

*Personnel Security Investigations  
for Industry and the National  
Industrial Security Program*

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**Annual Report to Congress on  
Personnel Security Investigations  
for Industry and the National  
Industrial Security Program**

**U.S. Department of Defense**

**February 2009**



**Annual Report to Congress on  
Personnel Security Investigations (PSI) for Industry and  
the National Industrial Security Program**

This report complies with Section 347 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364), which requires the Secretary of Defense to include in the budget justification documents submitted to Congress in support of the President's budget for the Department of Defense for each fiscal year, a report on the future requirements of the Department of Defense with respect to the Personnel Security Investigations for Industry and the National Industrial Security Program of the Defense Security Service. This is the second annual report, updating the information in the first annual report submitted on August 20, 2007. The data in this report, provided by the Office of Personnel Management (OPM), cannot be validated by DoD.

**Section I: The Funding Requirements of the Personnel Security Clearance Investigation Program and the Ability of the Secretary of Defense to Fund the Program.**

The DoD FY07 cost for Personnel Security Investigations for Industry (PSI-I) was \$179 million. The Department has funded \$233.1 million for PSI-I in FY08, and \$238 million for FY09 PSI-I requirements. This funding is sufficient to meet the projected requirements for both fiscal years.

Industry PSIs are centrally funded through Operations and Maintenance funds, Defense-wide.

## Section II: The Size of the Industry Personnel Security Clearance Investigation Process Backlog

The following OPM data depicts open DoD industrial cases pending for 90 days or more in successive 30-day increments. As of November 3, 2007, 42 percent of DoD National Industrial Security Program (NISP) cases in OPM's inventory are more than 90 days old. Out of 42,128 initial cases, 14,601 cases are more than 90 days old and of 18,696 periodic reinvestigation cases, 6,595 are more than 180 days old.

### Pending Cases Report<sup>1</sup> Pending Cases as of Nov. 3, 2007 for Initials Pending Industry Case Age (Days) (Includes not scheduled)

<u>Case Type</u>	<u>Total Pending</u>	<u>91-120</u>	<u>121-150</u>	<u>151-180</u>	<u>181-210</u>	<u>211-240</u>	<u>241-270</u>	<u>271-300</u>	<u>301-330</u>	<u>331-360</u>	<u>&gt;360</u>	<u>Total Cases 90 days or More</u>
Standard SSBI <sup>2</sup>	13,203	936	436	313	183	154	146	76	47	44	4,489	6,824
NACL <sup>3</sup>	28,925	2,628	1,601	911	554	488	543	243	186	155	468	7,777
<b><u>Totals</u></b>	<b><u>42,128</u></b>	<b><u>3,564</u></b>	<b><u>2,037</u></b>	<b><u>1,224</u></b>	<b><u>737</u></b>	<b><u>642</u></b>	<b><u>689</u></b>	<b><u>319</u></b>	<b><u>233</u></b>	<b><u>199</u></b>	<b><u>4,957</u></b>	<b><u>14,601</u></b>

<sup>1</sup> Data Source OPM, Pending Case Report

<sup>2</sup> SSBI – Single Scope Background Investigations are for Top Secret Clearances

<sup>3</sup> NACL – National Agency Check, with Local and Credit Check Investigation for Initial Secret Clearances and Periodic Reinvestigations for Secret Clearances

**Pending Cases as of Nov. 3, 2007 for Periodic Reinvestigations  
Pending Industry Case Age (Days) (Includes not scheduled)**

<u>Case Type</u>	<u>Total Pending</u>	<u>181-210</u>	<u>211-240</u>	<u>241-270</u>	<u>271-300</u>	<u>301-330</u>	<u>331-360</u>	<u>&gt;360</u>	<u>Total Cases 90 days or More</u>
SSBI-PR <sup>4</sup>	11,341	708	682	675	535	519	554	1,437	5,110
Phased PR <sup>5</sup>	7,355	300	264	266	115	63	86	393	1,487
<u>Totals</u>	<u>18,696</u>	<u>1,008</u>	<u>946</u>	<u>941</u>	<u>650</u>	<u>582</u>	<u>640</u>	<u>1,830</u>	<u>6,595</u>

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<sup>4</sup> SSBI-PR – Single Scope Background Investigation for Periodic Re-evaluation for Top Secret Clearances

<sup>5</sup> Phased-PR – is a streamlined investigation used for cases where derogatory information is not present and is for re-evaluation for Top Secret Clearances

### **Section III: The Length of the Average Delay for an Individual Case Pending in the Personnel Security Clearance Investigation Process**

In October 2007, the National Industrial Security Program Policy Advisory Committee (NISPPAC) Ad Hoc Working Group, consisting of members from Industry, OPM, DSS and the Information Security Oversight Office, compiled “end-to-end” processing time metrics for Top Secret and Secret investigations for completed PSI-Is. Below are the monthly process timelines for closed cases, by case type, for the period April 2007 through September 2007.

#### **FY 2007 Sub-Step Timeliness – Closed Cases\* Averages (Days)**

<b><u>Sub-Step</u></b>	<b><u>SSBI</u></b>	<b><u>NACLCL</u></b>	<b><u>SSBI PR</u></b>
<b>Industry Prep</b>	<b>21</b>	<b>20</b>	<b>23</b>
<b>DISCO Open</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>OPM Open</b>	<b>21</b>	<b>15</b>	<b>19</b>
<b>OPM Invest</b>	<b>196</b>	<b>123</b>	<b>306</b>
<b>Mail to DISCO</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Adjudication</b>	<b>56</b>	<b>54</b>	<b>79</b>
<b><u>TOTAL</u></b>	<b><u>311</u></b>	<b><u>229</u></b>	<b><u>444</u></b>

As OPM reduces the backlog of older investigations, a temporary increase in the average investigative and adjudication time has occurred. An increase in the number of completed investigations lengthens the time the investigation is at adjudication facilities as the static number of adjudicators struggle to meet the increased workload. Both investigation time and adjudication time should decrease as the older pending caseload is reduced over the next several months.

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\* Pending (open) case data not available at time of publication

**Section IV: Any Progress Made by the Secretary of Defense During the 12 months Preceding the Date on Which the Report is Submitted Toward Implementing Planned Changes in the Personnel Security Clearance Investigation Process.**

On June 18, 2007, the office of the Under Secretary of Defense (Intelligence) and the Director of National Intelligence (DNI) formed the Joint Security Clearance Process Reform Team (known as the Tiger Team) to execute a personnel security clearance reform initiative that will re-engineer the personnel security investigation process through streamlining and automation. The team will begin demonstrating the feasibility of the proposed reformed process in March 2008.

On August 15, 2007, the Department of the Army began demonstrating the use of electronic delivery of PSI results from OPM to their adjudicative facility. The Army Clearance Adjudication Tracking System (CATS) processes the electronic reports and assists in the work flow to the adjudicators. The Department is collecting and analyzing efficiency metrics to determine the benefit of Department-wide implementation.

In August 2007, the Under Secretary of Defense (Intelligence) directed DSS to act as the central operational manager for DoD security clearance issues. To meet this requirement, DSS received \$10.9 million in funding and 20 government civilian positions to establish the Clearance Oversight Office (COO) and the Clearance Liaison Office (CLO). The COO is responsible for developing and implementing DoD PSI workload projections, monitoring PSI funding, resolving billing issues, and working with OPM on metrics. The COO will be fully operational by the end of FY08. The CLO will continue to work with DoD components and OPM to resolve issues that arise during the clearance process, gathering quality metrics, and streamlining the current process. Additionally, the COO and the CLO will assist the Department in transitioning from the current clearance process to new processes that may result from the joint DoD DNI Tiger Team effort.

In November, 2007, DSS posted expansive training materials on its web site to enable cleared contractors to submit complete, accurate e-QIPs, to reduce the rejection rate. In the third quarter of FY08, DSS and OPM will deploy an electronic fingerprint capability for the Department, which will further reduce the rejection rate and improve investigative timelines.

DSS, working in conjunction with Office of the Deputy Under Secretary of Defense for Counterintelligence and Security (CI&S) and Personnel Security Research Center (PERSEREC), is assessing a quality rating tool to measure whether investigations meet the scope requirements of the national investigative standards and whether issues known at case opening or developed during a PSI are resolved before case closing. This quality review will ensure investigations provide the adjudicator with sufficient information to make informed security decisions. It will also address the Government Accountability Office (GAO) recommendations



concerning quality metrics, ultimately contributing to removing the DoD personnel security clearance program from the GAO “High Risk” program (GAO, 1999; 2000; GAO 2005, 2007).

During FY07 the backlog of DoD and DSS investigative files that the Department owed to OPM was reduced from 36,000 to less than 400, decreasing the OPM investigative timelines and the overall security clearance timelines.

The Defense Industrial Security Clearance Office (DISCO) continues to strive to meet the adjudication timeline goals established in the Intelligence Reform and Terrorism Prevention Act (IRTPA):

(1) For FY07, the fastest 80 percent of adjudications measured under IRTPA were completed in an average of 23 days vice the 30 day goal.

(2) DISCO increased adjudications that are measured by IRTPA from 94,591 in FY06 to 111,415 in FY07, an 18 percent increase.

(3) DISCO increased total clearance adjudications for eligibility by over 12,000 cases to 139,345 in FY07 versus 126,954 in FY06. DISCO also increased the number of interim clearances granted to 82,550 in FY07, compared to 77,013 interim clearances in FY06.

**Number of Clearances issued by DISCO**

<u>Year</u>	<u>Top Secret</u>	<u>Secret</u>	<u>Confidential</u>
<b>FY07</b>	40,494	98,909	4
<b>FY06</b>	34,098	92,980	0
<b>FY05</b>	34,512	73,306	528

During the second half of FY07, DSS partnered with PERSEREC to improve the design, business processes and statistical analysis for collecting and validating survey data thereby improving the predictive accuracy of its annual PSI Survey of cleared contractors. As a result, the FY07 projections for industry investigative requirements were within the 5% mandated goal. Recent progress includes:

(1) fielding an FY07 online application for collecting industry personnel security investigation survey data. The data collected represented 70 percent of the cleared contractor facilities (an increase of 19 percentage points), and represented 86 percent of the cleared contractor population;

(2) assisting the largest cleared facilities in using improved methods for aggregating and estimating corporate-wide personnel security investigation requirements;

(3) incorporating into its annual survey non-DoD National Industrial Security Program PSI-I requirements and acquisition program data; and,

(4) working with the Business Transformation Agency (BTA) to ensure that critical cleared contractor data is included in the planned Defense Information Security System (DISS), currently under development at BTA.

**SECTION V: Determination by the Secretary of Defense of whether the Personnel Security Clearance Investigation Process has Improved During the 12 months Preceding the Date of the Report**

The Department is committed to working with Congress in its efforts to improve the personnel security process. The Office of the Under Secretary of Defense for Intelligence, the Office of the Deputy Under Secretary of Defense for Counterintelligence and Security, and the Defense Security Service Director and senior management team, are actively assessing the personnel security program from end-to-end, and working with the DoD/DNI Tiger Team in proposing changes necessary to overhaul and streamline the program.

As reflected in this document, the Department of Defense has made improvements in the funding and management of its PSI process. The Department will work toward making more significant improvements in the future.

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