

Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program

U.S. Department of Defense

January 2011



Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program

This report is submitted pursuant to Section 347 of the John Warner National Defense Authorization Act for Fiscal Year (FY) 2007 (Public Law 109-364), which requires the Secretary of Defense to include, in the budget justification documents submitted to Congress in support of the President's budget for the Department of Defense (DoD) for each fiscal year, a report on the future requirements of DoD with respect to the Personnel Security Investigations for Industry (PSI-I) and with respect to the National Industrial Security Program (NISP) activities of the Defense Security Service (DSS). This is the fifth annual report. Data in this report provided by the Office of Personnel Management (OPM) cannot be validated by DoD.

Section I: The Funding Requirements of the Personnel Security Clearance Investigation Program and the Ability of the Secretary of Defense to Fund the Program.

The FY10 total cost for PSI-Is was \$218.0 million. DoD has funded \$234.1 million for FY11 requirements. In addition, DoD has approved the following PSI-I funding for FY12 through FY16. Based on current projections and requirements known at the time of this report, this funding is expected to be sufficient:

- FY12: \$238.5 million
- FY13: \$242.9 million
- FY14: \$247.5 million
- FY15: \$252.2 million
- FY16: \$214.2 million

PSI-Is for national security clearances are centrally funded through the Defense-wide Operations and Maintenance Appropriation.

Section II: The Size of the Industry Personnel Security Clearance Adjudication and Investigation Process Backlog

As part of the DSS mission to facilitate the personnel security clearance process for contractors participating in the NISP, the Defense Industrial Security Clearance Office (DISCO), a DSS component, is responsible for the adjudication of PSI-Is on behalf of DoD and 23 other Federal agencies. During FY10, pending adjudication inventory at DISCO increased by 14,195 from 3,741 to 17,936. The inventory contains 8,550 cases that have been initially reviewed but require additional information before they can be adjudicated. The significant inventory increase is due to a reduced use of overtime, a loss of experienced adjudicators due to upcoming base realignment and closure actions, significant information technology issues that reduced available system time and time spent training new adjudicators.

In 2005, recommendations of the Base Realignment and Closure (BRAC) Commission that were enacted into law mandated relocation of DISCO personnel security operations from Columbus, OH to Fort Meade, MD by August 2011. As such, DISCO adjudicators in Columbus, most of whom are not willing to relocate to Fort Meade area and are seeking employment elsewhere, tripling the 6 percent average annual attrition rate to 18 percent in FY10. Further, few experienced adjudicators from outside DSS are applying for open positions in the current DISCO satellite office in the Fort Meade due to the availability of other adjudication work in the National Capital area and the relocation of all DoD Central Adjudication Facilities (CAFs) to Fort Meade. Accordingly, DSS expects to see these higher attrition rates to continue. Moreover, positions formerly occupied by experienced adjudicators in Columbus are being filled in the Fort Meade area with less experienced adjudicators, who require a considerable amount of training and mentoring. These resulting challenges have had an impact on operational productivity at DISCO.

The primary challenges that DSS has faced stem directly from the BRAC requirement mandating that DSS relocate its full CAF operations from Ohio to Maryland in FY11. DSS is working aggressively to address these challenges and had reduced the inventory of pending adjudications from 17,936 to 16,068 by the end of November 2010. DSS established adjudicative operations and began backfilling DISCO's vacant positions in Maryland in FY 2009 to mitigate the potential long-term impact of BRAC on operational productivity. More recently, DSS began utilizing mandatory and voluntary overtime in the 4th Quarter of FY10 to reduce its adjudicative inventory. During FY11, DSS is also planning to implement 90 to 120-day temporary duty assignments of its Maryland personnel to its facility in Ohio to accelerate their training and increase space capacity for additional new employees in Maryland who can, in turn, commence their training at that facility. DSS will also offer long term flexible work options such as Telework to increase productivity and to attract and retain high quality adjudicative staff in the Fort Meade area. DISCO adjudicators rely heavily on electronic records, various systems and network availability to meet the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) goals. In December 2010, DSS OCIO began tracking the time and impact that software, infrastructure, and connectivity issues have specifically on the adjudicators. Finally, DSS continues to explore other options to temporarily augment DISCO's workforce during the transition of moving full CAF

operations from outside the commuting area. DSS believes these strategies should enable it to reduce adjudicative inventory to acceptable levels and meet IRPTA timelines by December 31, 2011.

FY10 DISCO Pending Adjudications Chart

Case Type	Day Category	Dec-09 (End of Q1)	Mar-10 (End of Q2)	Jun-10 (End of Q3)	Sep-10 (End of Q4)	Delta Q1 vs Q4
Initial (SSBI and NACLCLC)	[0 - 20 days]	2,002	5,331	6,414	2,975	48.6%
	[21 - 90 days]	840	1,247	5,728	10,210	1115.5%
	[over 90 days]	557	550	315	379	-32.0%
Initial Total		3,399	7,128	12,457	13,564	299.1%
Renewal (PPR and SBPR)	[0 - 30 days]	201	761	1,733	1,437	614.9%
	[31 - 90 days]	54	56	599	2,877	5227.8%
	[over 90 days]	87	71	51	58	-33.3%
Renewal Total		342	888	2,383	4,372	1178.4%
Grand Total		3,741	8,016	14,840	17,936	379.4%

OPM Pending Cases Report¹

Pending Cases at the close of FY 10 (9/30/10) for Initial Investigations

The following OPM data depicts open DoD NISP initial investigation cases pending at OPM at the end of FY10 (includes cases not scheduled) as well as those pending longer than 90 days or more, in successive 30-day increments.

Case Type	Total Pending	<90	91-120	121-150	151-180	181-210	211-240	241-270	271-300	301-330	331-360	>360
Standard SSBI ²	6,178	5,350	558	165	68	14	7	2	0	4	1	9
NACLCLC ³	13,556	13,200	244	52	23	13	6	2	2	3	2	9
Totals	19,734	18,550	802	217	91	27	13	4	2	7	3	18

¹ Data Source OPM, Pending Case Report

² SSBI – Single Scope Background Investigations are for Top Secret Clearances

³ NACLCLC – National Agency Check, with Local and Credit Check Investigation for Initial Secret Clearances and Periodic Reinvestigations for Secret Clearances

- There was a 4.6 percent increase in the number of total pending SSBI and NACLIC investigations at the end of FY10 (19,734), compared to the end of FY09 (18,868).
- 6.6 percent (1,224 out of 19,734) of investigations were more than 90 days old.

OPM Pending Cases Report⁴

Pending Cases at the Close of FY10 (9/30/2010) for Periodic Reinvestigations (PRs)

The following OPM data depicts open DoD NISP Top Secret (TS) PR cases pending at OPM at the end of FY10 (includes cases not scheduled) as well as those pending longer than 180 days or more, in successive 30-day increments.

<i>Case Type</i>	<i>Total Pending</i>	<i><180</i>	<i>181-210</i>	<i>211-240</i>	<i>241-270</i>	<i>271-300</i>	<i>301-330</i>	<i>331-360</i>	<i>>360</i>
SSBI-PR⁵	5,115	4,935	108	47	16	4	0	0	5
Phased PR⁶	4,248	4,206	31	5	2	0	0	1	3
Totals	9,363	9,141	139	52	18	4	0	1	8

- In all, there was a 47.6 percent increase in the number of total pending TS PRs at the end of FY10 (9,363) as compared to the end of FY09 (6,343).
- At the close of FY10, 2.4 percent (222 out of 9,363) of TS PRs were more than 180 days old.

⁴ Data Source OPM, Pending Case Report

⁵ SSBI-PR – Single Scope Background Investigation for Periodic Re-evaluation for Top Secret Clearances

⁶ Phased-PR – is a streamlined investigation used for cases where derogatory information is not present and is for re-evaluation for Top Secret Clearances

Section III: The Length of the Average Delay for an Individual Case Pending in the Personnel Security Clearance Investigation Process

The National Industrial Security Program Policy Advisory Committee (NISPPAC) Ad Hoc Working Group⁷, consisting of members from Industry, OPM, DSS and the Information Security Oversight Office of the National Archives, compiled end-to-end processing time metrics for 100 percent of initial TS and Secret clearances completed during FY10. DISCO began receiving completed cases from the Office of Personnel Management electronically in August 2009 which reduced transit time. Below are FY10 process timelines for closed cases by case type.

Sub-Step Timeliness – Closed Cases

Sub-Step	Averages (Days)		
	SSBI	NACLC	SSBI PR
Initiation Time	17	14	9
DISCO Processing Time	2	2	2
OPM Investigation	82	38	95
Adjudication	38	36	53
TOTAL⁸	139	90	159

The IRTPA mandated the development of a plan to reduce the length of the personnel security clearance process with the following criteria:

- To the extent practicable, the plan shall require that each authorized adjudicative agency make a determination on at least 90 percent of all applications for clearances within an average of 60 days from the date of receipt of the completed application.
- The act states that by December 2009, not more than 40 days should be spent on the investigative phase and not more than 20 days should be spent on the adjudicative phase.

During the fourth quarter of FY10, 90 percent of initial Industry clearances averaged 90 days to complete end-to-end, a 7.1 percent increase over the fourth quarter of FY09 when the average was 84 days.

For FY10, DISCO met IRTPA timelines for the 113,256 cases that fell under its

⁷ The NISPPAC is a Federal Advisory Committee established on January 8, 1993, by Executive Order 12829, “National Industrial Security Program.” The NISPPAC advises the Committee Chair on all matters related to the NISP, and is chaired by the Director of the Information Security Oversight Office.

⁸ Total time includes collateral adjudications performed by DISCO and SCI adjudications performed by other Military Departments and Defense Agencies.

cognizance.⁹ There were 101,064 adjudicative determinations on initial clearance applications, 90 percent which were completed within an average of 19.7 days. There were 12,192 adjudication determinations for clearance renewals, 90 percent which were completed in an average of 21.3 days.

⁹ The cited timelines do not include cases that were referred during the reporting period to the Defense Office of Hearings and Appeals for due process determinations or cases forwarded to other DoD adjudication facilities for Sensitive Compartmented Information adjudication. For initial adjudications, 4,186 decisions were rendered by other CAFs and the most rapid 90 percent were adjudicated in 124.6 days. For renewal adjudications, 6,078 decisions were rendered by other CAFs and the most rapid 90 percent were adjudicated in 66.2 days.

Section IV: Progress Made by the Secretary of Defense During the 12 Months Preceding the Date on Which the Report is Submitted Toward Implementing Planned Changes in the Personnel Security Clearance Investigation Process.

On April 2, 2008, the Secretary of Defense directed the Under Secretary of Defense for Intelligence (USD(I)) to formally assess future options for DSS. A study panel was convened, and that panel issued recommendations for future missions and functions of DSS. On January 15, 2009, the Deputy Secretary of Defense issued a memorandum adopting recommendations of the DSS Future Options Study (copy attached). As a result of the DSS study, DoD directed the implementation of numerous measures designed to strengthen and refocus DSS to meet 21st-Century industrial security and counterintelligence needs.

Toward this end, several significant changes occurred during the preceding 12 months:

- The control of DoD enterprise-wide information technology (IT) systems associated with personnel security clearances was transferred to the Defense Manpower Data Center (DMDC) at the end of August 2010. A Memorandum of Agreement (MOA) outlining the terms of the transfer of the IT systems associated with personnel security clearances from DSS to DMDC was negotiated at the end of FY09, and implementation continues.
- A Memorandum of Agreement, dated May 18, 2010, formally transferred oversight of DoD personnel security investigations policy to the Security Directorate of the Office of the Under Secretary of Defense for Intelligence (OUSDI). DISCO will continue to provide operational support on a periodic basis until OUSDI attains personnel with the appropriate technical skills to perform data extraction from DoD systems. DSS's Industrial Policy and Programs (IP) Directorate, Assessment and Evaluation Division (IP-A), retains responsibility only over PSI functions specific to Industry personnel clearance adjudications, including projection of PSI-I requirements, management and payment of PSI-I bills, and related billing matters.
- The Air Force was formally designated as the DoD single point of contact for OPM in regard to all DoD PSI billing and payment matters, effective October 1, 2009.

Additional DSS initiatives and improvements made during FY10 include:

Rapid Assessment of Incomplete Security Investigations (RAISE): DSS, using a DoD Personnel Security Research Center (PERSEREC) developed prototype, with input from DoD CAFs, the Office of Personnel Management (OPM), and DoD policy experts, developed the RAISE online tool to efficiently and systematically collect information about the scope, issues, and utility of investigations with deficient information. In June 2009, RAISE was designated as the DoD tool for assessing personnel security investigation quality, and shortly thereafter, the Joint Suitability and Security Reform Team (JSSRT) began work to incorporate the RAISE functionality into the DoD Case Adjudication Tracking System

(CATS). This functionality is now available in CATS. DSS implemented its use on December 1, 2010, as part of a phased deployment for industry adjudications.

Secure Web Fingerprint Transmission (SWFT): All initial PSIs require submission of fingerprints which are transmitted to OPM as part of the request for investigation. SWFT is a program that permits electronic submission of fingerprints for PSIs. In August 2009, DSS launched the full production SWFT capability and began allowing cleared contractors to submit electronic fingerprints. These electronic submissions eliminate delays associated with the previous practice of mailing paper cards, and allow DSS to ensure that fingerprint files are matched to a valid investigation in the Joint Personnel Adjudication System (JPAS) prior to releasing the information to OPM. A USD(I) memo, Subject: "DoD Transition to Electronic Fingerprint Capture and Submission in Support of Background Investigations" (July 29, 2010) directs DoD components to transition to electronic capture and submission of fingerprint images in support of all background investigations by December 31, 2013. Although the deadline for this requirement is three years in the future, cleared contractor facilities currently have the opportunity to participate in SWFT. As of the end of FY10, twenty-five cleared companies have voluntarily elected to utilize electronic fingerprint submissions and this has already helped reduce the fingerprint rejection rate. During FY10, approximately 9 percent of the fingerprint submissions were made electronically. Although these submissions represent only a small portion of the potential customer base, DSS continues to engage industry on the SWFT program and expects the number of participants to grow dramatically over the next few years as DSS works in conjunction with industry, OPM, and various Government entities to meet the December 2013 implementation mandate. Electronic fingerprint transmission will reduce fingerprint rejection rates as well as improve investigative timeliness. Both SWFT and JPAS were transferred from DSS to DMDC in August 2010.

Enhanced Secret Internet Protocol Network (SIPRNet) to the Field: The DSS Office of Chief Information Officer (OCIO) has completed the distribution of SIPRNet to DSS field offices. The DSS workforce in the field now has the ability to work and communicate with other agencies and DSS Directorates at the Secret level.

DSS Counterintelligence Analytical System: DSS Counterintelligence Analytical System (DCIAS) was deployed to the DSS Counterintelligence Directorate to automate DSS Counterintelligence Analytical business processes through enhanced search and discovery tools. DCIAS optimizes analysis through data visualization, analysis, correlation, and integration of data from multiple sources. The system also facilitates work on the annual DSS publication, "Targeting U.S. Technologies: A Trend Analysis of Reporting from Industry" and the substantive contribution of DSS to the National Counterintelligence Executive's (NCIX) data call that will be included in the FY 2010 NCIX Annual Report to Congress on Foreign Economic Collection and Industrial Espionage. DSS OCIO is implementing redundancy, DISA cross-domain solution, and additional storage for the DCIAS, furthering DSS CI analytical capabilities.

Call Center Operations: In FY10, the DoD Security Services Call Center team continued to provide exemplary customer service and assistance as verified and acknowledged by numerous customers. The dual-sited integrated Call Center team (located in Alexandria,

Virginia, and Columbus, Ohio) currently provides front-line DSS IT mission systems user support related to personnel security issues.

In addition to JPAS and SWFT, the significant DSS IT mission systems supported by the Call Center team include:

- The Industrial Security Facilities Database, which manages facility information for those cleared contractors participating in the NISP.
- The Defense Central Index of Investigations, which allows for the central management and identification of investigative reports created by DoD components about specific personnel.
- The Electronic Network Registration & On-line Learning (ENROL) system, which is a web-based learning management system that automates the administration, documentation, tracking, and reporting of training in support of the Center for Development of Security Excellence (CDSE)¹⁰ mission area.
- The Electronic Questionnaires for Investigations Processing (e-QIP) system, which is part of an e-Government initiative sponsored by OPM. E-QIP allows applicants to electronically enter, update, and transmit their personal investigative data over a secure internet connection to their employing agency for review and approval.

With a call abandonment rate of 1.4 percent and an average caller wait time of only 7 seconds, the Call Center team exceeded their set standards for speed of service and ensured approximately 1,500 daily callers received personal, high quality assistance.

E-QIP as Designed: The e-QIP program will allow investigation requests by industry to flow directly to OPM, thereby eliminating the use of JPAS as the sole-front end for industry. Implementing this program will require system changes and is anticipated to be completed either during Calendar Year 2011 or 2012. DSS is working in conjunction with OUSD(I), OPM and cleared industry to effect this transition as soon as OPM's system can accommodate NISP requirements. In the interim, industry will have to access both JPAS and e-QIP to generate requests for investigation.

Personnel Security Investigation Oversight: The DSS Industrial Policy and Programs (IP) Directorate, Assessment and Evaluation Division (IP-A), is responsible for estimating the annual PSI workload requirements for Industry, monitoring PSI-I funding, resolving billing issues with OPM and working with OPM on metrics. IP-A initiatives in FY10 include:

- **PSI-I Requirements Survey:** In April 2010, DSS deployed its annual web-based survey to 11,698 Facility Security Officers (representing 13,087 cleared facilities) for the purposes of projecting PSI-I requirements. The projections are the key component in DSS/DoD program planning and budgeting for NISP security clearances in the Future Years Defense Program (FYDP). Eighty-five percent of

¹⁰The Defense Security Service (DSS) Director established the Center for Development of Security Excellence (CDSE) on March 9, 2010. The CDSE mission falls under the DSS Security Education, Training and Awareness (SETA) Directorate and oversees the Education, Training, Security Professionalization, Multimedia Production, and Research, Analysis and Innovation mission areas.

cleared contractor facilities responded to the survey. These facilities employ 96 percent of the contractor personnel cleared under NISP. The survey has proven to be highly effective in projecting contractor security clearance requirements. At the close of FY10, industry clearance eligibility submissions were 2.8 percent below projections, which is well within the Office of Management and Budget (OMB) mandate that the survey results be +/- 5 percent of actual submissions. Projections of PSI-I will remain a DSS function.

- **Billing Transactions:** The DSS continues to refine the internal billing transaction database to identify discrepancies such as overcharges and duplicate billing in OPM invoices for industrial PSIs. At the end of FY10 approximately 8,000 cases (DoD-wide) were being audited for corrective action. Pre-FY10 PSI-I disputes have been reduced by 90 percent and all disputes are expected to be resolved in the first quarter of FY11.

The IRTPA mandated specific goals for improving timeliness for both PSIs and adjudications. DISCO, the DSS adjudication facility which adjudicates collateral clearances for contractor personnel, has exceeded the mandated IRTPA guidelines for completion of adjudications. During FY10, DISCO achieved significant success in reducing average adjudication process times.

In FY10, DISCO completed 90 percent of initial adjudications in an average of 19.7 days. This met the 20-day IRTPA goal established by the OMB.

- DISCO approved 170,120 requests for investigation in FY10, as compared to 175,807 in FY09.
- DISCO increased the number of interim personnel security clearance eligibilities granted by 2 percent, from 118,323 in FY09 to 120,399 in FY10.
- DISCO made 113,256 initial personnel security clearance adjudications measured by IRTPA in FY10, as compared to 125,245 in FY09
- DISCO granted approximately 5,900 secret clearance eligibilities using eAdjudication. eAdjudication uses a DNI set of approved business rules to electronically review and adjudicate cases identified by OPM as having no issues or no actionable issues.
- DISCO performed 247,444 adjudication actions (final adjudications, recertify and upgrade (RRU), incident reports, and others) in FY10, as compared to 280,150 in FY09.
- DISCO granted 113,819 personnel security clearance eligibilities in FY10, as compared to 159,862 in FY09.

Personnel Security Clearance Eligibilities Granted by DISCO FY05 – FY10

Year	Top Secret	Secret	Confidential
FY10	36,234	77,578	7
FY09	57,101	102,756	5
FY08	73,063	108,115	1
FY07	40,494	98,909	4
FY06	34,098	92,980	0
FY05	34,512	73,306	528

In FY10, DoD implemented the DoD Personnel Security Adjudicator Certification Program, a DSS Center for Development of Security Excellence (CDSE) initiative led by PERSEREC. The certification program for DoD Personnel Security Adjudicators will certify that an adjudicator is qualified to perform all essential adjudicative functions related to determining the eligibility of a government employee, military service member, or Defense contractor employee for access to classified information or for appointment to a position of trust. DoD adjudicators will be certified to perform all adjudicative functions with the exception of certain due process functions inherent in DoD Central Adjudicative Facility responsibilities. DSS is responsible for administering and maintaining the program.

SECTION V: Determination by the Secretary of Defense of Whether the Personnel Security Clearance Investigation Process Has Improved During the 12 Months Preceding the Date of the Report

The Department of Defense is committed to continue working with Congress to improve the personnel security process. As reflected in this document, DoD has made meaningful improvements in the funding and management of its PSI process and has improved the timeliness for adjudications. The Department continues to support the JSSRT and will work toward making more significant improvements in the future.

Attachment:

Deputy Secretary of Defense Memorandum, “Defense Security Service (DSS) Future Options Study Recommendations,” dated 15 January 2009



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JAN 15 2009

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEFS OF THE MILITARY SERVICES
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATIONS
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Defense Security Service (DSS) Future Options Study Recommendations

The Secretary's April 2, 2008, memorandum, Sensitive Activities Study Recommendations on Counterintelligence, Human Intelligence and Related Activities, directed the Under Secretary of Defense for Intelligence (USD(I)) to "work with Director of Administration & Management to establish a process that allows affected stakeholders the opportunity to assess future options for Defense Security Service."

The USD(I) convened a panel to hear testimony from more than 25 experts and organizational representatives to examine the four mission areas of DSS (industrial security, education and training, personnel security clearances office, and information technology program). The panel recommended that the Department strengthen and refocus DSS to meet 21st century industrial security and counterintelligence needs. Pursuant to the recommendation, DSS will:

- o Enhance and expand the National Industrial Security Program (NISP);
- o Retain adjudication of personnel security clearances for industry, projection of industry personnel security clearance requirements and funding for industry personnel security clearance investigations;
- o Reinvigorate the Security Education Training and Awareness Program (SETA);
and



- o Retain management of IT systems that support the NISP, SETA and internal agency IT functions.

Additionally, the following functions and all associated resources are hereby transferred from DSS to the entities identified:

- o DoD enterprise wide IT systems associated with personnel security clearances to the Defense Manpower Data Center;
- o Oversight of personnel security investigations policy to the Security Directorate of the Office of the Under Secretary of Defense for Intelligence; and
- o Projections and billing for military and civilian personnel security clearances to the Department of the Air Force.

In November 2008, I approved the above recommendations and directed that the resources necessary to implement them (approximately \$686M, 450 civilian full-time equivalents, and 7 military positions) be added to the DSS program during Fiscal Year (FY) 2010-15. The Under Secretary of Defense (Comptroller) and the Director, Program Analysis and Evaluation have reflected this decision in the draft FY10-15 President's Future Years Defense Program.

All actions taken in furtherance of this plan will be fully consistent with the Department's obligations to complement the closure and realignment recommendations of the 2005 Defense Base Closure and Realignment Commission.

A handwritten signature in black ink, reading "Gordon England". The signature is written in a cursive style with a large, prominent "G" and "E".

PL 109-364, SEC. 347. ANNUAL REPORT ON PERSONNEL SECURITY INVESTIGATIONS FOR INDUSTRY AND NATIONAL INDUSTRIAL SECURITY PROGRAM

(a) ANNUAL REPORT REQUIRED.—The Secretary of Defense shall include in the budget justification documents submitted to Congress in support of the President’s budget for the Department of Defense for each fiscal year, a report on the future requirements of the Department of Defense with respect to the Personnel Security Investigations for Industry and the National Industrial Security Program of the Defense Security Service.

(b) CONTENTS OF REPORT. —Each report required to be submitted under subsection (a) shall include the following:

- (1) The funding requirements of the personnel security clearance investigation program and ability of the Secretary of Defense to fund the program.
- (2) The size of the personnel security clearance investigation process backlog.
- (3) The length of the average delay for an individual case pending in the personnel security clearance investigation process.
- (4) Any progress made by the Secretary of Defense during the 12 months preceding the date on which the report is submitted toward implementing planned changes in the personnel security clearance investigation process.
- (5) A determination certified by the Secretary of Defense of whether the personnel security clearance investigation process has improved during the 12 months preceding the date on which the report is submitted.

(c) COMPTROLLER GENERAL REPORT.—Not later than 180 days after the Secretary of Defense submits the first report required under subsection (a), the Comptroller General shall submit to Congress a report that contains a review of such report. The Comptroller General’s report shall include the following:

- (1) The number of personnel security clearance investigations conducted during the period beginning on October 1, 1999, and ending on September 30, 2006.
- (2) The number of each type of security clearance granted during that period.
- (3) The unit cost to the Department of Defense of each security clearance granted during that period.
- (4) The amount of any fee or surcharge paid to the Office of Personnel Management as a result of conducting a personnel security clearance investigation.
- (5) A description of the procedures used by the Secretary of Defense to estimate the number of personnel security clearance investigations to be conducted during a fiscal year.
- (6) A description of any plan developed by the Secretary of Defense to reduce delays and backlogs in the personnel security clearance investigation process.
- (7) A description of any plan developed by the Secretary of Defense to adequately fund the personnel security clearance investigation process.
- (8) A description of any plan developed by the Secretary of Defense to establish a more stable and effective Personnel Security Investigations Program.