

**THE DEFENSE SECURITY SERVICE: HOW BIG IS
THE BACKLOG OF PERSONNEL SECURITY IN-
VESTIGATIONS?**

HEARING
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY,
VETERANS AFFAIRS, AND INTERNATIONAL
RELATIONS
OF THE
COMMITTEE ON
GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS

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THE DEFENSE SECURITY SERVICE: HOW BIG IS THE BACKLOG OF PERSONNEL SECURITY INVESTIGATIONS?

WEDNESDAY, SEPTEMBER 20, 2000

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS
AFFAIRS, AND INTERNATIONAL RELATIONS,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2247, Rayburn House Office Building, Hon. Christopher Shays (chairman of the subcommittee) presiding.

Present: Representatives Shays and Biggert.

Staff present: Lawrence J. Halloran, staff director and counsel; J. Vincent Chase, chief investigator; Alex Moore, fellow; Jason M. Chung, clerk; David Rapallo, minority counsel; and Earley Green, minority assistant clerk.

Mr. SHAYS. This hearing of the Committee on Government Reform Subcommittee on National Security, Veterans Affairs, and International Relations is called to order.

Our subject this morning: Oversight of the Defense Security Service: How big is the backlog of personnel security investigations?

Seven months ago we heard testimony on the serious risks to national security posed by a staggering backlog of background investigations and reinvestigations, a backlog then estimated to approach 900,000 individuals seeking confidential, secret and top secret clearances. The Defense Security Service [DSS], the agency responsible for screening those in the DOD, have access to national secrets, said plans were in place to reduce the backlog to increase the quantity and improve the quality of personnel security checks.

Today the subcommittee revisits issues raised by longstanding deficiencies at DSS. We look for tangible progress toward repairing a vulnerable link in our very important security shield. The time for optimistic plans and rosy projections has long passed.

The longer the backlog festers, the greater the threat to security and productivity at DOD.

Awaiting reinvestigation are thousands who should not be or need not have access to classified material any longer. At the same time, agencies are losing qualified new hires who cannot wait almost a year for DSS to complete an initial investigation. In addition, defense contractors have found themselves unable to perform

billions of dollars worth of work because employees have not obtained routine clearances.

This frankly just boggles my mind. How big is the backlog? Incredibly even this central question still cannot be answered with any accuracy. According to the General Accounting Office [GAO], DOD continues to rely on episodic surveys of fragmented questionably accurate data bases to determine the extent of overdue clearances and future needs.

With only a guess at the scope of the problem, DOD can only speculate about the dimensions, the complexity and the costs of a longterm solution. The capability to anticipate DSS workload and budget needs and to prioritize security investigations, will not be in place for 2 years. Yet critical decisions are being made now about how many cases to direct to outside contractors and the optimal capacity of the internal DSS computer system.

That DSS remains a high risk enterprise, as the Department's Inspector General observed, was convincingly demonstrated when the agency's case control management system suffered a critical failure in July. Despite some subsequent success in stabilizing the system and reaching productivity goals, DSS plans to eliminate the backlog in a matter of months now appears to stretch out for years.

Over that time, DSS will require the sustained attention and support of senior Pentagon leadership, both civilian and military. DSS has not had that support in the past. Indifferent oversight and outright neglect by the Office of the Assistant Secretary for Command Control Communications and Intelligence allowed DSS to degenerate. Only proactive management and unwavering budget support at the same level will restore a security function that touches almost every aspect of DOD operations.

So there is no time to quibble over the meaning of the word "backlog" or indulge in the happy fiction, "failing more slowly equals success" for DSS.

We look for an unguided description of DSS recovery efforts to date and a frank assessment of the challenges that remain. Repairing the personnel security investigation process requires an unrelenting focus on protecting national security, not public relations.

We welcome the testimony of all our witnesses this morning as the subcommittee continues our oversight of the Defense Security Service.

We have two panels comprised of two people at each panel. Our first panel is Ms. Carol R. Schuster, Associate Director of National Security International Affairs Division, U.S. General Accounting Office; Mr. Donald Mancuso, Acting Inspector General, Office of Inspector General, Department of Defense.

[The prepared statement of Hon. Christopher Shays follows:]

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Statement of Rep. Christopher Shays
September 20, 2000

Seven months ago, we heard testimony on the serious risks to national security posed by a staggering backlog of background investigations and reinvestigations, a backlog then estimated to approach 900,000 individuals seeking confidential, secret and top secret clearances.

The Defense Security Service (DSS), the agency responsible for screening those in the Department of Defense (DOD) who have access to national secrets, said plans were in place to reduce the backlog, to increase the quantity and improve the quality of personnel security checks.

Today, the Subcommittee revisits issues raised by longstanding deficiencies at DSS. We look for tangible progress toward repairing a vulnerable link in our security shield. The time for optimistic plans and rosy projections has passed.

The longer the backlog festers, the greater the threat to security and productivity at DOD.

Awaiting reinvestigation are thousands who should not, or need not, have access to classified material any longer. At the same time, agencies are losing qualified new hires who cannot wait almost a year for DSS to complete an initial investigation. Defense contractors have found themselves unable to perform billions of dollars worth of work because employees have not obtained routine clearances.

How big is the backlog? Incredibly, even this central question still cannot be answered with any accuracy. According to the General Accounting Office (GAO), DOD continues to rely on episodic surveys of fragmented, questionably accurate data bases to determine the extent of overdue clearances and future needs.

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September 20, 2000
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With only a guess at the scope of the problem, DOD can only speculate about the dimensions, the complexity and the costs of a long term solution. The capability to anticipate DSS workload and budget needs, and to prioritize security investigations, will not be in place for two years. Yet critical decisions are being made now about how many cases to direct to outside contractors and the optimal capacity of the internal DSS computer system.

That DSS remains a "high risk" enterprise, as the Department's Inspector General observed, was convincingly demonstrated when the agency's Case Control Management System (CCMS) suffered a critical failure in July. Despite some subsequent success in stabilizing the system and reaching productivity goals, DSS plans to eliminate the backlog in a matter of months now appear to stretch out for years.

Over that time, DSS will require the sustained attention and support of senior Pentagon leadership, both civilian and military. DSS has not had that support in the past. Indifferent oversight and outright neglect by the office of the Assistant Secretary for Command, Control, Communications and Intelligence allowed DSS to degenerate. Only proactive management and unwavering budget support at the same level will restore a security function that touches almost every aspect of DOD operations.

So there is no time to quibble over the meaning of the word "backlog" or indulge in the happy fiction failing more slowly equals success for DSS.

We look for an unglided description of DSS recovery efforts to date, and a frank assessment of the challenges that remain. Repairing the personnel security investigation process requires an unrelenting focus on protecting national security, not public relations.

We welcome the testimony of all our witnesses this morning as the Subcommittee continues our oversight of the Defense Security Service.

Mr. SHAYS. At this time if you would stand, I would swear you both in.

[Witnesses sworn.]

Mr. SHAYS. Let me just say, before you both begin, in reading and preparing for this hearing it's fairly clear to me that we don't have happy news. But the purpose of this subcommittee is not to just expose unhappy news, the purpose is to make it right. And so I'm not looking to cast blame at anyone. I am looking to be part of what I hope all of us are, a solution and one that comes quickly.

My view, when I read the testimony, every time I read it, I get more outraged by the fact that we spent billions of dollars to try to improve our defense, and this area here would do wonders to improve our national defense. So I hope that we come up with concrete solutions and some real specific discussion as to what can be done to improve and make better this terrible situation.

Ms. Shuster.

STATEMENTS OF CAROL R. SCHUSTER, ASSOCIATE DIRECTOR OF NATIONAL SECURITY INTERNATIONAL AFFAIRS DIVISION, U.S. GENERAL ACCOUNTING OFFICE; AND DONALD MANCUSO, ACTING INSPECTOR GENERAL, OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

Ms. SCHUSTER. Mr. Chairman, I am pleased to be here today to discuss GAO's recent report related to DOD's backlog of overdue personnel security clearance investigations. As you have acknowledged in the past, periodic reinvestigations are an important part of the government's efforts to protect national security information and lessen the Nation's vulnerability to espionage. Completing these investigations when due is critical because individuals retain access to classified information, even though their clearances may be out of date. Yet, in January 2000, DOD estimated that its backlog of overdue reinvestigations had grown to about a half million cases or about one of every five individuals holding a clearance.

Today I would like to briefly summarize the major findings of our August 2000 report and ask that my full statement be submitted for the record.

Last February, when we testified before this subcommittee on the quality and timeliness of DSS investigations, questions were raised about the accuracy of DOD's backlog estimate. At your request, we examined the methodologies, the deputy used to estimate its backlog and found that DOD does not have a data base that can provide a real time accurate estimate of the backlog. As a result, it is variously estimated the size of the backlog on an ad hoc basis through data calls to the services and statistical sampling methods. Resulting estimates since 1998 have been widely divergent, ranging from 452,000 to 992,000 cases. It's two most recent estimates which use very different methods coincidentally achieve similar estimates of about 505,000.

The first relied on a data call that asked security managers throughout DOD to manually count their overdue reinvestigations. The second relied on statistical sampling to refine what it knew to be a grossly inaccurate estimate extracted from existing data bases. While the two most recent estimates were close, neither is particularly reliable due to their methodological limitations. For example,

when the counting method was used, we found that because guidance was not specific, the services used different "as of" dates and inconsistent methods to arrive at their estimates. Some of the input was 6 months old or older by the time the estimate was reported. And DOD made no effort to validate methodologies or the accuracy of the counts.

Likewise, the second estimate was also flawed in that only half of the 1,200 individuals sampled responded to the survey and the necessary followup was not performed to make the estimates statistically valid. And, based on the definition used, both estimates excluded as many as 94,000 overdue reinvestigations that had been submitted to DSS for processing. The vast majority of these cases were overdue. One estimate also excluded those holding confidential clearances.

DOD will begin testing a new joint personnel adjudication system data base in November 2000, which it believes will allow real time accurate counts of overdue reinvestigations. However, it will not be fully operational until November 2001. In the meantime, an enormous amount of effort continues to be expended to manually estimate the backlog. As recently as September 11th, the Deputy Secretary of Defense made yet another data call for DOD components to estimate the size of the backlog. This will be the seventh estimate since October 1998, yet, because the directive did not specify methodology to follow, there's no assurance that this estimate will be any more reliable than the succession of estimates that have already been made.

But, I would like to end my remarks on a more positive note. We recommended in our recent report that DOD design routine reports showing the full extent of the backlog and develop incentives to ensure that reinvestigation requests are submitted on time. I am pleased to report that DOD's controller has redefined the backlog to include all investigative workload including that awaiting processing at DSS. This will enable the department to better plan how it will address the full extent of the backlog. Also in June, DOD set forth a detailed phased plan for eliminating the backlog by September 30, 2002. Implementing guidance now specifies as was the case in 1999, that security managers must either terminate or downgrade clearances if a reinvestigation request has not been made by this date. This should provide an important incentive for DOD components and their security managers to submit reinvestigation requests in a timely manner and hopefully head off any future potential backlog.

Finally, DOD has acknowledged the importance of increased oversight of this vexing national security problem, and has asked each component to designate a senior official to monitor execution of the phased plan for eliminating the backlog. This latter action is responsive to an earlier GAO recommendation and should serve to emphasize within the Department the importance of ensuring that personnel security clearances are based on up-to-date investigations.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you have.

Mr. SHAYS. Thank you Ms. Schuster.

[The prepared statement of Ms. Schuster follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform, House of Representatives

For Release on Delivery
Expected at 10:00 a.m.
Wednesday,
September 20, 2000

DOD PERSONNEL

More Accurate Estimate of
Overdue Security
Clearance Reinvestigations
Is Needed

Statement of Carol R. Schuster, Associate Director
National Security Preparedness Issues
National Security and International Affairs Division



Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our recent evaluation of the Department of Defense's (DOD) backlog of overdue personnel security reinvestigations.¹ This evaluation was conducted at the request of the Subcommittee Chairman, who was concerned about the size of the backlog. In January 2000, DOD estimated that the backlog had grown to over 505,000, or about one out of every five individuals with a security clearance. However, DOD has also reported that it does not know the actual backlog size because existing personnel security databases cannot provide an accurate count of overdue reinvestigations.

To lessen the government's vulnerability to espionage and reduce national security risks, federal standards require a periodic reinvestigation of individuals with security clearances. An individual's security clearance is outdated if a reinvestigation has not been initiated in the past 5 years for top secret clearances, 10 years for secret clearances, and 15 years for confidential clearances. Undertaking reinvestigations on time is particularly important because DOD regulations permit individuals to maintain access to classified information regardless of whether and how long their reinvestigations are overdue.

Today, we will discuss (1) how DOD estimates the backlog, (2) the soundness of DOD's backlog estimates, and (3) DOD's plans to address the backlog problem. But first, we would like to provide a brief summary of our testimony.

Summary

In the absence of a Department-wide database that can accurately measure the reinvestigation backlog, DOD estimates the backlog on an ad-hoc basis. Since 1998, various DOD documents and statements have cited several widely divergent backlog estimates—ranging from about 452,000 to 992,000. More recently, DOD has attempted to develop formal and more accurate estimates using two primary methods—manual counts and statistical sampling. Using the counting method, the military services and Defense agencies ask security managers to review their personnel and count those overdue for a reinvestigation. Using the sampling method,

¹*DOD Personnel: More Actions Needed to Address Backlog of Security Clearance Reinvestigations* (GAO/NSIAD-00-215, Aug. 24, 2000).

DOD uses statistical analysis to refine rough—and known to be inaccurate—estimates extracted from existing security databases.

However, the reliability of DOD's recent formal backlog estimates is questionable because the estimates had methodological limitations, were 6 or more months old by the time they were reported, and excluded thousands of overdue reinvestigations. For example, using the counting method, DOD reported in January 2000 that the backlog totaled about 505,000. However, the military services used inconsistent methods and different time periods to determine their backlog counts, and DOD did not verify the accuracy of the counts. Using the sampling method, a DOD contractor reported in February 2000 that the backlog also totaled about 505,000. However, only half of the individuals sampled responded to the survey, and the necessary follow-up was not performed to make the estimate statistically valid. Moreover, both estimates excluded as many as 94,000 overdue reinvestigations that had been submitted for processing but were not yet completed as of February 2000.

Knowing the accurate size of the backlog is an important step towards effectively managing and eventually eliminating the backlog. DOD recognizes this and plans to implement a new personnel security database in mid-2001 designed to include information that could allow real-time counts of overdue reinvestigations. However, DOD has not specified how it plans to use the information in the new database to help manage the reinvestigation program or ensure that future reinvestigation requests are submitted when they are due. Our August 2000 report recommended that DOD design routine reports that show the full extent of the backlog and that DOD develop incentives to keep reinvestigation information current and have requests for reinvestigations submitted on time. DOD agrees with these recommendations and has begun to implement them.

Background

The federal government uses personnel security investigations to determine whether an individual should be granted access to classified information. In addition to requiring an initial investigation, federal standards require periodic reinvestigations of individuals granted access to classified information. Although such investigations do not guarantee that individuals will not later engage in espionage activities, they remain a critical part of identifying those who can be trusted to access and safeguard classified information. Of the 2.4 million DOD military, civilian, and contractor employees with personnel security clearances at the end of fiscal year 1998, 96,000 held confidential clearances, 1.8 million held secret clearances, and 524,000 held top secret clearances.

The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) is responsible for DOD's personnel security program, including the periodic reinvestigation program. The Assistant Secretary oversees the Defense Security Service, which is responsible for investigations and reinvestigations of DOD's civilian and military personnel and contractors. Over 5,000 security managers within the services and Defense agencies are responsible for ensuring that individuals submit reinvestigation requests as their updates become due.

DOD Regulation 5200.2-R, Personnel Security Program, states that a clearance shall not be suspended or downgraded solely because a periodic reinvestigation has not been conducted precisely within 5 years for top secret clearances and 10 years for secret clearances. The regulation requires that DOD agencies, in recognition of mission requirements, be flexible in administering the reinvestigation requirement. Thus, as a matter of practice, the services and DOD agencies normally do not suspend or downgrade individuals' access to classified information when reinvestigations are overdue.

Although DOD has historically reported a large backlog of overdue reinvestigations,² the size of the backlog has reportedly increased significantly over the past few years due to several factors. First, new standards, approved in 1997, increased periodic reinvestigation requirements by shortening the time interval between reinvestigations for secret clearances from 15 to 10 years and by establishing a new, 15-year periodic reinvestigation requirement for confidential clearances. Second, for 4 years starting in fiscal year 1996, DOD tried to help the Defense Security Service clear up its backlog of pending investigations by imposing quotas on the number of reinvestigations the services and Defense agencies could request. This led to pent-up demand for reinvestigation requests. Finally, in October 1998, the Defense Security Service began having significant difficulties implementing a new automated case control management system. The problems led to reduced productivity and longer completion times.

²The backlog can include overdue reinvestigations from the following DOD services and agencies: Army, Navy, Air Force, Marine Corps, Uniformed Services University of the Health Sciences, National Imagery and Mapping Agency, Defense Advanced Research Project Agency, Defense Information Systems Agency, Defense Threat Reduction Agency, Washington Headquarters Services, National Security Agency, Inspector General, Defense Logistics Agency, Defense Contract Audit Agency, Defense Finance and Accounting Service, Defense Security Service, Defense Intelligence Agency, Joint Staff, and DOD contractors.

Lack of Database Led DOD to Use Two Methods to Estimate Its Backlog

DOD does not have a Department-wide information system to track the status of security clearances. Without a central database to help it determine the reinvestigation backlog, DOD has used two primary methods for ad-hoc estimates of the backlog—manual counts of individuals with overdue reinvestigations and statistical sampling techniques to refine rough estimates of overdue reinvestigations from existing databases. DOD's primary existing database containing personnel security information, the Defense Clearance and Investigations Index, contains about 28 million records of past and current military, civilian, and contractor personnel who have been the subjects of criminal or security clearance investigations. Managed by the Defense Security Service, the index is used to study policy options and to prepare required and ad-hoc reports on the functioning of the personnel security program. Although the index was not designed to provide real-time, actual counts of overdue reinvestigations, it can provide a rough estimate of the backlog. The problem is that the rough estimate overstates the backlog because the index includes (1) many individuals no longer employed by DOD, (2) many individuals eligible for clearances but no longer requiring access to classified information, and (3) data showing only the highest eligible classification level of many individuals who currently require access only at a lower classification level.

Reliability of DOD's Backlog Estimates Is Questionable

DOD's two most recent backlog estimates—one by a DOD process team and the other by a contractor, the MITRE Corporation—were developed independently and used different estimating methods but coincidentally arrived at similar estimates of about 505,000 overdue reinvestigations. The process team's estimate originated in November 1999, when the Deputy Secretary of Defense formed the team to review the accuracy of the reinvestigation backlog and develop solutions to manage and eliminate the backlog. To develop its backlog estimate, the team first defined the backlog and included only reinvestigations that were (1) overdue according to the time lapsed since the individual's last investigation, (2) currently required, and (3) not yet submitted to the Defense Security Service for an update. Also, individuals with security clearances were evaluated according to the classified access level required to do their current jobs and not according to the highest level of classified access for which they were eligible. For example, an individual needing only a secret clearance but holding a top secret clearance was not considered overdue for a reinvestigation until 10 years, not 5 years, after the last investigation. The team then calculated its estimate by asking the services to count the number of individuals overdue for a reinvestigation.

The team's estimate contained three key limitations that raise questions about the reliability of the estimate. First, the team did not review the methods used or the accuracy of the backlog counts reported by the services. Second, the services were inconsistent in the way they arrived at their counts and used different points in time to determine their backlog:

- The Army asked its commands and units for a backlog count as of September 30, 1999.
- Navy leaders did not want to ask commands and units to count overdue reinvestigations, stating that this would disrupt mission responsibilities. Instead, the Navy (1) counted overdue reinvestigations of civilian personnel in one major command as of September 1999 and, on the basis of that count, extrapolated an estimate of its total civilian personnel backlog; (2) estimated its military personnel backlog by analyzing military jobs requiring clearances and the years of service of the individuals occupying those jobs (for example, individuals with over 6 years of service in jobs requiring a top secret clearance were considered overdue for a reinvestigation); and (3) used a count of overdue reinvestigations of civilian and military personnel in the Marine Corps as of September 10, 1999.
- Rather than performing another count of its backlog, the Air Force adjusted an April 1999 backlog estimate to approximate its backlog as of December 1999. To do this, the Air Force added all reinvestigation requests that it had submitted between May and December 1999 and subtracted them from its April 1999 estimate. The Air Force did not verify whether the requests subtracted from this estimate had been included in the original April 1999 estimate, and it did not add individuals that had become overdue for a reinvestigation from May through December 1999.

The third limitation was that, rather than developing new backlog counts, the team used previously developed estimates of overdue reinvestigations among DOD agencies and contractors, even though these accounted for about one-third of the backlog. Finally, the team's estimate used a definition of overdue reinvestigations that excluded those overdue reinvestigations submitted to but still pending at the Defense Security Service. Normally, the Defense Security Service does not open a reinvestigation immediately after it receives a request and usually requires about 5 to 7 months to complete a reinvestigation. When the team reported its estimate in January 2000, about 86,000 reinvestigations were still pending at the Defense Security Service; according to DOD officials, the vast majority of these were overdue.

DOD's other recent backlog estimate—made by a contractor using statistical sampling—originated from a 1999 Defense Security Service study to measure the backlog and determine how the Service should prioritize backlog cases so that those with the highest security risk could be completed first.³ As a starting point, the Defense Security Service obtained a rough, and known to be inaccurate, estimate of the reinvestigation backlog using existing databases. This estimate indicated that 954,445 individuals were overdue for reinvestigation as of June 30, 1999. From this estimate, a random sample of 1,200 cases was taken. Each case was surveyed to determine whether it was a true backlog case—meaning that the individual held an active clearance, needed access to classified information at the clearance level indicated, and had no clearance update request in process. When the contractor wrote its report, it had received 617 survey responses (51 percent of the sample cases). Of these, 246 identified true backlog cases.

The contractor's estimate also included limitations that raise questions about its reliability. One was the low survey response rate. No survey follow-up was performed to increase the response rate, and because responses were fewer than 1,200, the estimate rested on the assumption that there were no statistical differences between respondents and nonrespondents. However, to determine whether this assumption was true, sampling and follow-up of nonrespondents were required; but neither was performed.

Another key limitation of the contractor's estimate was that, similarly to the process team's estimate, it did not include all overdue reinvestigations. The estimate excluded overdue confidential reinvestigations, which number about 15,000, according to Defense Security Service officials. The estimate also excluded overdue reinvestigations pending at the Defense Security Service. In February 2000, when the contractor issued its report, about 94,000 reinvestigations were in process, and DOD officials stated that the vast majority of these were overdue.

Other widely divergent backlog estimates have been cited in various DOD documents and statements in 1998 and 1999. However, these estimates cannot be compared either with each other or with the more recent estimates by the process team and the contractor because they included

³The contractor's study developed an algorithm to prioritize reinvestigation requests on the basis of security risk. By comparing historical data on clearance revocations with information submitted with each individual's reinvestigation request, the algorithm predicts the likelihood that the individual's clearance might be revoked. Defense Security Service officials stated that they plan to begin using the algorithm during summer 2000 to give priority to those reinvestigations considered the riskiest.

different clearance levels and were developed using different methods, time periods, and criteria for determining when an individual is overdue for a reinvestigation. Appendix I summarizes key data on reinvestigation backlog estimates by DOD and others.

DOD Is Taking Steps to Address the Backlog

In a June 9, 1999, memorandum, the Deputy Secretary of Defense directed the services and Defense agencies to eliminate the backlog by the end of fiscal year 2000 by ensuring that (1) all individuals had current clearances in accordance with national standards or (2) all requests for reinvestigation were submitted and in process. The memorandum also called for shifting some Defense Security Service workload to the Office of Personnel Management and to private investigative companies to expand DOD's investigative capacity. The memorandum also stated that, contrary to established practice, clearances were to be administratively terminated or downgraded if they were not based upon a current investigation or were not in process for a reinvestigation by September 30, 2000.

Although DOD shifted initial investigations and reinvestigations (except overseas investigations) of its civilian personnel to the Office of Personnel Management in 1999, the services and Defense agencies did not submit overdue reinvestigation requests at the rate required to eliminate the backlog by September 30, 2000. The services and Defense agencies had planned to submit 505,786 overdue reinvestigation requests (the same number estimated by the process team) in fiscal year 2000, plus 131,000 that were becoming due. DOD analyses of the first 7 months of fiscal year 2000 showed that the services and agencies submitted only about 28 percent of the anticipated reinvestigation requests from October 1999 through April 2000. This was only about 34,000 more than the number of reinvestigations expected to become due during this period, indicating only a modest drop—about 7 percent—in overdue reinvestigations not submitted for update. To meet the goal of eliminating the entire backlog by September 30, 2000, the backlog should have been reduced by over 50 percent (about 250,000) by the end of April.

According to DOD officials, the services and Defense agencies did not submit more overdue reinvestigations primarily because they had not budgeted the additional funds needed to cover the costs of the increased workload and did not shift funds from other programs. Recognizing the problem, subsequent DOD memorandums issued on March 31, 2000, and June 22, 2000,

- extended the deadline for eliminating the backlog to March 31, 2002 (now extended to September 30, 2002);

- directed that all secret and confidential initial investigations and reinvestigations of military personnel be transferred to the Office of Personnel Management to further reduce the Defense Security Service's investigative workload;⁴
- estimated that an additional \$201.6 million was needed to pay for work transferred to the Office of Personnel Management in fiscal years 2001 and 2002; and
- directed the services and other components to (1) allocate funds from existing resources to pay for investigations performed by both the Defense Security Service and the Office of Personnel Management during fiscal year 2001 and (2) include all investigation funding that would be required for fiscal year 2002 in their budget submissions.

Neither memorandum issued in 2000 stated that clearances would be cancelled or downgraded if reinvestigations were not current or in process by the new deadline. Thus, unlike the Deputy Secretary of Defense's initial June 9, 1999, memorandum, they did not provide the same incentive urging security managers to submit future reinvestigation requests on time.

DOD is also implementing a new personnel security database, the Joint Personnel Adjudication System, to consolidate its security clearance data systems and provide real-time input and retrieval of clearance-related information. Assuming that the data will be accurate and reliable, DOD officials stated, the system will be able to provide accurate information on the status of security clearances, including counts of overdue reinvestigations. With this capability, DOD should no longer need to expend resources to produce ad-hoc estimates of the backlog. The officials said, however, that they had not yet determined how and when the system's periodic reinvestigation information will be extracted and used to monitor program performance.

DOD Is Implementing Our Recommendations

To improve the management of DOD's personnel security reinvestigation program, we recommended that DOD (1) design routine reports with key data from the Joint Personnel Adjudication System database to show the full extent of overdue reinvestigations, including those overdue but not yet submitted for update and those in process, and (2) develop appropriate

⁴The Defense Security Service would continue to perform overseas investigations, top secret initial investigations and reinvestigations of military personnel, and all investigations and reinvestigations of contractor personnel.

incentives to encourage agency security managers to keep information in the database current and to submit reinvestigation requests on time. DOD agreed with the contents of our report and our recommendations and stated that it would take steps to implement the recommendations. DOD stated, for example, that it would require that security clearances be downgraded or cancelled for those individuals who do not have a current clearance or who have not had the request for a periodic reinvestigation submitted to the Office of Personnel Management or the Defense Security Service by September 30, 2002.

Mr. Chairman and Members of the Subcommittee, this concludes our formal statement. We will be happy to answer any questions you may have.

**Contact and
Acknowledgments**

For future contacts regarding this testimony, please contact Carol Schuster at (202) 512-5140. Individuals making key contributions to this testimony included Christine Fossett, Gary Phillips, and James Ellis.

Estimates of DOD's Periodic Reinvestigation Backlog

Various entities have estimated the extent of the Department of Defense's (DOD) periodic reinvestigation backlog, as shown in the following table. To determine whether an individual is overdue for a reinvestigation, DOD normally considers the reinvestigation interval standard for the clearance access level required to do the job. According to DOD officials, many individuals are eligible for a higher clearance than required to do the job. Existing databases always include the individual's eligibility level, but they do not always include the individual's required access level. The last column in the table shows which basis was used to determine the number of overdue investigations.

Source of the estimate	Estimated backlog size	Clearance levels*	Estimating method	Backlog "as of" date	Basis for determining overdue reinvestigations
Recent refined estimates					
Process team ¹	505,786	TS, S, C	Head count	Sept./Dec. 1999	Access
MITRE ²	505,155 ³	TS, S	Statistical survey	June 1999	Access
Prior refined estimates					
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)	624,215	TS, S, C	Head count	Sept. 1999	Access, but eligibility was used for many individuals
Joint Security Commission II	73,160 ⁴	TS	Statistical survey	Oct. 1998	Access
Unrefined estimates					
Defense Manpower Data Center for the Defense Security Service	992,231	TS, S, C	Rough estimate/existing databases	June 1999	Access, if information was in the database; otherwise eligibility
Defense Manpower Data Center for the Assistant Secretary	868,943 ⁵ 611,652 ⁶	TS, S, C	Rough estimate/existing databases	Oct. 1998	Access, if information was in the database; otherwise eligibility

*Top secret (TS), including sensitive compartmented information. Secret (S). Confidential (C).

¹Estimate made by Personnel Security Overarching Integrated Process Team.

²Estimate made by the Defense Security Service and its contractor, the MITRE Corporation.

³The estimate was between 451,757 and 558,552 with a mean estimate of 505,155.

⁴The estimate was between 64,790 and 81,685 with a mean estimate of 73,160.

⁵Based on lapsed time since last investigation date.

Appendix I
Estimates of DOD's Periodic Reinvestigation
Backlog

*Based on lapsed time since the individual's case was adjudicated; that is, the date the decision was made to grant the clearance.

Source: GAO analysis of data provided by DOD.

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Mr. SHAYS. Mr. Mancuso.

Mr. MANCUSO. Mr. Chairman, thank you for the opportunity to discuss the results of recent Inspector General audits related to the vitally important functions of personnel security clearance investigation and adjudication. Simply put, the inability to track and promptly complete personnel security investigations has had a devastating effect on a department's ability to ensure that national security is protected, and that military civilian and contractor employees have the timely clearances needed to complete their jobs. On a human level, the lack of timely clearances prevents people from obtaining employment in DOD, and in the case of contractor employees, causes the loss of hundreds of millions of tax dollars paid to contractors from employees awaiting clearance. As with most DOD management challenges, the huge scale of the program makes it inherently difficult to administer. More than 700,000 initial investigations are needed annually as well as several hundred thousand reinvestigations to update existing clearances.

Approximately 2.4 million DOD and contractor personnel hold clearances at any given time. Unfortunately, as your subcommittee hearing last February indicated, the program has serious problems in the area of automation and resources. As GAO reported, in their September 1999 audit, some actions taken by previous DSS management team were ill-advised and merely created new problems, especially in quality control over investigations. The failure of CCMS, the DSS Case Control Management System, was also a major setback.

Finally DOD has lacked accurate information on the existing or forecasted workload and related resource requirements for both the investigative and adjudicative portions of the program.

Over the past 2 years, DOD managers have become more involved in the problems at DSS than they had previously, and several changes have been made beginning with the appointment of General Cunningham in June 1999. Over the past year, DSS has taken action to implement GAO and IG recommendations, cancel questionable policies, outsource more work and acquire Air Force assistance to remediate their information system.

In April 2000, I testified on the issues confronting DSS before the Senate Armed Services Committee. Our position at that time, which remains essentially the same today, is that the DOD plan to quickly eliminate the backlog of overdue clearances through a combination of outsourcing and internal changes was overly optimistic. Specifically, the plan assumed DSS could close an average of 2,500 cases per day beginning this year. In practice, however, DSS has completed over 1,500 cases per day in the first 11 months of the year and was unable to reduce the backlog. We also question the workload projections believing them to be significantly understated and cautioned that it would probably take years, not months, to overhaul the entire personnel security program.

We specifically recommended that the Department needed to actively oversee and manage the workload at DSS in the adjudication facilities, implement performance metrics, periodically assess and adjust resource requirements, develop a DOD-wide security system, improve tracking of security clearances, and closely monitor management of CCMS and JPAS, the Joint Personnel Adjudication Sys-

tem. All those actions remain very necessary today, and most of them entail sustained senior management attention.

I'll emphasize the last three of those items, beginning with our concern over the need to prioritize security investigative case workload, which has been perhaps our most controversial recommendation. In our April 2000 report on priorities, we discussed a number of case management issues. The principal concern is the lack of a meaningful process for prioritizing the workload. We determined that the resources were generally applied on a first-in/first-out basis.

The clearance requests for important programs and higher risk programs often languished while investigators often worked on routine cases. C3I, the Office of the Assistant Secretary of Defense Command Control Communications and Intelligence, initially disagreed with the feasibility of developing a prioritization method but has subsequently changed its position and has been working with the services and DSS to comply with the recommendation. I'm still frankly disappointed, however, with the slow progress, and am concerned that it appears so difficult to implement what is to us a basic workload management tool.

As with many other problems facing the department, the desire to gain consensus resulted in a time-consuming process. We believe this delay was unnecessary and could have been avoided through firm decisionmaking by leadership. We haven't seen the current plan and we are anxious to work with the C3I people on that and share our thoughts with them and I know they indicated they welcome that coordination.

In May 2000, we issued another report in which we noted that DSS lacked an effective means for tracking the status of security clearance requests. DSS could not identify on a case-by-case basis why more than 12,000 electronic requests received between July and December 1999 did not result in investigative cases being opened. Similarly we found more than 50,000 investigative cases that were opened during that period without electronic requests, although using electronic requests was mandatory and was important for maintaining control and improving efficiency.

DSS and C3I agreed with our findings but noted that the necessary corrective actions depend partially on improving the CCMS and implementing the JPAS. Because JPAS will not be operational until at least 2002, we continue to believe that DSS should be seeking interim measures. The need for a modern system with the capabilities intended for CCMS is undeniable, but has often been the case over the last decade with DOD information technology investments, the execution of this system acquisition project was flawed.

In retrospect DSS and its contractors badly underestimated the technical risk and failed to test adequately to manage those risks. We are currently auditing the system and plan to issue a draft report in the next few weeks.

As previously noted, DSS has prudently turned to the Air Force systems acquisition management support, and indications are that the system is being stabilized. DSS reported an average of 2,523 cases closed per day in August 2000, which is certainly a very positive sign, assuming that this high level of performance can be sustained.

The CCMS will reach a critical milestone in 2002 when the Department must decide whether to deploy an overall enterprise system architecture for DSS. In the interim, the system must prove that it can process an average of 2,500 cases closing per day. Various initial design inefficiencies must be resolved and additional reliability and maintainability testing is needed. In addition, DSS should aggressively benchmark the system against other systems performing similar functions.

We're also conducting several other reviews involving the security and investigative and adjudication processes. These reviews have been coordinated with GAO to prevent duplication.

So in summary, the enormous scope of the defense personnel security program makes an inherently difficult management challenge. It is important that the Department avoid piecemeal solutions such as its ill-fated attempt to address productivity and capacity at DSS by arbitrarily limiting the number of security clearance requests that DOD components were allowed to submit.

We believe that with the somewhat stronger recent support of the Office of Secretary of Defense, DSS is making reasonable progress in its current reengineering effort, although not as quickly as planned earlier this year. DSS will need continued close oversight and adequate support. It is particularly important that lingering confusion about the size and definition of the backlog and the likely investigative and adjudicative workload over the next several years be eliminated to enable proper planning.

Thank you for considering our views on this subject and I certainly welcome questions.

[The prepared statement of Mr. Mancuso follows:]

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September 20, 2000

Statement by

Donald Mancuso
Acting Inspector General
Department of Defense



before the

**Subcommittee on National Security, Veterans
Affairs and International Relations
House Committee on Government Reform**

on

Defense Security Service Oversight

September 20, 2000

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to discuss the results of recent audits by the Office of the Inspector General, DoD, related to the vitally important functions of personnel security clearance investigation and adjudication.

Longstanding Personnel Security Program Problems

The procedures for determining what type of security clearance is appropriate for each military and civilian position in the DoD, conducting investigations to ensure that individuals merit the degree of trust required for those clearances, and adjudicating cases where investigations reveal adverse information need to be both efficient and effective. As with most DoD management challenges, the huge scale of the Defense Personnel Security Program makes it inherently difficult to administer. Several thousand security officers, located throughout the Department, help managers to determine security clearance requirements and handle the paperwork for requesting clearances. The Department estimates that more than 700,000 initial investigations are needed annually, as well as several hundred thousand reinvestigations to update existing clearances. Approximately 2.4 million DoD and contractor personnel hold

clearances at any given time. Hundreds of thousands of those individuals change assignments during an average year and thousands of programs and military units depend on having individuals with current clearances available to carry out their assignments.

Unfortunately, as your Subcommittee's hearing last February indicated, the Defense Personnel Security Program has serious problems. The most widely publicized of those difficulties is the excessive time required for personnel security investigations, which has resulted in enormous backlogs of overdue clearance updates. This problem was considered critical in the 1980/81 time frame and was overcome at that time by significantly increasing the staffing of the Defense Investigative Service (DIS), which is now the Defense Security Service (DSS). Like virtually all other Defense agencies, however, the DIS budget and staffing were drastically reduced as part of the post-Cold War Defense downsizing. In fact, the 40 percent DIS staffing reduction from 4,080 personnel in FY 1989 to 2,448 in FY 1999 exceeded the average 32 percent reduction for Defense agencies during the 1990's. There was no comparable reduction in the investigative workload.

With a tremendous volume of cases and related data to compile, analyze and report on, the DSS needs effective automated information systems. However, the agency has lacked capable information systems throughout its existence.

By 1994, the combination of reduced staff and inadequate systems had caused the backlog of reinvestigations to grow again to alarming proportions. In February 1994, the Joint Security Commission reported that the personnel security investigative process was cumbersome, inefficient and in need of reform. The average time required for a single scope background investigation had climbed steadily from 102 days in FY 1989 to 145 days in FY 1994. Those numbers rose further to 220 days in FY 1996 and 262 in early FY 2000.

In May 1996, the DIS became one of about 135 DoD Reinvention Laboratories and began a multi-year business process reengineering effort intended to overcome the disparity between workload and investigative resources by improving productivity. In August 1996, the Deputy Secretary of Defense directed a study of DIS workload and alternative ways to handle the mission, including converting DIS to a fee for service organization and outsourcing. The DIS, renamed DSS in 1997, responded with additional measures intended to improve efficiency, including an

automated systems modernization effort. The centerpiece of that effort was development of the Case Control Management System (CCMS). In September 1996, the Department also created an Integrated Process Team, composed of representatives of the investigative and adjudicative communities, to address the numerous issues existing between those groups. This was the first of several teams formed by the DoD over the past few years to address management problems in this area. In addition, the DSS unilaterally made numerous policy changes to streamline its processes.

As the General Accounting Office reported in September 1999, some of the DSS changes were ill-advised and merely created new problems, especially in quality control over investigations. The failure of CCMS after its implementation in October 1998 was also a major setback. Finally, DoD has lacked good information on the existing or forecasted workload, and related resource requirements, for both the investigative and adjudicative portions of the program.

Over the past two years, senior DoD managers have become much more involved in the problems at DSS than had been the case previously, and have made several major changes, beginning with the appointment of LTG (Ret.) Cunningham as Acting Director of

DSS in June 1999 and Director in December 1999. Over the past year, DSS has taken action to implement GAO and IG recommendations, cancel questionable DSS policies, and acquire Air Force assistance to remediate the CCMS. Another Integrated Process Team reported to the Deputy Secretary of Defense on the continuing backlog problem in January 2000, leading to his decision to outsource part of the DSS workload to the Office of Personnel Management and contractors.

Management Actions Needed

I would like to recap the advice that the OIG, DoD, has provided to the Department over the past year regarding both the personnel security investigative and adjudicative processes.

In April 2000, I testified on the issues confronting DSS before the Senate Armed Services Committee. Our position at that time, which remains essentially the same today, was that the DoD plan to quickly eliminate the backlog of overdue clearances through a combination of outsourcing and internal changes at DSS was overly optimistic. Specifically, the DoD plan unrealistically assumed that DSS could close an average of 2,500 cases per day, starting in FY 2000. In practice, however, DSS completed an average of only 1,500 per day in the first eleven months of

FY 2000 and was unable to reduce the backlog. We also questioned the realism of DSS workload projections, believing them to be significantly understated, and cautioned that it would probably take years, not months, to overhaul the entire Personnel Security Program.

At the April 2000 hearing, in audit reports and during internal discussions within DoD, we advised that the Department needed to:

- more actively oversee and manage the workload at the DSS and adjudication facilities, with the expressed intent of maintaining high standards for both quality and timeliness;
- implement performance metrics that will measure both the quality and timeliness of investigative and adjudication workload;
- periodically assess and adjust the resource requirements for DSS, outsourced investigative effort, and adjudication workload;
- develop a uniform, DoD-wide priority system for security clearance investigations; and

- improve DSS tracking of security clearance requests and feedback to requestors on case status; and
- closely monitor management of the Case Control Management System and the Joint Personnel Adjudication System.

Prioritizing Investigations

All of those actions remain very necessary today and most of them entail sustained senior management attention. Today I will emphasize the last three of those items, beginning with our concern over the need to prioritize the security clearance investigative workload, which has been perhaps our most controversial recommendation.

The April 2000 IG, DoD report on Security Clearance Investigative Priorities (No. D-2000-111) discussed a number of DSS case management issues. The principal concern was the lack of a meaningful process for prioritizing the workload. We determined that investigative resources were generally applied on a first in, first out basis, so that clearance requests for important programs and higher risk positions often languished while investigators worked on routine cases. Since timely

investigations are a major problem, we deemed it particularly unreasonable not to have a viable prioritization process that both the requestors of the clearances and the investigators understand.

The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) initially disagreed with the feasibility of developing an investigation prioritization method, but subsequently changed its position and has been working with the Services and DSS to comply with the recommendation. I am frankly disappointed however with the slow progress and concerned that it is so difficult to implement this basic workload management tool.

Tracking Clearance Requests

In May 2000, we issued another report on DSS investigative case management, Tracking Security Clearance Requests (No. D-2000-134). We reported that DSS lacked an effective means for tracking the status of security clearance requests from the other DoD components.

Between July and December 1999, the DSS could not identify, on a case-by-case basis, why 12,354 of 302,352 electronic requests

received did not result in investigative cases being opened. The DSS provided possible reasons such as changes in type of investigation, duplicate submissions, conversions and reinstatements of prior clearances, and rejections. Also the DSS could not explain why 51,788 of 261,361 investigative cases were opened during that period without electronic requests, although using electronic requests was mandatory and was important for maintaining control and improving efficiency. Possible factors included case analysts manually entering paper requests submitted into the CCMS; requesting agencies submitting duplicate requests that case analysts had to manually annotate as deleted; and the lack of active acknowledgement of request receipts, which created the appearance that requests were being lost. The DSS acknowledged that its case analysts spent an excessive amount of their time researching the status of requests, decreasing the resources available for actually completing cases.

The DSS and Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) agreed with the need to track all security clearance requests more efficiently, but the necessary corrective actions depend partially on improving the CCMS and implementing the JPAS. Because the JPAS will not be operational until at least FY 2002,

we continue to believe that DSS should be seeking interim measures. The confusion over clearance request status wastes administrative resources and frustrates the DoD organizations, contractors and individuals awaiting the clearances. Coupled with the slow turnaround time on clearance requests, these frustrations account for the dismal customer satisfaction scores for DSS in the DoD Biennial Review of Defense Agencies for 1999. This survey, published in May 2000, indicated that only 14 percent of responding DoD organizations were satisfied with DSS performance on personnel security investigations.

Case Control Management System

The CCMS is the core of the information systems used by DSS, which are currently termed the Enterprise System. The CCMS is itself a collection of subsystems whose integration with each other and with non-CCMS systems has been extremely difficult, leading to many of the lingering problems with functionality and reliability. The need for a modern DSS system with the capabilities intended for CCMS is undeniable; however, as has often been the case over the last decade with DoD information technology investments, execution of this system acquisition project was flawed. In retrospect, DSS and its contractors

badly underestimated the technical risk and failed to test adequately to manage those risks.

We are currently conducting an audit of the CCMS and plan to issue a draft report within the next few weeks that will discuss in detail the reasons for the system's initial failure and what needs to be done now.

As previously noted, DSS has prudently turned to the Air Force for system acquisition management support and indications are that CCMS is being stabilized. DSS reported an average of 2,523 cases closed per day in August 2000, which is a positive sign, assuming that this high level of performance can be sustained. Although the widely publicized CCMS "crash" last July certainly disrupted DSS operations for a few days and frequent repetitions of that severity would be a major problem, it is unreasonable to conclude from just one outage that CCMS must be scrapped. However, we believe that it must continue to be intensively managed as a high risk, DoD mission critical system. We understand that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) intends to designate CCMS as a major acquisition project, meaning there will be oversight by an Integrated Process Team and the Chief Information Officer at the Office of the Secretary of Defense

level. This is a prudent step, but does not in itself guarantee close oversight.

The CCMS will reach a critical milestone in FY 2002, when the Department will decide whether to deploy an overall Enterprise System Architecture for DSS. In the interim, CCMS must prove that it can process an average of 2,500 case closings per day, various initial design inefficiencies must be resolved, and additional reliability and maintainability testing is needed. In addition, DoD should aggressively benchmark CCMS against systems performing similar functions in the public and private sector, so that any viable alternatives are identified and fully considered.

Other Future Reports

In addition to an audit report on CCMS, we are conducting several other reviews related to the personnel security investigation and adjudication processes. These reviews are being closely coordinated with ongoing General Accounting Office evaluations in these areas to prevent duplication. Ongoing or planned efforts include the following:

- We plan to issue a final report on adjudication facility resources in the next couple weeks. The focus will be that the Department needs to do more to identify future workload and budget adequate resources for the adjudication facilities. Otherwise, those facilities could become bottlenecks and efforts to improve production in the investigation phase of the process could be largely nullified. We are awaiting the Department's comments on our draft report.
- We are auditing the Defense Clearance and Investigations Index, focusing primarily on this data base's reliability. We plan to issue a final report in January 2001.
- We are auditing the process for adjudicating clearances for contractor employees and the related provisions for appeals. Again, we plan to provide a report early next year.
- We plan to audit the acquisition of the Joint Personnel Adjudication System, starting next month.

End-to-End Focus Needed

As mentioned at the outset of this testimony, the enormous scope of the Defense Personnel Security Program makes it an inherently

difficult management challenge. The dispersion of responsibility for various portions of the security management process across all DoD organizations and this fragmentation of control over resources add significantly to this difficulty. It is important that the Department avoid piecemeal solutions, such as its ill-fated attempt to address productivity and capacity problems at DSS by arbitrarily limiting the number of security clearance requests that DoD components were allowed to submit. We believe that, with somewhat stronger recent support from the Office of the Secretary of Defense, DSS is making reasonable progress in its second agency reengineering attempt, although not as quickly as planned earlier this year. DSS will need continued close oversight and adequate support. In addition, all other DoD organizations that play roles in personnel security management must view the risks seriously and cooperate to achieve end-to-end improvement. It is particularly important that lingering confusion about the size and definition of the clearance backlog and the likely investigative and adjudication workload over the next several years be eliminated, to enable proper planning.

Again, thank you for considering our views on this important subject. This concludes my statement.

Mr. SHAYS. Would you, Mr. Mancuso, would you read your opening paragraph again. It's not—which you're more than welcome to do. I couldn't find the statement in your draft that you submitted. So would you—if would you read the opening paragraph again.

Mr. MANCUSO. Simply put, the inability to track and promptly complete personnel security investigations has had a devastating effect on the Department's ability to ensure that national security is protected and that military civilian and contractor employees have the timely clearances needed to complete their jobs. On a human level, the lack of timely clearances prevents people from obtaining employment in DOD, and in the case of contractor employees, causes the loss of hundreds of millions of tax dollars paid to contractors or for employees awaiting clearance.

Mr. SHAYS. This is the second hearing we've had, and we have some of the same people back. We had a hearing on February 16th entitled "Defense Security Service Oversight" and this is on top of a hearing we had on the inability of the Defense Department to even do basic audits. But devastating effect, as you describe it, is a pretty strong wording. Ms. Shuster, would you describe it the same way?

Ms. SCHUSTER. I have not used the word "devastating," but I do believe that it is an important impediment to our national security when you have a half million people that have not had up-to-date clearances. These people are continuing to handle classified information and so it does pose a major threat to our national security, in my opinion.

Mr. SHAYS. Maybe you can just make sure we're talking the same language. You say 500. You point out it can be between 400 and 900, why do you choose 500? What gives you the right to do that?

Ms. SCHUSTER. I suppose any of the estimates is probably as valid as the next one.

Mr. SHAYS. But I'm just curious, you're giving validity, it could be much more than that.

Ms. SCHUSTER. It could be. The latest two estimates are the ones that we're using, which are coincidentally the same, but as we pointed out, there are methodological limitations that raise questions about that. So it really does not have validity.

Mr. SHAYS. OK. Explain—if both of you would explain to me what makes this such a difficult task? To me, let me just preface my remarks by saying that I represent an area with a lot of IT companies. And they point out to me Priceline.com, for instance, is in the District, Jaywalker and others, and the people at IT firms will point out to me, it used to be the big ate the small. But now they say the small—the fast eat the slow. And so I know DOD is big, but I know it's extraordinarily slow. It doesn't make me feel very comfortable about other things that go on in DOD if we can't get a handle on this.

And so the question I have is, in your judgment, what makes it such a difficult task, both of you? I mean, it seems to me to be kind of like widgets in a way. I mean, you know what you got, and you know what you got to produce and you do it.

Ms. SCHUSTER. If I could just answer that, I think Mr. Mancuso put the right emphasis in his comment about the source of the

problem that we have here, and that is that there were quotas placed on the number of submissions that could be sent to DSS for 3 years from 1996 to 1999. No one was supposed to be submitting these periodic reinvestigation requests. That led to a pent up demand. So that's why we had this backlog.

Mr. SHAYS. Is that kind of like a deferred maintenance program? That's what they used to have in the State of Connecticut, and all of a sudden the bridges fall and the roads break apart.

Ms. SCHUSTER. Right. Pay me now or pay me later kind of an approach. So because it didn't have visibility—they were not submitted—no one really knew how many were out there. And then the problem became apparent back in basically October 1998. There was a joint security commission review, and then there was a Presidential budget decision in December 1998 that really brought the problem to light. And at that particular time the backlog was estimated at 866,000. So if you were just dealing with an ongoing steady State workload, it would be a big workload to begin with. But when you have that many extra cases, then it just magnifies the problem.

Mr. SHAYS. Let me—Mr. Mancuso.

Mr. MANCUSO. I think you started off, you said, well, we know how many widgets or we know what's coming in. That's the real issue, we don't know. And DSS doesn't know. And that's why we don't know what the backlog is. It's very hard to develop an organization that can be responsive to a level of work when you yourself don't know how much work is out there and the Department, unfortunately, seems to be unable to get their arms around that. Which is why we don't know if the backlog is 500,000 or 900,000. So we don't really know what's out there. Over the years with the downsizing of DOD, there's been an artificial depression of the level of resources in DSS. It's my understanding that the cut that they have taken over the years is dramatically more than the overall average cut in DOD. So once you lost that base of knowledge, once you lost that base of employees, you're playing a major game of catch-up. So the best you can do is limit how much you're willing to accept. And they did that.

So one of our main proposals has been there needs to be an honest look at what is the resource need. What is out there.

Mr. SHAYS. But we had that discussion in February.

Mr. MANCUSO. And as I mentioned it was our recommendations earlier this year, and it remains today that we feel there still needs to be a better accounting for measurement of what are exactly the resource needs of DSS and the adjudicative bodies as well. Because even if DSS is corrected and is able to produce a high level of output, we already know that the adjudication facilities are swamped and will not be able to process that output.

So for the customer, it doesn't really matter if it's taken a year in DSS or a month in DSS, if they're not going to see it because it's sitting in the adjudication facility. So we're concerned. So the Department has been putting resources in some of those areas, but not all.

Mr. SHAYS. I will get back to that in 1 second. I would like to take care of some housekeeping so I don't forget it. We're joined by Judy Biggert, the gentlewoman from Illinois. Ask unanimous con-

sent that all members of the subcommittee be permitted to place an opening statement in the record and that the record remain open for that for 3 days for that purpose. Without objection so ordered.

Ask unanimous consent that all witnesses be permitted to include their written statements in the record. Without objection so ordered.

Let me ask you, then, you've broken it up in two parts—actually there are three. Identifying the number, second doing the actual investigations, then the adjudication of it which in my simple mind is just the analysis of the investigative working, the adjudication.

Mr. MANCUSO. The adjudication facilities as I understand it review the work done by the investigators and consider whether or not to eventually forward the clearance.

Mr. SHAYS. Right.

Mr. MANCUSO. But there's a huge glut of work that involves clearances that are contested for some reason. The derogatory information that needs to be pursued, that requires additional time by adjudicators and followup.

Mr. SHAYS. Where is the big bottle neck as far as you know?

Mr. MANCUSO. There's certainly a bottle neck in both places. But right now what we see is improvements in DSS has shown in their ability to produce 2,500 a day.

Mr. SHAYS. One simple thing would be if they could move forward with adjudication if they in fact have already done a number of investigations. It would seem to me if they don't—the longer they wait from when the investigation work was done to the adjudication makes almost the investigative work meaningless.

Mr. MANCUSO. That's correct. That's why we agree that the Department needs to continue to put resources there. But we don't feel that they're actually doing the analysis to determine the appropriate level of resources, and, in fact, we're just completing an audit in that area.

Mr. SHAYS. It almost strikes me that needs to happen in tandem with their just moving forward. In other words, there's a basic concept, if you have a pile of paper on your desk, you don't just keep looking at the pile, you take one and just get it done. And the less times you handle the paper, the more ultimately efficient you are. But I guess what—I'm ending my time and come back, after Mrs. Biggert is recognized, but I guess what I'm trying to understand when I use the concept of widgets, this is not rocket science, it doesn't strike me. You do investigative work, you have a certain number of people that come on and off, you do investigative work, you also then have to analyze your investigative work and make a decision. And we're not talking about a lot of new scientific processes. We're talking about really what I think of as a lot of grunt work and just getting the job done.

Mr. MANCUSO. We are talking about increased numbers. I know in some of our analysis we found, we looked at a single month in the summer of 1999 compared to a month in the summer of this year, if I recall on one facility, the difference was between 3,000 and 12,000. And the adjudication facilities for the services of the DOD are of different sizes. But the workload changes in some of those offices are beyond anything that could be just simply handled

by knowing a little more efficiency. What we feel is that a good solid look needs to be done to try and properly project what that workload may be, make the decision and to staff those positions, whether on a temporary basis or longterm basis and move forward. Some of that has been done by the Department. We feel in our audit reports, that are out for comment, I believe, that more needs to be done.

Mr. SHAYS. OK. I'll come back. I'd like to recognize Mrs. Biggert.

Mrs. BIGGERT. Thank you, Mr. Chairman. In your written testimony, you state that the backlog is estimated by DOD to be 505,000 people, or that has grown to that. If all these people are—are all these people, does that mean that their security clearance is outdated?

Ms. SCHUSTER. Yes. Anyone who's in the periodic reinvestigation backlog is overdue for a clearance. There are some time periods within which they're supposed to be updated, and all of them have passed that time and many of them are way past that time.

Mrs. BIGGERT. So what does that mean?

Ms. SCHUSTER. It doesn't mean too much that individual—because the individual is allowed to continue to handle national security information, even though his clearance is not up to date. That's what makes it so important that we solve this problem.

Mrs. BIGGERT. So if it doesn't mean anything, then they're probably not as worried about updating?

Ms. SCHUSTER. Right. There hasn't been an incentive up to now to do that. Now, as I mentioned in my earlier statement, recently there has been a directive put out that if at the end of this 2-year period when they're trying to have all the backlog submitted to DSS for investigations, their clearance has not been submitted—October 1, 2002—then they're supposed to downgrade or terminate the clearance. That does provide an incentive for security managers to submit the request on time.

Mrs. BIGGERT. And then have you suggested that or talked about putting in new computer equipment, or to help to do this so that they can work on the backlog.

Mr. MANCUSO. There is a system and the system, until very recently, was unable to keep up with the level of manual work that was being done, collective work that was being done to track it.

That system appears to be back online now and we're hoping that the system will continue in its ability, as it did last month, to be able to track these things. By having an automated system, working properly, the level, the number of clearances that can go through the overall DSS review process will certainly increase.

Mrs. BIGGERT. OK.

Mr. MANCUSO. I would add, there is always some confusion when we talk on this subject when we talk about backlog and 700,000 initials a year that come through. I think just by way of example, we're not just talking about someone who has a reinvestigation. I may have a reinvestigation, and mine may be overdue, and that may or may not be an issue to some people. But what we see are outstanding issues—and I can give you a couple of examples. I have a military officer that works for me, I have small number of military officers in my civilian organization, and he's a major in the U.S. Army. We put him in our audit section and we need him to

upgrade his clearance for top secret. It has taken 13 months to do that. And during this time we can't use him in those areas. I can go through any number of examples like this.

Mr. SHAYS. But that's just astounding—if the gentlelady—that's just astounding. You're saying it like it's, you know, just a fact.

Mr. MANCUSO. It is a fact.

Mr. SHAYS. I know. But it's not just a fact, it's an outrage.

Mr. MANCUSO. Well, it's a concern that we all have, and as I pointed out in my remarks, there is a human level. Now, DSS is sensitive to this situation.

Mr. SHAYS. So what does he do while he's there?

Mr. MANCUSO. We have him do other work that would not involve him being involved on the particular projects that his skills may be used for.

Mr. SHAYS. The whole point of his being there is that he have some security to be able to do the job. So it makes you less efficient, it makes you unable to cover the things that you need to find. I mean, the ripple effect of this is truly mind boggling. I mean, I appreciate the gentlelady yielding, but it's almost like you're used to it now, so even you are kind of that's the way it is.

Mr. MANCUSO. I will say and want to say this very quickly in defense of the people that manage DSS, General Cunningham and others, they're certainly extraordinarily sympathetic to that and they could probably tell you 100 other stories they've heard like that. It is a huge problem. There are a large number of people, we have weak systems to support it, and they're making some management changes that we feel are appropriate. They need to learn to prioritize better. And that's a major concern we have that I spoke about. They need their information systems to work. They're trying to get them online. They need to probably get some additional resources or reallocate resources in a few areas. I think they're looking at that. Those are all recommendations that we've made and that GAO has made. They need to know what's coming in the door. So they need the cooperation of who are involved.

Mr. SHAYS. But these are basic simple kinds of questions that you learn in high school. I mean, these are not things that take an advanced degree.

Mr. MANCUSO. I agree. We have to personally explain to someone to get the results and I'll give you another example in the Defense Criminal Investigative Service, which also works for me, they've developed an expertise in computer intrusion which is a major problem in the Defense Department. They needed one computer engineer, just one computer engineer. I believe it's now been 17 months since we submitted the clearance request. That person has not been hired. Now, at some point, that person may tell us, I'm getting a job with IBM or something, and we'll start the process all over again. We don't have the person on board. But I'm not blaming DSS. I'm blaming the system, and this is a big problem.

Mr. SHAYS. Let me get back to Mrs. Biggert. But basically, you know, it was just pointed out to me that's basically the life-cycle of the whole generation of a computer.

Mr. MANCUSO. That's true.

Mr. SHAYS. It makes me very afraid for my country. Because it is the fast that eats the slow. That truly is where we're at. When

we met in February, I remember saying that we were going to have everybody back, and the story is really worse rather than better. It is.

Mr. MANCUSO. I think that people are in a better position now to understand the full breadth of the problem. I think what you heard was somewhat overly optimistic.

Mr. SHAYS. I'm sorry. We'll get to that later. I mean——

Mr. MANCUSO. Well——

Mr. SHAYS. You can say it again. I want to give Mrs. Biggert her time back.

Mrs. BIGGERT. This too troubles me, if you have somebody for 13 months that's waiting for a clearance means that his talents that he was put into that position to do are wasted for 13 months while he's sitting doing other work, that might be important but not as important as having this to be accomplished.

On page 10 of the GAO with the estimates of the periodic re-investigation backlog, just Ms. Schuster, the basis for determining overdue investigations, and you have a table, and I'm sorry, I don't know what this "access" means.

Ms. SCHUSTER. I can explain that. There are two methods for determining whether a person's clearance is overdue. One is eligibility, and that means if they were originally cleared at the top secret level, that's their eligibility. In the interim, perhaps the person no longer needs to have access to top secret information. So perhaps their clearance would only need to be updated at a secret level. The time periods are different for those two. The time period for top secret is every 5 years, the period for secret is every 10 years. So that's the difference between access and eligibility.

Mrs. BIGGERT. You also state, though, that it seems that according to the DOD, that many individuals are eligible for a higher clearance than are required to do the job. It almost sounds like do they put the higher clearance in so that if they want to move them up, that they have that clearance, and it wouldn't take the 13 months then for somebody to have that clearance?

Ms. SCHUSTER. In the last couple of iterations, when they've tried to estimate the size of the backlog, what they have done is tried to emphasize access. So when they go back to the security managers and ask whether people need a clearance, they say "Do they still need the clearance at this level or is it a different level?" So now they're trying to move to a system where they only are putting people in for the clearance at which they have access to, not the one that they originally got which might be higher.

Mrs. BIGGERT. OK. Is that because then they don't have to redo it as often?

Ms. SCHUSTER. That's part of it. That has had the effect of lowering the number of periodic reinvestigations that are in the backlog. I think there was a decrease from 624,000 to 505,000 by emphasizing access.

Mrs. BIGGERT. So it really wasn't that those were taken care of, it might have just been a reduction in the classification that they needed?

Ms. SCHUSTER. It has to do with the definition that they used to determine the backlog. They used the definition of access, and they

also used the definition of only those that have not been submitted to DSS for processing.

Mrs. BIGGERT. So it's not as if there's been an improvement in numbers, but just—

Ms. SCHUSTER. It's definitional.

Mrs. BIGGERT. Thank you. Thank you, Mr. Chairman.

Mr. SHAYS. Let me do this, let me—I'll exercise my right to interrupt the staff, but I'd like the staff to ask some questions, and we'll start with Larry Halloran, then we'll go with you, David.

Mr. HALLORAN. I would like to explore the issue of prioritizing cases with you if I could. It's something that was discussed at the February hearing that was imminent, and that it was a way to weed out the easy stuff and the deadwood from the backlog and get to the more critical security risk type of cases or investigations in the backlog and get to them first. Apparently that is—we'll hear later that hasn't happened yet. Can you tell us, you know why not or what's the challenge to their—where they stand?

Mr. MANCUSO. Well, it was only after some time after April that the Department agreed to, in fact, implement our recommendation and seek a priority action plan.

Mr. HALLORAN. So they oppose it's in the first instance.

Mr. MANCUSO. They opposed it initially.

Mr. HALLORAN. Did they say why?

Mr. MANCUSO. They felt it would be very, very difficult, time consuming, and would take them away from the plan that they had to move forward to reduce backlog. We felt it was important and they listened to us and eventually agreed to pursue that plan.

And they've done that and they've coordinated with the services and department agencies. But the process has taken a long time. When you're seeking consensus and agreement on how to prioritize, it's going to take a while longer than it would take to simply direct it from the top. It's my understanding that that process is continuing, that the Department hopes to have some sort of a process in place in the next few months. We haven't been briefed on that process. We welcome the opportunity and we will be, I understand, offered the opportunity to comment on it and work with them on it. And that's really where we are right now.

Mr. HALLORAN. As I understood your recommendation it was that the same system of prioritizing or ranking be applied both to the backlog and to new requests, that both be prospective and retrospective; is that correct?

Mr. MANCUSO. That would certainly be our preference.

Mr. HALLORAN. What would your comment or reaction be if the plan they eventually shared with you was only prospective?

Mr. MANCUSO. I'll attempt to discuss that. I think the only way to really handle the problem is to allow the various DOD components the opportunity to prioritize what they feel is truly important in their work, and to, therefore, fit those concerns into the plan. So I think it should be on a broad basis and not just for a few of the high risk programs.

Mr. SHAYS. That doesn't happen now.

Mr. MANCUSO. Oh, no. Now it's pretty much first come/ first serve, other than they certainly have a list of a number of programs.

Mr. SHAYS. See, I can't believe that. Intuitively, I can't, because there has to be certain clearances that are so important to national security.

Mr. MANCUSO. There are certain programs that absolutely receive preference and are handled quickly. And there's a long list of them, I don't know what the number is, maybe 70. It's a large number. But if you look at the number of people that are affected by that compared to the numbers that we're talking about, it's a fraction. So what we're saying is it needs to cover a lot more of the people, and it needs to allow some flexibility for the component to truly bring on people that are important, or to update clearances that they feel are truly important.

Mr. HALLORAN. Ms. Schuster, it would be helpful for our general discussions if you could talk a little bit more in depth of your work in terms of the backlog and some kind of subsets of that. I mean, there are reinvestigations that are at DSS and overdue. They're reinvestigations that are out there some place that are either about to be due or overdue that haven't been shipped in yet. There are new investigative requests coming in. Give us a sense with the numbers that you came across in your work as to how big each bucket might be, or—and also, second part of the question is given us a sense of when the Deputy Secretary puts out, one of these data calls, I mean, who is he calling, or where are they looking? What do they have to look at?

Ms. SCHUSTER. Let me answer the first question. This is a moving target. You've got things coming due all the time, and you've got some cases being closed, so it's a moving target. If it was static, it would be a real easy problem to solve. But it's not. So even trying to analyze the statistics is difficult. But one move in the direction that we have recommended is to get an entire estimate, as flimsy as it might be, of the workload that is existing at DSS and OPM, as well as the backlog of the estimated 500,000, and put it all together. This is exactly what they have done. The plan that they now have on the table for the next 2 years includes both of those pieces. The things that are continuing to come in, the things that are already on the table that haven't been opened yet, as well as the backlog. That total new is 2.2 million cases over the next 2 years.

Mr. HALLORAN. So that's their estimate, the kind of universe of work over the next 2 years, including working so-called backlog, however, somehow defined down to nothing?

Ms. SCHUSTER. What they are trying to do is to get all the backlogged cases submitted into the investigative community over the next 2 years. That's what the controller's plan is. And there's a detailed plan that has been set forth for the 2 year period.

Mr. HALLORAN. Does the plan also have an average processing time, that DSS goal, so we'll know when those submitted cases will come out the other end?

Ms. SCHUSTER. As I understand it, they are working within C3I guide to come up with some metrics that would have expectations for how long it should take for each kind of case. When we looked at investigations before, they were all over the board. So there isn't any standard right now for how long it should take for a particular kind of case. And there are any number of kinds of cases in this

2.2 million backlog. Some of them are very automated and don't take really very much time, and others are full field investigations that require a whole lot of work and over 200 days to complete.

Mr. HALLORAN. Do you find the assumptions underlying that 2.2 million estimate to be fairly sound? And second part thereof, is what external factors confound that estimate further?

Ms. SCHUSTER. The 2.2?

Mr. HALLORAN. Yes.

Ms. SCHUSTER. Well, first of all, we've already gone over how flimsy the 500,000 is, so we don't really know whether that's a good estimate or not. We do know how many cases are called carryover cases—these already submitted to DSS. Over the next 2 years, they've got 435,000 of those cases. Then you've got the backlogged cases and then you've got new cases that are coming in. So all told, we're talking about an enormous workload here of 2.2 million cases coming into the investigative community. As I understand it, the spending plan for this 2-year period is just to get the cases submitted, and then it's up to the investigative community to somehow deal with that. And they have been trying very diligently to ramp up to prepare for that. We haven't really seen the influx yet. A lot of the cases that are going to OPM really start at the beginning of the fiscal year in October. And so, it's really hard to tell exactly what kind of an effect this large influx of cases is going to have and whether the ramp-up with private contractors and reservists and the like are going to make a dent in that.

We understand that the cases at OPM are highly automated. They also have some longer investigations on civilians, but many of the cases that have been shifted over to OPM are highly automated. They seem to be keeping up with those so far. But we haven't seen the large influx into OPM either. The real problem seems to be, in my mind, at DSS, and whether the capacity there will be enough to cover this large influx. I think they can submit the cases within the 2 years, but whether they can get them investigated and adjudicated, I have questions about that.

Mr. RAPALLO. Just back very quickly on the question of prioritization, what do you recommend, Mr. Mancuso, as sort of an ideal system for implementing that?

Mr. MANCUSO. We didn't propose an ideal system in our audit. We looked at the overall issues, we analyzed it, and we said there needs to be a prioritization system, and it needs to cover various programs, etc., and that it needed to address the concerns of the customers.

We did not dictate a program. We thought the Department needed to pull one together and, hopefully, to coordinate it with us. At this point, I am not fully aware of what they will be proposing.

Again, I do welcome the opportunity to discuss it with them, and I would hope that they would listen to our ideas and that we would succeed in agreeing on what a good system is. But, frankly, it will be their system. In the end, they will make the decision as to what the system will be.

Mr. RAPALLO. There was a suggestion, I think it was DSS, for a central requirements facility. What do you think of this idea?

Mr. MANCUSO. I am not specifically aware of that.

Ms. SCHUSTER. I talked to General Cunningham about that. I think General Cunningham has the right idea in trying to get the services to come up with a way to integrate the requirements into the PPBS system so that they can somehow project their workload and budget for it.

One of the problems that has occurred over the last couple of years is they have mandated these submissions, but the money has not been behind it. So the services have been cajoled to put in submissions, but the money has to be reprogrammed from other programs in order to cover it. That has been true for 1999, it has been true for 2000, and it is true for 2001. They hope to put money in the budget for 2002 to cover it, but when the money is not there and the services choose not to reprogram the money for that purpose, then the submissions are not made. And it is going to be the same thing this year, I am afraid, because the money is not there this year either. They have to reprogram funds to cover it.

Mr. RAPALLO. In terms of how it would actually work, it sounds like both of your opinions are that it can't be just an individual program determination within their own purview. It has to be something more systemic and department-wide.

Mr. MANCUSO. I would hope that would be the case, or at least have some flexibility to address some of the more routine, if you can call them routine, clearances, but to address those as well as the ones that are applied just to certain programs.

Mr. RAPALLO. One other question. Ms. Shuster, your report talked about the lack of incentives for submitting these reinvestigations. In your oral testimony you gave an update. Could you just describe again what the process will be, as you understand it?

Ms. SCHUSTER. As I understand it, in this recent directive from C3I, they said if the submissions are not made by the end of fiscal year 2002, any clearance that has not been submitted, should be downgraded or terminated.

The other provision in that directive is that if at some point after it has been downgraded or terminated there becomes a need for that person to have that clearance level reinstated, then they would be allowed to do so on the condition that they have submitted their paperwork for a reinvestigation. So there is a little wiggle room there for them to work with.

Mr. RAPALLO. So they submit the reinvestigation; otherwise, it will be terminated or downgraded or something?

Ms. SCHUSTER. Downgraded.

Mr. RAPALLO. Why do you have to wait until 2002 for that to kick in?

Ms. SCHUSTER. That could happen right now, but I think they are just allowing a little lead time. That provision was in an earlier directive back in 1999, and it was omitted in this more recent memo of March 2000 when they sent out that directive it wasn't in there. And so in our report we recommended that they reinstate some sort of an incentive for submitting these things on time. If they are not submitted on time, then the backlog becomes invisible and you can't deal with it. You can't plan for it if you don't know that it is there.

Mr. RAPALLO. Thank you.

Mr. SHAYS. Is it possible that a number of the investigations they do become irrelevant because the people have left?

Ms. SCHUSTER. In this latest data call where they have gone out and tried to get a more accurate estimate of the people, they have tried to cull out the people who are no longer employed by DOD. What others have found before this is that some of the people that were in the backlog actually were no longer employed by DOD.

Again, this is a weakness in the data system that they have right now.

Mr. SHAYS. I said try. My question was very simple. My question was, is it possible that they are doing background checks and adjudicating people that may have already left?

Ms. SCHUSTER. I don't think that is probably the case.

Mr. SHAYS. Under what basis can you make that claim?

Ms. SCHUSTER. They have to verify residency. I don't think—the original application would have to be made, and it has to be a real person there in order to make the application.

Mr. SHAYS. A person can live in the same house—I don't understand your answer.

Ms. SCHUSTER. The starting point for the investigation is an application, and so the person would have to fill out an application for the investigation.

Mr. SHAYS. But the application is 6 months old or 7 months old or 8 months old or a year old.

Ms. SCHUSTER. I think General Cunningham will have to say what the starting point is for the investigation, but I am sure one of the very first things would be to verify that that person is still on the role.

Mr. SHAYS. Why? Tell me. You are sure. Why are you sure?

Ms. SCHUSTER. I guess I am not entirely sure. I think General Cunningham can answer that question.

Mr. SHAYS. Yes, but you attempted to answer it, and you gave me a definitive answer, and I am just puzzled why you would do that. I am beginning to be a little suspect of the system. Tell me this, both of you. Why isn't the system in meltdown? Tell me a reason why I shouldn't think it is in meltdown right now?

Ms. SCHUSTER. I think they have a plan in place now at least. The last time when we came before the committee, they did not have a plan. Now they have a very detailed plan to have the entire backlog submitted by the end of 2002. That is an improvement over what they had before.

Now, whether they are able to handle the investigations in take period, I think there are still questions about that. But at least it will become visible. You will have them in the system and you will be able to hopefully ramp up to handle the extra investigations.

Mr. SHAYS. Ms. Shuster, when you came before us in February, you came here in February, was the system in extraordinarily bad shape?

Ms. SCHUSTER. I would say that even before we completed our work and testified with you before, DSS had made tremendous strides in implementing our recommendations.

Mr. SHAYS. Is that the question I asked?

Ms. SCHUSTER. You asked if it was in shambles, I guess.

Mr. SHAYS. I want you to listen to the question, and I want you to answer the question. When you came before us in February, wasn't it your testimony that the condition was in extraordinarily bad shape?

Ms. SCHUSTER. What we testified to at that particular time was the quality and the timeliness of the investigations that had been done at DSS over a period of time, and we found significant weaknesses in both the quality of the investigations and the timeliness of those investigations.

Mr. SHAYS. Didn't you also share with this committee that we had a very large backlog?

Ms. SCHUSTER. Yes, I believe we did. That was not the focus of our statement, but, yes.

Mr. SHAYS. Is the backlog better or worse? Just answer the question. Then you can tell me other things if you want to.

Ms. SCHUSTER. Our analysis gets very complex. Our bottom-line is that we believe that the periodic reinvestigation backlog has been reduced by about 44,000. However, the pending investigations at DSS have increased by 50,000. So you can sort of see the backlog moving into the investigative community.

Mr. SHAYS. So it is your testimony that investigations, we have caught up on investigations, but we still have adjudication. I am trying to understand your answer.

Ms. SCHUSTER. What we have seen is that the backlog—

Mr. SHAYS. Which backlog are we talking about?

Ms. SCHUSTER. The periodic reinvestigation backlog that is estimated at 500,000. Counting the ones that have been added to as new requirements for periodics and taking off the ones that have been submitted, we think that they have cut into the backlog by about 44,000. So we think it is an improvement in terms of the backlog.

Mr. SHAYS. Let me ask you this question: Do we have more pending investigations now than we did then?

Ms. SCHUSTER. Yes, 50,000.

Mr. SHAYS. So the number at DSS has grown. It has not decreased.

Ms. SCHUSTER. The number has grown consistently.

Mr. SHAYS. This sounds like tremendous bureaucracy in terms of your answer to me. The answer, it seems to me, is the number has grown, not decreased. So we are worse off rather than better off.

Ms. SCHUSTER. The backlog number has been decreased by 44,000.

Mr. SHAYS. But what good is that if the numbers keep increasing? That seems kind of silly to me.

Ms. SCHUSTER. What you are seeing is a movement of the backlog from not—

Mr. SHAYS. If my staff said to me, the backlog—they had gotten the backlog of the letters down, but they have more letters today, I wouldn't think that was an accomplishment.

Ms. SCHUSTER. The bottom line is that we are not getting the things through the system, and interim clearances are being granted to make up for this backlog. It is just moving through the system, and I think it will move into the investigative community, and

then it will move into the adjudication community. So it is going to move through the system.

Mr. SHAYS. Do we have more to investigate now than before or less?

Ms. SCHUSTER. The backlog—

Mr. SHAYS. I didn't say backlog.

Ms. SCHUSTER. The workload at DSS—

Mr. SHAYS. I didn't ask adjudication, I asked investigations.

Ms. SCHUSTER. The investigations have grown from 181,000 cases a year ago at DSS to 439,000 now. So that is the whole workload of many different kinds of cases. The periodic reinvestigations number has grown from 61,000 a year ago to 113,000 now.

Mr. SHAYS. I am talking about that they have actually investigated? That they completed?

Ms. SCHUSTER. These are pending.

Mr. SHAYS. So the pending number of investigations has grown rather than decreased.

Ms. SCHUSTER. Correct.

Mr. SHAYS. OK. It took us a long time to get that answer.

Ms. SCHUSTER. Sorry.

Mr. SHAYS. Now, if you want to tell me I shouldn't be concerned with that, feel free, but I just want the answer, and the answer is the number of investigations, pending investigations, has grown. It has not decreased. It was pretty bad before, and you are telling me somehow that I should feel comfortable that it is better now, even though it has grown. And don't tell me it is complex.

Ms. SCHUSTER. I don't know how to answer that question, other than the definition that they used for periodic reinvestigations has, from our complex analysis of it, shows that number—

Mr. SHAYS. I don't understand what you say, from your "complex analysis." What does that mean? What is your definition of a complex analysis?

Ms. SCHUSTER. Well, what makes it complex is things are going in and coming out and opening and closing and moving.

Mr. SHAYS. You call that complex?

Ms. SCHUSTER. It was for us.

Mr. SHAYS. Mr. Mancuso, can you shed some light on this? Are we better off today?

Mr. MANCUSO. The best light I could shine would be, because we are the IG's office small DOD component, 1,300 people, and we have pending investigations, those are investigations for people we want to hire, we have reinvestigations for people who are already hired.

Mr. SHAYS. I understand.

Mr. MANCUSO. I believe I understand exactly what Ms. Shuster is saying. In our case, what we would probably find is the number of reinvestigations that we have pending is probably getting better.

Mr. SHAYS. What do you mean better?

Mr. MANCUSO. Meaning they are coming out faster and the number is going down, the ones that are in there. But the ones that we are pushing in on the front end, the pending ones, is a larger number, because we are funding them now, we have been ordered by the Department to fund them, and we are pushing them out at DSS.

Mr. SHAYS. Turn off the light.

Mr. MANCUSO. I would assume Ms. Shuster is right, that among DSS, as the components do that, the number of pending cases is increasing, whereas DSS's work is—

Mr. SHAYS. Is getting worse. Their workload is increasing.

Mr. MANCUSO. Their workload is certainly increasing.

Mr. SHAYS. So we are not better off. You are trying to tell me that I should feel better that their productivity has increased, but their productivity is slower than the increase in their workload.

Mr. MANCUSO. I didn't think I told you you should feel better, sir. I don't feel better. I feel they have a huge problem.

Mr. SHAYS. I will take the word off, feeling better. The bottom line is they are getting more productive, but their workload is increasing, and that we have a greater backlog, and it is—do we have a greater backlog? Excuse me, do we have more pending cases?

Mr. MANCUSO. In the sense you are describing the term—

Mr. SHAYS. I don't want to get into the silly argument of backlog. The number of cases has increased to a point there are more cases that haven't been dealt with today than were a while ago. Basically, that is your testimony. Both of you are agreeing. So you both understand each other, and I am happy you both understand each other. But the bottom line is the implications of that are kind of mind-boggling. To me, it says there are more people who are waiting to have their cases reviewed, rather than less.

Now, maybe your comment to me would be, yes, but they don't have to wait as long.

Mr. MANCUSO. I would also add, though, and I am sure that is going to be in the testimony of the next panel, that if I were speaking to you earlier this year, I would be telling you that, yes, it—the backlog—is going to get bigger and bigger. They are only producing 1,400 cases a day and they need to produce 2,500 a day in order to make a dent. What we have seen now, at least in August, they have reached their target of 2,500 cases a day.

We predicted earlier in the year that it would take a long time to reach 2,500 cases a day, and their belief they could average 2,500 cases a day for the whole year is too optimistic.

Mr. SHAYS. When they came to us—

Mr. MANCUSO. I would argue we should see continuing progress. We have to monitor it, we have to measure it, we have to stay on top of things, we have to make sure their information system stays on line and is capable of processing those things, we have to make sure the adjudication facilities have the resources to take the work and finalize it and get it out. But it is fair to say that there is improvement. It is fair to say that all the indicators now are that they are reaching a turning point.

But, yes, in answer to your question, certainly the volume of the problem is at least as large as it was months ago.

Mr. SHAYS. I am not a particularly negative person, but the analogy I could give you is that you got a lot of water in the boat, and it ain't moving very quickly because there is so much water in the boat, and it is sinking. And you are saying, well, now we are bailing out more water, but more water is coming in than we are bailing out.

So my simple mind says the boat sinks.

Mr. MANCUSO. My simpler mind would say we are finally fixing the hole a little bit.

Mr. SHAYS. And you want to make that based on—perhaps, because you wanted to make it based on 1 month's basic—a month and a half's record.

Mr. MANCUSO. No, we are paid to be skeptics.

Mr. SHAYS. No, based on what has happened since August.

Mr. MANCUSO. I was very careful in my written statement to say I think that it is a positive sign. We also think it has to be shown they think they can continue to do it.

Mr. SHAYS. I didn't say it was a positive sign that you are bailing out more water, but what is a negative sign is more water is coming in than is going out.

Mr. MANCUSO. And that is a fact.

Mr. SHAYS. And that is a fact. All I want to do is establish facts. I was willing to have you qualify and everything, but I just wanted to understand that more water is coming in than is going out. But you are happy now, and I am happy to have you say that, that you think that maybe in the last month they proved that maybe they can get more water out than is coming in.

You are free to say that. But I just want to understand what you are saying. It is illogical to me—I mean, it seems logical to me to at least understand that the system we were—we were told in February by the organization, DSS, that we would be better today rather than worse. And we said, you will be back here, which is something the committee sometimes does. You know, when people make claims like that, sometimes we say, great job. Maybe I am going to say great job to the fact they have done this. I don't know. But it is not going to be great job. They have done part of it.

It tells me we have a very, very serious situation. Sometimes C-SPAN covers hearings, and I think why do they cover that hearing? And then they don't cover this hearing, and I am thinking, this is a hearing that the American people need to see. They need to know that you have people that even you have said work for you and have worked for longer than a year that haven't yet had their clearance, so they are not a waste to you, but they are not being optimized. We know that contractors are spending billions of dollars because they can't simply get the job done on time or get the job done at all, and we know that there are probably people that have clearances who shouldn't have clearances, and we know there are people who are just getting wasted.

What I see is, in my judgment, a meltdown. That is what I see. You don't have to see it as a meltdown, but I see it that way, because I don't see the Secretary saying we are going to use all the resources necessary to get the job done.

When I worked at the State level, it could take years to build a new entrance or exit on the throughway; and then when we lost the Mianus bridge, we had a ramp built in 2 days. Admittedly, it wasn't up to spec and the cars didn't move on it as quickly, but they literally had to get off the throughway, I-95, get off and on. People said, my God, what are we going to do? We had to do something. They came together and got the job done.

If I hear an analogy that this is like changing a car tire while the car is moving, I am not going to think that it is Firestone. But

what I am going to think of is, why don't you get two damn cars? And you have one on the side and you get the other system working and you work them both in tandem. The only reason you wouldn't do that is money, and that says to me that the Department feels that this is not a problem. And yet we are wasting billions of dollars.

So I just think it is a major mess. I am happy you all think things are going pretty well.

Ms. SCHUSTER. I would just like to correct the record, if you got the impression that I thought things were going well, because I do not believe things are going well. What I see is a shift in the backlog into the investigative community, and I have real questions about whether they have the capacity to deal with it.

Mr. SHAYS. You know what? I put words in your mouth purposely to elicit the statement that now I know you believe—now, what is your statement?

Mr. MANCUSO. Exactly, Mr. Chairman. There are significant problems. I mean, the train—to use another analogy, the train seems to be back on the track and moving. It could fall off tomorrow.

Mr. SHAYS. But it is going backward.

Mr. MANCUSO. It is sliding a bit backward, that is right. All I can tell you is we looked to evaluate their progress. What we finally see is some hint that they are moving in the right direction. It remains to be seen how successful they will be over time.

Mr. SHAYS. Fair enough. I accept the word hint. I can live with the word hint.

Why don't we get on to the next panel?

Do you have a question?

Mr. RAPALLO. Just one question. Has anyone tried to evaluate—you talked about the number of new investigations that might be submitted over the next few years at 2 million and something. Has anyone tried to evaluate the number of cases per day DSS would have to do so that it was decreasing that, all this backlog, and we would be improving? Is it 2,500 or something higher than that?

Ms. SCHUSTER. I think DSS would have to answer that, but the target they have today is 2,500 per day, which they met in August for the first time.

Mr. SHAYS. That is a pretty basic question, though.

Ms. SCHUSTER. That is right. It is a basic question.

Mr. SHAYS. If that is the target and you feel happy about the target, but there are—but the numbers have increased, maybe this should not be the target.

Thank you all, both of you, very much. We will get to our next panel.

I would ask Mr. Leonard, if you remain standing, and General Charles Cunningham, we will swear you in and get right to your testimony.

[Witnesses sworn.]

Mr. SHAYS. Note for the record both witnesses responded in the affirmative.

Your written testimony will appear in the testimony. You are free to read that or basically make any statement you want. You are also free to answer any questions that have been asked.

I want to say to both of you that I don't put the blame in any one place. I think the blame belongs in Congress, the blame belongs in the Department, the blame belongs in the agency. It belongs in many places. But the bottom line is I would like to think we are going to see a major change, so that is my motive. What is it going to take to see a real improvement?

We first want to know how you assess the problem, and then we will go from there.

So, Mr. Leonard, why don't we start with you, sir?

Mr. LEONARD. Thank you very much, Mr. Chairman.

Mr. SHAYS. Let me make another comment. I will let the clock run, because I want both of you to make whatever testimony you need to make. We will do it in 5-minute segments.

STATEMENTS OF J. WILLIAM LEONARD, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR SECURITY AND INFORMATION OPERATIONS, COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE, DEPARTMENT OF DEFENSE; AND GENERAL CHARLES CUNNINGHAM, DIRECTOR, DEFENSE SECURITY SERVICES

Mr. LEONARD. Thank you, sir. I would like to just summarize my statement and submit the full written statement for the record.

But right up front, let me acknowledge to you, Mr. Chairman, that I am sitting here before you as the individual who is personally responsible and accountable from an oversight, policy and guidance perspective to oversee a solution to this problem and to ensure that it doesn't happen again. In no way, shape or form do I or anyone else associated with my organization minimize the seriousness necessary of this issue.

I am hard-pressed to identify any similar type of situation that so permeates every aspect of DOD operations as does this issue. Maybe finance, it may be the only other one that maybe permeates every element so severely, and I am truly cognizant of that impact.

Also, I am sitting before you with the full knowledge that a significant part of the solution is to address shortcomings in past oversight from my organization, especially with respect to things such as overseeing the acquisition of a major automation system such as CCMS. I recognize that and am very much committed personally and organizationally to ensure that we address these issues in the months to come.

At the last hearing, the Department—at that time we were engaged in the process of developing plans and procedures and funding to implement the recommendations of an overarching integration process team that then Deputy Secretary Hamre had convened to address and refine and resolve the PR backlog problem.

On March 31st, Dr. Hamre directed that the OIPT recommendations for eliminating the PR backlog, at least, the 505,000 cases, and that the necessary resources identified be obligated to accomplish this objective.

This plan included removing CCMS as a choke point by vectoring a substantial portion of DOD's high volume, lesser scope investigations to the Office of Personnel Management [OPM], in fiscal year 2001 and 2002. It balances the DOD investigative workload with 45 percent to be retained at DSS, 40 percent vectored to OPM, and

15 percent to DSS's private sector providers. The plan also extended the deadline for elimination of the investigative backlog until fiscal year 2002.

More recently, the GAO completed a report, as we just heard before, for your committee on the backlog; and we did concur with the two recommendations contained within the report. There were some concerns expressed with respect to the various methodologies used to arrive at the size of the backlog, and at the same time it was also acknowledged that a more accurate assessment would prove quite problematic. I personally am very frustrated by our inability to achieve greater granularity and insight into the exact scope of this issue.

However, in the near term, the problem will be resolved, at least a long portion of it will be, when DOD fields the Joint Personnel Adjudication System [JPAS], in fiscal year 2001, which is the migration DOD personnel security system, which will require the continuing tracking and input of an individual's actual access requirement upon which a periodic reinvestigation is based.

DOD has agreed with GAO with respect to the fundamental need to do a better job in this area. We have also agreed with the recommendation to administratively terminate or downgrade individual security clearances unless their PR is completed or in process by September 30, 2002.

In addition, in June of this year, the DOD comptroller, in close coordination with my organization, the DOD components, DSS and OPM, issued a spend plan, which provides detailed guidance regarding the submission of PR backlog cases to both DSS and OPM over a 24-month period beginning next month. The plan, as recommended by the OIPT, requires that all military, secret and confidential, both initial and periodic reinvestigations, be sent to OPM for completion. This includes investigations for military recruits as well. All contractor investigations and military top secret initial and periodic reinvestigations will remain with DSS, as will Army accessions investigations.

Prior to this initiative, DOD components were directed by my organization to begin submitting all civilian investigations to OPM beginning in October of last year.

All told, the spend plan calls for the conduct of almost 2.2 million investigations, both initial and periodic, over the next 2 years, at a cost of over \$700 million. The total number of investigations destined for OPM over the next 2 years is in excess of 800,000 at a cost of just over \$200 million. OPM has been a close and cooperative partner in these initiatives and has ramped up its resources in order to accommodate the additional work that will begin arriving actually in less than 2 weeks time.

In addition, in August of this year, my organization issued detailed instructions to the DOD components designed to successfully accomplish the comptroller's spend plan. This action has the advantage of relieving pressure on CCMS, thereby allowing it to more rapidly process incoming investigations for top secret investigations, both initial and PR, for military and contractor personnel. It will also help ensure the expeditious completion of accession investigations in less than 75 days so that most recruits should be im-

mediately eligible for a security clearance by the time they complete their basic training.

While the above initiatives should assure that all delinquent PR investigations are initiated by the end of fiscal year 2002, it does not complete the process. The DOD Central Adjudication Facilities [CAFs], will require additional staffing to accomplish the significant increase in workload to ensure that the backlog of cases does not languish while awaiting adjudication.

The Deputy Secretary of Defense has recently commissioned yet another review of this plan to ensure that it can be accomplished at all levels and that all impediments have been identified and addressed. As we heard, the DOD IG is currently working on a report on the same subject, and several of our CAFs are already embarked on plans to hire temporary adjudicators as well as to utilize reserve personnel to ensure a smooth and timely flow of cases.

There are a number of key successes to the overall spend plan. First, the components must provide cases and funds as scheduled. Second, DSS and OPM must be able to meet their production goals. Third, adjudications must be accomplished in a timely manner. Fourth, quality must be maintained in all phases of the process. Finally, and not least, DOD must do a better job in identifying investigative and clearance requirements and incorporating them into the planning, programming and budgeting system so as to ensure the availability of necessary resources and to preclude a recurrence of a problem.

There is a little bit of good news. The defense agencies have funded this backlog out of hide and will for the most part be current by the end of fiscal year 2000, this month.

In addition, the DOD intelligence agencies, like——

Mr. SHAYS. I don't understand what you say. They will be current?

Mr. LEONARD. Their individuals who have security clearances in defense agencies and in the DOD Intel agencies will be current with respect to reinvestigations in accordance with the national standards, 5 years for top secret, 10 years for secret.

Mr. SHAYS. Current in what way?

Mr. LEONARD. Again, they will meet the national standard. The national standard says, if you have a top secret clearance, your investigation must have been completed within the past 5 years. If you have a secret clearance, the investigation must have been completed within the past 10 years.

Mr. SHAYS. You mean it will have been submitted?

Mr. LEONARD. Will have been submitted, yes, sir. Submitted and funded.

Mr. SHAYS. But not investigated and adjudicated.

Mr. LEONARD. Clearly, a number of them will be in the queue.

Mr. SHAYS. Be careful what you are saying there. Don't play a mind game with me here.

Mr. LEONARD. Certainly.

Mr. SHAYS. You are saying that there will be no one in the Department who is up for review whose name won't have been submitted——

Mr. LEONARD. In the defense agencies and in the DOD portion of the Intel community, yes.

Mr. SHAYS. OK.

Mr. LEONARD. In the interest of time, what I would like to do is really then defer to the rest of my written statement and turn it over to General Cunningham and, more importantly, answer your questions, Mr. Chairman.

Mr. SHAYS. Great.

[The prepared statement of Mr. Leonard follows:]

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STATEMENT

OF

J. WILLIAM LEONARD

DEPUTY ASSISTANT SECRETARY OF DEFENSE

(SECURITY AND INFORMATION OPERATIONS)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

(COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE)

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS AFFAIRS, AND

INTERNATIONAL RELATIONS

COMMITTEE ON GOVERNMENT REFORM

ON

SEPTEMBER 20, 2000

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, IT IS MY PLEASURE TO APPEAR BEFORE YOU TO PROVIDE AN UPDATE REGARDING THE DEPARTMENT OF DEFENSE'S INITIATIVES TO ELIMINATE THE PERIODIC REINVESTIGATION BACKLOG AS WELL AS ADDRESS PROBLEMS INVOLVING THE DEFENSE SECURITY SERVICE'S (DSS) CASE CONTROL MANAGEMENT SYSTEM (CCMS). WITH ME TODAY IS LTG CHARLES CUNNINGHAM, USAF (RET), DIRECTOR OF DSS, WHO WILL ADDRESS SPECIFIC DETAILS CONCERNING THEIR INTERNAL INITIATIVES TO IMPROVE THE ABILITY OF DSS AND CCMS TO MEET THE PERSONNEL SECURITY INVESTIGATIVE REQUIREMENTS OF THE DEPARTMENT.

AT THE LAST HEARING ON FEBRUARY 16, 2000, THE DEPARTMENT WAS ENGAGED IN THE PROCESS OF DEVELOPING PLANS, PROCEDURES AND FUNDING FOR IMPLEMENTING THE RECOMMENDATIONS OF THE OVERARCHING INTEGRATED PROCESS TEAM (OIPT) THAT THEN DEPUTY SECRETARY HAMRE CONVENED TO ADDRESS AND REFINE AND RESOLVE THE PR BACKLOG PROBLEM. ON MARCH 31, 2000, DR HAMRE DIRECTED THAT THE OIPT RECOMMENDATIONS FOR ELIMINATING THE PR BACKLOG OF 505,000 CASES BE IMPLEMENTED AND THE NECESSARY RESOURCES IDENTIFIED TO ACCOMPLISH THIS OBJECTIVE.

THIS PLAN INCLUDED REMOVING CCMS AS A CHOKER POINT AND SINGLE POINT OF FAILURE BY VECTORING A SUBSTANTIAL PORTION OF DOD'S HIGH

VOLUME, LESSER SCOPE INVESTIGATIONS TO THE OFFICE OF PERSONNEL MANAGEMENT (OPM) IN FY 01 AND 02. THIS BALANCES THE DOD INVESTIGATIVE WORKLOAD WITH 45% RETAINED AT DSS, 40% VECTORED TO OPM AND 15% TO DSS' PRIVATE SECTOR PROVIDERS. THE PLAN ALSO EXTENDED THE DEADLINE FOR ELIMINATION OF THE INVESTIGATIVE BACKLOG UNTIL THE END OF FY'02.

MORE RECENTLY, THE GAO COMPLETED A REPORT FOR YOUR COMMITTEE ON THE PR BACKLOG. DOD CONCURRED IN THE TWO RECOMMENDATIONS IN THE REPORT. WHILE THERE WAS SOME CONCERN ABOUT THE VARIOUS METHODOLOGIES USED TO ARRIVE AT THE SIZE OF THE BACKLOG, IT WAS ACKNOWLEDGED THAT A MORE ACCURATE ASSESSMENT WOULD PROVE PROBLEMATIC. THE DIFFICULTY IN ASSESSING THE PRECISE SCOPE OF THE BACKLOG IS DUE TO LIMITATIONS OF THE CURRENT DOD CENTRAL CLEARANCE DATABASE, WHICH CONTAINS RECORDS OF THE APPROXIMATE 2.5M CLEARED DOD MILITARY, CIVILIAN AND CONTRACTOR PERSONNEL. THIS PROBLEM WILL BE RESOLVED WHEN DOD FIELDS THE JOINT PERSONNEL ADJUDICATION SYSTEM (JPAS) IN FY01 WHICH IS THE MIGRATION DOD PERSONNEL SECURITY SYSTEM AND WHICH WILL REQUIRE CONTINUOUS TRACKING (AND INPUT) OF AN INDIVIDUAL'S ACTUAL ACCESS REQUIREMENT UPON WHICH THE PR IS BASED. DOD HAS AGREED WITH GAO, WITH RESPECT TO THE NEED TO DO A BETTER JOB OF IDENTIFYING THOSE PERSONS WHO REQUIRE A PR BASED ON THEIR ACTUAL ACCESS

REQUIREMENTS. WE WILL ACCOMPLISH THIS THROUGH JPAS. DOD HAS ALSO CONCURRED IN THE RECOMMENDATION TO ADMINISTRATIVELY TERMINATE OR DOWNGRADE INDIVIDUAL SECURITY CLEARANCES UNLESS THEIR PR IS COMPLETE OR IN PROCESS BY SEPTEMBER 30, 2002.

ON JUNE 22, 2000, THE DOD COMPTROLLER, IN CLOSE COORDINATION WITH OASD(C3I), THE DOD COMPONENTS, DSS, AND OPM, ISSUED A "SPEND PLAN," WHICH PROVIDED DETAILED GUIDANCE TO THE DOD COMPONENTS REGARDING THE SUBMISSION OF PR BACKLOG CASES TO BOTH DSS AND OPM OVER A 24 MONTH PERIOD BEGINNING OCTOBER 2000. THE PLAN, AS RECOMMENDED BY THE OIPT AND DEPUTY SECRETARY HAMRE, REQUIRES THAT ALL MILITARY SECRET AND CONFIDENTIAL INITIAL AND PERIODIC REINVESTIGATIONS BE SENT TO OPM FOR COMPLETION (NOT INCLUDING THOSE WITH OVERSEAS LEADS), INCLUDING MOST MILITARY ACCESSION INVESTIGATIONS. ALL CONTRACTOR INVESTIGATIONS AND MILITARY TOP SECRET/SCI INITIAL AND PERIODIC REINVESTIGATIONS REMAIN WITH DSS, AS DO ARMY ACCESSION INVESTIGATIONS. PRIOR TO THIS INITIATIVE, THE DOD COMPONENTS WERE DIRECTED BY THE ASD(C3I) TO BEGIN SENDING ALL CIVILIAN INVESTIGATIONS TO OPM BEGINNING OCTOBER 1, 1999.

ALL TOLD, THE "SPEND PLAN" CALLS FOR THE CONDUCT OF ALMOST 2.2M INVESTIGATIONS, BOTH INITIAL AND PERIODIC, OVER THE NEXT TWO YEARS AT A COST OF OVER \$700M. THE TOTAL NUMBER OF INVESTIGATIONS

DESTINED FOR OPM OVER THE NEXT TWO YEARS IS 800+K AT A COST OF JUST OVER \$200M. OPM HAS BEEN A CLOSE AND COOPERATIVE PARTNER IN THESE INITIATIVES AND HAS RAMPED UP ITS RESOURCES IN ORDER TO BE READY TO ACCOMMODATE THE ADDITIONAL WORK THAT WILL BEGIN ARRIVING ON OCTOBER 1, 2000.

ON AUGUST 22, 2000, THE ASD(C3I) ISSUED DETAILED INSTRUCTIONS TO THE DOD COMPONENTS DESIGNED TO SUCCESSFULLY ACCOMPLISH THE COMPTROLLER SPEND PLAN BY SEPTEMBER 30, 2002. THIS ACTION HAS THE ADVANTAGE OF RELIEVING THE PRESSURE ON CCMS THEREBY ALLOWING IT TO MORE RAPIDLY PROCESS INCOMING SINGLE SCOPE BACKGROUND INVESTIGATIONS (SSBI) FOR TOP SECRET AND SCI ACCESS AS WELL AS SSBI-PRS FOR THE SAME LEVELS, FOR BOTH MILITARY AND CONTRACTOR PERSONNEL. IT WILL ALSO HELP ENSURE EXPEDITIOUS COMPLETION OF ACCESSION INVESTIGATIONS IN LESS THAN 75 DAYS SO THAT MOST RECRUITS SHOULD BE IMMEDIATELY ELIGIBLE FOR A SECURITY CLEARANCE BY THE TIME THEY COMPLETE BASIC TRAINING.

WHILE THE ABOVE INITIATIVES SHOULD ENSURE THAT ALL DELINQUENT PR INVESTIGATIONS ARE INITIATED BY THE END OF FY02, IT DOES NOT COMPLETE THE PROCESS. THE DOD CENTRAL ADJUDICATION FACILITIES (CAF) WILL REQUIRE ADDITIONAL STAFFING TO ACCOMMODATE THE

SIGNIFICANT INCREASE IN WORKLOAD TO ENSURE THAT THE BACKLOG OF CASES DOES NOT LANGUISH WHILE WAITING ADJUDICATION.

THE DEPUTY SECRETARY OF DEFENSE HAS RECENTLY COMMISSIONED YET ANOTHER REVIEW OF THE ABOVE PLAN TO ENSURE THAT IT CAN BE ACCOMPLISHED AT ALL LEVELS AND THAT ALL IMPEDIMENTS HAVE BEEN IDENTIFIED AND ADDRESSED. THE DODIG IS CURRENTLY WORKING ON A REPORT ON THE SAME SUBJECT. SEVERAL CAFS ARE ALREADY EMBARKED ON PLANS TO HIRE TEMPORARY ADJUDICATORS AS WELL AS UTILIZE RESERVE PERSONNEL TO ENSURE A SMOOTH AND TIMELY FLOW OF CASES.

THERE ARE A NUMBER OF KEYS TO THE SUCCESS OF THIS OVERALL SPEND PLAN. FIRST, THE COMPONENTS MUST PROVIDE CASES AND FUNDS AS SCHEDULED. SECOND, DSS AND OPM MUST MEET PRODUCTION GOALS. THIRD, ADJUDICATIONS MUST BE ACCOMPLISHED IN A TIMELY MANNER. FOURTH, QUALITY MUST BE MAINTAINED IN ALL PHASES OF THE PROCESS. FINALLY, DOD MUST DO A BETTER JOB IDENTIFYING INVESTIGATIVE AND CLEARANCE REQUIREMENTS AND INCORPORATING THEM INTO THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM SO AS TO ENSURE AVAILABILITY OF NECESSARY RESOURCES AND PRECLUDE RECURRENCE OF THIS PROBLEM.

THERE IS A LITTLE BIT OF GOOD NEWS. THE DEFENSE AGENCIES HAVE FUNDED THE BACKLOG 'OUT OF HIDE' AND WILL, FOR THE MOST PART, BE CURRENT BY THE END OF FY00. IN ADDITION, THE DOD INTELLIGENCE AGENCIES ARE ALSO CURRENT. COLLECTIVELY, THIS GROUP IS LARGER THAN ANY OTHER EXECUTIVE BRANCH AGENCY.

THERE ARE SEVERAL OTHER ONGOING INITIATIVES AND CRITICAL ISSUES THAT I WOULD LIKE TO BRING TO YOUR ATTENTION. THE FIRST IS THE ISSUE CONTAINED IN A DODIG REPORT OF MAY 30, 2000, "TRACKING SECURITY CLEARANCE REQUESTS." THIS REPORT ADDRESSED THE PROBLEM OF IDENTIFYING PENDING AND CLOSED DSS INVESTIGATIONS IN THE DEFENSE CLEARANCE AND INVESTIGATIONS INDEX (DCII). WHILE THIS HAS BEEN AN ONGOING PROBLEM FOR DOD CAFS AND SECURITY MANAGERS, DSS HAS BEEN AGGRESSIVELY IMPLEMENTING REMEDIES WHILE IMPLEMENTING FIXES TO THE CCMS. THESE INCLUDE POSTING RECEIPT OF THE EPSQ TO THE DSS WEB SITE WHICH CAN BE ACCESSED BY THE CAFS AND SECURITY MANAGERS. THIS ALLOWS THEM TO DETERMINE IF AN INVESTIGATIVE REQUEST HAS BEEN RECEIVED BY DSS FOR PROCESSING. IN ADDITION, AS I MENTIONED EARLIER, DOD WILL BEGIN IMPLEMENTING THE JOINT PERSONNEL ADJUDICATION SYSTEM (JPAS) NEXT YEAR. JPAS WILL NOT ONLY SERVE AS THE MIGRATION DOD SECURITY CLEARANCE DATABASE BUT WILL BE LINKED TO CCMS FOR "REAL-TIME" EXCHANGE OF OPEN AND CLOSED CASES WHICH WILL BE ACCESSIBLE TO

THOUSANDS OF AUTHORIZED DOD SECURITY MANAGERS AROUND THE WORLD. THEREFORE, IN VIEW OF THESE INITIATIVES WE BELIEVE THAT THE ESSENCE OF THE DOD IG RECOMMENDATION WILL BE ACHIEVED WHILE NOT INCURRING ADDITIONAL COSTS ASSOCIATED WITH THE RECOMMENDED MIGRATION OF DSS OPEN/CLOSED CASES TO THE EXTRANET FOR SECURITY PROFESSIONALS (ESP). I BELIEVE THESE RESOURCES CAN BE BETTER SPENT, ON IMPROVING CCMS AND THE DCIL.

ANOTHER PRESSING ISSUE IDENTIFIED BY THE DOD IG IN THEIR APRIL 5, 2000 REPORT ENTITLED "SECURITY CLEARANCE INVESTIGATIVE PRIORITIES," INVOLVES ENSURING THAT THE MOST SENSITIVE, MISSION-CRITICAL DOD INVESTIGATIONS ARE IDENTIFIED AND RECEIVE THE PROPER PRIORITY. THIS ISSUE HAS ALSO BEEN ADDRESSED IN THE FY01 DEFENSE AUTHORIZATION BILL. I MUST FIRST EMPHASIZE THAT DOD HAS HAD IN PLACE A PRIORITIZATION MODEL FOR MANY YEARS, LARGELY DICTATED BY THE MISSION REQUIREMENTS OF DOD CUSTOMERS. THE CURRENT DSS INVESTIGATIONS MANUAL, FOR EXAMPLE, LISTS SOME 78 PRIORITY CATEGORIES, INCLUDING PRESIDENTIAL SUPPORT, NUCLEAR WEAPONS, AND SPECIAL ACCESS PROGRAM CASES AMONG MANY OTHERS. MANY OF THESE REQUIRE CASE COMPLETION TIMES OF 60 DAYS OR LESS. APART FROM THE PROLIFERATION OF CASE PRIORITIES, THIS PROGRAM HAS WORKED REASONABLY WELL OVER THE YEARS SO LONG AS THE CUSTOMER

DID NOT ABUSE THE SYSTEM WITH EXCESSIVE OR INAPPROPRIATE SUBMISSIONS.

HOWEVER, DUE TO THE RECENT PROBLEMS WITH CCMS AND THE RESULTING INCREASE IN DSS CASE COMPLETION TIMES, PRIORITIZATION HAS BECOME A PROBLEM AS CASE COMPLETION TIMES HAVE SOARED TO A YEAR OR MORE IN SOME CASES. ACCORDINGLY, IN ACCORDANCE WITH THE RECOMMENDATION IN THE APRIL 2000 DODIG REPORT, C3I HAS TAKEN THE LEAD IN DEVELOPING WITH THE DOD COMPONENT CUSTOMERS A DRAFT PLAN FOR A MORE STREAMLINED AND MANAGEABLE LIST OF PRIORITY CATEGORIES WHICH IS FOCUSED ON THE TRUE DOD, MISSION-CRITICAL PRIORITIES. THE DRAFT PLAN INCLUDES SOME 14 CATEGORIES VICE THE 78 IN THE DSS MANUAL. THE PLAN IS UNDERGOING FINAL REVIEW, TO INCLUDE THE IDENTIFICATION OF REQUIREMENTS FROM THE COMPONENTS AS TO THE APPROXIMATE VOLUME OF CASES THAT CAN BE EXPECTED IN THE COMING YEAR FOR THE 14 PRIORITY CATEGORIES.

ANOTHER ESSENTIAL STEP TO THE IMPLEMENTATION OF A PRIORITIZATION SCHEME IS THE NEED TO BETA TEST AND FIELD THE REVISED ELECTRONIC PERSONNEL SECURITY QUESTIONNAIRE (VERSION 2.2), USED FOR ELECTRONIC SUBMISSION OF INVESTIGATIONS TO DSS, WITH A NEW FIELD WHICH WILL CONTAIN THE CASE PRIORITY CATEGORY CODE. ONCE THIS IS ACCOMPLISHED, ALONG WITH THE ATTENDANT CHANGES TO

CCMS, THE NEW PRIORITY CATEGORIES SHOULD BE IMPLEMENTED BY JANUARY 2001.

FOR THE NEAR TERM, PRIORITY CASES ARE BEING HANDLED IN A VARIETY OF WAYS. AGENCIES SUCH AS THE NATIONAL SECURITY AGENCY AND DEFENSE INTELLIGENCE AGENCY HAVE BEEN GRANTED AUTHORITY TO OUTSOURCE THEIR MISSION CRITICAL INVESTIGATIONS, MOST OF WHICH ARE BEING COMPLETED IN UNDER 60 DAYS AT A GREAT SAVINGS TO THE AGENCIES IN AVOIDING LOST PRODUCTIVITY. THE NATIONAL RECONNAISSANCE OFFICE HAS LONG HAD SIMILAR AUTHORITY. ADDITIONALLY, THE ASD(C3I) ALSO DIRECTED THAT ALL SSBP'S FOR SENSITIVE COMPARTMENTED INFORMATION (SCI) ACCESS FOR ASSIGNEES TO THE SERVICE CRYPTOLOGIC ELEMENTS BE DIVERTED TO OPM UNTIL SUCH TIME AS DSS IS ABLE TO IDENTIFY AND ACCOMPLISH SUCH CASES IN 75 DAYS OR LESS. THESE ARRANGEMENTS HAVE WORKED WELL TO DATE.

IN ADDITION TO THE ABOVE INITIATIVES, DOD AND C3I ARE ENGAGED IN A NUMBER OF OTHER PURSUITS DESIGNED TO IMPROVE AND ENHANCE THE EFFECTIVENESS OF THE DOD PERSONNEL SECURITY PROGRAM IN MEETING THE EVOLVING THREAT. THESE INCLUDE:

- DEVELOPMENT OF A PERSONNEL SECURITY STRATEGIC PLAN TO SERVE AS A ROAD MAP FOR A REVISED AND REVITALIZED PERSONNEL SECURITY PROGRAM OVER THE NEXT FIVE YEARS;

- IMPLEMENTATION OF A PEER REVIEW PROGRAM FOR THE DOD CAFS TO HELP ENSURE ADJUDICATIVE OUTCOMES ARE CONSISTENT AND SUPPORT THE RECIPROCITY MANDATE OF EO 12968;
- SUPPORT OF A CONTINUED ROBUST PERSONNEL SECURITY RESEARCH PROGRAM AT THE DOD PERSONNEL SECURITY RESEARCH CENTER (PERSEREC) IN MONTEREY, CA. IN PARTNERSHIP WITH THE CIA'S RESEARCH PROGRAM, ADDITIONAL FUNDING IS BEING SOUGHT TO DEVELOP MORE RAPID AND EFFICIENT USE OF THE INTERNET AND AUTOMATED DATABASES FOR DOD'S CONTINUING EVALUATION PROGRAM;
- DEVELOPMENT OF A MORE ROBUST AND INTEGRATED PROGRAM TO COMBAT THE INSIDER THREAT TO DOD'S UNCLASSIFIED BUT SENSITIVE INFORMATION TECHNOLOGY SYSTEMS, THROUGH BACKGROUND CHECKS AND ENHANCED SITUATIONAL AWARENESS;
- SUPPORT OF OPM'S EFFORTS TO DEVELOP COMMON AUTOMATED SECURITY FORMS FOR GOVERNMENT-WIDE USE TO ACHIEVE PAPERLESS SUBMISSION OF INVESTIGATIVE REQUESTS;

THIS CONCLUDES MY PREPARED STATEMENT. I AM PLEASED TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.

Mr. SHAYS. General Cunningham.

General CUNNINGHAM. Thank you very much, sir. I would like to submit my statement for the record.

Sir, this is a very serious problem, and while we are working it hard, this does not mitigate the seriousness of the backlog. We are now able to do more work. Our system is working much more in accordance with architecture and specification than before.

As I reported to you before, we were going to have those elements in place. They are now in place and we are conforming to them. Steady improvement is coming not only in the system but also through the use of private sector augmenting contractors. They are coming up to speed. Last time I was here, I told you we were bringing them on. They are all on, except one. Which means we have five, lacking one, which we expect to get completely in place within the next couple of weeks. Good progress there.

I would like to talk now a little bit about the Case Control Management System itself. A year ago, CCMS was described in a TRW study as appropriate to be scrapped; that the future of it was highly in doubt. I reported to you before that we would bring TRW back at an appropriate time this summer to do an outside assessment. They are conducting that assessment now.

They gave us an interim report, and I emphasize interim report, because they have another week or 10 days to spend with us, but they are surprised, in a positive way, with the progress that we have made. They complimented us on the way we have done our interdocumentation and improved the performance and reliability of this system. Their forecast for bringing up the system is positive.

They agree with us and with the community that this system should likely be replaced at some point. Indeed, with all IT you should have that on your horizon, and we expect to bring that into our next program objective memorandum, a replacement system into the 5-year defense plan. Nevertheless, it will be served years before this would come to fruition.

Our field operations have—

Mr. SHAYS. Let me say, and it is not meant to be a cheap shot, but your comment that a system is always meant to have a new system in place, that is the competitive model in the private workplace—

General CUNNINGHAM. Yes, sir.

Mr. SHAYS. The competitive model in the private workplace is, if you can't do the job, you go out of business. And if you were a business, you would be out of business. Because we haven't been able to do the job, and there would be a new business that would have replaced you.

So I just make the point to you that the more I think about this, the more incredulous I feel. Because in the private workplace, they would simply have solved the problem much more quickly, or they wouldn't exist. That is the problem we have in a government model.

So, it is interesting the analogies we are going to draw to the private workplace.

General CUNNINGHAM. Sir, your point is well taken. But if I may, this is the system we had a year ago. The mission is security. You don't stop or just shift gears like that. We had to work hard to

make this thing come into spec to the degree it could be brought. We did that. We have done that in a reasonable fashion. But, at the same time, we would be fools to continue to say this is the "for-ever system," operating with the future year's defense plan, and not put anything else in there to replace it. That is the point I was trying to make.

Mr. SHAYS. I understand that.

General CUNNINGHAM. In the field, and there is a lot of human participation in this, where our agents in the field conduct their investigations, we have improved the software for them. So, if you will, their front office, their laptop, is now working in a much more responsive way. The results are that we did get our target of 2,500 completed investigations in August. It was not a flash in the pan.

The systemic changes that have been made, sir, if I may continue—

Mr. SHAYS. You can continue as much as you want. I just want to give you a sense of every 5 minutes.

General CUNNINGHAM. Thank you, sir.

We know that we have to continue to be able to do better work and to do it faster, and mechanization is very important in this. We know that our system is not rocket science, and indeed that we have to take care of our people. We are doing that.

We know that we have a backlog. The backlog is serious, and, indeed, we have had a major input. But to be able to sustain our 2,500 DMC contract is not to stay at 2,500 but to go beyond that. We feel we will do that.

I am happy to report to you today, two-thirds through the month of September, that the August numbers met our contract, and we will again meet our contract this month. In fact, we hope to go a little bit beyond. That is going to be a regular thing with us. Are there going to be problems along the way? Sure, but we are in a far better position to deal with them.

Let me go on to what I think gets to your point, and it is an excellent one. What are we doing about it? What is in our future and what do we need to do better? We have had a lot of discussion within the Department of Defense, and I am happy to report there is considerable progress, but the discussions that you had here with the previous witnesses highlight that you must know the requirements up front in order to work a three-part process.

We talk about investigations, feeding adjudications. However, little is said about the importance of that well-defined, scrubbed and prioritized requirement that is the first element in this three-part process. We talked about this briefly the last time I was here.

What I am suggesting and what Ms. Shuster alluded to is our ongoing discussions now with the military departments and the need to plan, program and budget for security clearances in the same way they plan, program and budget for everything else that they do under Title X responsibilities within the military departments. The reception to that idea has been, I think, very good; and that, too, is not rocket science. It is practiced every day in the Department. It is simply a matter of rolling this kind of requirement into that same process. If you know you are going to have a digitized battlefield and there are certain security clearance re-

quirements that will grow with that, then you program for the MOSs to have those security clearances when they come.

All kinds of things follow from that. You understand as you move into budget development what is eventually going to be required, so you can shape that. Indeed, we agree with the plan that the Department has to work this backlog, and we think it will work. But what happens after that will be driven largely by how we plan, program and budget.

Sir, in the interests of further discussion and your limited time, I would like to leave it at that.

Mr. SHAYS. Thank you.

[The prepared statement of General Cunningham follows:]

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Statement of

Lt Gen Charles J. Cunningham Jr., USAF (Ret)

**Director
Defense Security Service**

Before the

**Subcommittee on National Security, Veterans Affairs, and
International Relations**

House Committee on Government Reform

**Update on Defense Security Service and DoD Personnel Security
Clearance Reinvestigations Backlog**

**on
September 20, 2000**

Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before you today to provide you an update on the recent and continuing efforts of the Defense Security Service to eliminate the periodic reinvestigations backlog while concurrently managing our current inventory and continuing influx of personnel security investigations.

Earlier this year I appeared before this same Subcommittee and presented our plan for improving overall agency performance in our three core mission areas. Specifically, I spoke of the initiatives that were planned or then in progress to address our pending inventory of investigations and the periodic reinvestigations backlog within the Department of Defense. I am pleased to report that we have made many changes that have resulted in greater efficiencies in our personnel security investigations processes and have seen demonstrable improvement in our Case Control Management System. However, our pending inventory of investigations and the Department of Defense periodic reinvestigations backlog that continues to grow have impacted our progress and the results of our improvements and initiatives have not yet become evident.

The Office of the Deputy Assistant Secretary of Defense, Security and Information Operations, has developed an implementation plan to eliminate the periodic reinvestigations backlog by the end of FY2002. Under this plan, additional investigations, previously under the purview of Defense Security Service, will be redirected to the Office of Personnel Management. The Defense Security Service will

continue to conduct all industry investigations, some military accessions and all Top Secret/Sensitive Compartmented Information (SCI) initial and periodic reinvestigations for the military departments.

The investigations to be conducted by the Defense Security Service will be comprised, for the most part, of work that requires extensive investigative *field* effort (records checks, interviews of friends, neighbors, etc. and subject interviews) as opposed to the largely automated processes associated with the National Agency Check/Local Agency Check/Credit Check (NACLCs) that will go to the Office of Personnel Management. This redistribution of work is important in the context of projecting the number of investigations that the Defense Security Service can complete. To explain, as the backlog of internal lower-level (largely automated) investigations currently in our pending inventory are closed and we receive the new incoming higher-level work, the complexity of our total investigative effort increases. Nevertheless, we are taking the necessary actions to ensure that our productivity remains consistent with our Defense Management Council contract of 2,500 completed investigations per day. These actions, which include personnel security investigative process improvements, future Case Control Management System enhancements and prior automation improvements to scope, open, and close low level investigations automatically, will enable DSS to become more efficient in the processing of investigative requests.

Since I last appeared before this Committee on February 16, 2000, the Defense Security Service has made remarkable progress in terms of improving our personnel

security investigations process and stabilizing our Case Control Management System. Specifically, we have completed approximately 42,207 periodic reinvestigations for all levels of clearance since February 1, 2000; however, we do not know the number of remaining reinvestigations still to be submitted for investigation. We are aware that the Department of Defense components and industry are continuing to review their clearance requirements and take action, where appropriate, to administratively terminate or to downgrade clearances if access at a higher level is not necessary.

Mr. Chairman, you have also asked me to report on the status of our Case Control Management System and how this system factors into the growth or reduction of the personnel security investigations backlog. During the past year the Defense Security Service has taken aggressive action to stabilize our Case Control Management System and to identify, prioritize and implement those improvements that were most critical to system stabilization and near-term processing improvements. I am very pleased to inform you that these efforts are paying off in that we are beginning to see dramatic improvements resulting from the software enhancements and corrections that have been implemented within the past six months. Enhancements to the workflow process have greatly facilitated the movement of actions through the Case Control Management System. As an example, on July 23, 2000, a software enhancement was installed that automated the opening and closing processes on favorable Secret, Confidential and trustworthiness PSI requests. This enhancement has reduced the amount of human intervention required for Secret and Confidential investigations. As a result, our case

analysts are able to concentrate their efforts on more complex actions and *review* of investigations.

The month of August proved to be a turning point for the Defense Security Service. As you may recall, I previously briefed this Subcommittee that the Defense Security Service had a well-established target to hit in August 2000. That target was established by the Defense Management Council and required our Personnel Investigations Center to produce 2500 completed investigations per day. We have hit that target! This achievement was the culmination of a year of dedicated effort to turn the agency around and we believe that we have been successful in those efforts.

Testing will soon begin on other delivered enhancements and software corrections to the Case Control Management System that are designed to further improve the personnel security investigations process and eliminate manual workarounds. One major enhancement will be the identification and targeting of investigative leads based on special project identifiers, suspense date and lead received date.

Our revised Electronic Personnel Security Questionnaire (EPSQ), version 2.2, will contain over 70 improvements, many of which represent additional changes that will streamline our investigations process. We will field Version 2.2 by October 15, 2000.

The Defense Security Service continues to work closely with the Systems Support Group of the U.S. Air Force, which provides our Program Management Office. Direction

and oversight is provided through the Commander, Electronic Support Center, and myself as the Director of DSS. This oversight continues to ensure the application of required policies and information technology requirements to complete the development of the Case Control Management System. In addition, an "In Process Independent Review" by TRW is ongoing as a follow-up to their initial study of the system. This review will be completed by October 6, 2000, and will provide the basis for further analysis and system improvements.

We have defined a target architecture to meet our future information management requirements that will maximize User interactive and real-time interface. This target architecture provides a framework for future development and implementation of the entire Defense Security Service Enterprise System, including the Case Control Management System. Funding for this target architecture is being worked in the current budgeting process.

In sum, the Case Control Management System has been stabilized and the recent improvements that have been implemented allow the Defense Security Service to take advantage of the original functional design to minimize human intervention and repetitive tasks.

In 1999, we also began the first phase of electronic submission of fingerprint cards to the FBI. Our current average response time from the FBI is five hours. We are striving to have live-scan fingerprint capability by October 1, 2000.

The Defense Security Service is also developing an automated interface with the Defense Manpower Data Center (DMDC). This interface will provide for an electronic records check of the DMDC database on all subjects of investigation that will provide us with prior military service information (to include fraudulent enlistment or indication of foreign military service) in a more timely manner and an automatic update of investigative records. Testing of this interface is underway and deployment is anticipated to occur shortly after testing has been completed.

Our plan to use private sector contractors to augment our investigative workforce has continued to materialize and is proving to be a successful endeavor. Our Phase I contractors are currently completing more than 100 investigations per day. Under Phase II of our contractor augmentation plan, we have signed contracts with three "end-to-end" contractors. One additional contract is still under negotiation; however, we expect these negotiations to be completed and a contract signed in the very near future. These Phase II contractors will soon reach levels of output consistent with their individual capabilities.

In addition to contractor augmentation, we are also using military reservists to augment our investigative workforce. Currently, approximately 45 military reservists who have prior investigative and interviewing experience are integrated into our agent workforce. They are being held to the same standards and evaluation procedures as DSS investigators.

In the DoD Inspector General report of May 30, 2000 entitled, "Tracking Security Clearance Requests," it was recommended that the Defense Security Service track all security clearance requests from the time they are received until the investigation is opened. This tracking system was proposed to eliminate the time spent in researching customer requests on the receipt and/or status of requests for investigations. The Defense Security Service has concurred with this recommendation and we are currently posting *receipt* of all investigations on our internet web site for a period of 180 days. These receipts are available one to three business days after successful transmission of the file. After we have opened the investigation, that fact becomes evident as an open dossier case control number is displayed in the Defense Clearance and Investigations Index (DCII). In the long term, we are planning the development of a Case Control Management System enhancement known as "Data Warehousing." Under this concept, each individual document would be tracked from the time it is loaded into CCMS until final resolution. The information would remain permanently stored in the corporate database as a record of the life of the request.

While we have worked hard to improve our productivity, we have not neglected our quality improvement, training and professional development efforts. The Defense Security Service has been proactively and aggressively implementing many initiatives to ensure quality in all of our security products and services. Our Standards and Evaluation program is ongoing and performance measures are being developed, implemented and refined. Customer satisfaction feedback is being collected and

evaluated. Finally, the Defense Security Service will use a three-pronged approach, i.e. Prevention, Detection and Correction for creating consistent and acceptable results as the initial component in evolving to a mature and institutionalized continuous process improvement and learning culture.

Mr. Chairman, I would like to point out that we do not control the quantity or type of initial or periodic reinvestigations requested nor do we control the submission of those requests to the Defense Security Service. Personnel security policies dictate the investigative requirements, including the intervals for reinvestigations that are linked to the level of security clearance required. The submission of requests for personnel security investigations is a function and responsibility of the individual elements of the military departments, defense agencies and cleared contractor community and we receive them as they are processed by these individual entities. More importantly, the Department of Defense prioritization comes from many sources and is difficult to integrate into our operations. This leaves the Defense Security Service at a severe disadvantage in trying to balance investigation requirements for a myriad of customers, all of whom have competing requirements and clearance needs.

With an anticipated significant number of security clearance requests expected through FY2001, it seems logical to me that use of the existing Department of Defense planning, programming and budgeting system (PPBS) would greatly improve the identification of requirements and simplify the process. It is my opinion that the military departments are thinking positively in this direction. It also seems logical that the establishment of

central requirements facilities in the military departments would be most advantageous. You may recall my brief description of this concept at my last appearance before this Subcommittee. Basically, the concept involves recognition of the personnel security clearance process as a three-phase process: i) requirements and prioritization, ii) investigations, and iii) adjudication.

Mr. Chairman, I share this Subcommittee's concern with respect to the still pending periodic reinvestigations backlog as it relates to national security concerns. The Defense Security Service has made significant progress in reducing our investigations case processing times; however, I am very much aware of the continuing impact that our delayed processing is causing for all Department of Defense (DoD) components and individuals awaiting completion of their investigation. However, on the basis of our recent achievements and trend analysis, I am quite confident that the Defense Security Service will be able to eliminate our portion of the reinvestigations backlog in accordance with the plan developed by the Deputy Assistant Secretary of Defense, Security & Information Operations, and return to a pending inventory of investigations consistent with normal operational requirements.

This concludes my prepared statement on the current status of the Defense Security Service. I will be pleased to answer any questions you may have.

Mr. SHAYS. I have a vote, and I will vote and be back. It will take between 10 and 15 minutes. We will be in recess, and I will be back in 10 to 15 minutes.

[Recess.]

Mr. SHAYS. Mr. Leonard and General Cunningham, what I am going to do is ask our staff on both sides of the aisle to ask some questions first, and then I may interrupt them and have some questions myself.

I will first recognize Vincent Chase.

Mr. CHASE. General, Mr. Leonard, I would like to ask a series of questions as relates to the Case Control Management System.

First of all, it is our understanding that the initial system was approximately—the cost to acquire and implement this system was about \$100 million. Can you tell us at this point how much money you have spent to try to upgrade the system in order to handle the DSS workload?

General CUNNINGHAM. Yes, sir. Last year, when we knew that work had to be done on the system, the President's budget in January 2000 included an additional \$22 million. We are now working that within our base.

Our approved funding from 2001 on, that we have total in the program for CCMS, is \$180 million.

Mr. CHASE. So if I understand that, in order to implement the three phases that we have discussed and the new target architecture, it is going to be how much?

General CUNNINGHAM. OK, let me go to what it took to get the system working, stabilized. I think that was the first part of your question.

That was the \$22.9 million. Then to go beyond the stable and approved system the future years' defense plan, and to take it out to the target architecture, requires an additional \$94 million. That is currently in the budget development process. That is across all years, out to 2007. No decision, of course, has been made on that within the Department.

Mr. CHASE. Right. So we are talking about \$116 million as a grand total, roughly \$116 million.

General CUNNINGHAM. That is in the approved program, to run all of our operations and maintenance, everything involved in the CCMS, not just developing it.

Mr. LEONARD. Actually operating it on a day-to-day basis.

Mr. CHASE. Do you see the additional funding that is going to be needed down the road to get the system up?

General CUNNINGHAM. To take it through to our project architecture is reflected in our POM. We see nothing in addition to that.

Now, a follow-on system that would be included, should it make sense in our next POM, that all needs to be worked out and priced. That needs to be done within DSS and taken through the process in C3I and through the whole comptroller process.

Mr. CHASE. The next question has to do with OPM, and it is related to the whole Case Control Management System.

We have transferred roughly, what, 40 percent of the workload out of DSS. A portion of that has now gone to OPM.

Mr. LEONARD. As of October 1st.

Mr. CHASE. Before you made that decision, did you look at their Case Control Management System? I didn't know if they called it that, but basically the Case Control Management System they have got, did you look at their system?

Mr. LEONARD. For incorporation—

Mr. CHASE. To make sure they could handle the workload.

Mr. LEONARD. Yes, we did look at their system. I can't recall the exact numbers off the top of my head. I can get back to you on them.

But OPM was able to clearly demonstrate to us they were at a fraction of their capacity from a system perspective, and that in order to ramp up, so to speak, principally what they would have to do would be to hire data input personnel, the people part of it. That was the most significant part of their ramp-up.

From a system capacity point of view, yes, sir, they had the capacity to absorb roughly 400,000 additional investigations a year for the next 2 years.

Mr. CHASE. Did you consider why their system was working as well and maybe—did you, frankly, look at their system?

Mr. SHAYS. Would the gentleman just yield? Excuse me. Hold on 1 second. I just want to make sure I understand. You said 400,000 in the next so many years. I think that is too imprecise for the committee; 400,000 when?

Mr. LEONARD. 400,000 in—it is either several thousand above or below—I can't recall off the top of my head—400,000 in fiscal year 2001 and 400,000 roughly in fiscal year 2002, for a total of 800,000 roughly investigations over the next 2 years.

Mr. SHAYS. That is good.

Mr. LEONARD. I can provide the precise numbers for the record, if you would like.

Mr. SHAYS. I just wanted to have that.

Mr. CHASE. Just a couple more questions. When you looked at OPM's system, did you look the at the cost of their system?

Mr. LEONARD. From what perspective? From a perspective of incorporating—

Mr. CHASE. From a perspective of procurement and acquisition and implementation?

Mr. LEONARD. That clearly will have to be part of the equation.

As I mentioned right up front, oversight from my organization has had shortcomings, especially with respect to the acquisition of a major automation system. Clearly—and I am not telling the committee they don't know—one of first steps you need to do in that process is to analyze your alternatives. Clearly, one of the alternatives is, rather than build it yourself, can you get it somewhere else?

That was not done to the fullest extent in the case of CCMS. We are committed in terms of applying a maze-like process to the future architecture, and those types of issues will be addressed up front before the Department commits itself to a future architecture above and beyond what is needed to accomplish the plan as laid out in the comptroller's memo and to ensure that DSS has the continued capacity and capability to do that portion of the work that will be directed toward them.

Mr. CHASE. Will that process be part of the—it was recently implemented last year. It is the General's contract he has with the Department of Defense. Is that process part of that council review?

Mr. LEONARD. The maze-like process? That will be a process in accordance with the 5,000 series of directives within the Department of Defense and also under C3I's role also as the Chief Information Officer and Clinger-Cohen Act and the appropriate OMB directives.

Mr. CHASE. I just want to switch gears. General, the outside consultant was developing an algorithm that was going to ferret out the riskiest cases in the backlog. Could you give us the status of that?

General CUNNINGHAM. Yes, sir. The algorithm to which you are referring to was the algorithm to discern from the electronic personnel security questionnaires those investigations that were likely to be complicated and those that were likely to be fairly simple and clean. We were able to make a very good correlation between responses given on the EPSQ and those who lose clearances later.

That has been completed; it has been tested; it will be implemented with our 2.2 version update of our software for CCMS. That is scheduled to take place in 30 days, and we will have that algorithm operating.

Mr. CHASE. OK.

Mr. SHAYS. David.

Mr. RAPALLO. General Cunningham, how many cases did you close per day as of last February when we had the hearing?

General CUNNINGHAM. Last February we closed about 1,500. That was our first move up after implementing our first improvements into the system. Prior to that, for the duration that we had CCMS, we averaged between 900 and 1,000 a day.

Mr. RAPALLO. You are up to now—

General CUNNINGHAM. 2,500, slightly over.

Mr. RAPALLO. So your goal last February was an average of 2,500. So you are not quite there, but you are up to the 2,500?

General CUNNINGHAM. Yes, sir. When I signed the Defense Management Council contract, which was agreed to previously, I knew that we could not do an average for the year of 2,500. It was out of the question. I was signing that off well into the fiscal year. I knew the state of the system. I watched daily what we were producing and where the problems were. But that train had left the station, and so I lived with it.

At first, it was troublesome to me to be sitting with a contract, knowing that I couldn't deliver. Nevertheless, after I thought about it for a while, I said, "This will be good for you. This will give you something to work for." And it was.

We put the mark on the wall in February, some months after I had briefed Secretary Hamre, having done a regression analysis with what we planned to do in the system, we would hit out DML contract no later than August. Of course, that contract kept us moving in that direction. We improved, as I predicted, in February, March, April, May and June.

In late June, we ran into a situation, due to manual archiving, we overshot the system. A data base administrator working hard in the middle of the night and let it overshoot. It overshoot, it

overwrote times, it brought us down, and it took us most of the month of July to recover.

That is more than a hiccough. That was devastating to us because we could have hit our 2,500 in June. We would have a longer track record. We don't have that. We can't cry about that.

How do you fix that? Oracle version 8.1 that we will install in 4 months does not allow that to occur. That is part of our continuing development on this system.

Mr. LEONARD. Mr. Chairman, if I could add, this was your fundamental point; and it is important to acknowledge that, even with DSS achieving their goal of 2,500 a day, this situation is getting worse, because, quite frankly, General Cunningham is getting 3,000 a day in every day. You don't have to be a rocket scientist to figure out if you are getting in 3,000 and only putting out 2,500, the problem is getting worse. However, that in part was the fundamental reason to enter into this partnership with OPM; and in essence what our strategy is now is we will be vectoring off the high volume but low intensity from a scope point of view, investigations, the highly automated investigations, to OPM. Their system can absorb this very easily.

These are the automated record checks for recruits, for example 18-year-olds, and all you need to check is, do they have an arrest record, those types of things. By vectoring those off to OPM, that will create an environment for General Cunningham and his folks where, quite frankly, if they keep up—they don't even need to keep up with 2,500 to be able to start eating into that backlog. That's a very significant point.

General CUNNINGHAM. Sir, if I may complement that a little bit, add to that, even before the OPM strategic partnership, which we applaud, last summer we began the development of these contractors to augment from the private sector as discussed last time. The first two that were brought on were done before I got to DSS and were done out of Mr. Leonard's office to go by letter contract. Those contractors alone, are producing now a little over 100 a day themselves. They will grow to 150 a day in the near future. That's over and above what we were considering within this 2,500.

In addition to that, the next batch of contractors that we brought on, of the four I described earlier, we now have three on board. They have the capability to eventually reach 250 a day, each, and I expect them to hit that level in about a year.

Mr. RAPALLO. I think that capacity building is really positive, but my question relates more to how you know "how many are coming down the pike" kind of thing. It seems like there are a lot of factors that could affect that. What are some of those factors? You have reinvestigations coming due. That's something you're trying to figure out now.

Mr. LEONARD. I have to sit before you here this morning to express continued frustration and dissatisfaction from a departmental perspective that we cannot to this day we cannot answer that question with the granularity that it deserves. The reasons for that are varied. I don't want to belabor that. I'll be happy to go into any depth you'd like to.

Mr. RAPALLO. Some, you can figure out.

Mr. LEONARD. Yes, we can figure it out in a rough order of magnitude. That's what we have done. But the basic problem is, we have had a culture in the department where the clearance stuck with the person as opposed to being tied to the job. And so individuals then, once they got put in for a TS SCI clearance, somehow, some way that stuck with them irrespective of what future assignments they might have and what have you.

General Cunningham is absolutely, positively right. What we do as a building, day in and day out, is we plan program and budget for what our requirements are, whether it's ships, ammunitions, training for pilots and what have you. The problem is, clearances up to this point in time have been treated like a commodity, just like a government pen. I go to the file cabinet, I reach in and pull it out, and that's how it had been treated in the past; and that culture in part has led us to this problem.

What we have to instill within the Department is a culture that this is—instead, as an asset; it's an asset no different than people, than systems, than training, and it has to be managed as an asset. And if you don't manage it as an asset, you are going to be given even more headaches from a management point of view, as we heard from Mr. Mancuso in terms of his headaches, just as a manager in terms of effectively utilizing his personnel.

I think Ms. Schuster said, pay me now, pay me later; that lesson has been driven home, I think in spades, to every user within the Department. And then the recognition, if I don't plan and program and budget for these like I do everything else in the Department, we are never going to get to the heart and soul of this.

The Joint Personnel Adjudication System that we're going to start beta testing in 2 months, that's not the answer, but it's a tool. It will be a tool that will be available to the services and to the other components to begin to instill the discipline and the management that this very valuable asset needs; and we can't be treating them like office supplies, like we may have in the past when you didn't have to manage them.

Mr. RAPALLO. Just to be fair, though, there are some circumstances where you just can't predict when you might need them. I can't remember if it was the GAO report or the IG's—

Mr. LEONARD. And there are provisions, then, to work around that. And we have been employing those provisions to work around that when that happens. There are risk tradeoffs. And obviously mission requirements can't wait for an investigation, especially if that investigation is going to take a year or more, especially if your mission requirement is a military operation of some sort. There are provisions for interim procedures, for risk-based approaches to granting interim access, supplementing them with extra supervision or what have you, those provisions have been used in the Department.

It's a greater challenge. I have to manage my resources more so. But there are these built-in provisions to the system that allow you to manage it if you utilize these provisions appropriately.

Mr. RAPALLO. I think I understand what you're saying. I was talking about more systemic changes, like retirement age of a lot of people.

Mr. LEONARD. It goes beyond that, even. Just the way we conduct operations as a department; the revolution in military affairs, what that means. What we saw in Kosovo is, we're in an environment today now where our objective is to have a short cycle time between eyes on target and when that shooter gets that information. What that entails now is that now your shooter, if you will, F-15 pilot or whatever, needs real-time intelligence. It's a change in the way we do business. It's a change in our doctrine. It drives these types of requirements.

We need to be smarter when we're recognizing that we're upgrading our technical capabilities in this area, that, hey, these have consequences; and what it means now is, I have more people having real-time, hands-on access to real-life intelligence. That means they're going to need the higher level clearances where they may not have necessarily needed them in the past.

So you're absolutely right. Again, I go back to my opening comment, it permeates every element to interpret how we do business.

Mr. RAPALLO. Maybe I could have one more question.

General, do you have any control over the number of cases coming into your office?

General CUNNINGHAM. No, sir.

Mr. RAPALLO. So you have no control. So you've just established your goal at 2,500.

General CUNNINGHAM. No, the Defense Management Council.

Mr. RAPALLO. They establish the goal for you?

General CUNNINGHAM. OSD, which has a good sense of history, established that goal because, as I understand it, it was very wisely done. That was their sense of the number we would have to do to be sure we would take care of initial requirements. But even at that, that was an estimate, that was not a programmatic detailed assessment.

Mr. RAPALLO. The number might go up, incoming, it might go down in the future. Is your funding at all tied to that?

General CUNNINGHAM. Yes. I defer that to Bill.

Mr. LEONARD. Yes. Again, if you want to go back to how do we get into this position, clearly one of the fundamental problems we had—this goes back years; it's nothing recent—is that there has been a fundamental disconnect between requirements and this man and his predecessor's budget. We need to fix that if we're going to preclude this from happening again.

Mr. SHAYS. Bottom line—I have about 10 minutes, and I'd like to just ask a few questions.

The bottom line question I have is just to get an answer to David's question, in the sense of understanding what it means. Mr. Leonard, you said that because you're transferring 40 percent of the cases, be they small cases, to OPM, that you don't even need to do the 2,500.

And I need to know under what context you make that statement. What is your goal?

Mr. LEONARD. Basically the goal is, we have the challenge to do 2.1 million investigations over the next 2 years. Of that portion, 45 percent of that belongs to DSS.

Mr. SHAYS. If you do 2.1 next year what does that mean?

Mr. LEONARD. That's 2.1 million over 2 years. So—

Mr. SHAYS. What does that mean?

Mr. LEONARD. It means that 45 percent of those, a little less than 900,000-and-some-odd will be coming in the front door at DSS over the next 2 years.

What they need is, they need the cap—

Mr. SHAYS. I want to know what it means to the backlog.

Mr. LEONARD. What it means to the backlog?

Mr. SHAYS. I want to know what it means.

Mr. LEONARD. What it means is that at the end of that period, if we generate—

Mr. SHAYS. After what? Don't say "after the period." What period?

Mr. LEONARD. At the end of fiscal year 2002, September 30, 2002.

Mr. SHAYS. We're talking basically 2 years from now.

Mr. LEONARD. Two years from now, yes, sir, 2 years from next week what that will achieve is that everyone who has a security clearance, an active security clearance, will either have an investigation that is current in accordance with the national standards or they will have submitted the paperwork and identified the funding to accomplish that investigation. That's what that means.

Mr. SHAYS. What will the backlog be?

General CUNNINGHAM. Sir, may I try that? The backlog will be eliminated because that work that's coming in will be initial work within our workload. That's—in a business that's called "carry-in."

Mr. SHAYS. I understand that. So basically your definition of backlog—so then how long will it take to do a current case?

General CUNNINGHAM. By then, we will be able to do a case within 180 days. Our target is going to be less than 100 days.

Mr. SHAYS. I think that's a joke. You mean, it takes 6 months when we're current, potentially it will take 6 months when we're current? If I were the President of the United States, I would be outraged with that logic. In my own mind, I think I've got 4 years to be President of the United States, and you're telling me that basically one-eighth of my time is going to be spent with people who are in process. You would just drive me crazy with that logic. Why would we want it to take 6 months?

General CUNNINGHAM. We don't want it to take 6 months, sir; however—

Mr. SHAYS. I just say this: Why would we want to take 2 years to get the backlog down? So you're telling me that the next President of the United States is basically, potentially going to have a backlog for half of their term.

General CUNNINGHAM. Sir, everybody who applies for a security clearance does not have a clean background.

Mr. SHAYS. So?

General CUNNINGHAM. There are matters that need to be pursued.

Mr. SHAYS. Yes, sir.

Mr. LEONARD. And that 180 days is an average. There will be cases that will be done especially for those critical positions critical missions, that will be accomplished in 35 days.

Mr. SHAYS. And?

Mr. LEONARD. Pardon?

Mr. SHAYS. And?

Mr. LEONARD. "And?"

Mr. SHAYS. And then finish off the average. So it will be longer than 6?

Mr. LEONARD. Some will be longer.

Mr. SHAYS. That's crazy. I'm just telling you, in my judgment, that's just idiotic.

Will the record note one of the witnesses went like—lifted a hand up in the air like—translate that for me, General.

General CUNNINGHAM. Sir, it is not necessarily idiotic. Because we have to be very fair to the subject who is being investigated. We have to be judicious in the leads that we run. We often learn something during the investigation that requires other leads.

Mr. SHAYS. But you're not suggesting to me, as soon as their case is filed, that they start to investigate. It may take you 4 months before you even start to investigate. So that's just bogus.

General CUNNINGHAM. Not in that timeframe, it won't, sir. It will not take us 4 months.

Mr. SHAYS. Are you telling me everyone will begin their investigation within a month?

General CUNNINGHAM. Yes, sir.

Mr. SHAYS. You are?

General CUNNINGHAM. Yes, sir.

Mr. SHAYS. Say it to me.

General CUNNINGHAM. Sir, by the beginning of fiscal year 2003, we will be in a position to begin the investigation for an actionable EPSQ, electronic personal security questionnaire, within 30 days.

Mr. SHAYS. And then what happens?

General CUNNINGHAM. That's what we call opening the case. The investigation, the field work begins.

Mr. SHAYS. I just want to say, General, I don't know if I'm going to be around in 2 years. But, you know, just as in February we wanted to hold your feet to the fire, to what was now—and hold you accountable, you know, I hope whoever is in my position here does the same thing, because you're making a pretty strong statement.

General CUNNINGHAM. Yes, sir. I intend it to be that.

Mr. SHAYS. And I don't see the logic of it. I don't see the logic of why a case is going to take, on the average, 6 months. I don't see the logic to that. I don't see why that's in our best national interest. I don't see why anybody would want to claim that's what should be the case. So that causes me some concern.

General CUNNINGHAM. Sir, your concern is well placed. If I may, I also said we would be striving to complete them within 100 days; and if you'd like, I could explain more why I say that.

Mr. SHAYS. Well, we have a challenge with time. Let me get two questions on the record right now.

DOD has shifted a considerable volume of investigations and re-investigations to the Office of Personnel Management and outside contract investigators. I'd like to ask both of you, what are the future projections for continued use of outside contractors? I'd like to know, is the use of DSS outside contractors subject to an OMB Circular A-76 public-private cost comparison? And I want to know, if not, why not?

So those are my questions. So the first is, what are the future projections for continued use of an outside contractor, contract investigators?

Mr. LEONARD. The plan that I outlined to you, Mr. Chairman, entailing vectoring the work off to OPM, is a 2-year plan; and the intent at this point in time is that at the end of the 2 years that type of work would return back to DSS. However, I have to tell you, Mr. Chairman, that I am enough of a realist to know that 2 years from now, when we look back in terms of how we accomplished this, the only thing I can probably be absolutely certain on is that it will not have been in accordance with the plan. Because no plan is that omnipresent and what have you.

So what it will entail is close oversight, close scrutiny, continued flexibility, and the ability to respond to changes as appropriate.

With respect to the outsourcing within DSS, I will let General Cunningham answer that question.

Mr. SHAYS. The circular A-76.

General CUNNINGHAM. Sir, I do not know what will happen with regard to A-76. I do know that we intend to continue to use private sector contractors to augment our work, and that it's essential that, where serious derogatory information is encountered by contractors, working under DSS contracts—

Mr. SHAYS. Excuse me 1 second.

I'm sorry.

General CUNNINGHAM. I think it's essential that those investigations that run into serious derogatory information being conducted by contractors, default back to the Defense Security Service the way in which we are working with our phase two augmenting contractors now.

Mr. SHAYS. Some believe the cost to upgrade CCMS will be \$300 million, not \$100 million. It was—the \$100 million was—excuse me, to upgrade it will be \$300, and you had to spend \$100 million to acquire.

The OPM system cost \$35 million and it seems to be working. Just there's obviously a reason, but if you—just 1 minute.

General CUNNINGHAM. Sir, the OPM system, it's my understanding, involves some use of paper. Our system handles an extremely high volume; and I think that's an apples-and-oranges comparison.

Mr. SHAYS. Fair enough.

Mr. LEONARD. Could I make one point?

Mr. SHAYS. It's got to be quick. I have 3 minutes to vote.

Mr. LEONARD. The only point I want to make, sir, is an issue of standards. Changes in standards help get us into this perspective. Overnight it created a backlog of almost 400,000 investigations when we changed the investigative standard for Secret. What we would ask the Congress for is to be mindful of that as the Congress considers changing standards as well.

Mr. SHAYS. I think that's fair. But I think you all should be asking when Congress does that, to provide all the resources you need to get the job done.

Mr. LEONARD. Yes, sir.

Mr. SHAYS. I fault the administration, frankly. It's not meant as a political statement. I fault them for not realizing this is a big

deal and putting all the pressure on Congress and then Congress has to explain it. But we're not even in that situation.

And I fault you all for not saying this needs to be done sooner and we need the resources to do it. I don't fault you for not getting the job done if you don't have the resources, but if you don't ask for them, then I have a problem with it.

Sorry to have the last word, but this hearing is adjourned.

[Whereupon, at 12:32 p.m., the subcommittee was adjourned.]

