

**Opening Statement
Chairman Tom Davis
Committee on Government Reform
“What's the Hold Up? A Review of Security Clearance Backlog and Reciprocity Issues
Plaguing Today's Government and Private Sector Workforce”
May 6, 2004**

I would like to welcome everyone to today's hearing on the issues surrounding the Federal government's ability to issue security clearances in a timely manner. This hearing continues the Committee's review of personnel security clearance processing and reciprocity. I would like to thank Chairman Shays and his staff for their work on this issue. Today we are concentrating on clearances granted to the defense contractor community and how the delay in this process causes major inefficiencies, which eventually leads to higher costs for the taxpayer and ultimately harms national security. This hearing will also delve into the issue of reciprocity - more specifically, how despite executive orders and presidential directives mandating reciprocity, turf battles and trust issues have plagued our government's agencies, resulting in delays and contributing to the overall backlog.

As a result of the terrorist attacks of September 11, 2001, the country has increased the awareness of threats to our national security. We have developed new programs, new technologies, and even new government agencies to deal with the threats appropriately. It is not surprising, then, that the demand for security clearances for both government employees and industry personnel has dramatically increased over the last few years. Unfortunately, the government mechanisms that investigate and adjudicate personnel security clearances have not caught up with the necessity to process security clearance requests for industry personnel quickly and efficiently. Industry personnel face additional challenges once they have a security clearance from one agency but then need to work on a project on behalf of a different agency. Often agencies do not recognize clearances granted by their sister agencies and therefore require industry personnel to go through the security clearance process yet again.

As a result, many defense contractor companies are unable to hire otherwise qualified employees because the security clearance process is requiring, on average, over a year to complete, with all signs pointing to continued increases if something isn't done. Defense contractor companies often rely on hiring, almost always at a premium, already cleared employees from other firms, thus increasing contract costs, which are then passed on to the taxpayer. Ultimately, these backlogs hurt national security. When industry employees are hired to work in security programs but cannot work on projects while they are waiting to be cleared, the contracts are not being completed and national security is jeopardized.

The security clearance process is composed of four parts: pre-investigation, initial investigation, adjudication, and periodic reinvestigation. The General Accounting Office, Department of Defense, Office of Personnel Management, and the private sector all agree that there are serious problems in each of these stages. As of the end of March 2004, DOD has identified roughly 188,000 backlog cases affecting contractors. To put this number into proper context, DOD has stated that the number of overdue requests for reinvestigations of clearances is unknown, and was believed to have grown from 300,000 in 1986 to 500,000 in 2000.

DOD's performance standard for completing security clearance process is 75 days for an initial secret clearance, 120 days for an initial top secret, and 180 days for a reinvestigation top-secret clearance. Yet in fiscal year 2003 it took, on average, 375 days for a security clearance to make it through the whole process. Let me be blunt: 375 days for a security clearance is unacceptable, and I am hoping that today we will all agree on a solution, or solutions, not only to reduce the backlog but also to process clearances efficiently and effectively from here on out.

To a certain extent, the backlog is caused by a human capital shortage in the investigation stage of the process. In an effort to improve the security clearance issuing process, in November of 2003, Congress authorized a proposed transfer of DOD's personnel security investigative functions and more than 1,800 investigative employees to the Office of Personnel Management (OPM). To date this transfer has not occurred, and it is my understanding that an even larger backlog is developing because this hand-off has yet to be completed. I hope that by the end of the day this Committee will get some concrete answers to why the transfer hasn't taken place, and even more importantly when it will occur. I hope more than a mere interagency is to blame.

There are other ways to reduce our backlog shortage. In many ways the clearance process is still highly dependent on an outdated system in which paper shuffling is still king. We need to bring this process into the 21st Century. An effective, all-encompassing, electronic system which allows for seamless information collection and extraction will go a long way in reducing backlog and, more importantly, reducing the time it takes to get a security clearance. I understand that DOD and OPM have on their plates aggressive plans to get us away from a paper driven process to one that is electronically accessible. On May 3, OPM announced the progress it has made in the programs supporting the e-Clearance initiative, and I am hopeful that the witnesses here today can expand on these programs and tell this Committee when we will see the seamless automation of information gathering and sharing promised under the initiative.

Finally, the Committee is aware that the lack of true reciprocity is a major factor in the backlog. For agencies to deny a transfer just because of "turf" issues is inexcusable. The mandate from the 1995 Executive Order 12968 that background investigations and eligibility determinations would be mutually and reciprocally accepted by all agencies needs to be strictly enforced, and since it isn't, perhaps legislation mandating reciprocity should be in the offing.

Throughout this hearing we will also hear proposals for improvements, not just from the agencies but from our private sector witnesses as well. We should take heed of these suggestions, and if they make sense we should embrace them.

Through this hearing, the Committee hopes to learn about what processes are in place to alleviate some of the backlog the system now faces. Furthermore, what standards are in place where reciprocity may be granted across federal agencies? What metrics exist to measure an agency's compliance with reciprocity requirements? What are DOD and OPM doing to ensure that clearances are granted in a timely manner? What measures have they planned under the e-Gov Initiatives to provide for reciprocity and a reduction of the backlog? What communication is taking place between industry and government to provide for a better understanding on these

issues? The Committee also hopes to learn what policy guidance is needed from the Administration in order to provide for reciprocity and cohesiveness between agencies.