DEFENSE SECURITY SERVICE: MISSION DEGRADATION?

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS AFFAIRS AND INTERNATIONAL RELATIONS

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

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DEFENSE SECURITY SERVICE: MISSION DEGRADATION?

FRIDAY, MARCH 2, 2001

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 a.m., in room 2154, Rayburn House Office Building, Hon. Christopher Shays (chairman of the subcommittee) presiding.

Present: Representatives Shays, Putnam, and Kucinich.

Staff present: Lawrence J. Halloran, counsel; J. Vincent Chase, chief investigator; Alex Moore, fellow; Robert Newman and Thomas Costa, professional staff member; Jason Chung, clerk; David Rapallo, minority counsel; and Earley Green, minority assistant clerk.

Mr. SHAYS. The hearing will come to order.

Accused spy Robert Hanssen knew he had at least 5 years between the background checks required for his clearance to access top secret information at the FBI. He could rely on that blind spot in our national security defenses to help him avoid detection.

At the Department of Defense, the risks posed by delays in personal security investigations [PSIs], have been apparent for some time. The Defense Security Service [DSS], the agency responsible for screening DOD personnel who have access to national secrets, has made only marginal progress over the past 3 years reducing a backlog of almost half a million overdue reinvestigations.

In February 2000, DSS told us the backlog would be under active review, if not resolved, by the end of 2001. Last September, the target had slipped a full year. DSS did not anticipate having all overdue investigations logged into its system until the end of 2002. Today, even that goal is in doubt.

Once entered into the troubled DSS computer system, an actual investigation may not begin for months. Many—too many—investigations take almost a full year to complete. That means individuals granted top secret clearances in 1994 might go 9 full years before completion of any detailed scrutiny of their fitness to handle classified information.

A recent internal review of DSS status and options ominously entitled Mission Degradation called for "bold action" to meet this long-festering threat to national security. According to the report, current DSS processes and plans are "not meeting the Department's needs to provide timely investigations and clearances to our

soldiers, sailors, airmen and marines; DOD civilians and our industry contractors."

DOD's response to the draft report seems more blase than bold. Pentagon leadership responsible for DSS oversight, the office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence [C3I], persists in the hope current spending plans will produce a so-called "steady state" DSS capable of digesting the entire backlog and all new clearance requests.

That hope of a steady state seems based on a very rosy view of a very uncertain future. Neither DSS nor their DOD customers, including the military service branches, can systematically or accurately project future demand for clearances. DSS continues to spend millions stabilizing a computerized case control system that may never be able to meet the need for timely, accurate investigations. The number of pending cases is up, not down. The average time required to complete both investigations and reinvestigations for top secret clearances is up, not down.

Most troubling are proposals to compromise investigative standards, such as the expanded use of interim top secret clearances. Other proposals might solve some aspect of the problem at DSS only by shifting the burden to another agency, with no net improvement, and potential degradation, in executing the security clearance mission.

As we have in the past, and will undoubtedly be required to do in the future, we asked DOD and DSS leadership to describe their progress and their prognosis for this critical national security activity. We appreciate their being here this morning, and look forward to their testimony—an interesting dialog.

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

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Statement of Rep. Christopher Shays

March 2, 2001

Accused spy Robert Hanssen knew he had at least five years between the background checks required for his clearance to access top-secret information at the FBI. He could rely on that blind spot in our national security defenses to help him avoid detection.

At the Department of Defense (DOD), the risks posed by delays in personnel security investigations (PSIs) have been apparent for some time. The Defense Security Service (DSS), the agency responsible for screening DOD personnel who have access to national secrets, has made only marginal progress over the past three years reducing a backlog of almost half a million overdue reinvestigations.

In February 2000, DSS told us the backlog would be under active review, if not resolved, by the end of 2001. Last September, the target had slipped a full year. DSS did not anticipate having all overdue investigations logged into its system until the end of 2002. Today even that goal is in doubt.

Once entered into the troubled DSS computer system, an actual investigation may not begin for months. Many - too many - investigations take almost a full year to complete. That means individuals granted top-secret clearances in 1994 might go nine full years before completion of any detailed scrutiny of their fitness to handle classified information.

A recent internal review of DSS status and options ominously entitled *Mission Degradation* called for "bold action" to meet this long-festering threat to national security. According to the report, current DSS processes and plans are "not meeting the Department's needs to provide timely investigations and clearances to our soldiers, sailors, airmen and marines; DOD civilians and our industry contractors."

Statement of Rep Christopher Shays
March 2, 2001

DOD's response to the draft report seems more blasé than bold. Pentagon leadership responsible for DSS oversight – the office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I) – persists in the hope current spending plans will produce a so-called "steady state" DSS capable of digesting the entire backlog and all new clearance requests.

That hope of a steady state seems based on a very rosy view of a very uncertain future. Neither DSS nor their DOD customers, including the military service branches, can systematically or accurately project future demand for clearances. DSS continues to spend millions stabilizing a computerized case control system that may never be able to meet the need for timely, accurate investigations. The number of pending cases is up, not down. The average time required to complete both investigations and reinvestigations for top-secret clearances is up, not down.

Most troubling are proposals to compromise investigative standards, such as the expanded use of interim top-secret clearances. Other proposals might solve some aspect of the problem at DSS only by shifting the burden to another agency, with no net improvement, and potential degradation, in executing the security clearance mission.

As we have in the past, and will undoubtedly be required to do in the future, we asked DOD and DSS leadership to describe their progress and their prognosis for this critical national security activity. We appreciate their being here this morning, and look forward to their testimony.

Mr. SHAYS. At this time I would like to recognize Mr. Dennis Kucinich, who is the ranking member, in this committee an equal partner in what we do and how we do it.

Mr. KUCINICH. Thank you, Mr. Chairman. For me, it is an honor to have a chance to work with you again, and I look forward to a cooperative relationship, and I am going to have some comments a little bit later on. I would be pleased to join you in getting right into the hearing.

Mr. SHAYS. I thank, my colleague.

I would like to recognize Mr. Putnam, who is also an equal partner in this process, the vice chairman.

Mr. Putnam.

Mr. PUTNAM. Thank you, Mr. Chairman. I appreciate your interest in this topic and, I appreciate the gentlemen coming here to help us shed some light to help us prevent matters like this from occurring in the future. I look forward to their testimony.

Mr. SHAYS. Thank you very much. Mr. Lieberman, we are going to have you speak, and then Mr. Money. All four are going to participate in the dialog.

We will ask you to stand and will swear you in as we do for all of the witnesses.

[Witnesses sworn.]

Mr. SHAYS. Thank you very much.

Gentlemen, it is nice to have you here, this, the first hearing of probably 40 to 50 hearings we will have in this committee in the next 2 years. I welcome you here. I believe this is a very important hearing and I am happy that you are the first to start us off.

Mr. Lieberman, we will begin with you and then Mr. Money.

STATEMENT OF ROBERT J. LIEBERMAN, DEPUTY INSPECTOR GENERAL, OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF DEFENSE; ARTHUR L. MONEY, ASSISTANT SECRETARY OF DEFENSE FOR COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE, DEPARTMENT OF DEFENSE, ACCOMPANIED BY J. WILLIAM LEONARD, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR SECURITY AND INFORMATION OPERATIONS, COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE; AND GENERAL CHARLES CUNNINGHAM, DIRECTOR, DEFENSE SECURITY SERVICE

Mr. LIEBERMAN. Thank you, Mr. Chairman.

Mr. Chairman, as you know from your hearings last February and September, the ability of the Department of Defense to comply with Federal guidelines on security clearances and to efficiently carry out the many investigations needed annually for initial clearances or updates virtually collapsed between the late 1990's. Specific actions over the last 2 years to turn things around have included, first, replacing the Director of the DSS. Second, outsourcing a large percentage of the investigative workload to the Office of Personnel Management and contractors. Third, turning project management responsibility for the case control management system over to the Air Force. Fourth, establishing goals for gradually eliminating the backlog of several hundred thousand reinvestigations; and, fifth, requiring frequent DSS reports to Secretary Mon-

ey's office to show progress against the many hundred thousand incomplete investigations.

Three weeks ago Secretary Money's office circulated an internal report calling attention to shortfalls in execution of the DOD spend plan which calls for drastically improved turnaround times for investigations and eliminating both backlog requests and investigations by September 2002.

The report concluded that bold action was needed because performance reports for the first 4 months of the 24-month plan showed insufficient progress. If DOD fails to achieve its goals, continued degradation of a wide variety of Defense missions would result.

The investigation phase of the clearance process is currently the most troubled. It is important to keep in mind, however, that there are risks and issues across the spectrum of activities involved in the security clearance process. We have reported various front-end problems among the hundreds of offices that make requests for clearances. For example, there has been a lack of reliable estimates on how many clearances are actually needed and what the resulting inflow of requests for initial investigations and periodic reinvestigations will be.

Investigation and adjudication organizations obviously cannot determine their resource requirements and process options without receiving reliable workload estimates. Likewise, I understand that over 300,000 overdue periodic reinvestigation requests have not been submitted. This has dropped from an estimated 500,000 a year ago, but it is still a huge figure.

Once requests for investigations or reinvestigations are made, timely yet thorough investigations are needed. A second backlog, cases pending in the DSS, amounts to well over 400,000 cases currently. I will return to that in a moment.

Following investigations, there is a crucial adjudication phase for each case when derogatory information has been reported. The GAO, my auditors and the media have raised issues concerning the quality and consistency of adjudication decisions, the training of adjudicators and their capacity to handle increased workload. There is considerable potential for a third backlog here, if the adjudicators cannot keep up with the input to them from the investigators.

To the individual, the contractor, or the DOD office awaiting confirmation of update, it makes no difference how many places in the pipeline are clogged or where the problems lie. The bottom line is that their needs are not being met.

In my written statement, I emphasize our particular concern about top secret initial investigations and period reinvestigations. Top secret clearances are intended to protect the most sensitive national security data. The prospect of vital positions going unfilled because of delayed initial clearances or of those positions being held by individuals with grossly outdated clearances is clearly most disturbing.

The trends in DSS productivity since this time last year have gone the wrong way as far as this most sensitive part of the investigative workload is concerned. Director Cunningham has worked to turn around the dire situation that he inherited, and Secretary

Money's staff has been working to improve coordination between the many players and to solicit ideas for overcoming these tough problems.

DSS performance is much better, but not yet good enough. Unless there are as yet unexplained prospects for dramatic and sustainable productivity improvement, I do think that additional management actions are needed, starting with the transfer of as many additional cases to OPM as they can handle.

It would certainly make sense, as well, to rapidly evaluate the other suggestions listed in the February 8 DOD report and implement those with the most merit. In addition, there is a continuing need for heavy emphasis on completing the many actions under way because of previous recommendations to OSD and DSS.

One reason why recent performance is not yet meeting expectations is that many of those actions are not yet fully implemented. If additional resources are needed, they must be approved in the very near future to have any effect on the current plan.

With sustained management emphasis, I am confident that ultimately this problem is fixable, but the current goal of eliminating investigation backlogs by September 30, 2002, is clearly at risk. In addition, it is uncertain that all backlog cases will be adjudicated until well after that date.

My staff and I stand ready to work with the Department's managers and the Congress to determine what adjustments to the current approach are feasible and necessary.

That concludes my statement.

Mr. SHAYS. Thank you, Mr. Lieberman.

[The prepared statement of Mr. Lieberman follows:]

HOLD FOR RELEASE
EXPECTED 10:00 A.M.
MARCH 2, 2001

STATEMENT

OF

ROBERT J. LIEBERMAN

DEPUTY 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: MISSION DEGRADATION

Lieberman

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the continuing and serious challenges facing the Department of Defense Personnel Security Program. As you know from your hearings in February and September 2000, the Department's ability to comply with Federal guidelines on security clearances and to carry out the several hundred thousand investigations needed annually for initial clearances or updates virtually collapsed during the late 1990's. The causes included: an ill-considered 40 percent cut in Defense Security Service staffing, with no proportionate decrease in workload; failure of the information system acquisition project that was supposed to facilitate productivity improvement; poor management oversight; and initial attempts to deal with declining investigative productivity by arbitrarily limiting the number of clearance investigation requests that could be submitted by managers and commanders.

A series of reports from internal DoD management teams, the General Accounting Office, and the Office of the Inspector General, DoD, have addressed various aspects of the security clearance process over the past few years. (See attachment.) Numerous recommendations have been made and generally accepted. Whereas senior DoD leaders paid very limited attention to the Defense Security Service before the crisis broke, during the

past two years there has been considerable emphasis from the highest levels of the Department. Specific actions to turn things around have included: replacing the Director, Defense Security Service; outsourcing a large percentage of the investigative workload to the Office of Personnel Management and contractors; turning project management responsibility for the Defense Security Service's Case Control Management System over to the Air Force; establishing goals for gradually eliminating the backlog of unsubmitted requests for periodic reinvestigations; and requiring frequent productivity reports to the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence).

On February 8, 2001, the Office of the Assistant Secretary circulated an internal report calling attention to shortfalls in execution of the June 2000 DoD "spend plan," which calls for achieving a "steady state" by the end of FY 2002. The "steady state" would include drastically improved cycle times for clearance investigations and elimination of both backlogged requests and investigations. To achieve those goals, about 2.2 million investigations would have to be completed between October 2000 and September 2002. The report concluded that bold action was needed to attain the goals of the plan, because performance reports for the first 4 months of FY 2001 were not

encouraging. If DoD fails to achieve its goals, continued degradation of a wide variety of Defense missions would result.

Overall Context

Productivity problems at the Defense Security Service are the principal focus of the February 8 report, which is appropriate because the investigation phase of the clearance process is currently the most troubled. It is important to keep in mind, however, that there are risks and issues across the spectrum of activities involved in this process.

We have reported "front end" problems related to the lack of reliable estimates from throughout the Department on how many clearances of various types are needed and what the resulting inflow of requests for initial investigations and periodic reinvestigations will be. Investigation and adjudication organizations cannot determine resource requirements and process options without receiving reliable workload forecasts. The separate problem of a backlog of unsubmitted requests was mentioned previously.

There have always been additional "front end" inefficiencies in terms of late, incomplete or otherwise inadequately completed background information and request forms provided by individuals and their security offices to the investigative agencies. We

understand that there are also problems currently because many requests are being sent to the wrong investigators, i.e., to the Defense Security Service instead of to the Office of Personnel Management.

Following investigations, there is a crucial adjudication phase for each case where derogatory information has been reported. The General Accounting Office, my audit staff and the media have raised issues concerning the quality and consistency of adjudication decisions, the training of adjudicators and the capacity of the eight DoD central adjudication facilities to handle increased workload.

In other words, there are concerns related to training, quality and output throughout the cycle of request preparation, submittal, investigation and adjudication. Various DoD organizations are responsible for each phase of the cycle and backlogs are a problem at each phase. I stress this point because progress in one phase can easily be negated by failure to overcome problems in the other phases. For example, eliminating the backlog of unsubmitted requests accomplishes little if the investigative agencies cannot cope with their workload. Similarly, the value of increased investigative output is undermined if the adjudication offices cannot keep up and another backlog develops there. To the individual, the

contractor or the DoD office awaiting confirmation of an initial clearance or an update, it makes no difference how many places in the pipeline are clogged or where the problems lie. The bottom line is that their needs are not being met.

In terms of the overall context of this discussion, it should also be noted that the sheer scale of activity (2.1 million clearances needed by DoD and its contractors) and the dispersion of responsibilities among hundreds of offices make it imperative that good information technology support be provided. Security managers, investigators, adjudicators and senior level reviewers need to have reliable information systems to perform efficiently. Unfortunately, the DoD historically has not had a strong record in the support systems area and the entire Defense Personnel Security Program clearly has been hampered by inadequate systems for many years.

Current Status

The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) has shared the February 8 report and other statistics with us that indicate decidedly mixed progress in drawing down the time required to process clearance actions and reducing the backlog of incomplete actions.

It is likely that much of the data being used to track progress against the plan is flawed, but the errors are probably not egregious enough to distort the overall trends, which are very disappointing. It is clear that Defense Security Service output did not begin to exceed input until December 2000, despite assertions at various hearings last year that the corner would be turned as early as April 2000, that the strong August 2000 performance was the turning point, or that the number of cases pending would be cut almost in half by now. The number of pending cases as of early February 2001 was about 444,000, as compared to a reported 397,000 in February 2000.

Of all the categories of investigation actions, the statistics that I find most troubling are those for the top secret initial investigations and periodic reinvestigations. Top secret clearances are intended to protect the most sensitive national security data. The prospect of vital positions going unfilled because of delayed initial clearances or of those positions being held by individuals with grossly outdated clearances, both on a mass scale, is clearly disturbing. According to January 2001 Defense Security Service data, however, it is taking 403 days on average for initial top secret investigations, compared to 359 days in September 2000, when you had your last hearing on this subject. Likewise, it is taking 470 days on average for top secret periodic reinvestigations, compared to 386 days in

September 2000. About 16,000 pending top secret initial cases and 15,000 updates are over a year old. The trends since this time last year have gone the wrong way, as far as this most sensitive part of the investigative workload is concerned.

Digging Out

Mr. Chairman, I believe that there is a healthy level of security awareness throughout the Department of Defense and clear recognition by its leadership that the personnel security clearance area is generating undue risk and must be improved. Director Cunningham has certainly worked hard to turn around the dire situation that he inherited and the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) has been working closely with the security community to improve coordination between the many players and to solicit ideas for overcoming these tough problems. The persistence of some of these problems is not the result of apathy. Nevertheless, unless there are as yet unexplained prospects for dramatic productivity improvement, I do think that additional management actions are needed.

In my view, DoD should take advantage of the fact that there are multiple sources for clearance investigative support and maximize competition between Defense Security Service staff, Defense Security Service contractors and the Office of Personnel

Management's contractors. In the past, work has been outsourced based on the type of case involved, with the Defense Security Service keeping the most complex investigations. I believe each type of investigation should go to whomever performs most efficiently, period. If the Office of Personnel Management and its contractors can handle more workload, I question why DoD would even hesitate to outsource more cases to them right now.

At a Senate hearing last April and at your hearing last September, we summarized multiple audit recommendations into six general points, saying that DoD needed to:

o more actively oversee and manage the investigation and adjudication workload, with the expressed intent of maintaining high standards for both quality and timeliness;

o implement performance metrics that will measure both the quality and timeliness of investigative and adjudication workload;

o periodically assess and adjust the resource requirements for investigation and adjudication;

o develop a uniform, DoD-wide priority system for security clearance investigations;

o improve tracking of security clearance requests and feedback to requestors on case status; and

o closely monitor management of the Case Control Management System and the Joint Personnel Adjudication System.

In general, management has tried to follow this advice, but the implementation of improvements has been frustratingly slow in many instances. I am sure that Assistant Secretary Money, Director Cunningham and other senior managers share those frustrations. To cite a few examples:

o We recommended in May 2000 that the Defense Security Service track all clearance requests received until investigative cases are opened. Although the future Joint Personnel Adjudication System is the long term solution, it was agreed that the Case Control Management System would be modified this year as an interim alternative. Due to subsequent slippage in rebaselining the system, the change may not be made until FY 2002. In the meantime, requestors lack reliable feedback on submitted cases.

o In April 2000, we recommended immediately establishing an investigative case prioritization process. New standards were

finally established in December 2000, but cannot be fully implemented until at least April 2001 because of delays in fielding the critical version 2.2 of the Electronic Personnel Security Questionnaire and version 2.19 of the Case Control Management System.

o In April 1998, we recommended that DoD implement a peer review program among the central adjudication facilities and establish certification standards for adjudicators. These matters, plus others pertaining to additional recommendations, are either awaiting the long overdue reissuance of DoD Regulation 5200.2-R or a pending GAO report.

We do not know what adjustments have been made or will be made to the FY 2001 and FY 2002 Defense budgets, but it is important for DoD and Congress to have assurance that sufficient resources are earmarked to attain effective operations in all phases of the security clearance management process. It would be very unfortunate if concerns about spending on "overhead" or "headquarters" functions deterred prudent investments in this critically important facet of the overall Defense security posture.

Summary

In conclusion, we view the performance statistics from the late FY 2000 through early FY 2001 period with concern. We included the personnel clearance problem in the list of Top DoD Management Challenges submitted to congressional leaders last December and recommend continued DoD and congressional oversight until this problem is truly solved. With sustained management emphasis, I am confident that ultimately it is fixable, but the current goal of eliminating investigative backlogs by September 30, 2002, is clearly at risk. In addition, it is uncertain that the backlogged cases would be adjudicated until well after that date. My staff and I stand ready to work with the Department's managers to determine what adjustments to the current approach are feasible and necessary.

This concludes my statement.

Attachment

Recent Office of the Inspector General, DoD Reports on Personnel Security Clearances

Report No. D-2001-065, DoD Adjudication of Contractor Security Clearances Granted by the Defense Security Service, February 28, 2001

Report No. D-2001-019, Program Management of the Defense Security Service Case Control Management System, December 15, 2000

Report No. D-2001-008, Resources of DoD Adjudication Facilities, October 30, 2000

Report No. D-2000-134, Tracking Security Clearance Requests, May 30, 2000

Report No. D-2000-111, Security Clearance Investigative Priorities, April 5, 2000

Report No. D-2000-072, Expediting Security Clearance Background Investigations for Three Special Access Programs, January 31, 2000 (SECRET)

Report No. 98-124, Department of Defense Adjudication Program, April 27, 1998

The full text and summaries of the unclassified reports are available on-line at www.dodig.osd.mil

Attachment

Mr. SHAYS. I was a little derelict in not welcoming our witnesses and giving the titles and so on just for the record, and I would like to do that now. We have heard from Mr. Robert Lieberman, acting Inspector General, Office of Inspector General, Department of Defense. We will hear from Mr. Arthur Money, Assistant Secretary of Defense for Security and Information Operations Command, Control, Communications and Intelligence, Department of Defense, accompanied by Mr. J. William Leonard, Deputy Assistant Secretary of Defense for Security and Information Operations Command, Control, Communications and Intelligence, Department of Defense. Also joining us is General Charles Cunningham, Director, Defense Security Service.

I just want to get some housekeeping done. I ask unanimous consent that all members of the subcommittee be permitted to place an opening statement in the record and that the record remain open for 3 days for that purpose. Without objection, so ordered.

I ask unanimous consent that all witnesses be permitted to include their written statement in the record and without objection, so ordered.

Also I welcome Mr. Clay from Missouri.

Mr. CLAY. Good morning.

Mr. SHAYS. If you have a statement for the record that you would like to put in——

Mr. CLAY. I certainly do.

Mr. SHAYS. If you wanted to read it—we will have the testimony, and if you want to read it before you ask questions, we will do that.

Mr. CLAY. Thank you.

Mr. SHAYS. Mr. Money.

Mr. MONEY. Thank you, Mr. Chairman. Just to clarify my title, it is Assistant Secretary of Defense for Command, Control, Communications and Intelligence. Buried in that is the Security and Information Operations which Mr. Leonard is the Deputy Assistant Secretary for.

Mr. SHAYS. You have responsibility for a whole host of different units and this is one unit?

Mr. MONEY. Absolutely.

Mr. SHAYS. In the end, the buck stops with you?

Mr. MONEY. That's correct. When you read my title, you added Security and Information Operations. That is subsumed, but it is not the exact title.

Mr. Chairman, members of the subcommittee, I, along with Mr. Bill Leonard and Lieutenant General Chuck Cunningham, truly appreciate this opportunity to appear here before you today, to in fact report on the status of the Department of Defense's efforts to eliminate this security investigation backlog.

In doing so, I will address the process and management changes that the Department has initiated to resolve the immediate problems and will review with the committee ideas that we have under consideration for improving the quality, speed, and reliability of background investigations.

At the last hearing, last September, all DOD could show for all the efforts that had been accomplished was that there was a continuing increase in the backlog, but that increase was slowing down.

Since that time, we have turned the corner and can demonstrate a measurable decrease in backlog that peaked roughly in October 2000 when the decrease in backlog-growing turned into actual backlog-decreasing—October 2000. Nonetheless, we recognize that we are not yet on the glide path that will result in no backlog in accordance with the GAO metric of eliminating the backlog by September 30, 2000. So I agree with the Inspector General; however, I am confident and hope in the next few moments to display that confidence on how we can meet that goal.

Progress in the backlog reduction, again since the last hearing, I can report to you that the Department has made significant infrastructure and process improvements. As a result of these changes or improvements, the number of pending investigations at DSS has been reduced to roughly 434,000. This is a net decrease of roughly 70,000 from where we were in the October 2000 timeframe.

Furthermore, the number of overdue periodic reinvestigations that have yet to be submitted has been reassessed to be roughly 317,000.

Finally, we are fielding a Department-wide capability known as the joint personnel adjudication system [JPAS]. This is a real-time status and will give you real-time status of overdue clearances, and consequently, we will have a much more accurate projection of the backlog.

In summary of where we are today with respect to the plan that was implemented in October 2000, which leads to a September 2002 elimination of the backlog, the Department plans to eliminate that backlog and in doing so, we have issued the following. We have established submission targets for all components. We have leveraged additional capabilities by partnering with OPM. We have finalized the plans, and as I stated, have started JPAS which will be installed and up and running by September of this year. We have created a process initiative guidance to the components' services and agencies to ensure that the most critical and mission-essential investigations are prioritized by them.

So since that last hearing here, the Deputy Secretary of Defense has chartered yet another independent group, an overarching, integrated product team to validate the plan and to reassess the backlog. They have come up with six conditions of success, metrics if you will, which I will report on during the Q & A.

With that, though, there is progress being made. I still have concerns, and I am not satisfied with the progress to date; and in this regard, agree with the IG's report. Some of the reasons for this go as follows.

First, we are still continuing and experiencing case load imbalance between DSS and OPM, and we will talk more about remedies on that.

Second, we are—in order to ensure the proper mix of high priority cases in DSS, a number of software changes need to be implemented into the current case management system. These include modifying CCMS, that is, the case management system, and field procedures in order to identify high-priority incoming cases and manually identify and modify cases that are already in the system. This will come out to be a very important problem that we are addressing and that will come out, I am sure, in the Q & A. But I

would like to report that CCMS is stable versus where we were in the previous sessions, but we do need to add a few new improvements.

Fourth, I would like to say that OPM is beginning to experience some increases in completion time on the cases they have. This is no slam at OPM; this is just due to the backlog they are starting to experience and the efforts to work off the investigations.

Finally, I would like to report that adjudication—after we go through investigations, then we have adjudications to take place—they are keeping up with the output. However, in some areas we need to rebuild the adjudicators, in the services in particular. Those things are all quantitative measures, but I want to emphasize quality here is still the first and most important thing.

National security is the first and most important thing, not numbers. I can attest now, or I am sure you will ask me, that I don't believe national security has been diminished one iota. In fact, I believe it has been increased because of the quality of these investigations. Readiness has taken the brunt of the quantitative problems. The quality of DSS's investigations has improved because of strict adherence that General Cunningham installed on security standards and evaluations and, in fact, in the training of the right people.

In addition, the reason this hearing is timely is, we have just now concluded the first quarter's review of the progress on the plan that was implemented in October 2000. What that shows after the first quarter review is that we need to move component-identified, high-priority requirements to OPM consistent with the plan. There is an imbalance, as I mentioned, there.

We need to expedite the initiation of cases prior to the service members' being transferred or deployed overseas. Once they go overseas, that complicates the investigation process and further lengthens it.

We need to review and modify the procedures to make sure that a timely and appropriate process of interim clearances is also conducted.

Finally, we are developing—and I think this answers maybe your opening remarks, Mr. Chairman, about the Hanssen case. I have long been on record that we need to go to aperiodic reinvestigation. We cannot get there until we get this backlog of periodic investigations over with, but I support the idea of going to aperiodic security investigation to alleviate the problem that you alluded to in your opening statement.

I believe we can do this with aperiodic reinvestigations, using the new processes of data mining and relevant information sources such as criminal histories, foreign travel, credit records and so on; in fact, using what is available today in an information technology standpoint.

In closing, I would like to ask for your help. This committee can in fact help us. You have helped us in the past, and we will ask for more; and this is the beginning of that. DSS needs automated access to State and local government criminal history records akin to what law enforcement agencies have today.

Second, we request that Congress eliminate the artificial cap on counterintelligence polygraph examinations, and overall—I will

submit other ideas later on on the aperiodic reinvestigation area, but overall with your guidances and the actions that I have outlined here briefly and will expand on, I remain confident that the Department can meet the stated goal of reducing the backlog to roughly 150,000 cases and/or 60 working days by September 2002.

Thank you, Mr. Chairman.

Mr. SHAYS. Thank you very much, Mr. Money.

[The prepared statement of Mr. Money follows:]

JOINT STATEMENT

OF

THE HONORABLE ARTHUR L. MONEY
ASSISTANT SECRETARY OF DEFENSE
(COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE),

MR. J. WILLIAM LEONARD
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(SECURITY AND INFORMATION OPERATIONS)

AND

LT. GEN. CHARLES CUNNINGHAM (USAF, Ret)
DIRECTOR
DEFENSE SECURITY SERVICE

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS
AFFAIRS, AND INTERNATIONAL RELATIONS
HOUSE COMMITTEE ON GOVERNMENT REFORM

MARCH 2, 2001

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Committee on Government Reform
U.S. House of Representatives

Money

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I, ALONG WITH LT. GEN. CHUCK CUNNINGHAM AND MR. BILL LEONARD, APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO REPORT ON THE STATUS OF THE DEPARTMENT OF DEFENSE'S EFFORTS TO ELIMINATE THE PERSONNEL SECURITY INVESTIGATIONS BACKLOG. IN DOING SO, I WILL ADDRESS THE PROCESS AND MANAGEMENT CHANGES THE DEPARTMENT HAS INITIATED TO RESOLVE THE IMMEDIATE PROBLEM AS WELL AS REVIEW WITH THE COMMITTEE IDEAS THAT WE HAVE UNDER CONSIDERATION FOR IMPROVING THE QUALITY, SPEED, AND RELIABILITY OF BACKGROUND INVESTIGATIONS.

BACKGROUND

WHEN WE WERE HERE LAST SEPTEMBER, ALL WE COULD SHOW FOR OUR EFFORTS WAS THAT THE CONTINUING INCREASE IN THE BACKLOG WAS SLOWING DOWN. SINCE THAT TIME, WE HAVE TURNED THE CORNER AND CAN DEMONSTRATE A MEASURABLE DECREASE IN THE BACKLOG. NONETHELESS, WE RECOGNIZE THAT WE ARE NOT ON A GLIDE PATH THAT WILL RESOLVE THE BACKLOG IN ACCORDANCE WITH THE ESTABLISHED DOD/GAO METRIC (I.E. THE SUBMISSION OR COMPLETION OF A PERIODIC REINVESTIGATION BY 30 SEPTEMBER 2002). CLEARLY, MORE NEEDS TO BE DONE.

THE FOLLOWING IS AN OUTLINE OF THE MANAGEMENT ACTIVITIES TAKEN OVER THE LAST SEVERAL YEARS.

PERSONNEL SECURITY RECOVERY EFFORTS

DATE	ISSUE	EFFECT
1989-1995	Downsizing of DSS by 40% (along with rest of DoD)	Increased case completion times, number of pending cases grows.
August 1995	New Personnel Security Executive Order (E.O.) 12968.	Called for creation of uniform investigative standards Executive Branch-wide.
1996 – September 1999	Implementation of Periodic Reinvestigations (PR) quotas	Restricted number of incoming cases resulted in PR backlog growth
March 1997	New investigative standards promulgated within DoD pursuant to E.O. 12968.	Level / Old / New TS-PR / 5yrs / 5yrs S-PR / 15yrs (DoD only) / 10yrs C-PR / None / 15yrs Full implementation delayed
April 1998	GAO Investigation initiated	16 month review of DSS, completed November 1999
October 1998	Began to use Case Control Management System (CCMS) and turned off legacy system	Performance degraded dramatically.
January 1999	Full implementation of E.O. 12968	Created an additional backlog of approx 400,000 PR cases
March 1999	DSS performance continues to degrade.	Situation much worse than originally reported to OSD
June 8, 1999	Installed General Cunningham as Acting Director (appointed Permanent Director – November 1999), and commissioned independent, external review of DSS	
June 9, 1999	Initial recovery plan was approved by Deputy Secretary of Defense	Leverage additional investigative resources, e.g., use of reservists, private sector, OPM
October 1, 1999	All civilian cases sent to OPM	Reduced workload on DSS
October 1, 1999	DoD lifted quotas for Periodic Reinvestigations	Additional cases received, increases backlog.
November 1999	Pursuant to Defense Mgmt Council action, DEPSECDEF directs formation of (O6-level) Overarching Integrated Product Team (OIPT)	Scrub PR backlog number and look for new solutions
November 1999	GAO issued report	Watershed - GAO recommendations become roadmap for DSS recovery
March 2000	DEPSECDEF directs implementation of OIPT recommendation	Transferred 800,000 additional investigations to OPM over 2 years
June 2000	DoD Spend Plan guidance issued	Directed Components to fund all required investigations
June 2000	DEPSECDEF directs an independent review of personnel security issues	New independent OIPT formed led by Bill Davidson
August 2000	ASD(C3I) implementor of DoD Spend Plan	Gave direction/guidance to Components
October 2000	Effective date of DoD Spend Plan	Components required to submit investigative requests i.a.w. Spend Plan
October 2000	Davidson OIPT issues report on feasibility of Spend Plan	Updates the PR backlog number to 317,000; concludes plan is feasible
December 2000	SecDef Direction	Updates DoD Spend Plan to reflect 317,000 backlog
January 2001	Case load at DSS exceeds plan estimates; case load at OPM does not meet estimates	Adds to aging investigations completion time

PROGRESS IN BACKLOG REDUCTION

SINCE THE LAST HEARING, I CAN REPORT TO YOU THAT THE DEPARTMENT HAS MADE SIGNIFICANT INFRASTRUCTURE AND PROCESS IMPROVEMENTS. AS A RESULT OF THESE CHANGES, THE NUMBER OF PENDING INVESTIGATIONS AT THE DEFENSE SECURITY SERVICE (DSS) HAS BEEN REDUCED TO 434,000. (OUR GOAL IS TO ACHIEVE A STEADY STATE OF NO MORE THAN 150,000 ONGOING INVESTIGATIONS). FURTHERMORE, AS OF OCTOBER 2000, THE NUMBER OF OVERDUE PERIODIC REINVESTIGATIONS THAT HAD YET TO BE SUBMITTED BY THE COMPONENTS (MILITARY SERVICES AND DEFENCE AGENCIES) HAS BEEN REASSESSED TO BE 317,000. FINALLY, WE ARE FIELDING A DEPARTMENT-WIDE CAPABILITY, THE JOINT PERSONNEL ADJUDICATION SYSTEM (JPAS), LATER IN THIS CALENDAR YEAR. JPAS WILL PROVIDE REAL-TIME STATUS FOR OVERDUE CLEARANCES AND AS SUCH WILL IMPROVE THE ACCURACY OF PROJECTIONS. CURRENT DEPLOYMENT PLANS CALL FOR JPAS TO REACH ITS INITIAL OPERATIONAL CAPABILITY IN OCTOBER 2001 WITH FULL OPERATIONAL CAPABILITY SCHEDULED FOR JANUARY 2002.

IN SUMMARY, THE DEPARTMENT'S PLAN TO ELIMINATE THE BACKLOG HAS ACCOMPLISHED THE FOLLOWING:

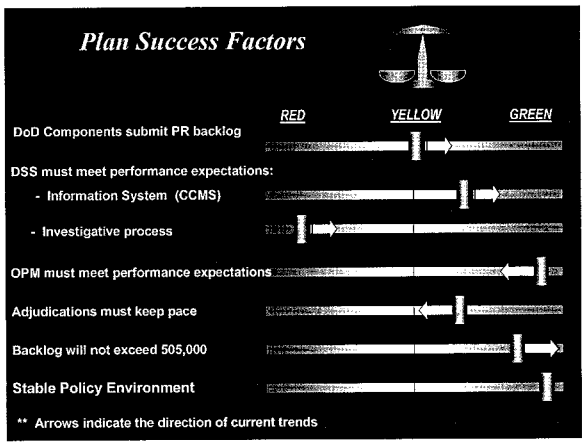
(i) ESTABLISHED SUBMISSION TARGETS FOR ALL COMPONENTS;

(ii) LEVERAGED ADDITIONAL INVESTIGATIVE CAPABILITY BY PARTNERING WITH THE OFFICE OF PERSONNEL MANAGEMENT (OPM) AS WELL AS THE PRIVATE SECTOR;

(iii) FINALIZED PLANS FOR THE JPAS.

(iv) CREATED A PROCESS AND ISSUED GUIDANCE TO THE COMPONENTS TO ENSURE THAT THE MOST CRITICAL AND MISSION ESSENTIAL INVESTIGATIONS ARE PRIORITIZED.

ALSO, SINCE OUR LAST MEETING, THE DEPUTY SECRETARY OF DEFENSE CHARTERED AN INDEPENDENT OVERARCHING INTEGRATED PRODUCT TEAM TO VALIDATE THE BACKLOG RECOVERY PLAN. THEY IDENTIFIED SIX CONDITIONS FOR SUCCESS WHICH ARE DEPICTED BELOW AND WHICH WE USE AS A REPORT CARD TO MEASURE OUR PROGRESS.



CONTINUING CONCERNS

I AM NOT SATISFIED WITH RESPECT TO OUR PROGRESS IN SEVERAL AREAS:

FIRST, WE CONTINUE TO EXPERIENCE A CASELOAD IMBALANCE BETWEEN DSS AND OPM THAT IS PRIMARILY ATTRIBUTABLE TO IMPROPER CASE SUBMISSION BY THE COMPONENTS. WE ARE WORKING CLOSELY WITH THE SERVICES TO ENSURE COMMAND EMPHASIS.

SECOND, IN ORDER TO ENSURE THE INCLUSION OF THE PROPER MIX OF HIGH PRIORITY CASES IN DSS' OUTPUT, A NUMBER OF PROCESS AND SOFTWARE CHANGES ARE REQUIRED. THEY INCLUDE EFFORTS TO MODIFY CCMS AND FIELD PROCEDURES IN ORDER TO IDENTIFY HIGH PRIORITY INCOMING CASES AND THE MANUAL IDENTIFICATION AND MODIFICATION OF THOSE CASES ALREADY IN THE SYSTEM.

THIRD, THERE IS A PROBLEM DEALING WITH APPROXIMATELY 188,000 CASES CURRENTLY LOADED INTO CCMS THAT HAVE NOT BEEN OPENED. THE PROBLEM WAS CAUSED BY A COMBINATION OF LIMITATIONS IN THE CCMS SYSTEM, SHORTFALLS IN QUALIFIED PERSONNEL, AND THE CHALLENGE OF BALANCING THE EXISTING WORKFORCE IN TERMS OF OPENING AND CLOSING CASES. IT WILL BE AUGUST 2001 BEFORE WE ARE ABLE TO OPEN A MAJORITY OF THE 188,000 CASES AUTOMATICALLY. UNTIL THEN THESE CASES WILL REMAIN VERY LABOR-INTENSIVE.

FOURTH, AS WITH DOD, OPM IS BEGINNING TO EXPERIENCE INCREASED COMPLETION TIMES FOR THOSE CASES INVOLVING COMPLEX ISSUES. WE

REMAIN IN CONSTANT DIALOGUE WITH OPM AS WE CONTINUE OUR PARTNERING EFFORTS. THEY HAVE DONE AN OUTSTANDING JOB IN ASSISTING DOD.

FINALLY, WITH SOME EXCEPTIONS, ADJUDICATIONS HAVE BEEN ABLE TO KEEP PACE WITH THE INCREASED OUTPUT OF INVESTIGATIONS. HOWEVER, IN THOSE INSTANCES WHERE THERE ARE ADJUDICATION DELAYS, ADDITIONAL RESOURCES HAVE BEEN PROVIDED AND THE ONLY REMAINING IMPEDIMENT IS THE TIME IT TAKES TO TRAIN THE NEW PERSONNEL.

ADDITIONAL ACTIONS

MOST OF WHAT HAS BEEN DESCRIBED TO THIS POINT HAS BEEN QUANTITATIVE. I WOULD LIKE TO POINT OUT THAT THE QUALITY OF DSS INVESTIGATIONS HAS IMPROVED BECAUSE OF STRICT ADHERENCE TO STANDARDS AND TRAINING. IN ADDITION, DSS IS WORKING WITH INDUSTRY TO ESTABLISH A CLEARANCE REQUIREMENTS OFFICE. THE PURPOSE OF WHICH IS TO IDENTIFY AND QUANTIFY THEIR CURRENT AND ANTICIPATED NEEDS. WE ARE COMMITTED TO ESTABLISHING A SIMILAR PROCESS THROUGHOUT THE DEPARTMENT.

IN ADDITION, BASED ON OUR FIRST QUARTER REVIEW OF PROGRESS TO DATE, THE FOLLOWING ACTIONS ARE UNDER WAY:

- MOVE COMPONENT-IDENTIFIED HIGH PRIORITY REQUIREMENTS TO OPM CONSISTENT WITH THEIR CAPABILITIES.
- EXPEDITE THE INITIATION OF A CASE PRIOR TO A SERVICE MEMBER'S TRANSFER OR DEPLOYMENT OVERSEAS.

- REVIEW AND MODIFY AS NEEDED PROCEDURES TO ENSURE THE TIMELY AND APPROPRIATE PROCESSING OF INTERIM CLEARANCES FOR BOTH GOVERNMENT AND INDUSTRY.

FINALLY, WE ARE DEVELOPING A NEW WAY OF DOING BUSINESS THAT INSTITUTES APERIODIC INVESTIGATIONS. THE FOUNDATION OF THIS NEW PROCESS IS THE "DATA MINING" OF RELEVANT INFORMATION SOURCES SUCH AS CRIMINAL HISTORY, FOREIGN TRAVEL, AND CREDIT. THIS APPROACH WILL ALLOW DOD GREATER INSIGHT INTO POTENTIAL COUNTERINTELLIGENCE PROBLEMS.

CONCLUSION

IN CLOSING, I WOULD LIKE TO ASK FOR YOUR HELP. FIRST, WE NEED AUTOMATED ACCESS TO STATE AND LOCAL GOVERNMENT CRIMINAL HISTORY RECORDS AKIN TO THAT PROVIDED LAW ENFORCEMENT AGENCIES. WHILE CONGRESS HAS HELPED IN THE PAST, I BELIEVE THERE IS MORE THAT CAN BE DONE. SECOND, WE WOULD LIKE CONGRESS TO ELIMINATE THE ARTIFICIAL CAP ON COUNTERINTELLIGENCE-SCOPE POLYGRAPH EXAMINATIONS. SUCH EXAMINATIONS CAN ENHANCE INTERIM CLEARANCE ACTIONS WITHOUT DEGRADATION IN QUALITY.

OVERALL, WITH YOUR ASSISTANCE, I REMAIN CONFIDENT THAT THE DEPARTMENT CAN MEET ITS STATED GOALS AND OBJECTIVES WITH RESPECT TO CLEANING UP THE BACKLOG OF PERSONNEL SECURITY INVESTIGATIONS. IT WILL REQUIRE CLOSE, CONTINUOUS SCRUTINY, THE FLEXIBILITY TO RESPOND TO CHANGING CONDITIONS AND YOUR CONTINUED SUPPORT.

Mr. SHAYS. I am sorry about not getting the titles right. It is important that you make sure that we are accurate.

Mr. MONEY. It doesn't bother me personally. It is just for the record.

Mr. SHAYS. I understand that. We are a little rusty up here.

Mr. Kucinich, you have the floor. What we do in this committee, if we have three members, give or take, we allow them 10 minutes to start so they can ask questions.

We put a 5-minute clock and then we roll it over to another 5 minutes.

Mr. KUCINICH. Mr. Money, how many people work on an investigation?

Mr. MONEY. How many people work on an individual investigation?

Mr. KUCINICH. Yes.

Mr. MONEY. It depends on the complexity of the case. An example is, if you are an 18-year-old and you have lived in one place all of your life, probably one; if you have lived in 50 places, it has a lot greater number of investigators.

It depends on the case.

Mr. KUCINICH. Have you figured out a rule of thumb—maybe General Cunningham can answer that. How long does an individual investigation take?

General CUNNINGHAM. Sir, again it varies with the type of investigation. The most challenging ones where there are subject interviews, as in top secret and where you might run into adverse information, these can take over a year.

Our record on this is not good for many reasons that I think are fairly well understood in the committee here. We have a history of having cases as old as 2 years. Now we are working hard to get that pulled down, and we are targeting older cases to move them through, but it does take time to get that bubble through.

Mr. KUCINICH. If I may, I was wondering, General, how many people do you have working for you?

General CUNNINGHAM. The Defense Security Service 2,600 people. We have 1,250 field investigators.

Mr. KUCINICH. How many cases are outstanding now? How big is the backlog?

General CUNNINGHAM. Our pending backlog right now is about—as we track it in the agency, it is about 435,000.

Mr. KUCINICH. OK. And that would——

General CUNNINGHAM. That is coming down; 7 or 8 weeks ago we were up around 470,000. As our information technology is improving, for example, having brought on two new servers within the last 2 weeks, and increasing our computing capability and our ability to install better software and make changes, those times will come down.

Chairman Shays in our last hearing made the point of what is the nominal time on a case; and for the investigative part, we know that we should be done in 60 to 120 days.

Mr. KUCINICH. It is an interesting thing, Mr. Chairman; I am doing the math here. If you used 435,000 cases of backlog, that is just your backlog, and you have 1,250 field investigators, that would come down to each person having to handle, I am not a math

major, 340 cases a year on the average and that is about a case a day, a little more than a case a day, that is, if you don't get new ones. I am just wondering how do you ever work off a backlog with 1,250 field investigators.

Mr. MONEY. Some of those cases are on automatic. This whole backlog—if I can expand on this for a moment, I would like to use a chart if that is acceptable to you.

Mr. KUCINICH. Sure. I am sure that everybody on the committee would like to see it.

Mr. MONEY. Would you put this chart up?

The backlog, there are at least two different backlogs that we need to clarify here. I will answer your question, or both of us will answer your question.

The plan is over 2 years to reduce the periodic—these are periodic reinvestigation backlogs of 317,000; that is the best estimate we have today of what is out in the services and agencies that needs to be submitted, because after 5 or 10 years they need to be reinvestigated based on the standards.

Congressman, you can see over here there is a steady state of new investigations.

Mr. KUCINICH. Yes, that is what I was referring to.

Mr. MONEY. Every person coming into the Navy and the Air Force today and if they are in the Army and in certain MOSs, certain job codes, will go through a suitability check which is roughly equivalent to a secret clearance. That is part of a million-something in new initiatives as new recruits come into the system.

If you are already in the government and then need a clearance, you get additional investigations which take place, and over time there are new periodic reinvestigations.

So when we talk about a backlog, this is the backlog over the next 2 years that we are going to look at, somewhere between a million and a half cases.

Mr. KUCINICH. I know my time is over.

Mr. MONEY. I hope that I am not penalizing your time.

Mr. KUCINICH. We are all working for the same people. It is no problem. Excuse me.

Mr. MONEY. Sure.

Mr. KUCINICH. This is very useful. I wish that staff had the chance to review this before the meeting. It would have been helpful, and I know that we will have plenty of time to go over this. I want to respect the flow of work in this committee.

I would like to ask you, Mr. Chairman, I noticed in Mr. Money's remarks he referred to the backlog elimination has been accomplished in a number of different ways, including the hiring of people from the private sector. I would like to, if it is appropriate, Mr. Chairman, if this committee could be provided with a list of who they are hiring from the private sector to do these security background checks. Would that be appropriate?

Mr. SHAYS. Are you hiring different firms? You are not hiring individuals, you are hiring firms?

Mr. MONEY. Firms.

Mr. SHAYS. How many firms have you hired?

General CUNNINGHAM. Sir, augmenting investigations, we have two contractors who we brought on immediately in May/June 1999. Since that time we have brought on four new contractors.

Mr. MONEY. These contractors have certified that they have the background and training to do these types of investigations. Frankly, a lot of them are retired people that have done this for the government.

Mr. SHAYS. Would you explain what you mean by "certified?" Certified by whom?

General CUNNINGHAM. The specifications in the first two contracts was that they have 5 years investigative experience.

The following five contractors that we brought on, we put funding in the statement of work for them to train the contractors, to train their people, their investigators, and to bring on experienced contractors, but we eliminated the 5-year requirement.

We, DSS, work with each contractor on their training program, and their agents are subject to our evaluations.

Mr. KUCINICH. Thank you, Mr. Chairman.

Mr. SHAYS. Let me ask some questions. I am going to ask some basic stuff here to start.

First, Mr. Money, we had a hearing on February 16, and we had a hearing on September 20 of last year, and this is the third hearing that we are having now, 2001.

I am probably being a little facetious here, but you said in your statement when we were here last September, "all we could show for our efforts was that the continuing increase in backlog was slowing down. Since that time we have turned the corner and demonstrate a measurable decrease in the backlog." We were turning the corner February 16, we were turning the corner September 20, and now we are turning the corner March 3. You take three corners and you end up back where you started.

I am playing a little trick with you.

Mr. MONEY. No, that is OK.

Mr. SHAYS. You are a tolerant guy.

Mr. MONEY. No, I think it is a good question. One might ask what the heck is going on here.

If I may ask for your indulgence here, much like I did with Mr. Kucinich, I would like to spend a little time on a little background.

Let me start roughly in April 1998, what is before that is water over the dam, if you will. Starting here in April 1998, a GAO investigation came into play. Frankly, I came into this position in February 1998. What happened before that in the roughly previous 10 years let me cover briefly, to put things into scope. The DSS and DOD were descoped to 40 percent.

Mr. SHAYS. That means?

Mr. MONEY. Downsized.

Mr. SHAYS. Descoped.

Mr. MONEY. It is a reduction in personnel and a commensurate reduction in budget. I will assert to you that the workload didn't diminish.

In August 1995, there was a new Executive order that called for uniformity investigations and so forth. The ramifications coming out of that were huge, and I will talk to that in a minute.

From 1996 to 1999 quotas were put on periodic reinvestigations. What that means, there were only so many per month that could be submitted. That further amplified the backlog of reinvestigations.

In March 1997 an Executive order said that we will go from 5 years on top secret investigations; secret which were 15 will now go to 10; and confidential, which were none, will go to 15. That created another backlog.

GAO then got involved in April 1998, and for the next 16 months, they worked on investigating issues, and the November 1999 report-out was very dramatic and seminal, and I will talk to that when we get to November 1999.

In October 1998, a program that had started in 1995, called case control management system [CCMS], was installed. Now, here was a major failure. It was installed without testing, and it was installed and the legacy system was turned off never to be turned back on, or never could be turned back on.

Mr. SHAYS. How much did that cost us?

Mr. MONEY. I don't know. I will get you a number.

Mr. LIEBERMAN. We have spent about $100 million so far on CCMS.

Mr. MONEY. What happened in October 1998 was, essentially everything came to a grinding halt in that no cases were coming out due to software failure, system failures, and I will assert due to poor design on what CCMS ought to be.

In January 1999, that Executive order that was issued in March 1997, but deferred, was then acted upon, and 400,000 new cases entered the backlog. In March 1999, actually this is one data point—between January 1999 and June there was continued degradation of performance, and frankly my staff and I didn't get as much insight as we should have. And you can blame me and my staff for not going deeper into the situation, but it was clearly much worse than was being reported.

At that time in June I replaced the previous Director and installed General Cunningham here as the new Director of DSS.

Also, that next day we started a recovery plan. That recovery plan actually was started way back here, but it was published and then-Deputy Secretary Hamre signed off and approved it.

Resources started to apply or come into this situation here, plus personnel. We went to private industry and OPM, and we activated a lot of reservists to start working on the backlog.

By October, we'd sent all civilian cases to OPM. By November, pursuant with some more work that was going on, and this is—it means something in the Pentagon, the Defense Management Council, which is the assistants and under secretary, along with the DEPSECDEF, got together and put more money into the equation, and also asked another OIPT to get together, this is an across-the-board integrated product team to investigate the backlog again.

November 1999, GAO issued their report and we saw that as a watershed event because it pointed out independently that the problem wasn't being addressed. More resources and more personnel then were applied.

In March 2000, DEPSECDEF asked for another OIPT to be formed, and at the same time we sent roughly, in a conceptual sense, 800,000 cases to OPM over the subsequent 2 years.

This then came out to be called a new plan, or in our vernacular, a spend plan because the Comptroller had his fingerprints on this one.

So, Congressman, when you asked what plan and why do we keep rebaselining, here is part of the answer. We had a plan back here called the Recovery Plan. It was redone and amplified and is now called the Spend Plan. When you heard back in February a year ago that we could do something by the end of 2000, that was based on that plan, which was frankly unrealistic; that is why we've done one here called the Spend Plan.

That aligns with the GAO request and has since been validated by yet another independent commission which says the September 2002 date is, in fact, achievable. That gave me more confidence that the plans that we had in place were in fact doable. This now, for references, is what Bob Lieberman says he is suspect of, is what Art Money thinks we can pull off if we have a few more things added to the equation here.

Mr. SHAYS. With your accent, when you say "spend," it sounds like spin.

Mr. MONEY. And I hate the word spend, S-P-E-N-D.

Mr. SHAYS. It still sounds like spin.

Mr. MONEY. I don't like that word either, especially in this chamber. This is a comptroller's term.

Mr. SHAYS. We are going to teach you how to say "spend."

Mr. MONEY. Yes, sir, but I don't like it either. I don't want you to get the idea that this plan is to burn money. It is to execute down to a backlog of——

Mr. SHAYS. I hear you. I don't want to delay Mr. Clay. We are going to have a few rounds here, but I feel that this was your time, not my time.

Mr. Lieberman, I need a candid response to this chart you see here.

Mr. LIEBERMAN. Well, I have seen or we have done half a dozen audits that corroborate this train of events. I would agree this is a good chronology of the rather sad history of this situation.

As far as the prospects for execution of the current plan are concerned, I would not be terribly surprised if it has to be recast one more time, because I don't think that we can be fully confident that we understand how many new investigations are going to be required until the system that Mr. Money referred to, the new system that is just being fielded now, is actually in place and starts generating experience data that we can all rely on.

I think in another year or so we will be looking at the numbers again and perhaps—the plan does not necessarily have to be stretched out. It may be evident that we will achieve this steady-state sometime earlier, but my guess is that we will be seeing—we will not be seeing this steady-state for a few months after the end of the projected plan.

Mr. SHAYS. I am going to recognize Mr. Clay, but I just want to—I am sorry, did you want to say something, Mr. Leonard?

Mr. LEONARD. Just 30 seconds or so, sir. I would like to elaborate on that and go back.

The reason why this is referred to by the Comptroller as the Spend Plan is historically one of the reasons, and there are many reasons why we are in the situation, there was a longstanding disconnect between the workload for DSS and their budget. What this plan did last summer is, forced the components, especially the services, to identify what do you need for the next 2 years in all types of investigations, and pony up the dollars to pay for it. We at least got that connection between requirements and budget.

And with respect to the ever-shifting numbers, we recognize until we get the real-time insight through the data base, this is a challenge. That is why we send monthly report cards to all of the services and all of agencies in terms of how they are executing in accordance with this plan, and why we hold quarterly reviews to review the progress, to access the accuracy of those numbers, and determine what additional modifications we need to make.

If you recall, when I was here several months ago, sir, the one thing I did tell you, the only thing I can tell you with any degree of certainty, is that 2 years from now when hopefully we have successfully accomplished the plan—the only thing I could tell you was that it would not be in accordance with what we thought in the summer of 2000 because no plan is that prescient. The key is the continuous monthly monitoring, the quarterly reviews and the constant interaction with the customers.

Mr. SHAYS. The challenge is that if you have a plan that is accurate, you can make logical decisions. If you came and said 2 years ago we would be in this state, we probably would have appropriated more money, made different assignments. We probably would have said, this is too serious a thing to allow to come to this result.

The bottom line is that the customer, the government, is not being well served yet by this process. They are not getting the clearances that they need.

Mr. LEONARD. You are absolutely correct, sir. That is the one thing that has been accomplished. The Department chose——

Mr. SHAYS. What has been accomplished is that this is the last plan, and this plan will be a more accurate plan?

Mr. LEONARD. What has been accomplished is the funding.

One of the things that came out of these Defense Management Council and Defense Resource Board reviews was the commitment to fund over the beginning 5-FYDP, the 5-year defense plan, an additional $318 million over 5 years to pay for the work that is required.

In addition, when the determination was to go to OPM for additional work, there was likewise the commitment by the customers to pay for that additional work from OPM. So that has been one of the contributing factors, that total disconnect between requirements and budget. From that point of view, I believe that part has been addressed.

Mr. SHAYS. I need to go to Mr. Clay. When I come back the second time, I am fascinated, Mr. Money, that you did not mention the internal report that you requested, Mission Degradation.

Mr. Clay, you have as much time as you want.

Mr. CLAY. Thank you, Mr. Chairman.

I would like to submit my opening statement for the record and get into the questioning of this panel.

Mr. SHAYS. You have got it.

Mr. CLAY. Mr. Money, will you provide the committee with the list of contractors which you mentioned?

Mr. MONEY. Certainly. I can generate it right now if you would like.

Mr. CLAY. Yes, that would be good. Thank you.

Mr. MONEY. OK.

Mr. CLAY. Mr. Money or General Cunningham, does DSS now have its own computerized data base with a list of everyone who has a security clearance?

General CUNNINGHAM. Yes, sir. In DSS we manage a data base for everybody that has a clearance.

Mr. CLAY. Do you know the date on which all clearances come due for reinvestigation?

General CUNNINGHAM. Yes, sir. A day when reinvestigations come due can be discerned from the listing by name and Social Security number that is in the data base.

Mr. CLAY. So that pops up on the screen?

General CUNNINGHAM. No, sir, it is not mechanized just to pop up. I think that the joint adjudication system that Mr. Money mentioned in his opening remarks is designed to do that.

Perhaps Mr. Leonard would say more about that.

Mr. CLAY. Mr. Leonard.

Mr. LEONARD. Again, that is one of the many contributing factors that we have—that contributes to this issue. The current data base that we have only reflects individuals who have been investigated and adjudicated as being eligible for a security clearance.

The problem is that people's assignments change. In the military, you routinely rotate every 2 to 3 years. You may no longer require that clearance. It is that sort of granularity that we don't have insight into that is tying a clearance requirement to a specific billet or a specific position.

The new data base that Mr. Money referred to earlier that we intend to field within a year's time, at least initially will provide us that capability to assign clearance requirement to a specific billet; and of course that is the key, essential ingredient to be able to do real-time projections of requirements.

Mr. CLAY. What happens if there is a failure as to the resubmit or reinvestigations or clearances revoked or suspended?

Mr. LEONARD. That is the situation where there are the 317,000 clearances that are out of scope, so to speak, the investigations that they are based upon exceeds the 5 or 10-year standard.

The September 2002 date that Mr. Money referred to, what that means is on September 30, 2002, for every clearance that is in existence in the Department of Defense, we will strictly enforce the national standard that either the clearance investigation must be current within the scope of the 5 or 10 years or must be in process.

GAO pointed out that because of the backlog, there was no consequence to the services to not putting in requests for periodic reinvestigations. There is now a consequence established. Everyone understands if you have a clearance and come September 30th if

the investigation is not current or at the very least in process, you will be required to administratively terminate that clearance or downgrade it. If it is a top secret clearance, you could downgrade it to a secret clearance within the scope if that is all that is required.

Mr. CLAY. Mr. Lieberman, Mr. Money mentioned several problems with the Office of Personnel Management, which I was surprised to hear. For example, his first chart says OPM does not meet estimates and on the next chart on plan success factors, the direction of the arrow suggests OPM is losing ground.

Is that your view of OPM's performance?

Mr. LIEBERMAN. Sir, I do not have any information on OPM's performance, so I would have to defer to Mr. Money or Mr. Leonard.

Mr. LEONARD. I can address that, sir. OPM's performance has been outstanding. They have—an earlier question from Mr. Kucinich in terms of how long it takes to do an investigation, they have established time lines, anywhere from 35 days for a background investigation all the way up to 180 days, depending upon what the requirements are. By and large, they are meeting those standards in every case.

The reason why the arrow is pointing to the left is because in one particular category, the most complex cases, in the past several weeks and only in the past several weeks, their case completion times have gone up beyond the standard. However, the reason for that is because of the amount of work that we are giving out, we are, dependent upon what I call "third-party providers of information." We have to do FBI checks, INS checks, State Department checks, what have you. Those are other activities that we are dependent upon. The more we push out, the more they have to respond to. That is the challenge we have today as a community. I have directed my people to get together on a community-wide effort. We need to collectively address this, because it is not an OPM problem, it is a community problem that impacts DSS and impacts every other agency that does background investigations. So it really is not an OPM problem.

Mr. MONEY. By no means was I throwing any dispersions on OPM. The trend is, just as Leonard referred, starting to show some telltale signs there. The other problem is not an OPM problem; it is manifested in OPM, and that is the components are not sending as directed the required cases to OPM versus to DSS.

What our chart here tries to show you, the plan was to have roughly 1,500 a day going to DSS; and there is about 1,900, almost 2,000 a day going to DSS. The plan was 1,300 and something, 1,400 going to OPM; and it is about 1,000. So that is the imbalance that I was referring to. That is not an OPM problem; it is the feeders up here getting it to the right spot.

Mr. CLAY. Of you getting the correct information to the different agencies.

Mr. MONEY. Yes, sir.

Mr. LIEBERMAN. Could I make a comment on that, sir? Despite the fact that OPM's times are a little bit greater than what we would like, they are still very good; and the bottom line is there is still unused capacity at OPM on the one hand, whereas on the

other hand, DSS is overwhelmed. So I think it only makes sense to shift some of that work load sideways.

Mr. CLAY. What does that do for the target date of September 2002? Do you think we can meet that date?

Mr. LEONARD. That—I am bound and determined, sir, not to give up on the—oh, I am sorry. I apologize.

Mr. LIEBERMAN. Well, I think unless we do take some additional actions, the date is not achievable; but I think we understand what those actions have to be, and I think what Secretary Money and Mr. Leonard are telling you is that they are willing to try some new things and to correct some of the things that we see need adjustment right now.

We are only 4 months into this 24-month plan, so it is not surprising that it needs some tweaking at this point. But I still think there are—it is going to be a risky proposition, and I am not sure whether it makes a big difference a few months one way or the other.

As Mr. Money says, if we get caught too much in the numbers game here, that might be a mistake; and whatever we do, we definitely do not want to put so much pressure on the investigative agencies to hurry up that they do sloppy work.

Mr. CLAY. Mr. Money, will this take additional money?

Mr. MONEY. Let me answer that in a roundabout way. Let me just foot-stomp with what the IG just said. Quality is still the most important thing. But if I could just amplify on your question and also back to what the chairman asked earlier, you can see here that this has roughly 1.5 million cases over 2 years. We are building, if you run the numbers down here, 2 million cases over 2 years. So there is a built-in contingency plan, if you will, of handling more than what we anticipate in workload; we will have a capacity to handle. So that gives me more confidence. So we have a built-in contingency plan. It gives me more confidence of making that date.

Do we need more money? We need this 300 and whatever over the FYDP to fund the DSS in this regard and the services need to fund OPM as a case system for them as well. That money is in the plan and so, in the POM, what we refer as the POM. As the President's budgets come forth, we need to make sure that is still in the President's budget every year.

I anticipate as pressures build that 300 million is likely to be attacked and be drug off other places, so we will need to be very forthright on keeping in there; and we may need some help.

Mr. CLAY. Thank you very much.

Thank you, Mr. Chairman, for your patience.

Mr. SHAYS. Thank you. No patience required. Very interesting questions.

Mr. Kucinich.

Mr. KUCINICH. Thank you very much, Mr. Chairman. Again, I want to thank the witnesses.

General Cunningham, how many people might it take to work on any particular investigation? You know, we have an assumption like one person per case, but do you have sometimes 2 people work on a case, 3 people, 10 people, 20 people? What do you do?

Mr. CUNNINGHAM. It could be any of those, depending upon how many leads are developed in the case. Normally, with references in several physical locations, then you will have what we call leads, parts of the case that need to be done and distributed that way.

Mr. KUCINICH. Right. I was just interested in the context of a case that I learned about. There was an encounter between the defense security service and an MIT scientist by the name of Ted Postal, who was evaluating the NMD and other weapons; and as you know, he was evaluating claims made by the DOD about the development and testing of the NMD, and he wrote a letter to the White House about it, and the letter was in the New York Times. The letter went to the BMDO, and they believe that some of the information in the letter was classified and was mistakenly given to an individual, provided it to Dr. Postal without him being made aware that it was for distribution.

My concern is that, you know, once the BMDO went to the DSS, since it has jurisdiction over the industrial security program, the program through which individuals such as Dr. Postal received these security clearances that are the subject of our hearing today, BMDO asked DSS to contact Dr. Postal to inform him of the classified nature of the information he utilized in the letter.

Here is the question I asked about how many people you have on the case. You had agents drop by unannounced at MIT to talk to Dr. Postal; but it wasn't one agent, it wasn't two agents, it was three agents looking at a single case, just stopping by to see this person who had written a letter to the White House and then in the New York Times; and one of the agents, we had information brought to my attention, supposedly had some difference with Dr. Postal relating to a past evaluation.

I just wonder if this particular case reflects a general approach that DSS uses. Was it given particular attention because this is somebody who was critical of the Department of Defense weapons testing? You know, is this normal practice? Do you send more or less agents, depending on the mission? Or, I guess, how many people from DSS does it take to screw in a light bulb?

Mr. CUNNINGHAM. Yes, sir. The Postal case was very high visibility. It was not a security clearance investigation; it was to get information related to the case. The three people involved were industrial-security people. Because of the visibility of the case, the three people, a field office chief, a senior industrial security representative and the industrial security representative responsible for the facility that Dr. Postal was operating in, went to see the facility security officer to discuss the case.

While they were there, the facility security officer said, let us go down and get you scheduled with Dr. Postal. The facility security officer took—as I understand this, the facility security officer took the three DSS personnel down to the admin person to schedule a meeting with Dr. Postal. When that happened, Dr. Postal came out of a meeting and he said, what do you want? And they said, well, we came here to schedule an appointment; and he said well, come on in, I will talk to you right now, and they entered a conference room and began a conversation that had not been scheduled; that those three people were going to work out the details with the facility security officer. That is my understanding.

Mr. KUCINICH. OK. I do not—I know we have a broader scope in this hearing, and so what I would like to do is just submit a list of questions.

Mr. CUNNINGHAM. Yes, sir.

Mr. KUCINICH. So that we do not belabor the point. Obviously, what I am interested in is why—you know, I am just looking at one case here. Why would three agents be there? I have trouble understanding that when we are talking about a backlog, Mr. Chairman. You know, if you have a backlog—excuse me. If you have a backlog and if you have a number of people who are going out on what is a case, it seems to me that the assignment of personnel, that decisionmaking as to how many people go out on a case also relates to the production of a backlog, that is all.

Mr. CUNNINGHAM. Yes, sir.

Mr. KUCINICH. I just wanted to share that thought with you.

Mr. CUNNINGHAM. And I can understand fully how it might appear that way; but these people were not security clearance investigators, not related to the backlog.

Mr. KUCINICH. Do you have a backlog with the industrial-strength investigators?

Mr. CUNNINGHAM. No, sir.

Mr. KUCINICH. And is that pretty much a general operational mode that they have, going out in teams? They work together as a team?

Mr. CUNNINGHAM. No, sir, it is not. This was an exceptional case.

Mr. KUCINICH. Mr. Money remembered—you know, he remembered me as the mayor of Cleveland. The reason why I asked that question, I used to get calls from constituents that say how come you need three or four guys to work on filling a chuck hole, and actually you could come up with a conceivable answer; but I was just wondering what your conceivable answer would be, and I appreciate your time.

Mr. SHAYS. Would the gentleman yield?

Mr. KUCINICH. Of course.

Mr. SHAYS. I wanted the public record to be accurate. Mr. Postal was accused of violating his clearance. Right? Is that the issue? So it is a little different.

Mr. MONEY. Let me help here. Mr. Postal was being investigated——

Mr. SHAYS. Dr. Postal?

Mr. MONEY. Dr. Postal, for the possible release of classified information; and it has nothing to do with periodic reinvestigation. It was the possible use of classified information, and that is what—so that was a wholly different issue.

Mr. SHAYS. But your office gets involved in that.

Mr. MONEY. Yes, sir.

Mr. SHAYS. So it is clearly an appropriate question to ask. I just wanted to clarify in my own mind that issue.

Mr. MONEY. Yes, sir.

Mr. KUCINICH. Again, Mr. Chairman, I appreciate the chance to just bring that up in the context of these larger problems. From another point of view, I was just concerned, there was a letter to the White House, and then in the New York Times, and the next thing

you know he gets a visit from DSS. But you pointed out it is a subgroup within DSS; is that right?

Mr. MONEY. Yes, sir.

Mr. KUCINICH. But they are still under your command?

Mr. MONEY. Yes, sir.

Mr. KUCINICH. Thank you. I will send you the questions.

I just have a broader question before I conclude with my questioning. We saw in the Hanssen case questions raised about what can the American public expect with respect to national security if there is backlogs that do not permit people really to be—have their performance reviewed or their conduct on the job reviewed in a timely manner, and what are the implications of that.

I guess there is—and I know this is very painful for you, I am sure, but understanding that you were reduced immediately by 40 percent in your budget and that you have had to play catch-up ever since, it just seems to me that there are serious questions about the quality of our national security. I mean, this committee exists, obviously, for the purpose of oversight on those matters; but notwithstanding the real efforts that are being made by all of you gentlemen who are sitting here—and we appreciate your service to our country—it seems to me that we have a system that is designed to fail, and evidence of that is that it has—it has continued to fail.

I just wonder, frankly, Mr. Chairman, how we can assure the people of the United States of America of the security of the information which we need to protect our Nation if these backlogs make it impossible to successfully review the conduct of individuals such as Mr. Hanssen.

Mr. MONEY. May I respond?

Mr. KUCINICH. Of course.

Mr. MONEY. I do not want you—I agree with your premise, but the reinvestigation is not the only indicator if somebody is doing something illegal or espionage or whatever. So there are other indicators therein. It is every supervisor's responsibility throughout the government, and for that matter throughout industry, to be responsible for their people. In various cases, there are other indicators, not just a periodic reinvestigation. However, periodic reinvestigations need to be conducted on time and so forth, and that is the backlog.

I might point out that when Executive Order 12968 was issued, that created an initial problem. There have been some other problems relative to the CCMS and so forth, so there is no doubt about that; but there is not just one single point failure here on reinvestigations pointing out espionage or whatever. There are other indicators. Frankly, Congressman, that is why I advocate wholeheartedly this aperiodic approach to checking out folks.

Mr. KUCINICH. Did you not say though, however, Mr. Money, if I heard you correctly, and if I did not, please correct me, that you cannot get to the aperiodic investigations until you get the backlog out? Did you say that?

Mr. MONEY. Yes, sir, I did say that. That is the priority we have today. I will be honest with you, Congressman. The biggest—in my view, the most urgent thing we need to get to aperiodic is to have some privacy issues worked out with Congress so we can go in and aperiodically look at an individual.

Mr. KUCINICH. I understand that.

Mr. MONEY. Let me give you an example. Every week I go buy gas, I use a credit card. Examining that credit history can be an ongoing thing. So if my account went up or down dramatically at any given time, that could be a red flag. We are not taking advantage of that information technology today that is readily available. The way it works today is they only look at me every 5 years. That can be done a lot more frequently. That is the kind of thing that I would like to work toward.

Mr. KUCINICH. I understand that, and again, I respect that you are trying to do your job. You know, if we put that in the context of the Hanssen case, his credit history did not show any red flags, according to the information that has been offered publicly and in news periodicals such as Time Magazine; and there was, however, some contact that was made in 1985 that would have raised some questions, but did not, and so he was able to somehow escape scrutiny.

I would expect that DSS is going to be working to try to get back to an aperiodic review, because if you do not do that, there are people who are in the system right now, we cannot be confident if there are any security challenges here.

I think most of the people who work for the United States of America are very loyal, dedicated people; and I think the gentlemen who are up here are very dedicated to our country. We still have a system here that notwithstanding your efforts may not be successful because of the design of, and you know, back to Mr. Lieberman, because of the system design; and part of the system design is the resources needed in order to successfully complete these clearances on time.

So I just—look, you know, we are not sitting here in judgment on any of you, because we understand how difficult your job is, but we—I am just concluding as the ranking member here that, gentlemen, there is a mess here; and I know that you are trying your best to clean it up, but you may—we may have to, Mr. Chairman, make some suggestions as to how the system might be reengineered to make it more efficient.

Thank you, Mr. Chairman.

Mr. SHAYS. Thank you.

Thank you very much.

Mr. Money, I am going to ask a few questions. I do not want long answers if that is possible, and then I want to talk about the internal report. I want to know, what is the total personal security investigation [PSI], and the periodic reinvestigation [PR], backlog as of today?

Mr. MONEY. Roughly 434,000 at DSS.

Mr. SHAYS. 430,000?

Mr. MONEY. Put the chart back up. Yes, sir, 434,000.

Mr. SHAYS. OK. And PR?

Mr. MONEY. That is included. PR yet to be submitted?

Mr. SHAYS. Yes.

Mr. MONEY. 317,000. That is that number.

Mr. SHAYS. That is yet to be submitted.

Mr. MONEY. Yes, sir.

Mr. SHAYS. OK. When will the total backlog be in DSS?

Mr. MONEY. I did not hear the question.

Mr. SHAYS. When will the total backlog all be within DSS?

Mr. MONEY. Never, in the context that there is always—if you refer to the backlog of the 317 and the 468, 436, 434, is that the backlog you are referring to, how long will that be in DSS?

Mr. SHAYS. I want to know when it gets transferred over.

Mr. MONEY. There are 2,500 cases a day are coming out of DSS going into the adjudication process.

Mr. SHAYS. That is not what I am asking. I am asking—Mr. Cunningham, do you want to respond? I think——

Mr. CUNNINGHAM. Sir, my understanding of your question is, when will that that is not in DSS arrive in DSS?

Mr. SHAYS. Yes. I did not say it as well as you did. What is the answer to that?

Mr. CUNNINGHAM. I do not know the answer to that.

Mr. MONEY. This is, again, based on where the complements and services will submit them. That should be driven by the date of which a reinvestigation should occur.

Mr. LEONARD. But again, if I could add what the bottom line is, the bottom line is that if, come September 30, 2002, of that 317,000, if there is any more that are out there that have not been submitted to DSS, the services have already been told 2 years in advance, you will have to either administratively terminate that clearance or downgrade it as appropriate. So that is the standard that was established last summer. It is still the standard. It is still what the services are working toward and what they have funded their requirements to.

Mr. SHAYS. I am going to really point out an ignorance here, but—and I am somewhat reluctant because it must really be a big ignorance. Terminating their clearance is their fault or your fault?

Mr. LEONARD. The—part of the—as I mentioned before, part of the many, many reasons why we are in this situation is the disconnect, the historical disconnect between DSS's workload and the budget they were given every year. As a matter of fact, there was no connection. There was no controls over the work that came in and what have you.

Mr. SHAYS. But give me an answer to my question. I understand that.

Mr. LEONARD. OK. So the challenge then to the service is that all you have to do is sit somebody down and have them fill out the form and make sure there is money to pay for that investigation.

Mr. SHAYS. It is their job to have the money to pay for the investigation?

Mr. LEONARD. It is their job to have the money to pay for the investigation, it is their job to sit the person down to fill out the form, and it is their job to send it in.

Mr. SHAYS. But I made the assumption that they are not being brought over to you because you did not have the capability to handle it, and the problem is, they do not have the money appropriated to give it to you. Is that correct?

Mr. LEONARD. Right. And now we gave them a schedule in which to move that work over, and they have established a funding line to fund that work to move over. So that is why the standard is not to have the investigation—I agree, if the standard was the inves-

tigation has to be completed, that is not the service's responsibility. They have no control over it. But they do have control over having the person fill out the form, send it in, and they do have control over paying for it.

Mr. SHAYS. Mr. Lieberman, do you want to jump in here?

Mr. LIEBERMAN. Well, I think——

Mr. SHAYS. Or would you jump in? Thank you.

Mr. LIEBERMAN. Certainly. This data has been moved twice, that I am aware of, and what it means is, there was—some of these requests will not be made until late in fiscal year 2002, and nobody can be sure exactly how many. I guess what the investigative community really fears is that late in 2002 when they think the goal line is in sight, there will be a massive influx of new requests, exceeding any estimate.

Mr. SHAYS. New requests by whom?

Mr. LIEBERMAN. By the hundreds of different offices that make the actual clearance requests.

Mr. SHAYS. OK. Which they have to fund?

Mr. LIEBERMAN. Yes. There are a lot of—there is such intense competition for funds within the Department of Defense right now that there is a budget problem and people are tending to put off anything that can be put off. So one of the down sides of giving them until September 2002 to make all of these clearance requests is that from a budgetary standpoint there is always a tendency to say, well, I do not really have to do this with my 2001 money, which is very scarce; so I will put it off until 2002, and then maybe I will be in better shape funding-wise then.

Mr. SHAYS. I feel like I am in an Alan Greenspan hearing where people are talking in tongues and I have to figure out what they are saying. I almost feel like what you are telling me is that DSS is having to take the hit for other decisions made in other units of DOD.

Mr. LIEBERMAN. Yes.

Mr. SHAYS. And that in a way, we may be having the wrong people come before us. Stop nodding your head, Mr. Money.

Mr. LIEBERMAN. You could indeed have a very large cast of characters sitting here because essentially every organization within the Department of Defense, every military department within the defense agency has a piece of the action here. They are the ones on the front end who decide what clearances are necessary and when they are going to send requests in to DSS.

Mr. SHAYS. I see.

Mr. LIEBERMAN. And they control the paperwork, which is now electronic.

Mr. SHAYS. Right.

Mr. LIEBERMAN. But they are supposed to make sure that is done right so the investigators have the right information to launch the case with, and they have to come up with the money to pay DSS up front for each one of these requests.

Mr. SHAYS. I hear what you are saying, but I would like Mr. Money not to have to—I feel like I am in a game where I am having to try to figure this out.

Why would your testimony not start out—and if it did, excuse me, but why would it not start out by saying, you know, we are

in a gosh darn mess, and this is the problem, and the branches have not been setting aside enough money, and this is the result; and we should be getting these over sooner, and we should be hiring more contractors and whatever to do these investigations. I mean, I feel like—I was thinking that you do not have the capability to manage, and maybe it is a combination of that, manage this process.

Mr. MONEY. Can I help here, I hope?

Mr. SHAYS. Sure.

Mr. MONEY. If you look at this box here, this is nothing to do with DSS, this is the requirement coming in to DSS.

Mr. SHAYS. Well, it has everything to do with DSS. It is what you have not accomplished. What do you mean it has nothing to do with DSS?

Mr. MONEY. Well, it is how many recruits do they recruit in the Army, Navy, Air Force as part of that, do their jobs require.

Mr. SHAYS. That is the inflow of your business?

Mr. MONEY. Yes, sir.

Mr. SHAYS. And those are your customers.

Mr. MONEY. Yes. In the outcome down here, DSS does the investigations; DSS is often accused of not issuing a clearance. The clearances come through the adjudication process. So what Bob Lieberman said and what you are getting at is this is bigger than DSS, the services and agencies that require clearances and so forth.

What I was responding to in the budget sense was what is in this box, not what is up here in the Army, Navy, Air Force and the various agencies.

Mr. SHAYS. It sounds to me like—in one way, it sounds to me like in one way you are not disappointed, because you are not sure you can handle it even if they gave you the money.

Mr. MONEY. No, sir. I do not mean to imply that. I believe we can handle all of this and, in fact, have 500,000 numbers reserve over 2 years based upon what we have in place in DSS and what we will get in place in OPM.

Mr. SHAYS. OK.

Mr. MONEY. Now, admittedly, the 317,000 is believed to be phased based on the dates of reinvestigations, not one lump sum coming in on September 20th, so that there is the assumption of that.

Mr. SHAYS. We are going to just nail this down a little bit better so I understand it. My staff does, but I better understand it better.

All I am trying to say to you is that I—one thing I cannot stand—I mean, I can have people come to me and say, we are doing our best and sometimes they have not done what they should and we do not hit them on it and we just know the next time they are going to do their best to get it done. If we have not provided you the resources, it is crazy for us to condemn you for not doing your job if we have not done ours; but if we are not told up front and direct, and without having to peel away the skin where the problems lie, then I lose my patience a little bit.

I mean it by this way: being a good soldier, I do not like the concept of being a good soldier when it comes to a hearing. If you are taking a hit for someone else, I do not want you to do it, because

then I do not know where the problem is. I just like blunt talk, and then we solve the problem. I will get to that a little bit, what I mean by that in a second.

I am curious to know, the 45 percent in your workload transferred to OPM, does that not give you a tremendous ability to accomplish more? I mean, what has been the impact? We took 45 percent. Admittedly they were not your biggest cases. Right? These were your easier cases, General Cunningham?

Mr. MONEY. No, sir, there are no easier cases when they start it out. It is during the investigation.

Mr. SHAYS. Well, let me clarify. If you have confidential, secret, and top secret, you have different levels of investigation.

Mr. MONEY. There is more investigation that takes place, yes, sir.

Mr. SHAYS. There is some pro forma. I mean, when my daughter worked in an Embassy, she had one level of clearance. I am sure it did not take too long to check her out, at least I hope not. So there are degrees. I am going to have both of you comment. General Cunningham.

Mr. CUNNINGHAM. Sir, if I may comment on the requirements part.

Mr. SHAYS. Let me just explain, General Cunningham has gotten away, I think, more than you have, because he has had two chances to come before me, so no offense to you, so he gets it sooner.

Mr. CUNNINGHAM. Yes, sir. And when we were here before, we talked about the requirements and our working with the military departments who are drivers in this, and trying to get them to put the requirements for security clearances, to develop them from their plans, programs and budgeting in the planning, programming and budgeting system, which is the administration by which they develop their budgets.

What we would seek from the military departments is that they treat security clearances just as they treat requirements for certain types of training, certain types of equipment provision, etc. If that were in place across the future years' defense plan, each year we could all know in the department how much was going to be required; and the resourcing from that programmatic detail could all be put in place, whether it be in DSS or in the adjudication activities or elsewhere.

Furthermore, the military departments could take a look at those numbers and say, do we really want to have that many clearances? Is that the right thing to do?

So I think the military departments are looking at that right now.

If I may just go on for a minute longer.

Mr. SHAYS. Sure.

Mr. CUNNINGHAM. When we think about the industrial security, industrial security is by and large the responsibility of the Defense Security Service to work with the defense industries or those who need to have access.

Mr. SHAYS. You do these clearances?

Mr. CUNNINGHAM. Yes, sir. Yes, sir. But what we are doing now, and we are working in team with industry to understand what

their projections are over a future year's defense plan timeframe, and then we are trying to gear ourselves to understand what is going to be needed every year in industry and also to have a central requirements office to interface between us and industry on these requirements, and also their priorities as they come along.

Mr. SHAYS. What I am trying to ultimately understand as well is, though, we have a backlog, and in a perfect world we follow the backlog, we anticipate a relatively constant flow of customers in and adjudication in. Is that right, Mr. Money?

Mr. MONEY. Yes.

Mr. SHAYS. OK. And we are trying to get to that point, and we have two ways to do it—I mean many ways, but one would be to just spend a plethora of money, hire outside contractors, because I make the assumption outside contractors are convenient in some cases where you do not want to send people in certain areas or where you have this backlog that ultimately disappears, so why hire a lot of employees when later on there will not be that workload. So I see the outside contractors as a big help in getting to the backlog. Let me just make that point.

But in my mind, I would think we would want the branches pushing this through as quickly as possible, because that represents a backlog within their departments. We would want to know what that total universe of backlog was, and we would want to get it right out of the system as quickly as possible, and then we would be current, we would be providing—and we would want to reevaluate who should have access. And you are being asked to do frivolous background checks for people who—when I read the number of people who have top secret clearance and secret clearance, it is pretty significant.

So that is kind of where I am thinking, and I am seeing a lot of nodding of heads, but I do not know what that means.

Mr. MONEY. You are absolutely right. In fact, that is what this plan tries to demonstrate.

Let me point out one thing. The number of outside contractors that are available is very limited. The limiting factor here is the number of investigators, so let us not open the flood gate and put a badge on somebody. They have to have some training and so forth. OPM uses the same investigators as some of these outside contractors are using, so there is a limited set out there. What we try to do in this overall plan with getting to September 2002 is to optimize the best we could with what we have.

Mr. SHAYS. Let me ask you this: At what point will the entire backlog have disappeared?

Mr. MONEY. There will never be an entire backlog disappearing. The plan gets——

Mr. SHAYS. I do not understand that because——

Mr. MONEY. Well, let me help you. There will always be somebody coming in, new recruits, somebody with a 5-year update. So those will all be coming in.

Mr. SHAYS. I do not consider those as backlog. Those would be current. Backlog to me is where you are not keeping current. Maybe somebody needs to define what current is.

Mr. MONEY. Yes, sir. With your definition of backlog, we will be current then in September 2002.

Mr. SHAYS. Am I using a bad definition, Mr. Lieberman?

Mr. LEONARD. Well, let me give you what——

Mr. SHAYS. I want to use the terms you use.

Mr. LEONARD. Right. Let me just make perfectly clear what our definition of current is, because it can be confusing. The definition we are using is that to be current, if you have a security clearance, you have to have an investigation that is within the scope of either 5 or 10 years, or at least be in process for a clearance; and as long as you meet that standard, the continuation of your clearance is in accordance with the national standard.

Mr. SHAYS. How long does the process take? I mean, I guess what I—I just think that you have new people coming in, you have reviews, 5, 10 years, they automatically come in the system, they come in and when should they be out? If Mr. Lieberman has been in and he needs to be reviewed, how long should it take that to happen?

Mr. MONEY. The plan, sir, the plan is after September 2002 there will be 150,000 in work, the average duration at that point will be 60 working days.

Mr. SHAYS. That is your goal, for both new and reviews?

Mr. MONEY. Yes. The 150,000 will be all——

Mr. SHAYS. It is constantly in review and you will have the personnel that you will constantly be able to take and handle 150,000.

Mr. MONEY. For 60 days, yes, sir.

Mr. LEONARD. Just let me clarify—add to what Mr. Money is saying.

Mr. SHAYS. Then, Mr. Lieberman, I am going to ask you to jump. But go ahead, Mr. Leonard.

Mr. LEONARD. What we want to eventually be able to establish within DOD is a process similar to what OPM currently has, and that is with a vast array of options for the customer ranging from very quick investigations, 30 days, all the way up possibly to 180 days. You say under what circumstances is 180 days enough? Well, if somebody is going to a school for 6 months and does not need that clearance until they come out of school, then 180 days is just-in-time investigative work.

So our goal is to eventually be able to perform much the same way OPM does today. We will not be in that position on September 30, 2002 to be able to meet the same standards that OPM does. That is the goal we are striving for. What we will be able to do on September 30th is at the very least be able to ensure that everyone within the Department of Defense who has a clearance either has a current investigation or is in process for one.

Mr. SHAYS. OK. Let me just ask you to comment, Mr. Lieberman, and then I want to talk about the book.

Mr. LIEBERMAN. Well, it is an ambitious plan. To meet that State, to get to that point, we are going to have to have much better information tools in place than we have now. Everything is going to have to go right in terms of fielding new systems; and I know, Mr. Chairman, I have been over here on numerous subjects before you before, and the common theme running through all of them is that we have bad information systems and need something better; and historically, the track record for systems coming in on

time, on schedule and actually being fully functional is not particularly good.

So there is risk there. If the new systems come in on schedule and are fully operational, we do not have anything that remotely looks like the CCMS fiasco, then we will have a fighting chance to get from here to there.

The other thing is enough people, will there never be enough investigators whether they are in OPM or DSS or anyplace else to handle whatever the workload turns out to be.

Mr. LEONARD. If I could just give a blunt point to your earlier point, you referenced 45 percent of the work going to OPM to take the off-load. That was the original plan; and quite frankly, for the first quarter we failed to satisfy that. And what the consequence is——

Mr. SHAYS. And what did you fail doing?

Mr. LEONARD. DSS for the first quarter of this plan received more work than they were intended to and OPM received less work than they were intended to. So the services and the defense agencies did not meet the target submissions that were established for them.

When I mention that we send monthly report cards to the services and do a quarterly get-together with them, those are the very issues that we work with them on.

Now, when I met with the services just several weeks ago on this issue, they said, well, you have to understand, you know, a lot of this is cyclical, a lot of this deals with recruits, we bring recruits in mostly in the summertime. My response to that is answers which have the connotation of "it will all get better next quarter" are unacceptable, because we are almost two quarters into an 8-quarter plan. We are running out of quarters. So that is why we are making the determination that irrespective of what we are told will happen this summer, we will be sending more work to OPM immediately because there is an untapped capacity there; and it is hurting General Cunningham and his folks because they are getting more work than they were intended to, and that sets him back on all his measures.

Mr. SHAYS. Well, there are different points where you could have a log jam; you could have a log jam at the end with the adjudicator just not simply passing on the information.

Just before I go into a line of questions about the internal report, if General Cunningham, all of a sudden all of the branches, all of the different units, everybody just flushed everything right down to you, you could not handle it. Correct?

Mr. CUNNINGHAM. That is correct, sir.

Mr. SHAYS. So you have this kind of yes and no kind of position. You want them to come in, but you do not want too many to come in.

Mr. CUNNINGHAM. Yes, sir. That was the thrust of what I was explaining earlier. It is my view—and I know that Mr. Leonard's staff is doing research on this as well—but it is my view that if the military departments do not include security clearances in their programming process the same way they do everything else, we are doomed to constantly re-creating backlogs.

Mr. SHAYS. Say that one more time.

Mr. CUNNINGHAM. If the military departments do not include security clearances in their programming process as they do everything else——

Mr. SHAYS. Programming process, define that for me.

Mr. CUNNINGHAM. Planning, programming, and budgeting system.

Mr. SHAYS. In other words, they have to make sure they have planned for it, they have budgeted for it——

Mr. CUNNINGHAM. Yes, sir. And it all comes from the four-structure plan and everything derives in programmatic detail.

Mr. SHAYS. We are going to line them all up in a long row, we are going to have tables going way over there, and we are going to have them all come in. I am serious. We are going to have them all come in and respond; and you guys, I am going to allow you to sit right up here and you can face them, and we are going to have an interesting dialog. Maybe it will be a closed hearing, but we are going to do it. We are going to do that if we have to. But I am not sure—now let me just get to this internal——

Mr. MONEY. If I could, sir, today the POM, the planning is in place for all of that to happen. The discipline is, as each year goes along, that money needs to stay for processing clearances, not to go fund something else.

Mr. SHAYS. Yes, and your job will be, Mr. Money—let me just say this very bluntly. As soon as you hear that is not happening, you are to contact our office, and we will have a hearing within a week to find out why there is not that money; and we would work with the appropriators to let them know, this is a disaster, this just continuing to happen. But if you kind of suck it up and you are a good soldier and a loyal servant, then you are loyal to the wrong thing.

Mr. MONEY. Yes, sir.

Mr. SHAYS. I got to get this joke out of my system and then I will never use it again, because it illustrates my feeling. A guy just gets married and he gets his bride on the carriage and they go riding off in a buggy with a horse, and the horse trips and the wife says, that is once. And he looks at her, and then, I changed it a bit, didn't I? And then it happens again: the horse trips again and she turns to her husband and says, that is twice. And then the third time the horse trips, she says, that is three times, and she grabs the gun out of her husband's holster, gets off the carriage and shoots the horse in the head, and her husband screams, what did you do that for, hysterically, and she looks at him and says, that is once.

Now, the challenge is that we have two already, and I would like to strike fear into somebody, because I just feel like Mr. Lieberman is right. He is basically saying you cannot do it.

In this regard, let me talk about the mission degradation which was a report that you asked to be done. I am going to just read one or two parts to this. It says: "the content of this report clearly mandates—" This is the subject, a draft report on status and possible options regarding the conduct of DOD personnel security investigations at PSI, and it is dated February 8.

"The content of this report clearly mandates that bold action—" underlined bold action "—is needed to address current PSI case backlogs. The purpose of this draft report is fourfold: to serve as

a frame of reference for surfacing various options and reactions to organizations both within and outside of the DOD department; B, to be used to further redefine the specific breadth of the situation with those who are performing PSI work for DOD; C, to serve as a think piece for the 22nd of February 01 meeting with DOD senior executives who will be reviewing the progress on balancing PSI funding and workload issues; and D, to present options which DOD uniformly supports as candidates for consideration by the agency."

Then further down in this OPM letter by Richard Williams: "The current inventory of PSI indicates is being worked under the normal budget process. It should be noted to the warfighter, moving these cases through adjudication and final decision will be another challenge! Completed investigations are only part of the issue. What basically affects readiness is when did the case go in, how long is it in the process, and when did it come back to the command or defense contractor? It is hoped that utilization of some of the options have been accepted uniformly by the interagencies can favorably impact the situation."

Then on 15 of appendix 2 it says: "Case completion times for DSS have risen to an average of 441 days for top secret initials and PRs, and an average of 239 days for secret initials and PRs. Moreover, 194,000 of the pending 450,000 investigations which have been submitted to DSS have not been opened."

I mean, this is just—Mr. Lieberman is right, and there will be a third trip of this horse, and someone is going to get shot.

Mr. MONEY. OK. Thank you. That report, in fact, I commissioned.

Mr. SHAYS. Right.

Mr. MONEY. Unfortunately, it was not reviewed; and it is not entirely accurate. You will see it has "draft" on it and so forth, so it was a failing within my office of not having that vetted and made more accurate. But nevertheless——

Mr. SHAYS. No, no, no, I think it is healthy.

Mr. MONEY. That is what I am going to say, nevertheless, let us talk about all of that.

Mr. SHAYS. No, no, not nevertheless, it is healthy.

Mr. MONEY. OK. It would be more healthy if I had it as an accurate document to start with.

Mr. SHAYS. But it would be more helpful if we have not gone through two times where we have had to change numbers.

Mr. MONEY. I am trying to respond to that.

Mr. SHAYS. I understand.

Mr. MONEY. That document was a request that I made on what is happening with the top secret or the SBI-type clearances and as you quoted. Overall, this is the report card coming out of the first quarter, so I want to put this in the perspective of what I do——

Mr. SHAYS. See if you can move your mic down a little bit. Maybe your blowing on it——

Mr. MONEY. I will back off. Can you hear me OK?

Mr. SHAYS. Yes.

Mr. MONEY. I am going to answer your question. That report is specific on top secret SBIs relative to DSS, and what it says it is DOD——

Mr. SHAYS. You can talk a little louder. No, no, leave the mic there, just talk a little louder.

Mr. MONEY. That report is accurate on what it refers to for DSS, but what it is representative of of all of DOD, that is a misrepresentation because it is omitting what OPM has done; and if you will combine the two, you will actually see a 10 percent drop in the period for SCI tickets.

So here is the total report, if you will, not that report, the total first quarter of the plan. It says, the component submitting PR investigation and backlog—it is yellow—and we have already talked about that today. Periodic investigations are coming in, and they are not going into the right spots and so forth.

CCMS, which is the heart of all of this, is getting more stable and better; but it needs a prioritization application program added to it so we can prioritize things, and that is what that report pointed out. That internal report pointed out that we do not have a prioritization within DSS, which is being fixed and will be in place here in April.

The investigative processes, we have talked enough about. There are not enough investigators and so forth; but the vector on that is at least moving in the right direction, as are the first three.

OPM not meeting——

Mr. SHAYS. But not according to the internal report.

Mr. MONEY. Sir, the internal report is only a part of this. This is the whole program here. The internal report is only talking about SBI. This is the entire program here. The top secret clearances, if you will.

Often, the reason that is going the other way is what we are talking about, they are starting to see some investigations slowdowns as their internal work under work-in-progress is increasing, but that is manageable. Adjudications are, in fact, keeping pace. We do have a couple of services, more or less the——

Mr. SHAYS. How long does adjudication take?

Mr. MONEY. Help.

Mr. LEONARD. In some cases, for some of the services, two of the services in particular, if it is a clean case, they can do it in roughly, if I am recalling my times correctly, about 10 to 11 days. Obviously, if due process has to be provided, that is more time consuming.

Mr. SHAYS. Ten days fits into your overall schedule of 60 days? In other words, of the 60 days, 10 days——

Mr. LEONARD. No, those times are investigative times. So these times—this is what Mr. Lieberman was referring to, from a customer's perspective, from the time that request leaves me and goes wherever and gets to the investigator and then goes to the adjudicator and then back to the customer, there is a lot of people who have a piece of that puzzle and a lot of it does not pertain to General Cunningham and his organization.

Mr. SHAYS. Well, that is what I care about. I care about the customer request to the customer getting it back.

Mr. LEONARD. Right.

Mr. SHAYS. How many days is that?

Mr. MONEY. I am told it could be as many as 100 days if there is a lot of issues with that case. Ten days probably if it is a clearance case. So again, that is very——

Mr. LEONARD. But in terms of——

Mr. SHAYS. Let me ask you, who has the overall command of that? You are saying you had a piece? I thought you had a whole and he had a piece.

Mr. MONEY. No, sir, the adjudications go back to the defense and the services agencies.

Mr. SHAYS. Is there one person——

Mr. MONEY. Secretary of Defense is the one person.

Mr. SHAYS. No, that is not good. There is no one person that is following this and is taking charge?

Mr. LEONARD. From a policy perspective, that is my organization, sir. We exercise the policy and oversight over the entire process; and believe it or not, this may sound very basic, but one of the things we did last summer for the first time—and it is very basic and it should have been done long before—we required all of the components to appoint an assistant secretary level, a single person, who would be accountable for the execution of this plan from that component's perspective. So now, at the very least also, we have a go-to person that we can go to. They may not have it all, but they are the focal point, if you will.

Mr. SHAYS. You have people that give it to you and then get it back, that one person?

Mr. LEONARD. That one person will be only at the assistant secretary level for the services or a deputy director level for an agency. So the actual requests come from thousands of people at every camp post and station and ship at sea worldwide. Those are where the requests come from.

Mr. MONEY. From a policy standpoint, then that is us. But from a discussion standpoint, there is no single point until you get to the Secretary of Defense. The Army will adjudicate theirs, the Navy theirs, the Air Force theirs, the defense agencies, and the only place where that all comes from an operational standpoint to one person is the SECDEF.

Mr. SHAYS. Mr. Lieberman, I am looking at you for your body language here. Help me out. Have you done a report that looks at it from the total picture, or have you just primarily focused from their side? In other words——

Mr. LIEBERMAN. We have looked a lot at the adjudication phase and the investigative phase. We have not done a whole lot of work on the front end in determining——

Mr. SHAYS. In determining what has not been given?

Mr. LIEBERMAN. Right, right. So I think between us and GAO and the department's internal reviews over the years, the whole spectrum has been covered by somebody; but it is a very difficult thing to pull together. You squeeze the pipe at one place, and you create a bulge someplace else. So there does need to be for sure a comprehensive womb-to-tomb approach here. It is a tough thing to pull off because so many different organizations own different pieces of the pipeline.

Mr. SHAYS. But your customer, I would think, would want—I mean, I know when we wanted our staff cleared so I could go into a meeting and have a staff person—I am assuming you all do those clearances—and in those cases because we work on a 2-year cycle, I am making an assumption we somehow—you have a process

where we jump ahead, and you have that for others as well. But as a customer, we have to want it bad; and I mean, I would think that your customers would be driving this more than they seem to be. I would think they would not want any in their—if I knew, for instance, my office had requests not yet transmitted to your office, I would be a pretty unhappy camper.

Mr. LIEBERMAN. Could I speak to that? I do run an organization of 1,200 people; so I am a customer, and yes, managers get very frustrated. When DOD did a survey of customer satisfaction of defense agency performance, the last time, DSS got the absolute lowest score of any defense agency in the whole department. Only like 14 percent of the customers said they were happy. Most of the others were up in the 80 and 90's.

Mr. SHAYS. And in some cases, that is not fair to them.

Mr. LIEBERMAN. Exactly. Exactly. People really do not understand where the delay is. Part of that is because we have never had in the Department of Defense good information processes in place so that you could easily find out whatever happened to the request I sent in. And that has been a very basic thing that the department has been working on over the last couple of years. But for a smaller component like ours, we know exactly—well, we drive General Cunningham's people nuts all the time.

Mr. SHAYS. The bottom line is, you have review over them, they are going to want to perform a little better for you, and you are probably going to be able to put yourself ahead of the line.

Mr. LIEBERMAN. Well, I have an aggressive security manager; and I encourage him to be aggressive, and the squeaky wheel gets the grease, yes.

Mr. SHAYS. Could Cunningham say that you sat on some of your requests, or are your requests out pretty quick?

Mr. LIEBERMAN. We are caught up.

Mr. SHAYS. In other words, you do not have any sitting around, lying around. I cannot imagine why any would. Except you have to provide the money for it.

Mr. LIEBERMAN. Yes. But these are not expensive on an individual basis. I mean, we are only talking a couple of thousand dollars here. The budget question only becomes serious when you are talking about some giant component like the Army, which needs to process many, many tens of thousands of clearances as opposed to the few hundred that I have to deal with.

Mr. SHAYS. It is coming back to me, Mr. Cunningham. I remember in some of our other hearings we were talking about people who had been assigned a responsibility who were waiting 6 to 9 months to a year and not able to do their job. So not only are we not providing good security for the people who are already in there and we want them to be reviewed for national security purposes; we have people simply who are hired, paid, and not able to perform. So this is—I just want to make sure, do you agree with this analysis that was being put forward? I frankly did not understand it, but that is not——

Mr. LIEBERMAN. You are referring to the bar chart?

Mr. SHAYS. Yes.

Mr. LIEBERMAN. Could we put it back up?

Mr. SHAYS. Red, yellow, and green are colors I am used to; but they were not defined for me to start with. I have a feeling red is not good.

Mr. LIEBERMAN. Green is good.

Mr. SHAYS. Green is good.

Mr. LIEBERMAN. I think the Air Force invented this process a long time ago. But I think this is a very accurate portrayal of where the process stands in each of the categories that are listed. But I would have two comments on the chart. First of all, this process is sick as long as everything is not green, and we all need to understand that; and that is exactly what this chart says. They have one red element which is an absolute show-stopper, and even though the arrows—most of the arrows are moving to the right, which is the right direction, the question is, how fast can we get from red to green?

Mr. SHAYS. And what you are saying is if you were doing this based on weight, some of these bars would be really thin and the investigative process one would be a broad band. In other words, because that is a much more significant part of this piece?

Mr. LIEBERMAN. Well, they are all significant pieces; but I think all cylinders in this particular engine have to be firing. Any one of them is a show-stopper.

Mr. SHAYS. If any of the adjudication—if any one of those was not working, you have got a problem.

Mr. LIEBERMAN. We would never get to the successful end of the plan.

The one thing that I would add to that chart, going back to General Cunningham's point, there is really no line in there about the planning process and the budgeting process, the resourcing process that needs to be in place to get us from here to there on this particular problem. But I think the arrows moving to the left are not—are cause for concern. Anything moving to the left is cause for concern. Anything that has not moved from red to green is cause for concern.

Mr. SHAYS. I am confessing that I was in a hearing yesterday that was so long and distasteful, and this is so much more fun, but we are going to conclude in a few minutes.

Mr. MONEY. I am glad you are having fun.

Mr. SHAYS. Compared to yesterday.

Mr. MONEY. Everything is relative, I appreciate that.

Probably the security clearances are the most pervasive thing across the entire Department. It is not unusual that there is only one person in charge.

This plan is in fact predicated that the budgets are in place and held there, so we can certainly add another metric; but I will be honest with you, Congressman, Mr. Chairman, it is very difficult to have clarity on that part of a budget in another service or in a Defense agency. That thing can be buried under layer after layer, so ferreting out the money still there is a very difficult task.

Mr. SHAYS. Tell the committee the key players that you think that we need to see, and I will send my staff, and if necessary, I will go to those people and say, this cannot go on. We will go to the appropriators and ask them.

Mr. MONEY. Yes, sir. Clearly this is not the security people in the services and so forth. This is either the head of the agency or the comptroller of that agency.

Mr. SHAYS. Tell me some of the agencies. I would think one of the best things that you have got going for you to speed up the process is that if you are not giving us enough cases to come in, we are going to not have you have clearance—trigger that in a little sooner.

Mr. MONEY. Yes, sir. The only leverage we have is what Bill Leonard said.

Mr. SHAYS. If you do it all at once, they will say that is absurd, but if you phase it in.

Mr. MONEY. You have hit upon an important issue, and that is, it is the responsibility of whoever is issuing the clearance to pay for it for that service.

Mr. SHAYS. Right.

Mr. MONEY. That has been in my view part of the reason the not-to-be, yet-to-be submitted backlog has gone from 500,000 to 300,000; they say maybe I don't need that clearance for that person. I think that has helped.

Mr. SHAYS. How much do they have to pay?

Mr. MONEY. It is roughly $2,500 for a top secret clearance and about $1,000 for a secret clearance on average.

The other thing that you have already got, the watermelon is passing through the snake.

Mr. SHAYS. Just tell me where the head is.

Mr. MONEY. The head is going south.

The adjudication——

Mr. SHAYS. My staff drew a picture of that and I thought, there is no way I am going to describe that. If you want to be risky enough to go through that, feel free.

Mr. MONEY. The watermelon, some are stuck in here and it is passing down the digestive tract. Where the adjudicators are could be the next major milestone, which is totally out of our control.

Mr. SHAYS. I understand.

Mr. LEONARD. I need to make sure that I didn't leave you with a misimpression.

Adjudications are decentralized within a department. Every one of the services does their own. There are about eight or nine activities that do this. Most of the services are keeping up. In one particular case, a service has not kept up.

Mr. SHAYS. Is that Army?

Mr. LEONARD. It is Navy, sir. Frankly, there is a history in terms of why, but they have to rebuild their adjudication facility. The reason that the arrow is going left for adjudications, it is principally because of that one service. Although they have identified a get-well plan and are putting the resources, they need to train these folks. I meet with those folks every few months to review their progress.

Mr. SHAYS. Are they keeping that quiet so their top people do not know about that?

Mr. LEONARD. Up to 6 months ago that may have been the case. But I know in particular in the Navy's case, senior leadership at the highest levels became engaged. They did identify the resources.

They are being plussed up now with both reservists and civil service folks, and the only remaining impediment before they begin to turn around is to train them. There is that senior-level awareness. The single point of contact in the Navy is in the comptroller shop, which is very fortuitous. That simple act of having someone accountable has paid dividends.

Mr. LIEBERMAN. Might I add that we issued an audit report that specifically took the Navy to task for not having updated workload estimates for its adjudicators; and the Navy resisted, but we have had a successful resolution. We are not talking large numbers of people or a lot of dollars here for these adjudication facilities, so it is a real shame if anybody understaffs them, because we are only talking about a dozen or two dozen people in terms of not allowing this to become a clog in the pipeline.

Mr. SHAYS. You were giving me the feeling that we were getting this from hundreds of agencies. Do we only have a few with adjudication issues?

Mr. LEONARD. If a service member is stationed in Korea, for example, he or she literally will have to sit at a computer in Korea, complete that electronic personnel security questionnaire, give it to their local security manager—and there are thousands of those individuals—and it is from them that it goes to DSS or OPM, as appropriate. There is no centralized focal point for the services on the front end. It is when DSS or OPM is done with it that it does go to a central point within the service, namely their adjudication activity, and they are the one who reviews the results and makes the decision whether or not to grant.

Mr. SHAYS. If somebody from FEMA puts in a request, they don't have an adjudicator?

Mr. LEONARD. Within DOD, all of the services have their own adjudication facilities. For Defense agencies such as Mr. Lieberman's, he does not do his own adjudications; they have been centralized under the auspices of Washington headquarters services. They adjudicate for my staff, for Mr. Lieberman's staff.

Mr. SHAYS. So some agencies have someone else who does the adjudication?

Mr. LEONARD. Right. The intel agencies such as DIA, NSA, NRO, they do their own as well.

Mr. SHAYS. OK. I am told there are nine of them?

Mr. LEONARD. Yes, sir. I'm sorry, eight.

Mr. SHAYS. And everyone comes under someone?

Mr. LEONARD. Yes, sir.

Mr. SHAYS. Does Congress come under one of those?

Mr. LEONARD. Washington Headquarters Services does the adjudications for the staffers that DOD are responsible for.

Mr. SHAYS. Let me ask—Mr. Halloran, majority counsel, may have some questions.

Mr. HALLORAN. Thank you.

Mr. Money, could you tell us what you found inaccurate in this report?

Mr. MONEY. Thank you for that opportunity, and I am going to ask Mr. Lieberman to expand on this.

It is represented as DOD wide; it is specifically DSS only. It is represented as more than the SBI-type clearances, but yet it is fo-

cused on that part. I think there are a couple of comments about speed or the magnitude of the issues, the number—is quantity more important than quality. That is clearly not my point of view.

There are several things written that were not vetted. Well-intentioned people wrote it, but they were not vetted through the proper channels so we could get the accuracy. That is what I regretted about having that out before we had that opportunity.

Mr. HALLORAN. I hear spin versus spend. That information is consistent with what went before and not necessarily telling us where we need to go.

Mr. LEONARD. When we were here last September, we reported to the committee that a good part of our plan encompassed off-loading work from DSS to OPM. So, therefore, any assessment of that plan would have to take into account what OPM is doing. And so, for example, for the first quarter OPM did, I believe close to 28,000 investigations for the Department of Defense, and if they were factored into case completion times, for example, what it would have shown is that Department-wide case completion times to include SBIs actually decreased in the first quarter, and decreased by as much as 10 percent.

Not only that on page 10, and I don't want to be picayune, but I want to emphasize that it was a draft report, and as such, did not have an opportunity to get a thorough scrubbing. There is reference on page 10 to the first time in December, input exceeded output, but yet the pending increased. That is a non sequitur.

In reality, the output began exceeding the input back in October, the first month of this plan. Since October 1, for 15 out of the 20 weeks—this is going through the middle of February—for 15 out of the 20 weeks, output exceeded input or 75 percent of the time. As a matter of fact, to date, until the middle of October, output has exceeded input by 17.5 percent, and you don't get that by reading the report.

So that is—it is unfortunate that it is incomplete because when people look at it, it is interpreted as the state of the Department's plan, but yet by the fact that our plan is all-encompassing, as that report card has indicated, it gives the impression that Department-wide the plan is not going in the right direction.

Don't get me wrong. I am not saying that we are where we want to be. We recognize that we are not on a glide path, so from that point of view, the fundamental thing you get out of that report is accurate. And we are very mindful of that and we are focused on that.

Mr. SHAYS. Let me interrupt. That statement is an incredible statement because it backs up what Mr. Lieberman has said. You said the basic thrust of the report is right?

Mr. LEONARD. Right.

Mr. SHAYS. The glide path is not where you want it to be?

Mr. LEONARD. Everything would need to be green to get to where we want to be, and we are not and we are working like the dickens to get there.

Mr. SHAYS. Working like the dickens. One thing that you all have convinced me of, you are working like the dickens, but I dread a hearing 4 months or 5 months from now where we are going to

be saying the same thing. I dread that, and I think that is where we are headed, sadly.

Mr. MONEY. If I can say, I don't dread that. I think you ought to call one.

Mr. SHAYS. It is already on the calendar. But I dread coming and have nice people who are working hard tell me the same bad story, because it is.

Mr. MONEY. I want results, and in what we outlined for you in the written statement, there are some other things that we need your help on. Getting—DSS getting the same priority, getting local and State governments to give them data as if the FBI wrote them would help them. They no longer have any more advantage over Wal-Mart or McDonald's coming in when they do an investigation for a new employee. It is that kind of help that we need.

Mr. SHAYS. We are going to ask the four of you to come sit with majority and minority staff, and you map out how we can be helpful to the other agencies.

Mr. HALLORAN. If you look at pages 5 and 6 of the report, initial top secret and top secret periodic investigations, are those characterizations of the data at the time rendered accurate, and what are we to make of them in terms of the capacity of DSS to meet its plan?

Mr. LEONARD. With respect to how they pertain to DSS, yes, sir, they are accurate.

Mr. MONEY. When they take that and extrapolate, that is the entire department going through mission degradation; when they omit the other part, that is the misrepresentation.

Mr. HALLORAN. I understand that. I didn't read it to characterize the Department.

Mr. MONEY. It says on the front the function of the whole Department.

Mr. HALLORAN. Our concern here is the capacity of DSS to handle the mission given to it, and giving OPM more cases is an option and giving them more complex cases is an option, I understand. But for purposes of this, and understanding when DSS is meant to do the job without OPM help, what does this tell us? Why are case-processing times getting longer?

Mr. LEONARD. One of the fundamental problems that we have in the first quarter, and one of the things that is getting in the way of General Cunningham and his folks doing his job, he is getting work since the first of October that he was not intended to. We have to work with the services. Sometimes it is as simple as people following instructions.

Mr. HALLORAN. Are those the cases that are causing longer case-processing times, though?

Mr. LEONARD. It does not help. Just like there is no one single silver bullet that will resolve this, there is no one factor that is causing the problem. Certainly for—DSS getting more cases than it was intended for them to get does not help.

Mr. HALLORAN. It may help their throughput if they are getting the easy ones.

Mr. LEONARD. This reference to "easy ones," I am not too sure what that means. When you look at this from a readiness point of view, people say your output exceeds your input for the first quar-

ter, but it is the easy ones. Those easy ones deal principally with recruits who are waiting to go to advanced training. If they do not have their tickets in place, that is a readiness issue. That is as much a——

Mr. HALLORAN. But if you analyze those cases, the likelihood is that they would take less time; isn't that correct?

General CUNNINGHAM. I think it is important to understand that the so-called "easy cases" in our situation would be the 600 a day that we would get from the entrants command. The one thing that has stayed very close to schedule is that part. So those that are over tend to be the more difficult work. We are not whining about that, it is just a fact that it does have an impact.

Mr. HALLORAN. Is it your testimony that you have some basis to conclude that the cases that you are getting, that you should be getting, that should be going to OPM, are in some measure the cause of your average case processing time going up?

General CUNNINGHAM. Statistically, yes.

Mr. HALLORAN. By volume or by type of case?

General CUNNINGHAM. Both.

Mr. MONEY. There is another point that is being missed.

There is the lack in CCMS to do a prioritization. That is being fixed as another add-on to the software in April that will wash through the system, so by August there will not be this accumulation of 188,000 cases which have not worked their way through. So the prioritization will help the services once they prioritize. It will help General Cunningham process those cases first or second or third, or whatever the right order is.

Mr. HALLORAN. We had a discussion at a prior hearing about the prioritization algorithm. How does that stand?

General CUNNINGHAM. It is in use. It is primarily employed in routing work to contractors so that we try to give them the cases that are least likely to have trouble.

Mr. HALLORAN. One more line of questioning here, which is on investigative standards.

Some of the suggestions contained, the discussion time contained in appendices to the report we are discussing here, suggest an exemption or relaxation of investigative standards which would limit transferability of clearances, such as the increased use of interim clearances or a new category of cases closed pending which would not have to be adjudicated twice and might not be transferable to another agency complying with the interagency agreements.

Could you address that issue?

Mr. MONEY. I think that is a very good point. The use of interim clearances, to date, has been very useful, and national security has not suffered. Let me give you a statistic.

We had issued 6,800 and something, so permit me to round that off to 7,000 interim clearances, only SCI. Of those, while the interim was issued, 25 out of 7,000 were then revoked; 22 of those, the person was still a student so actually caused no national security. There were 3 cases out of 7,000 by observation and so forth that didn't create a problem. I think that is a very low number. Therefore, it is risk management.

One of the things that we are trying to do now is do more interim clearances so we can eliminate more of this problem. This is

in addition to the aperiodic business that we talked about. So there are some other things.

The other one that could help the most is if you could lift or eliminate the cap on doing counterintelligence polygraphs where a cap today is 5,000 a year, we would like to do more than that. That would speed up the process.

Mr. SHAYS. I don't understand that. Explain that.

Mr. LEONARD. DOD, since the late 1980's, has been under a congressionally imposed cap that limits us to more than 5,000 CI-scope polygraph investigations. These are screening investigations, not if you have an issue to investigate. We are limited to more than 5,000. We apply this judiciously to our most sensitive programs.

Mr. SHAYS. How would that help?

Mr. LEONARD. Basically it would allow us, for sensitive—for your most sensitive programs, you are less willing to grant interims based solely on the records checks and things on those lines. A CI-scope polygraph examination, while not a silver bullet, will give you more of a foundation upon which to make the judgment, is it an acceptable risk to grant this person interim access to sensitive information.

Mr. MONEY. In addition to that, I would like to have polygraphs applied to the investigators that are clearing an immense number of people. General Cunningham has requested to have 300 of his employees randomly polygraphed continuously. That bumps up against this 5,000 cap. If that cap got lifted, we could speed up a lot of interims with a higher degree of confidence.

Mr. SHAYS. Thank you, Mr. Halloran.

Does minority counsel have any questions?

I will just ask a question. In your statement, Mr. Money, you say—and I would like to ask Mr. Lieberman to respond—Mr. Money, you state you need automated access to State and local government history records akin to that provided to law enforcement agencies.

I want to know, why would this be necessary to do the job? Why do you think this would be helpful? Is this needed to do the job?

Mr. LIEBERMAN. This is the first I have heard about it, Mr. Chairman. I don't know enough about it to give you any substantive input other than to say, from what I heard from some of the remarks earlier, apparently we are having trouble getting information from local police records that we need in order to complete investigations. So if that coordination problem can be fixed in some way, it would help DSS and OPM do their investigations faster.

Mr. SHAYS. Mr. Leonard.

Mr. LEONARD. Actually the Congress has helped us in the past in this regard. There has been quite a bit of investment, as I am sure you are aware, in automating local and State criminal history records; and much has been done to facilitate our access to those records.

The one problem that we have is that we cannot access those records using only a name and identifier like a Social Security number. We have to submit fingerprint cards, which is a time-consuming and expensive process. In those instances where we cannot access their automated records, we literally have to send an agent

out, put shoe leather on the ground, go to the local police office, local sheriff's office, and stand in line.

Mr. SHAYS. How could you do it if——

Mr. LEONARD. We would like to be able to do it without human intervention; and through the automated data base that General Cunningham has, we have to do local records checks wherever somebody has lived, worked or gone to school. All of that information is on the personnel history statement. The computer could send out requests.

Mr. SHAYS. Is that done by other agencies?

Mr. LEONARD. Other agencies have the same difficulty we do. Law enforcement agencies can access this information using names and identifiers. We are required to provide fingerprint cards. And from the State and local law enforcement agencies, if they give information on Bill Leonard, they want to make sure that it is the Bill Leonard that I am interested in.

Our response to that is, we have a very elaborate due process procedure, and we never take action against somebody based on information only from a record. If there is confusion of identification, we are sure that would come out.

Mr. SHAYS. If someone is asking for a clearance, they should be willing to have their records checked. There may be more to that story.

I would like you to think over the weekend and maybe have a meeting next week with my staff as to specific things we could do to help this cause because the work you are doing is important. This is a gigantic issue, and maybe we can be helpful.

Mr. LEONARD. Thank you, sir.

Mr. SHAYS. I would like, Mr. Lieberman, for you to be involved in that as well.

Mr. LIEBERMAN. I would be pleased to.

Mr. SHAYS. Is there any comment that any of you would like to make? Any question that we should have asked that you were geared to answer?

Thank you all. I thank all four of you. This hearing is closed.

[Whereupon, at 12:30 p.m., the subcommittee was adjourned.]

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