

**QUESTIONS FOR THE RECORD
DIRECTOR CHARLES PHALEN JR.
NATIONAL BACKGROUND INVESTIGATION BUREAU, OFFICE OF
PERSONNEL MANAGEMENT
SENATE SELECT COMMITTEE ON INTELLIGENCE
OPEN HEARING ON SECURITY CLEARANCE REFORM
MARCH 6, 2018**

Chairman Burr & Vice Chairman Warner

1. Potential Rise in Prices. What is the anticipated price increase to agencies for your services after DoD personnel background investigations move to the Defense Security Service? What assumptions are you making?

Response: NBIB estimates the prices of investigative products and services performed by NBIB could increase up to 18 percent after DoD completes its 3-year phased transition and assumes full responsibility of their background investigations. This estimate assumes NBIB continues to perform all non-DoD background investigations, which is approximately 30 percent of NBIB's current workload. It also assumes NBIB will retain its current inventory, which includes DoD background investigations.

Since the March 6, 2018 hearing, the Administration has expressed its desire to keep the national-level investigative infrastructure intact and move responsibility for the remaining 30 percent of the NBIB workload to DoD. NBIB has not yet fully assessed the pricing in such a scenario, but strongly believes that top line pricing would remain far more stable with minimal, if any, increases.

2. Public Reporting. How do you share progress on addressing the background investigation inventory with agencies, cleared industry, and other stakeholders?

Response: NBIB takes advantage of all opportunities to share progress on addressing the background investigation inventory with agencies, cleared industry, and other stakeholders. NBIB routinely meets with the Performance Accountability Council (PAC), Background Investigations Stakeholders Group, Customer Advisory Board, and the National Industrial Security Program Policy Advisory Committee to provide updates on the current background investigation inventory and ongoing initiatives to reduce and mitigate the backlog. Additionally, NBIB leverages government and industry forums such as the National Defense Industrial Association (NDIA), Aerospace Industries Association (AIA), National Classification Management Society (NCMS), Professional Services Council (PSC), the Intelligence and National Security Alliance (INSA), and the Center for Strategic and International Studies (CSIS) to communicate mission status and engage directly with industry.

NBIB also provides inventory metrics that are publicly released to Performance.gov on a quarterly basis.

3. Quality of Applicant Investigative Materials. The Committee understands that quality and accuracy of data contained in applications that agencies submit for background investigations can vary. How are you providing incentives for agencies to improve the data submitted with those applications?

Response: In FY17, NBIB initiated a reporting effort focused on improving the quality of packages submitted by customer agencies. NBIB identifies and informs customer agencies of their most common mistakes, enabling each agency to determine actions to improve submission quality.

Additionally, NBIB provides best practice advice to agencies to improve submission quality, which has resulted in a 65 percent decline in unacceptable case receipts from the participating agencies. By March 2018, NBIB was positioned to offer this advice to all customer agencies for their immediate use.

Sen. Martin Heinrich

1. Mr. Phalen, prior to the hearing I was told that about a dozen investigators from the National Background Investigation Bureau (NBIB) were physically on site at Sandia and at Los Alamos and planned to be there for two months.

a. Please provide data indicating the backlog eradication goals of the NBIB team going into both locations and what the teams actually accomplished.

Response: Since October 2016, NBIB has sent teams of agents in intervals, totaling approximately 70 agents, to support the workload mitigation efforts at Sandia and Los Alamos. In total, 1,588 cases have been identified as part of these efforts. Most recently, NBIB, in coordination with the National Nuclear Security Administration (NNSA), conducted simultaneous, focused surges at Los Alamos and Sandia. The goal was to work as many NNSA-identified, mission-critical investigations as possible during the surge. The cases in these efforts were primarily Top Secret initial and reinvestigation cases, which are the most labor-intensive, and were predominately in support of Q-level security clearances.

In Los Alamos, NNSA and NBIB identified approximately 606 cases as targets of opportunity. These cases were prioritized according to need, based on NNSA input, and used a plan formulated to address this population in an initial two-month surge. The 606 cases identified for the first surge contained approximately 10,500 items. As of May 4, 2018, 8,059 (77 percent) items have been completed, including 537 subject interviews, the most time consuming portion of the investigations.

In Sandia, NNSA and NBIB identified approximately 433 cases as targets of opportunity in a two-month initiative, which included 6,311 items. As of May 4, 2018, 5,760 (91 percent) items were completed.

b. Please provide updated data as to remaining backlogs at both sites, in particular related to “Q” clearances.

Response: As of May 7, 2018, the inventory of “Q” clearances at each site is as follows:

- Los Alamos – 3,524
- Sandia – 3,792

2. During the hearing, you told Vice Chairman Warner that NBIB started a “surge” at the Department of Energy, while in other places you've instituted “hubbing.”

a. Please explain the difference between “hubbing” and a “surge.”

Response: Both terms refer to strategies used to accelerate the completion of background investigations efficiently and effectively by moving extra personnel into an area to address concentrations of investigative work. “Hubbing” refers to prioritizing investigations for specific personnel and involves direct collaboration with an agency, industry partner, or facility to centralize locations for staging and conducting background investigations. Among the advantages of this strategy is reduced travel time for investigators, increased accuracy of the paperwork, and more efficient collection of needed documentation and conducting of interviews.

“Surges” represent the targeting of a geographic area for the purpose of general inventory mitigation; to address a specific population of investigations, a concentration of pending investigative work in general, or a specific facility. Surging allows for local assets to be supplemented but involves less direct coordination with one specific facility or customer. NBIB addresses the need to surge by both temporary increases to personnel through TDY and through increased hiring of investigators in traditionally high volume work areas.

b. When do you use one approach instead of another?

Response: These approaches are synergistic, and should be used together when possible. The decision to use a hub or surge is predicated on multiple factors, but is most often dependent upon the needs of the customer and the allocation of NBIB resources at the location(s) in question.

If an agency has a high volume of cases within the vicinity of a major facility, and requires a significant acceleration of those clearance investigations in very high numbers, the hubbing concept will most likely be used.

If an agency requires a specific inventory of investigations be completed, and the geographic location is confined or limited to a specific facility, a surge would be more appropriate.

c. Are these efforts ad hoc, or is there a master plan and dedicated funding to deploy these investigator teams in these particular focused ways?

Response: These efforts are not ad hoc, they are planned in advance based on workload. There is no additional funding needed to support any of these efforts outside of the approved FY2018 budget and pricing.

d. What criteria does NBIB use to select “hubbing”/“surge” sites?

Response: The specific criteria used to select a hub or a surge, in conjunction with the assessment explained within Question 2b, would include:

- The number of cases targeted or requested for prioritization by the customer agency;
- The number of local agent resources available;
- The number of agent resources required to be sent on TDY;
- The existence of a specific facility or campus that could serve as the epicenter of the effort;
- The amount of available interview space to accommodate an increased number of agent resources; and
- The overall purpose of the effort (general backlog reduction or prioritization of specific personnel).

e. How does “hubbing” or a “surge” compare to traditional interview methods, in terms of cost?

Response: Hubbing and Surging provide NBIB an increase in time efficiency and savings to man hours by reducing travel time and focus and maximize effectiveness by targeting areas of concentrated fieldwork across the United States and in select overseas locations. Although there is an additional cost incurred by NBIB by sending agents to locations outside their local offices, these investments generate a measurably higher yield of cases completed. Additionally, the benefit of improved timeliness adds value to the entire process. Investigative resources can also be supplemented with contractor personnel to accommodate larger case inventories and increase the overall yield of a hub. Such reinforcement results in no added cost to NBIB outside the per-case expense paid to the contractors.

f. Please provide data indicating where and when NBIB has used both approaches to date, what NBIB's goals have been going into each “surge” or “hubbing” exercise, and what the actual outcomes have been at each site.

Response: To date, 817 agents have contributed to the overall surge and hub efforts. These initiatives have contributed to the advanced assignment and output of 21,968 cases since April 2016. The locations and dates of each exercise is provided in the following chart.

| Surge / HUB | Date | Surge / HUB | Date |
|----------------------|-----------|---------------|----------|
| Washington, DC (NW) | 4/10/2016 | Livermore, CA | 1/9/2017 |
| Colorado Springs, CO | 4/10/2016 | Houston, TX | 2/6/2017 |
| Washington, DC | 4/17/2016 | Pentagon | 2/6/2017 |

| | | | |
|---------------------------|------------|------------------------|------------|
| Washington, DC (NW/VA) | 5/1/2016 | China Lake, CA | 9/1/2017 |
| Washington, DC (NW) | 5/31/2016 | Dayton, OH | 10/1/2017 |
| Washington, DC (NW/VA) | 5/31/2016 | Groton, CT (Navy) | 11/1/2017 |
| Washington, DC (Pentagon) | 6/5/2016 | Lackland AFB, TX | 12/16/2017 |
| Chicago, IL | 7/11/2016 | Capitol Hill | 2/1/2018 |
| Los Angeles, CA | 7/11/2016 | DOE Lynchburg | 2/1/2018 |
| Alexandria, VA | 7/11/2016 | Sandia | 2/1/2018 |
| Livermore, CA | 8/8/2016 | NASA | 2/12/2018 |
| Monterey, CA | 8/8/2016 | DOE Honeywell | 2/26/2018 |
| Arlington, VA | 8/8/2016 | DOE Oak Ridge | 2/26/2018 |
| Northern VA (Field IA) | 9/12/2016 | Los Alamos, NM | 3/1/2018 |
| San Antonio, TX | 9/12/2016 | Patent & Trademark | 3/1/2018 |
| Florida Panhandle | 9/12/2016 | USAF Academy, CO | 3/1/2018 |
| Washington, DC | 9/12/2016 | AF Warner Robins, GA | 3/19/2018 |
| Washington, DC | 10/3/2016 | Army Fort Bragg, NC | 3/26/2018 |
| Hawaii | 10/3/2016 | Hill AFB, UT | 4/1/2018 |
| Seattle, WA | 10/3/2016 | Los Angeles AFB, CA | 4/1/2018 |
| New York City, NY | 10/23/2016 | Tidewater | 4/1/2018 |
| Amarillo, TX | 10/23/2016 | Education – Nelnet | 4/9/2018 |
| Los Alamos, NM | 10/23/2016 | Navy Corry Station, FL | 4/9/2018 |
| New York City, NY | 1/9/2017 | | |

3. Mr. Phalen, Sandia National Labs has been exploring a number of avenues to mitigate the impacts of long clearance wait times. One of the efforts has been to submit Mission Critical requests for clearances that have been pending over one year in an attempt to expedite those clearances. Sandia has also begun paying a \$500 fee to prioritize these Mission Critical requests - on top of the other costs associated with a clearance. I am told that the current time to grant a priority Q clearance at Sandia is now 253 days – lower than Sandia's average of 338 days. That is progress, but there is still room for improvement.

a. Please explain how NBIB works with agencies on “mission critical” clearance requests - how are these requests identified and prioritized? What guidance does NBIB provide to agencies on these requests?

Response: NBIB works collaboratively with agencies to identify target investigation populations that warrant the establishment of hub or surge efforts. An assessment is made of available agent resources in a specific area, and a determination of the number of incoming TDY agents to be surged is made to meet the demand of the identified case inventory. Facilities are evaluated for both available interview space and ease of access for agents to use the facilities throughout the effort.

Once the agency identifies its mission-critical needs and target cases are collated, NBIB develops a timeline with which to execute the plan. This involves setting a defined start date, engaging local POCs so they are ready to receive NBIB personnel at their facilities,

planning the assignment and completion of investigations based on the availability of subjects and sources, and allowing for triage when needs of the customer agency change during the effort.

b. Please explain the fee structure for prioritized requests. Are agencies charged fees for expedited clearances even if the processing time is not significantly reduced? Are agencies promised a specific outcome in return for the fee they pay?

Response: NBIB offers Priority Service for an additional fee for T2S, T4, and T5 case types and their associated reinvestigation case types. For Priority Service, NBIB charges an additional 8 percent above the Standard Service rate. NBIB prioritizes execution of Priority Service requests above all Standard Service requests. Although NBIB does not promise agencies a specific outcome or reduced timeframe to deliver a completed case, a completed Prioritized Service casework request is typically 50 percent to 60 percent faster than a Standard Service request.

NBIB publishes billing rates for Priority Services via Federal Investigative Notices (FIN). The FY2018 Investigations Reimbursable Billing Rates can be found here: <https://nbib.opm.gov/hr-security-personnel/federal-investigations-notices/2017/fin-17-04.pdf>

4. Mr. Phalen, the unique national security mission of the DOE defense labs depends on attracting the best and brightest scientists and engineers. One of the biggest obstacles to recruitment continues to be the long wait times for security clearances. The rate of hiring at the two NNSA labs in New Mexico is about 1,000 per year, and wait times for clearances are averaging well over a year. This makes it difficult for the labs to attract the quality workforce they need to meet critical national security missions.

c. What action is NBIB taking to specifically address the backlog in DOE Q clearances at the national labs?

Response: In 2018, to address the backlog at the DOE National Labs, NBIB worked closely with DOE NNSA personnel at both Los Alamos and Sandia National Labs to develop a collaborative approach to target mission-critical needs. NBIB and NNSA developed a plan to identify mission-critical cases; organize cases by project and supervisor to optimize investigation efficiency; organize lab support for the effort with administrative staff and interview rooms; and dedicate specific investigative resources to the project. NBIB dedicated a workforce to the labs for a two-month push to accomplish the work on these cases. Although this most recent initiative ended on May 4, 2018, follow-up efforts at both labs will continue in the near future.

Additional focus efforts have taken place at other DOE locations such as Oak Ridge, Lynchburg, and Kansas City. NBIB has also identified Lawrence Livermore National Lab as the next DOE site for a focused effort (surge), potentially in June.

Sen. Ron Wyden

1. Reducing the Number of Cleared Positions. Please describe progress made in reducing the total number of government positions requiring a security clearance and lowering the clearance level for positions that do require clearances. In which departments, agencies and offices have there been the most progress, and where has there been the least progress? Are there target goals to reduce the number of positions requiring a clearance? If yes, what current processes are in place for achieving any of these goals?

Response: The President has designated the Director of National Intelligence as the Security Executive Agent, and made him responsible for the standards governing security clearances. This question would best be directed to the ODNI.