increase in electronic submissions is already contributing to shortened overall clearance timelines. Our industry partners are already at 100% electronic form submission. A planned modification to the Joint

Personnel Adjudication System (the DoD system of record maintained by DSS) will add an electronic fingerprint submission capability. DSS expects to deploy this capability for industry by June of this year. This initiative will allow industry applicants to submit all of their clearance information electronically and will reduce the time an electronic case is suspended at OPM, waiting for hard copy fingerprints to be mailed and catch up to the electronic submission of the investigative forms.

The completed investigation is then sent to one of the DoD adjudication facilities. The adjudicator reviews the completed investigation, and any additional documentation provided with the case to determine whether or not to grant, deny, or revoke access to classified information. In a small percentage of the cases, there is insufficient information to make a determination and further inquiries or expanded investigations are necessary. In other cases, when there is a decision to deny or revoke a clearance, the subject is given the opportunity to appeal the decision using the DoD's due process system required by executive order.

For the adjudication phase of the process, DoD has reduced the time to adjudicate completed investigations from 80% in an average of 53 days in first quarter fiscal year 2007 to 80% in an average of 30 days in first quarter fiscal year 2008. The Defense Industrial Security Clearance Office, an element of DSS, is responsible for adjudications of investigations for industry. In December 2007, 80% of industry adjudications were completed in an average of 34 days, which slightly exceeds the current IRTPA goal of 80% in an average of 30 days and the 2006 self-imposed goal of 80% in an average of 25 days. This higher timeline is due in part to

a significant increase in OPM's output, which has increased DoD workload. DSS has initiated several internal process improvements beginning in January 2008 to reduce the adjudicative timelines of industry cases, including hiring additional adjudicators and contractor support to meet current requirements. We expect to see continued improvement on timelines within 90 to 120 days.

In December of 2007, DoD's overall end-to-end timeliness of the security clearance process was 80% in an average of 112 days. It should be noted, however, that while we strive to meet the 80% standard established by IRTPA, this leaves us with 20% or nearly 140,000 cases per year that exceed those timelines and in some cases significantly. In October 2007, the National Industrial Security Program Policy Advisory Committee Ad Hoc Working Group, consisting of members from Industry, OPM, DoD and the Information Security Oversight Office, compiled end-to-end processing time metrics for Top Secret and Secret investigations for completed industry investigations. The survey did not demonstrate any significant improvement in timeliness over the past year. However, the survey included all completed work, including that representing OPM's efforts to reduce the investigations backlog, not just a measure of the fastest 80% as required by IRTPA. It should be noted that during that time, a significant number of older investigations were completed thereby driving up average timelines and diminishing the progress made for the fastest 80%.

DoD policy also requires the reciprocal acceptance of existing investigations and clearance determinations rendered by the Intelligence

Community or other Executive branch agencies. The Department fully embraces OMB's reciprocity policy that established the standards for reciprocal recognition of security clearances. As a rule, when contractor personnel change employment from one company to another or a government employee transfers to a different federal agency, the current clearance eligibility remains valid. In fact, our cleared industry partners have the capability within our central security database, to establish a relationship with any clearance eligible subject and grant them access to classified information without further delay.

In regard to billing for the Personnel Security Investigation portion of the process, the DSS is the lead DoD agency for managing the process. Until last year, DSS was dependent on reprogramming actions to fund its core mission areas. After an extensive review within DoD by the Comptroller and Program Analysis and Evaluation (PA&E) organizations, it was determined that the existing DSS funding allocation was not sufficient to meet its basic infrastructure funding requirements. The Department resolved the DSS baseline funding shortfall and fully funded transformation efforts in the FY09 President's Budget request. DSS funding for fiscal years 2008 and 2009 is sufficient for all missions and no reprogramming actions are anticipated.

While we recognize our improvements to date, we are by no means satisfied with the current length of time it takes to process clearances. Nor are we satisfied with the fact that several of the Department's components have not yet met some of the 2007 self-imposed goals, which will help us attain the December 2009 IRTPA goal of 90% of adjudications completed

in an average of 20 days. While the IRTPA goals provide direction, those objectives include only the investigative and adjudicative segments of the process. The IRPTA goals do not provide end-to-end process performance measures for all portions of the process, nor do they capture all of the opportunities for improvement such as timeliness requirements for submission, handling time between organizations or due process. The Security Clearance Oversight Group, chaired by OMB, has established aggressive standards for those elements of the overall process that are not referenced in IRTPA.

Clearance Transformation is also one of the Secretary of Defense's top 25 priorities for the Department. The Secretary's call for improvement to the security clearance process is matched by the DNI, who has placed security clearance reform in his 100- and 500-day Plans. Together, these senior leaders established the Joint Security Clearance Process Reform Team in June 2007, charging this expert group to develop a transformed, modernized, fair and reciprocal security clearance process for the entire Executive branch. The Joint Team conducts its activities with oversight and concurrence from the OMB, and the participation from other agency partners. For example, the Joint Team recently learned through the concurrent reform effort of OPM that the processes for determining eligibility for access to classified information, suitability for Federal employment, eligibility to work on a Federal contract, and granting access to Federally-controlled facilities and information systems rely on very similar background data; however, the processes for collecting and analyzing that data are not sufficiently coordinated. It was decided that the most efficient way to proceed was to combine the two efforts into one.

Therefore, the overall scope of the reform effort now encompasses aligning security clearances and federal employment suitability, to ensure the Executive branch executes these authorities within a framework that maximizes efficiency and effectiveness. The importance of this project was underscored on February 5, 2008, when the President issued a memorandum acknowledging the work of this combined group and directed the heads of executive departments and agencies to provide all information and assistance requested by the Director of OMB in this important endeavor. The memo also directs the Director of the OMB, the Director of the OPM, the Assistant to the President for National Security Affairs, the DNI, and the Secretary of Defense, to submit to the President an initial reform proposal not later than April 30, 2008, that includes, as necessary, proposed executive and legislative actions to achieve the goals of reform.

In its first phase of the team's activity, concluding in August 2007, the Joint Team developed a proposal for a transformed security clearance system that would meet the IRTPA timeline goals, while ensuring that quality and cost are balanced to serve the enterprise. Currently, the Joint Team is conducting concurrent work in three areas: information technology, policy development/revision, and targeted demonstration activity that seeks to validate innovations in the new process design. The primary innovations driving the transformation involve the use of more automated processes and data collection mechanisms that aim to significantly reduce processing times by eliminating manual, time intensive activities. The new process proposes the use of new investigative tools, an end-to-end information management system, a continuous risk management philosophy, and efficient standardized business practices.

Every related component within the Department has made improving this process a top priority. Of particular note are the efforts within the Army. They currently have an effort underway, using the Lean-Six-Sigma toolset, to design a new front-end business model geared to maximize the use of automation, eliminate redundant processes and improve timeliness. The Army's efforts are already validating the efficiencies to be gained by adopting the process of receiving completed investigations electronically that was developed by OPM last year, eliminating mailing time and mailing expenses as well as reducing mail room handling time and manpower. The next phase of their efforts will include a demonstration project using automation to make adjudicative decisions on investigations that have no significant or actionable derogatory information. If viable, this process could demonstrate an automated, electronic adjudication for up to 30% of our investigations, with no discernable increase in risk. Simultaneously, the DoD Personnel Security Research Center is continuing to pursue the possibility of supplementing or replacing some of the "boots on the ground" investigation techniques with automated checks of commercial databases.

While we must continue to improve our current clearance process, we recognize that efficiencies will only get us so far. Unless there is a concerted effort to change what we do and not just how we do it, we have not done our jobs. The Joint Security Clearance Process Reform Team is that effort. It is this combined vision and initiative that I believe is uniting the Federal Security community with one goal and one purpose: the transformation of the security clearance process and the alignment of the suitability process. I am confident that sufficient executive commitment exists to ensure that security clearance reform will be achieved.

Thank you for the opportunity to appear before you and testify on the Department's security clearance process and ongoing reforms. We look forward to working with the Committee on this very important matter as we continue to improve the security clearance process.

Mr. Chairman, this concludes my statement.