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August 19, 2005

The Honorable George V. Voinovich
Chairman, Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

Dear Senator Voinovich:

Subject: *Questions for the Record Related to DOD's Personnel Security Clearance Program*

On June 28, 2005, I testified before your Subcommittee at a hearing on "Access Delayed: Fixing the Security Clearance Process."¹ This letter responds to your request that I provide answers to Senator Frank R. Lautenberg's questions for the record. The questions, along with my responses follow.

1. Your 2004 report recommended that the Department of Defense (DOD) work closely with the Office of Personnel Management (OPM) to design and implement a plan for getting rid of clearance backlogs and delays. To your knowledge, what progress has DOD made on this?

GAO is unaware of any progress that DOD has made toward implementing our May 2004 recommendation to "develop and implement an integrated, comprehensive management plan to eliminate the backlog, reduce the delays in conducting investigations and determining eligibility for security clearances, and overcome the impediments that could allow such problems to recur." Information supplied by DOD as part of a required follow-up action on all GAO recommendations lists a few actions, but nothing is mentioned about developing an integrative approach that incorporates objectives and outcome-related goals, sets priorities, identifies resources, establishes performance measures, and provides milestones for permanently eliminating the backlog and reducing delays.

¹ GAO, *DOD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges That Led to GAO's High-Risk Designation*, [GAO-05-842T](#) (Washington, D.C.: June 28, 2005).

On June 17, 2005, the Deputy Director of Management at the Office of Management and Budget (OMB) announced that OMB would work with agencies to set clear and aggressive milestones for reducing risk in each area that GAO had designated high risk. On July 12, 2005, shortly after this Subcommittee's hearings, GAO officials met with OMB's Deputy Director for Management, Clay Johnson, and his staff to discuss DOD's personnel security clearance program, the clearance backlog, and impediments to timely, high-quality clearances. Among other things, Mr. Johnson indicated that (1) OMB staff would work with DOD and OPM to develop preliminary milestones and metrics for correcting problems associated with the program and (2) GAO would be asked to comment on that information in August or September 2005.

2. Based on your analysis, how much money do you think has been wasted due to lengthy security clearance processes, when employees come into work but cannot participate in substantive assignments until cleared?

GAO does not have an up-to-date estimate of the costs resulting from delays in determining eligibility for a personnel security clearance. However, our February 2004 report documents some past estimates as well as cost-related considerations that apply today.² For example, we noted that in our 1981 report, we estimated the DOD investigative backlog could cost nearly \$1 billion per year in lost productivity.³ More than a decade later, the Joint Security Commission report noted that the costs directly attributable to investigative delays in fiscal year 1994 could be as high as several billion dollars because workers were unable to perform their jobs while awaiting a clearance.⁴

In addition to the costs associated with delays in employees being able to start classified work, our February 2004 report also documented other types of costs that have been cited by industry personnel.⁵ Representatives from one company with \$1 billion per year in sales stated that their company offers a \$10,000 bonus to employees for each person recruited who already has a security clearance. Such operating costs are then passed on to government customers in the form of higher bids for contracts. In turn, the recruit's former company may need to back-fill a position, as well as possibly settle for a lower level of contract performance while a new employee is found, obtains a clearance, and learns the former employee's job. Also, industry representatives discussed instances where their companies gave hiring

² GAO, *DOD Personnel Clearances: DOD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size*, [GAO-04-344](#) (Washington, D.C.: Feb. 9, 2004).

³ GAO, *Faster Processing of DOD Personnel Security Clearances Could Avoid Millions in Losses*, [GAO/GGD-81-105](#) (Washington, D.C.: Sept. 15, 1981).

⁴ Joint Security Commission, *Redefining Security: A Report to the Secretary of Defense and the Director of Central Intelligence*, Chapter 4, Personnel Security—The First and Best Defense (Washington, D.C.: Feb. 28, 1994).

⁵ [GAO-04-344](#).

preference to personnel who could do the job but were less qualified than others who did not possess a clearance. The chair of the interagency Personnel Security Working Group noted that a company might hire an employee and begin paying that individual, but not assign any work to the individual until a clearance is obtained. The head of the interagency group additionally noted that commands, agencies, and industry might incur lost-opportunity costs if the individual chooses to work somewhere else rather than wait to get the clearance before beginning work.

If you or other members of the Subcommittee have any additional questions about DOD's personnel security clearance program, please contact me at (202) 512-5559 or stewartd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this correspondence. GAO staff who made major contributions to this correspondence are listed in the enclosure.

Sincerely yours,

A handwritten signature in black ink that reads "Derek B. Stewart". The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke extending from the end of the name.

Derek B. Stewart
Director, Defense Capabilities and
Management

Enclosure

Enclosure

GAO Contact and Staff Acknowledgments

GAO Contact	Derek B. Stewart (202) 512-5559 or stewartd@gao.gov
Acknowledgments	In addition to the contact above, Jack E. Edwards, Assistant Director, and Mark A. Pross made key contributions to this correspondence.

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