

**Testimony of Sudhaker V. Shenoy, Chairman, The Northern Virginia Technology
Council and Chairman and CEO, Information Management Consultants
Bobbie Green Kilberg, President, The Northern Virginia Technology Council**

**U.S. House of Representative
Committee on Government Reform on
Security Clearance Backlogs and Reciprocity issues for Defense Industry Personnel
May 6, 2004 - 10 AM**

Good Morning Mr. Chairman and committee members. We want to personally thank Representative Davis for having this hearing. He is the Congressional representative for many of our members and their families in Northern Virginia. His leadership on the issue of national security and the security clearance process is important nationally, and so very important in his home state.

We come before you this morning as President and Chairman of the Northern Virginia Technology Council (NVTC). Sudhaker Shenoy is our Chairman and the CEO of Information Management Consultants, an internationally recognized systems and software development firm serving both the governmental and commercial sectors. I am going to present some of the NVTC findings and recommendations, and Mr. Shenoy is going to present some of his own security clearance stories.

NVTC Background

The Northern Virginia Technology Council (“NVTC”) is a membership association for the technology community in Northern Virginia with approximately 1,500 member companies representing over 170,000 employees. Our membership includes companies from all sectors of the technology industry including information technology software, Internet, telecommunications, biotech, and aerospace. NVTC is the largest technology council in the United States and has become the voice of technology for our region.

Workforce Committee of NVTC

The NVTC Workforce Committee of the NVTC is the group tasked to helping member companies recruit, educate, and retain a world class workforce that is capable of creatively solving complex technology challenges and inspiring the entrepreneurial spirit of employees and organizations. This mission has been challenged by serious issues that have been raised by the need for additional workers with security clearances and the time and procedural hurdles that are in place to obtain security clearances. The problems surrounding security clearance issues have been of such a major concern to our members that for the last three years, the primary advocacy mission of the NVTC workforce committee members has been to address this issue.

Overview of the Security Clearance Issue

In the late 1990s through 2001, the Northern Virginia region saw an incredible boom in business driven largely by investment in technology. Our community saw enormous expansion of existing companies and the creation of hundreds of new entities. Our workforce needs exceeded the supply of available workers and unemployment rates dipped as low as 1.5%. NVTC's workforce initiatives sought to attract talented and qualified workers to the region through various incentives and programs.

Since the tragic events of September 11, Northern Virginia, like many other high-tech regions experienced downturns in investment and some significant lay-offs of employees. Fortunately for the region, many of the businesses have been able to re-tool and innovate in ways that can be of assistance to the national security efforts of the U.S. Our companies have been able to develop new technologies for use in the defense of our country and have been able to pull out of a recessionary climate through participation in government contracts. Herein lies the workforce dilemma.

While NVTC members are working in conjunction with the Federal Government on important contracts, the demand to maintain and increase the security clearances for our employees has risen. Our members have seen an increase in the level of security clearance that is required on certain existing contracts. We have also seen an increase in the clearance requirements for new contracts. This coupled with ever increasing

processing delays to obtain clearances at all levels has highlighted this issue as a major workforce problem.

Our workforce committee has been trying to get to the bottom of the causes of these delays. We have had countless meetings of our membership to review relevant issues and have determined that the major causes of the delays involve:

- Lack of resources at the agency level to timely process applications;
- A perceived need to increase the level and number of security clearances involved in the contracts;
- Inability to move a secured worker from one agency contract to another agency without going through another clearance process;
- Disparate adjudication methods at the agencies;
- Antiquated methods of conducting background checks; and
- Lack of technology-based processing of contractor security clearances.

The inability of the NVTC government contractors to obtain security clearances in a timely and efficient manner has caused many problems that raise further issues for our membership. Through our meetings and conversations with members the following problems arise from delays in processing:

- Inability of some members to enter the government contracting arena because of lack of a cleared workforce;

- Many highly skilled workers who have been laid off in the region who would qualify for open positions are not being hired because of the length of time to obtain security clearances;
- Workers with security clearances are being hired away from other government contractors at ever increasing wages;
- Cleared workers are recruited from the military and other government agencies;
- Many government contractor members have positions open and job requirements that match the IT workers that are available with the exception of the security clearance. However, members can not afford to keep skilled workers on the bench during the pendency of a security clearance; and
- Increased costs to the member for hiring cleared workers translate into increased costs presented in bids to the government agencies.

These issues are particularly troublesome for our smaller members as they have more significant hurdles to entry into the government contracting market.

In December of 2003, NVTC conducted a survey of its membership to formalize some of the more informal stories we had been hearing. The survey is attached to the testimony and is submitted as part of the record. We developed a 15 question electronic survey. Our overall response rate was 22.5%. We found that more than one half of the respondents' companies have over 50% of their business in government contracting. We also found that small business was highly represented in the survey sample. In response to questions about the numbers of unfilled positions due to inability to find cleared

workers, 73% of the respondents reported open positions in secret, top secret and sci/poly categories. In response to questions about member's ability to find cleared employees, the majority of respondents indicated that it is either "somewhat difficult" or "very difficult" to find cleared workers. When asked about hiring methods for finding new employees with clearances, nearly 70% of respondents reported they recruit directly from the government or other contractors. In addition, more than half of the respondents said they paid a minimum 10% premium to lure cleared workers to their company. If a security clearance application is made, 50% of the respondents are required to wait six months or longer for a response.

Much of our testimony highlights the problems and costs of growing security clearance backlog. However, we believe that it is equally important to bring to the Committee's attention some technological solutions that are currently in development by NVTC members through research and development funding from the intelligence community. We believe that double the number of clearances can be processed in the same amount of time, by the same number of staff, with no compromise in quality with some combination of technology and innovative streamlining techniques. Results can and should be easily shared across different organizations.

Our members have worked directly with some of the government's best investigators. They are now encoding the entire investigative process into a web-based tool. They are automating the report writing process, reducing the amount of time agents spend documenting their results by 50% or more. In addition, the results of each investigation

will be more comprehensive, consistent and streamlined. Funding for developing full scale solutions must be continued, in order to allow these types of technologies to be deployed through the government.

We urge you to help reform the nation's security clearance systems. As is evidenced from our informal and formal information gathering, the security clearance process is not serving our national security or our economic security interests. We believe that some of the key changes that must be made either administratively or legislatively include:

- Reciprocity amongst the agencies – codification of Executive Order 12968;
- Portability between the agencies – codification of Executive Order 12968;
- Re-evaluation of the clearance requirements to be certain they are necessary;
- Provision for self-initiated, pre-processing of security clearances with a Letter of Intent to hire;
- Re-examination of funding sources to pay for costs of clearances;
- Re-examination of the factors for disqualifications; and
- Investment in and better use of technology to conduct efficient, secure and consistent background checks.

NVTC and its members want to partner with the government to make our national security and our economic security a reality. There are technology workers throughout the region and the country who are more than ready to assist our government in the process. This can only be done if we allow our talented workforce to perform the duties needed. The security clearance process must be reformed and streamlined.

