

Statement of
Stephen C. Benowitz
Associate Director for Human Resources Products and Services
Office of Personnel Management

before the

Committee on Government Reform
U.S. House of Representatives

on

Security Clearance Backlogs and
Reciprocity Issues for Defense Industry Personnel

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Mr. Chairman and Members of the Committee, I am pleased to testify today on behalf of Director Kay Coles James on this important topic. Personnel background investigations play an important and unique role in determining whether individuals are suitable for Federal employment, and contribute to an agency's ability to decide whether security clearances can be granted. Taken in this light, the background investigation process is a vital part of our national security efforts, helping ensure that employees and contractors who work for the Federal Government possess the loyalty, experience, training, and skills that our citizens expect and deserve and pose no risk to national security or public trust.

The Office of Personnel Management (OPM) Director Kay Coles James has made the personnel background investigation process a high priority for all Federal agencies, and has taken a leading role in ensuring that OPM staff and each of the agencies understands and takes seriously their responsibilities under the Executive order, regulations and policies that govern the process. She has worked closely with the heads of all Executive Branch Departments and Agencies in this effort, to strengthen every link in this program and to aggressively remind her colleagues of the vital need to keep OPM fully informed of the adjudication decisions as prescribed by law.

OPM conducts background investigations for many Federal agencies on a reimbursable basis. We are the exclusive source of this work for most of the

civilian agencies. Since the late 1990s, OPM has also performed a substantial number of background investigations for the Department of Defense to assist in their efforts to reduce a significant backlog in their reinvestigation program.

OPM receives about 1.1 million investigation requests a year from our client Federal agencies. We witnessed a spike in Fiscal Year 2002, following the September 11 terrorist attacks on our Nation, when we received nearly 2 million requests. OPM provides a variety of investigative services. These range from the basic investigation to determine if individuals are suitable for positions that do not require security clearances, to those for positions which are among the most sensitive in Government. The former are performed largely through our modern and sophisticated computer systems and by mail contacts with State and local police departments, colleges and universities to confirm education, and former employers to check on experience. For positions requiring a higher level of clearance, we also conduct field investigations that often reach across the country and even to other nations.

Our workflow is always dynamic. New investigation requests are received, as current workload is completed. OPM staff members and contract field investigators and support staff team to perform the various tasks associated with the process. Our current pending workload is approximately 340,000 cases,

representing a mix of investigation types in various stages of work, ranging from complete case submissions just received from our client agencies to cases where all of the investigative work has been completed and are undergoing the final quality control checks before being returned to the agencies.

Taken together, the total national resources for conducting background investigations for Federal agencies are stretched at the current time, as a result of the increases we have experienced since Fiscal Year 2002. Simply put, the demand for recent background checks currently exceeds capacity of the private sector companies that provide these services. Under Director James' leadership, we have issued a Request for Proposals (RFP) to increase the number of qualified contractor staff to conduct investigations. National capacity has been an issue the Director has consistently raised, along with strong reservations over the lack of a large base of qualified competition in the investigative industry. We are currently analyzing the proposals, and expect to make award decisions fairly soon. Under the requirements of this RFP, the bidders must demonstrate how they will actually increase the number of investigators available. That is, we expect them to recruit and retain new staff to this field, and not simply raid their competitors for employees. This RFP requirement is at least one step toward developing additional trained capacity within the industry. Our estimate is that on a Government-wide basis, we need to increase our field investigation staff by up to 50 percent to meet current and projected demand.

Once OPM completes an investigation, the results are sent to our client agencies. They review the results, and determine if the individual is suitable for Federal employment. If a security clearance is required, the investigation results form part of the basis for determining if a clearance is granted. The suitability review process is called adjudication.

By law, these client agencies are required to complete the adjudication of all background investigations within 90 days of receiving them, and they must report the results back to OPM. This is a critical step in the process of ensuring that the American public can rely on its employees to be well-trained, qualified and suitable for their positions, and can be counted on to support our nation's Constitutional form of government. OPM and its partners offer training for agency personnel security and human resources staff to ensure they have the skills and tools necessary to complete this work. Over the past 6 months, OPM Director James has worked diligently to train agency staff and to push agencies to eliminate the backlog of adjudication decisions flowing back to OPM. In some cases, this required the Director to write to State Governors and Federal agencies to expedite work.

As part of the Defense Authorization Act of 2004, legislation was enacted that would permit the Director of OPM, at her discretion, to accept a transfer of function of the DOD DSS investigative staff. Director James has not yet determined whether she will accept this transfer. However, as part of our efforts

to improve the overall coordination of background investigation work in the Federal Government, in February 2004, OPM Director James agreed to provide pending case management and automated processing services for the Department of Defense background investigation program. Under this agreement, Defense Security Service staff prioritizes their incoming workloads and forwards investigations to OPM to be scheduled through our automated case management system, the Personnel Investigation Processing System (PIPS). PIPS is a contemporary system that assists us in managing the flow and review of the casework, from the initial logging in and assignment of cases, to the online input of field investigation work, to the close-out to our agency clients and the tracking of agency adjudication decisions. As a sign of our teamwork and mutual concern, OPM began providing training to DSS staff in advance of our formal interagency Memorandum of Understanding earlier this year. All DSS investigative staff are expected to complete training ahead of the original schedule of June 30, and will be able to manage all new cases on PIPS. Through this configuration, DSS retains responsibility for their core workloads but strengthens their efficiency and cost effectiveness by using OPM's proven high volume automated processing system.

One of the other issues you asked OPM address, is the challenge of promoting reciprocity of security clearances. Although the decision to accept a clearance granted by another agency rests on the gaining agency, OPM is exploring options for increasing reciprocity with stakeholders. OPM is working to bring together the adjudicator community to promote understanding and common

standards. In addition, OPM has taken significant steps to streamline access to current clearance information and make historic investigative files more readily accessible. Through our eClearance initiative, authorized agencies have on-line access to a subject's current clearance status literally at their fingertips. In addition, OPM is leading the effort to image investigative files in a format that will allow them to be delivered to an adjudicator's desktop electronically, rather than through the conventional, hardcopy process, saving significant time and handling.

Throughout this process, per the Director, OPM has made itself available to DOD Senior Officials, Congressional Staff and Stakeholders of the national security industrial sector to discuss the OPM/DSS joint efforts.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions the Committee may have.