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BEFORE THE
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SUBCOMMITTEE ON INTELLIGENCE COMMUNITY MANAGEMENT

OPEN HEARING ON SECURITY CLEARANCE REFORM

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Chairwoman Eshoo and Ranking Member Issa, distinguished Members of the Subcommittee: Thank you for the opportunity to update the Committee on the status of our efforts to reform and ultimately transform the U.S. Government's security clearance and suitability processes. As we noted at this Committee's hearing in February 2008, the importance of our project was underscored when the President issued a memorandum acknowledging the work of our Joint Team, directing that we submit an initial reform proposal to achieve the goal of making hiring and clearing decisions more quickly, effectively and efficiently. On April 30, 2008, the champions of the Joint Reform effort - DNI, DoD, OPM and OMB - submitted their plan to the President proposing a design that manages these processes from an enterprise end-to-end perspective. This transformed process will employ updated standards, methods, tools, and technologies to ensure effective and efficient performance across the U.S. government

Based on analysis by the Joint Team, the administration has adopted and is pursuing implementation of a strategy that will fundamentally change the way we make determinations relative to access to classified information or suitability for employment. This transformed process includes the following key elements:

- More relevant information is collected and validated at the beginning of the process, using the electronic application, automated record checks, and an enhanced subject interview.
- Automation is used to make the process faster, reduce manual activity and leverage additional data resources.
- Field investigative activity is focused to collect and validate only targeted information resulting from the application, automated record checks, and an enhanced subject interview.
- Risk decisions will rely on modern analytic methods rather than personnel security practices that avoid risk.
- Relevant data is better used for subsequent hiring or clearing decision, reducing duplication of requests and ensuring consistent quality and standards.

- Continuous evaluation techniques replace periodic reinvestigations, utilizing more frequent automated database checks to identify security relevant issues among already cleared personnel permitting targeted resolution of cases as issues arise.

The primary innovation driving the transformation, and critical to its ultimate success, is the use of proven technologies to significantly improve processing times. The new processes will leverage the use of modern investigative tools, an end to end information management system, an enlightened risk management philosophy, and efficient, standardized business practices. While the Team is working a number of near-term improvements that we detail below, it is important to note that end-to-end transformation across the entire government will take time, resources and concerted efforts of all implementing agencies.

We would like to note that since the Joint Team's inception, the DNI-DoD partnership has provided critical senior leadership, alongside OMB Deputy Director Clay Johnson and former OPM Director Springer. The Intelligence Community's best security practices and Defense's business transformation practices have proven a catalyst for change. Over the past few years, the DoD has built a strong foundation of agile business practices and management that ably supports the war fighter and provides transparent accountability to the taxpayer. Under the direction of the Deputy Secretary of Defense, Gordon England, the senior leadership of the Department has been engaged and accountable for the performance of business operations. As part of these larger business transformation efforts, the Deputy Secretary identified Continuous Process Improvement (CPI)/Lean Six Sigma (LSS) as a management best practice. In identifying clearance reform as a Top 25 Transformation Priority, he charged the Office of Business Transformation, which oversees the enterprise implementation of CPI/LSS, to apply this rigorous methodology to the challenge of clearance reform. Similarly, the DNI's inclusion of clearance reform in his 500 Day Plan signals the fundamental importance of this effort and the

commitment of the Intelligence Community to satisfying the long-standing need to improve this process.

With that as background we would like to provide details of specific action taken to implement elements of reform.

The Joint Team recommended, and the President has put into place, a Federal-wide governance structure that ensures that future clearing and hiring decision processes are effectively coordinated. The newly published Executive Order (E.O.) 13467 creates a Performance Accountability Council (PAC), chaired by the OMB's Deputy Director for Management and accountable to the President for achieving the reform goals. A key goal of the governance structure is to ensure that momentum created during the first few phases of this reform effort continues into the next administration.

The reallocation of clearance reform responsibilities under the new E.O. affects ongoing reform efforts by:

- Establishing a single authority to drive reform efforts to implementation and resolve alignment issues between security and suitability processes;
- Clearly establishing accountability for performance measurement and management, thereby ensuring that clearance reform continues to address the timeliness and quality goals established by the Intelligence Reform and Terrorism Prevention Act (IRTPA) and any additional measures established by the PAC;
- Ensuring appropriate coordination between all agency personnel security efforts to promote consistency, efficiency and effectiveness. This increased coordination will serve one of the primary goals of the reform team – reciprocal recognition of security clearances. Indeed, with regard to reciprocity, the Joint Team is also exploring the potential advantages

of reciprocal recognition of non-clearance “fitness” determinations that use similar investigation and decision processes.

Although the E.O. holds the PAC accountable to achieve the goals of reform, it also designated two “executive agents” – one for suitability and the other for security clearance matters – to focus and drive Executive Branch efforts. The E.O. designates the Director of National Intelligence (DNI) as the Security Executive Agent and affirms the Director of OPM’s role as Suitability Executive Agent.

The DNI, as Security Executive Agent, will execute consolidated security clearance responsibilities that were previously spread out among several members of the security community. Additionally, the E.O. gave the DNI authority to approve investigative standards, adjudicative guidelines, and other related standards for security clearances--all responsibilities that were formerly approved only by the President in consult with the National Security Advisor. This provision will enable the system to change its standards and practices with greater agility, a key need of the reform effort.

Beyond establishing the governance structure, the Joint Team is executing a number of near term improvements that will help alleviate current impediments to timely security and suitability processing, while incrementally adding capabilities of the transformed process to the current baseline. These include:

- Developing the next-generation application that collects more relevant applicant information at the beginning of the process. Necessary policy changes are under way to permit use of this dynamic, web-based tool. Additionally, we are gathering information technology requirements to ensure its successful implementation and integration with existing systems.

- Initiating use of automated adjudication of “clean” SECRET case files (those investigations where no actionable issues are present) to significantly free-up human resources to focus on more complex cases. Select populations that have the technology to employ this innovation will be online by the end of the year. The enterprise information technology strategy will address the means to deploy this capability to others in the Executive Branch.
- Developing automated record check capabilities for use in initial cases as well as to enable implementation of continuous evaluation as the replacement for today’s periodic reinvestigations. Studies comparing the effectiveness of this collection mechanism with existing methods are drawing to a close. Recommendations to amend traditional investigative methods are being coordinated now.
- Developing an information technology strategy to enable these improvements government-wide. As part of our December report to the President, the strategy will seek to align existing system modernization plans to the technology needs of the transformed process. Having completed an assessment of systems in use today, the Joint Team is currently performing an end-to-end technology demonstration that will inform plans to migrate to new or improved systems in the future.

We are aware of and welcome the Committee’s interest in the Government Accountability Office’s (GAO) recommendations for clearance reform. We are familiar with GAO’s prior work in this area and are encouraged by the attention GAO has given the Joint Team’s April Report, including their suggestions for our work going forward. GAO identified four best practices for the clearance reform effort: (1) establishing a coherent mission and

integrating strategic goals to guide the transformation; (2) focus on key sets of principles and priorities at the outset; (3) set implementation goals and timeline to build momentum and show progress from outset; (4) establish a communication strategy to create shared expectations and report related progress. We consider these to be valuable recommendations and feel that our work to date and indeed our December Report, will reflect their inclusion in the Joint Team's approach. We also anticipate the benefits of GAO's review of our ongoing efforts, as we are committed to the goals of reform and take seriously all opportunities to improve.

Chairwoman Eshoo, thank you for the opportunity to continue our dialogue on this important government-wide project. We are deeply committed to maintaining our course of action during the rest of this year and into 2009 to ensure the effective, efficient and timely completion of suitability and security clearance reform. Our challenges are immense but we remain resolute in our determination and dedication to achieve our transformation goals. We are confident our Joint Team efforts are heading in the right direction and that the governance structure we have put in place will ensure that our efforts continue into the next administration.