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**PERSONNEL
CLEARANCES**

**Key Factors for Reforming
the Security Clearance
Process**

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Highlights of [GAO-08-776T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Since 1974, GAO has examined personnel security clearance processes and acquired a historical view of key factors to consider in reform efforts. GAO placed the Department of Defense's (DOD) personnel security clearance program, which represents 80 percent of federal government clearances, on its high-risk list in 2005 due to long-standing problems. These problems include incomplete investigative reports from the Office of Personnel Management (OPM), the agency primarily responsible for providing clearance investigation services; the granting of some clearances by DOD adjudicators even when required data were missing from the investigative reports used to make such determinations; and delays in completing clearance processing. Delays can lead to a heightened risk of disclosure of classified information, additional costs and delays in completing related contracts, and problems retaining qualified personnel. DOD has reported on these continuing delays. However, there has been recent high-level governmentwide attention to improving the process, including establishing a team to develop a reformed federal government security clearance process.

This statement addresses four key factors that should be considered in personnel security clearance reforms. This statement draws on GAO's past work, which included reviews of clearance-related documents and interviews of senior officials at DOD and OPM.

To view the full product, click on [GAO-08-776T](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov.

PERSONNEL CLEARANCES

Key Factors for Reforming the Security Clearance Process

What GAO Found

Efforts to reform personnel security clearance processes should consider, among other things, the following four key factors: (1) a strong requirements-determination process, (2) quality in all clearance processes, (3) metrics to provide a fuller picture of clearance processes, and (4) long-term funding requirements of security clearance reform. In February 2008, GAO noted that a sound requirements process is important because 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, the cost of obtaining and maintaining a top secret clearance for 10 years is approximately 30 times greater than the cost of obtaining and maintaining a secret clearance for the same period. Also, changing a position's clearance level from secret to top secret increases the investigative workload for that position about 20-fold.

Building quality throughout the clearance process could promote positive outcomes, including more reciprocity governmentwide. However, agencies have paid little attention to this factor despite GAO's 2006 recommendation to place more emphasis on quality. For example, the Office of Management and Budget's (OMB) February 2007 report on security clearances documented quality with a single metric in only one of the six phases of the process. Further, OMB did not discuss the development or existence of any metric measuring the level of quality in security clearance processes or products in its February 2008 report. Concerns about the quality of investigative and adjudicative work underlie the continued reluctance of agencies to accept clearances issued by other agencies; thus, government resources may be used to conduct duplicative investigations and adjudications.

Federal agencies' efforts to monitor clearance processes emphasize timeliness, but additional metrics should be developed to provide a fuller picture of the performance of the clearance process. GAO has highlighted a variety of metrics in its reports (e.g., completeness of investigative reports, staff's and customers' perceptions of the process, and the adequacy of internal controls), all of which could add value in monitoring clearance processes. The emphasis on timeliness is due in part to the Intelligence Reform and Terrorism Prevention Act of 2004 which provides guidelines for the speed of completing clearances and requires annual reporting of that information to Congress.

Providing Congress with the long-term funding requirements to implement changes to security clearance processes could enable more-informed congressional oversight. Reform efforts should identify long-term funding requirements to implement proposed changes, so that decision makers can compare and prioritize alternate reform proposals in times of fiscal constraints. The absence of long-term funding requirements to implement reforms would limit decision makers'—in the executive and legislative branches—ability to carry out their budgetary development and oversight functions.

Chairman Akaka and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss reforming the federal government's personnel security clearance process. Since 1974, we have been examining personnel security clearance processes to assist 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. A list of our related GAO products is provided at the end of this statement. Specifically, we have testified on clearance-related issues in four prior hearings that this Subcommittee has held since January 2005, when we first placed the Department of Defense's (DOD) personnel security clearance program—which represents about 80 percent of the security clearances adjudicated by the federal government—on our list of high-risk government programs and operations.¹

We placed DOD's personnel security clearance program on our high-risk list in 2005 and again in 2007² because of a variety of long-standing problems in the program. Some of those problems included (1) incomplete investigative reports from the Office of Personnel Management (OPM), the agency that supplies about 90 percent of all federal clearance investigations, including those for DOD; (2) the granting of some clearances by DOD adjudicators even though required data were missing from the investigative reports used to make such determinations; and (3) long-standing delays in completing clearances. We have recently initiated additional work to examine the timeliness and quality of personnel security clearances in DOD. This work will help determine whether DOD's personnel security clearance program should remain on our 2009 high-risk list.

¹GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005).

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

In February 2008, we testified³ that DOD's August 2007 report to Congress⁴ noted continuing problems with delayed processing of industry personnel security clearances. We testified that the time required to process clearances continues to exceed time requirements established by the Intelligence Reform and Terrorism Prevention Act of 2004. This law currently requires adjudicative agencies to make a determination on at least 80 percent of all applications for a security clearance within an average of 120 days after the date of receipt of the application, with no longer than 90 days allotted for the investigation and 30 days allotted for the adjudication. DOD's August 2007 congressionally-mandated report on clearances for industry personnel described continuing delays in the processing of clearances. 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 of top secret clearances, 335 days; and all secret clearances, 208 days. Moreover, DOD's February 2008 congressionally-mandated report⁵ on clearance investigations for industry personnel noted that problems persist. Specifically, during the second half of fiscal year 2007, DOD reported that the end-to-end processing of initial top secret clearances averaged 311 days, renewal of top secret clearances averaged 444 days, and both initial and renewal of secret and confidential clearances averaged 229 days.

Problems in the clearance program can negatively affect national security. For example, delays reviewing security clearances for personnel who are already doing classified work can lead to a heightened risk of disclosure of classified information. In contrast, delays in providing initial security clearances for previously noncleared personnel can result in other negative consequences, such as additional costs and delays in completing national security-related contracts, lost-opportunity costs, and problems retaining the best qualified personnel.

³GAO, *DOD Personnel Clearances: DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel*, [GAO-08-470T](#) (Washington, D.C.: Feb. 13, 2008).

⁴DOD, *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).

⁵DOD, *Annual Report to Congress on Personnel Security Investigations for Industry and the National Industrial Security Program* (February 2008).

While delays continue in completing the end-to-end processing of security clearances, recent high-level governmentwide attention has been focused on improving the clearance process. For example, we previously reported that the Office of Management and Budget's (OMB) Deputy Director for Management has led efforts to improve governmentwide security clearance processes since June 2005. In addition, in June 2007, the OMB Deputy Director—in collaboration with the Director of National Intelligence and the Under Secretary of Defense for Intelligence—established the Joint Security and Suitability Reform Team (hereafter referred to as the Joint Reform Team). The Joint Reform Team was established to develop a reformed federal government security clearance process.⁶ On February 5, 2008, the President issued a memorandum that called for aggressive reform efforts of the security clearance process, acknowledged the work being performed by the Joint Reform Team, and directed that the team submit to the President an initial reform plan no later than April 30, 2008. As directed, the Joint Reform Team submitted a plan to the President on April 30, 2008, which presents the proposed design of a transformed hiring and clearing process.

The reformed security clearance process developed by the Joint Reform Team would be applicable not only to DOD but across the federal government including the intelligence community. In February, we testified before this subcommittee about areas in which we could support the intelligence committees and community on oversight of management reforms, including the security clearance process. Recently, we received two requests from the U.S. House of Representatives Permanent Select Committee on Intelligence to review security clearance programs in the intelligence community. Specifically, we have been asked to assess (1) the Joint Reform Team's reform efforts and (2) the timeliness and quality of personnel security clearances in the intelligence community.

For this testimony, you asked that we identify key factors that should be considered in personnel security clearance reform efforts. My statement today draws on our prior work on clearance processes since 2004, which included reviews of clearance-related documents and interviews of senior officials at DOD and OPM, which has the primary responsibility for providing clearance investigation services to DOD. Our work was

⁶Since June 2007, the goal of the Joint Reform Team expanded to include the elimination of duplicative steps in the investigations for security clearances and suitability determinations for federal employment. In addition, OPM is also now a member of the Joint Reform Team.

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

Ensuring a strong requirements-determination process, building quality in all clearance processes, including metrics to provide a fuller picture of clearance processes, and providing long-term funding requirements of security clearance reform are important factors to consider in efforts to reform the personnel security clearance process. First, ensuring a strong requirements-determination process can help the government manage the workloads and costs associated with the security clearance process. 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. Second, building quality in all security clearance processes could promote positive outcomes such as greater reciprocity of clearances. 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 may be used to conduct duplicative investigations and adjudications. Third, efforts to monitor clearance processes emphasize timeliness measurement, but additional metrics should be developed to provide a fuller picture of the performance of the clearance process. We have highlighted a variety of metrics in our reports (e.g., completeness of investigative reports, staff's and customers' perceptions of the process, and the adequacy of internal controls), all of which could add value in monitoring different aspects of the quality of clearance processes. Fourth, providing Congress with the long-term funding requirements in reports on implementing changes to security clearance processes could enable more-informed congressional oversight. As noted in our February 2008 report on industry personnel security clearances, limiting or excluding funding information in reports on changes to security clearance processes reduces the utility of information for Congress and the executive branch by limiting decision makers' ability to compare and prioritize alternate reform proposals when carrying out their budgetary development and oversight functions.

Background

Military servicemembers, federal workers, and industry personnel must generally obtain security clearances to gain access to classified information. The three clearance level categories are: top secret, secret, and confidential. The level of classification denotes the degree of protection required for information and the amount of damage that unauthorized disclosure could reasonably cause to national security. The degree of expected damage that unauthorized disclosure could reasonably be expected to cause is “exceptionally grave damage” for top secret information, “serious damage” for secret information, and “damage” for confidential information.⁷

DOD’s Office of the Under Secretary of Defense for Intelligence has responsibility for determining eligibility for clearances for servicemembers, DOD civilian employees, and industry personnel performing work for DOD and 23 other federal agencies, as well as employees in the federal legislative branch.⁸ That responsibility includes obtaining background investigations, primarily through OPM. Within DOD, government employees use the information in OPM-provided investigative reports to determine clearance eligibility of clearance subjects. DOD’s program maintains approximately 2.5 million clearances.

Although our high-risk designation covers only DOD’s program, our reports have documented clearance-related problems affecting other agencies such as the Department of Homeland Security (DHS). For example, our October 2007 report on state and local information fusion

⁷5 C.F.R. § 1312.4 (2008).

⁸DOD, *National Industrial Security Program: Operating Manual*, DOD 5220.22-M (Feb. 28, 2006), notes that heads of agencies are required to enter into agreements with the Secretary of Defense for the purpose of rendering industrial security services. The following 23 departments and agencies have entered into such agreements: (1) National Aeronautics and Space Administration, (2) Department of Commerce, (3) General Services Administration, (4) Department of State, (5) Small Business Administration, (6) National Science Foundation, (7) Department of the Treasury, (8) Department of Transportation, (9) Department of the Interior, (10) Department of Agriculture, (11) Department of Labor, (12) Environmental Protection Agency, (13) Department of Justice, (14) Federal Reserve System, (15) Government Accountability Office, (16) U.S. Trade Representative, (17) U.S. International Trade Commission, (18) U.S. Agency for International Development, (19) Nuclear Regulatory Commission, (20) Department of Education, (21) Department of Health and Human Services, (22) Department of Homeland Security, and (23) Federal Communications Commission.

centers⁹ 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 DHS, and (2) the reluctance of some federal agencies—particularly DHS and FBI—to accept clearances issued by other agencies (i.e., clearance reciprocity). Similarly, our April 2007 testimony¹⁰ on maritime security and selected aspects of the Security and Accountability for Every Port Act of 2006¹¹ (SAFE Port Act) 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.

Recent events affecting clearance programs across the federal government include the passage of the Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 and the issuance of the June 2005 Executive Order 13381, “Strengthening Processes Relating to Determining Eligibility for Access to Classified National Security Information.” IRTPA included milestones for reducing the time to complete clearances, general specifications for a database on security clearances, and requirements for reciprocity of clearances. The executive order stated, among other things, that OMB was to ensure the effective implementation of policy regarding appropriately uniform, centralized, efficient, effective, timely, and reciprocal agency functions relating to determining eligibility for access to classified national security information. Since 2005, OMB’s Deputy Director for Management has taken several actions to improve the security clearance process, including establishing an interagency working group to improve the reciprocal acceptance of clearances issued by other agencies and taking a lead role in preparing a November 2005 strategic plan to improve personnel security clearance processes governmentwide.

⁹GAO, *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). Since the attacks of September 11, 2001, 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.

¹⁰GAO, *Maritime Security: Observations on Selected Aspects of the SAFE Port Act*, [GAO-07-754T](#) (Washington, D.C.: Apr. 26, 2007).

¹¹Pub. L. No. 109-347, 120 Stat. 1884 (2006).

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

In our prior work, we identified four key factors that should be considered to reform the security clearance process. These include (1) ensuring a strong requirements-determination process, (2) building quality in all clearance processes, (3) developing additional metrics to provide a fuller picture of clearance processes, and (4) including long-term funding requirements of security clearance reform.

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

As we testified in February 2008, ensuring a strong requirements-determination process can help the government manage the workloads and costs associated with the security clearance process. Requirements-determination in the clearance process begins with establishing whether a position requires a clearance, and if so, at what level. We have previously stated that any reform process should 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 stages. While having a large number of cleared personnel can give the military services, agencies, and industry a great deal of flexibility when assigning personnel, having unnecessary requirements for security clearances increases the investigative and adjudicative workloads that are required to provide the clearances and flexibility, and further taxes 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, an increase in the proportion of investigations at the top secret level increases workloads and costs 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 each 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 obtaining and maintaining a top secret clearance for 10 years is approximately 30 times greater than the cost of obtaining 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 \$6,220 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. However, the investigation for a top secret clearance 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. The investigative workload for a top secret clearance increases about 20-fold compared to the workload for a secret clearance, since (1) the average investigative report for a top secret clearance takes about 10 times as 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. 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 for a secret clearance.

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. Unless reforms ensure a strong requirements-determination process is present, workload and costs may be higher than necessary.

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

We have emphasized—since the late 1990s—a need to build more quality and quality monitoring throughout the clearance process to promote positive outcomes such as greater clearance reciprocity. In our November 2005 testimony on the previous governmentwide strategic 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 continues. In addition, when OMB issued its February 2007 annual report on security

clearances,¹² it documented quality with a single metric in one of the six phases of the security clearance process (i.e., requirements setting, application submission, investigation, adjudication, appeal, and clearance updating). OMB stated 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 annual report on security clearances,¹³ 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.

We have also 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 strategic 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 as they anticipated this would lead to further delays. As part of our September 2006 report,¹⁴ we examined a different aspect of quality—the completeness of documentation in investigative and adjudicative reports. We found that OPM provided some incomplete investigative reports to DOD adjudicators, which the adjudicators then used to determine top secret clearance eligibility. 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. In our September 2006 report, we recommended that regardless of whether the metric on investigations returned for rework continues to be used, OMB’s Deputy Director for Management should require OPM and DOD to develop and report metrics on investigative and adjudicative completeness and other measures of quality. In his comments to our report, OMB’s Deputy Director for Management did not take exception to this recommendation. We are currently

¹²OMB, *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004* (February 2007).

¹³OMB, *Report of the Security Clearance Oversight Group Consistent with Title III of the Intelligence Reform and Terrorism Prevention Act of 2004* (February 2008).

¹⁴GAO, *DOD Personnel Clearances: Additional OMB Actions Are Needed to Improve the Security Clearance Process*, GAO-06-1070 (Washington, D.C.: Sept. 28, 2006).

reviewing the timeliness and quality of DOD personnel security clearances in ongoing work and plan to review any actions taken by OMB with regard to this recommendation.

In September 2006, we also reported that while eliminating delays in clearance processes is an important goal, the government cannot afford to achieve that goal at the expense of quality. We additionally reported that the lack of full reciprocity of clearances is an outgrowth of agencies' concerns that other agencies may have granted clearances based on inadequate investigations and adjudications. An interagency working group, the Security Clearance Oversight Steering Committee,¹⁵ noted that agencies are reluctant to be accountable for poor quality investigations 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.

It will be important for any reform process to incorporate both quality and quality monitoring and reporting throughout the clearance process. In their absence, reciprocity concerns will continue to exist and Congress will not have sufficient information to perform its oversight function.

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

As we testified in February 2008, reform efforts should also consider metrics beyond timeliness to evaluate the clearance processes and procedures and to provide a more complete picture of the performance of a reformed clearance process.¹⁶ 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 report¹⁷ on security clearance

¹⁵This committee is led by OMB's Deputy Director for Management and is comprised of representatives from DOD, DHS, the Departments of Energy, Justice, Transportation, Commerce, and State, the Director of National Intelligence, the National Security Council, and the National Archives and Records Administration.

¹⁶[GAO-08-352T](#).

¹⁷GAO, *DOD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks*, [GAO/NSIAD-00-12](#) (Washington, D.C.: Oct. 27, 1999).

investigations used multiple methods to examine numerous issues that included

- documentation missing from investigative reports;
- investigator training (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.

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 such as the metrics listed above. In February 2008, we noted that including these additional metrics could add value in monitoring clearance processes and provide a more complete picture of the performance of a reformed clearance process. In our November 2005 testimony, we noted that a previous government plan to improve the clearance process placed an emphasis on monitoring the timeliness of clearances governmentwide, but that plan detailed few of the other elements that a comprehensive strategic plan might contain.

An underlying factor that places emphasis on timeliness is the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA).¹⁸ Among other things, IRTPA established specific timeliness guidelines to be phased in over 5 years. The act states that, in the initial period that ends in 2009, each authorized adjudicative agency shall make a determination on at least 80 percent of all applications for personnel security clearances within an average of 120 days after the receipt of the application for a security clearance by an authorized investigative agency. This 120-day period includes no more 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. By December 17, 2009, the act will require that adjudicative agencies make a determination on at least 90 percent of all applications for a security clearance within an average of 60 days after the date of receipt of the application, including no

¹⁸Intelligence Reform and Terrorism Prevention Act of 2004, Pub. L. No. 108-458, §3001 (g), Reduction of Length of Personnel Security Clearance Process (2004).

more than 40 days for the investigation and 20 days for the adjudication. Moreover, IRTPA also includes a requirement for a designated agency (currently OMB) to provide information on, among other things, the timeliness of security clearance determinations in annual reports to Congress through 2011, as OMB did most recently in February 2008. While timeliness is important, other metrics are also needed to evaluate a reformed clearance process.

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

In February 2008, we recommended that the Joint Reform Team also provide Congress with long-term funding requirements as it develops plans to reform the security clearance process. We have previously reported that DOD has not provided Congress with long-term funding needs for industry personnel security clearances.¹⁹ In February 2008, we reported that in its August 2007 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 required 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,²⁰ limiting or excluding funding information in security clearance reports for Congress and the executive branch reduces the utility of those reports in developing and overseeing budgets for reform. 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 especially as the nation's

¹⁹GAO, *DOD Personnel Clearances: Improved Annual Reporting Would Enable More Informed Congressional Oversight*, [GAO-08-350](#) (Washington, D.C.: Feb. 13, 2008).

²⁰[GAO-08-350](#).

fiscal imbalances constrain federal funding. Without information on long-term funding requirements, both Congress and the executive branch will not have sufficient information to perform their budget oversight and development functions.

Conclusions

We are encouraged that the Joint Reform Team issued an initial plan to develop a reformed federal government security clearance process. As the Joint Reform Team develops its reform initiatives, we encourage the team to consider the four factors highlighted in my statement today. As much remains to be done before a new system can be designed and implemented, we look forward to evaluating the Joint Reform Team's efforts to assist Congress in its oversight.

Chairman Akaka 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 David E. Moser, Assistant Director; Renee S. Brown; Shvetal Khanna; James P. Klein; Caryn Kuebler; Ron La Due Lake; Gregory Marchand; and Brian D. Pegram.

Related GAO Products

Personnel Clearances: Key Factors to Consider in Efforts to Reform Security Clearance Processes. [GAO-08-352T](#). Washington, D.C.: February 27, 2008.

DOD Personnel Clearances: DOD Faces Multiple Challenges in Its Efforts to Improve Clearance Processes for Industry Personnel. [GAO-08-470T](#). Washington, D.C.: February 13, 2008.

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 28, 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.

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