The Department of Defense Response to The National Defense Authorization Act for Fiscal Year 2017 Section 951

Implementation Plan for Potential Transfer of Background Investigation Responsibility to the Department of Defense

Version: August 22, 2017

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EXECUTIVE SUMMARY

National Defense Authorization Act for Fiscal Year 2017, Section 951, Enhanced Security Programs for Department of Defense Personnel and Innovation Initiatives

On December 23, 2016, the President signed into law the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, Section 951, Enhanced Security Programs for Department of Defense Personnel and Innovation Initiatives (referred to as Section 951). Section 951 directs the Department of Defense (DoD) to develop plans for the transfer of responsibility for conducting background investigations (BIs) on personnel that are adjudicated by the DoD Consolidated Adjudications Facility (CAF) (hereafter called "DoD-affiliated personnel"), with accompanying personnel and funding from the Office of Personnel Management (OPM) and National Background Investigations Bureau (NBIB) to DoD, after October 1, 2017. Specifically, the Section 951 legislation states:

"(a) Enhancement of Security Programs Generally.
(1) Personnel Background and Security Plan Required. The Secretary of Defense shall develop an implementation plan for the Defense Security Service (DSS) to conduct, after October 1, 2017, background investigations for personnel of the Department of Defense (DoD) whose investigations are adjudicated by the Consolidated Adjudication Facility (CAF) of the Department. The Secretary shall submit the implementation plan to the congressional defense committees by not later than August 1, 2017.
(2) Plan for Potential Transfer of Investigative Personnel to Department of Defense. Not later than October 1, 2017, the Secretary and the Director of the Office of Personnel Management shall develop a plan to transfer Government investigative personnel and contracted resources to the Department in proportion to the background and security investigative workload that would be assumed by the Department if the plan required by paragraph (1) were implemented.
(3) Not later than August 1, 2017, the Secretary shall submit to the congressional defense committees a report on the number of full-time equivalent employees of the management headquarters of the Department that would be required by DSS to carry out the plan developed under paragraph (1)."

In consideration of the tasks outlined in Section 951, the Department evaluated three distinct methodologies for the potential transfer of the BI mission for DoD personnel to DSS. These approaches included the immediate and wholesale transfer of the current NBIB processes and resources; the future transfer of a radically redesigned personnel vetting enterprise; or a phased migration of an enhanced vetting mission while transforming current processes. Additionally, consideration of identified risks and challenges were evaluated to identify the best methodology to minimize any potential impacts to reciprocity and implications for the rest of government.

The Department determined that the immediate wholesale transfer of the BI mission from OPM to DoD was prohibitive due to scale and scope of the current enterprise, the significant backlog of BIs, and associated costs of such a wholesale transfer. Likewise, it was deemed infeasible to delay transition indefinitely until a new process could eventually be developed and implemented by NBIB. The Department's recommended approach is to pursue a phased migration of the BI

mission from OPM that enables DoD to implement measures to help NBIB reduce the current BI backlog, while concurrently adopting new investigative procedures as part of the phased transition that maximize use of automation and other information technology (IT) tools. A successful phased transition of the BI mission will require the Department to work collaboratively with and obtain support from the Security, Suitability and Credentialing Executive Agents (Executive Agents) to design a future vetting enterprise that improves quality, efficiency, cost, cybersecurity, and sustainability over the current process.

To determine the scope of the potential BI mission transfer, DoD conducted extensive research and analysis in cooperation with OPM/NBIB, the Government Accountability Office, the Security, Suitability, and Credentialing (SSC) Performance Accountability Council (PAC) Program Management Office (PMO), and the DoD Cost Assessment and Program Evaluation (CAPE) Directorate.

Based on this research and analysis, DSS would assume responsibility for BIs of DoD-affiliated (civilian, military and contractor) individuals in three phases over a 36-month period. This approach would allow DSS to begin making an impact on the NBIB backlog of DoD investigations while building investigative capacity, developing automated and streamlined solutions, and examining transformational changes to the BI process. As envisioned, by the end of phase three, DSS would be responsible for the end-to-end processing of all BIs required for DoD-affiliated individuals.

It is important to note that the effort currently being led by the DoD Defense Information Systems Agency (DISA) to design, build, operate, secure, and maintain the system currently known as the National Background Investigation System (NBIS) must continue. The NBIS is being designed as the singular new, end-to-end IT shared service solution for personnel vetting for the U.S. Government (USG), and will be available to be utilized by any Department or Agency with delegated investigative authority to conduct background investigations.

Throughout the phased transition, DSS will increase responsibility for NBIS requirements development and validation, and oversight of NBIS on behalf of DoD, along with the other users of the system. By maximizing use of end-to-end automation through NBIS to drive efficiencies in the near term and leading the development of alternative risk-based methodologies, DoD will streamline service, promote reciprocity, and deliver quality, security, and mission effectiveness for the government-wide SSC vetting enterprise.

The Department will engage the services of our leading innovation specialists and establish two teams to identify and recommend alternative risk-based methodologies and processes, best practices, and enhanced use of technology to design a future personnel vetting process. The Innovation Team, led by the Defense Innovation Unit Experimental, will seek advice from leading government and outside experts to look at new and innovative ways to make trust determinations; and the Digital Service Team, guided by the technical expertise of the Defense Digital Service, will leverage an agile and iterative development approach using modern, secure cloud infrastructure to transform the SSC mission.

This modernization work will develop concepts and proposals to achieve state-of-the art technology and data-driven processes, and address challenges and risks while improving the

efficiency, effectiveness and accountability within the personnel vetting enterprise. With strong support from DoD leadership, proposals and options for the transformation of personnel vetting developed by these team will be aligned and merged into the work to execute this phased implementation outlined in this plan.

The USG, in coordination with the Executive Agents and the PAC, has a unique opportunity to modernize the enterprise-wide vetting process by championing a focused effort to improve national security through increased process accountability, cost sustainability, and application of an innovation culture. As these efforts move forward, DoD will continue to provide our full support to NBIB to expand its investigative resources and capabilities in an effort to reduce and mitigate the growing BI backlog, and accelerate the development of NBIS in support of the transformation of the Government-wide personnel vetting enterprise.

PHASED TRANSFER OF RESPONSIBILITY

PHASE 1 (First 12 months) – To begin alleviating the investigative backlog, DSS would deploy a small cadre of personnel to NBIB and other agencies, as appropriate, to assist with choke points in processing BIs at all tiers. Also, DSS will begin expanding infrastructure (modifying existing facilities to accommodate new personnel; modifying existing facility leases; pursuing new facility leases where necessary; and providing IT equipment and network support to accommodate new personnel) and building investigative capacity to conduct all Tier 3 reinvestigation (T3R) investigations[1]. Initially, DSS will continue to use NBIB and contract investigators to conduct all investigative field work when needed. DSS will begin hiring a cadre of investigative personnel with the goal of developing the capacity to conduct all T3R BIs independently using a risk-based approach that maximizes the integration of DoD Continuous Evaluation (CE) and Automated Records Checks (ARC) capabilities to meet the requirements of the Federal Investigative Standards.

Concurrent with these efforts, DoD will collaborate with the Executive Agents, the PAC and our interagency partners to explore new ways to streamline and automate the vetting process and continue to press forward on related actions currently ongoing. With the participation of other USG stakeholders and industry experts, DoD will initiate a zero-based review of the SSC mission to determine if there are new and more efficient ways to obtain information of adjudicative relevance.

PHASE 2 (12-24 months) – DSS continues building infrastructure and investigative capacity, including expansion of CE and ARC capabilities, toward the goal of also completing all Tier 1 (T1), Tier 2 (T2) and Tier 3 (T3) investigations[2]. Additionally, DSS will begin transferring some investigative and support personnel from NBIB to DSS commensurate with the percentage of work being conducted by DSS and the requirements dictated by changes made to streamline and automate the investigative process, and to policies that govern investigations. Throughout Phase 2, DoD will continue to advance all of the initiatives identified in Phase 1.

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[1] See Appendix D for tiered investigation definitions, to include position designation, risk sensitivity level, and prior investigation.
[2] Ibid.

PHASE 3 (24-36 months) – DSS continues building infrastructure and investigative capacity with the goal of assuming all Tier 4 (T4), Tier 5 (T5), and Tier 5R (T5R)[3] investigations from NBIB. By the end of Phase 3, DoD would assume all SSC investigations for DoD affiliated individuals. In addition to the continued efforts on the initiatives identified in Phase 1 and 2, DSS would begin transferring the remaining NBIB personnel to DSS to a level consistent with 75 percent of the NBIB workforce, or a smaller figure commensurate with efficiencies that were developed through initiatives ongoing in all three phases of the plan.

PREREQUISITIES FOR PHASED IMPLEMENTATION

The phased implementation plan outlined in this report was developed in accordance with NDAA requirements, and is submitted in advance of the analysis and coordination that is required between the PAC, Executive Agents and OMB regarding any new process, authorities, or methodologies that are essential to our success. The details of this work and further consideration of cost, organization, and process will be accomplished by a cross-functional team (CFT), with support from the interagency.

Through the efforts of the Innovation and Digital Service Teams, the CFT, in collaboration with the PAC and our interagency partners, will develop options and recommendations to improve the efficiency, effectiveness, and accountability within the SSC enterprise. This in turn will enable DoD to make more informed decisions regarding new and innovative ways to make trust determinations, and the appropriate processes and resources required to conduct the personnel vetting mission.

Prior to initiating actions described in this plan, DoD must have the full cooperation of the Executive Agents to develop approved solutions for implementing CE and accelerating the use of ARC to streamline processing of background investigations and reduce the current backlog.

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[3] Ibid

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SCOPE

The FY 2017 NDAA, Section 951, Enhanced Security Programs for Department of Defense Personnel and Innovation Initiatives, was signed into law on December 23, 2016. The body of this report, and Appendices A-B, are provided in response to paragraph (1):[4]

> *(1) Personnel Background and Security Plan Required. The Secretary of Defense shall develop an implementation plan for the Defense Security Service (DSS) to conduct, after October 1, 2017, background investigations for personnel of the Department of Defense (DoD) whose investigations are adjudicated by the Consolidated Adjudication Facility (CAF) of the Department. The Secretary shall submit the implementation plan to the congressional defense committees by not later than August 1, 2017.*

Appendix C of this report, responds to paragraph (3):

> *(3) Report. Not later than August 1, 2017, the Secretary shall submit to the congressional defense committees a report on the number of full-time equivalent employees of the management headquarters of the Department that would be required by the Defense Security Service to carry out the plan developed under paragraph (1). The report responding to paragraph (2) is due October 1, 2017.*

Overall, this report describes DoD's recommended approach, methods, and processes to conduct background investigations (BIs) for personnel whose investigations are adjudicated by the DoD CAF. The implementation plan identifies specific decisions, milestones and actions that require further development and approval by the Executive Agents and the PAC, as appropriate. Implementation would be phased through FY 2018 - FY 2020, as the milestones outlined in this plan are achieved.

OBJECTIVE

This report:

- Identifies a logical sequence of events for DSS to conduct, after October 1, 2017, BIs for DoD personnel whose investigations are adjudicated by the DoD CAF.
- Identifies resources assumed by the Department if this implementation plan is enacted.
- Highlights expected benefits to national security and the government-wide SSC vetting enterprise.

Assumptions and guidelines applied to the development and execution of this implementation plan are outlined in this report. Consideration of potential risks are outlined in the Risk Register in Appendix B.

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[4] This document was compiled with information, statistics, and performance metrics provided by OPM/NBIB, OUSD(I), and the DoD CAF.

ASSESSMENT METHODOLOGY

DSS, in partnership with OPM's National Background Investigations Bureau (NBIB), examined FY 2008 - FY 2016 NBIB personnel and performance data resulting in identification of three key critical data points:

- Percentage of DoD contribution to NBIB's BI workload in overall case cost.
- Total case load volume.
- Estimated field man-hours for case completion.

This analysis determined that DoD accounts for 70.6 percent of NBIB's total budget and 75 percent of NBIB's total cases completed. This data was used to develop transition timelines, initial resource estimates, and to assess scale of effort required to transition BI responsibility for the as-is enterprise from OPM to DoD. The Department will conduct further analysis of resource requirements in conjunction with detailed transition planning that will include efforts to streamline the BI process.

ASSUMPTIONS

- DoD obtains access to all data sources required for DoD Continuous Evaluation (CE) and Automated Records Checks (ARC) to meet Federal Investigative Standards (FIS).
- DSS has access to NBIB legacy data.
- DSS has access to NBIB IT legacy systems until the National Background Investigation System (NBIS) meets operational timelines.
- Start-up costs will be funded from existing DoD resources in FY 2017 and FY 2018 (Phase 1). DoD will continue to refine the requirements and include revised estimates in the FY 2019 and future (Phase 2 and 3) President's Budget Requests.
- The advanced use of technology will create improved and more cost-effective and efficient methodologies that are expected to reduce personnel vetting costs over time.
- The estimated headquarters management personnel identified in Appendix C are sufficient to support the BI mission.
- DSS will establish an activity under the Defense Working Capital Fund (WCF) to finance the BI workload.

GUIDELINES

- DoD leverages existing governance and polices when developing implementation plan.
- DoD continues to implement all previously identified Business Process Reengineering (BPR) recommendations and implementation of DoD CE capabilities.
- The transfer and implementation of the mission employs innovative technology solutions early for quick results in some categories of the BI inventory.
- Transition involves a phased approach for workload integration and process improvement while aggressively re-designing the process.

- DoD waives background investigation timelines specified in the Intelligence Reform and Terrorism Preventions Act of 2004 (IRTPA) under Section 951(e) of the FY 2017 NDAA.
- DSS develops flexible contract options.
- DoD policies and processes will comply with and align to national level vetting policies (e.g., the FIS and adjudicative guidelines), and promote government-wide reciprocity.

APPROACH

A trustworthy, loyal, and reliable workforce is essential to the Department's success. The Department suffers from investigation backlogs, escalating costs, cybersecurity risks associated with aging information technology systems, and outdated business processes that pose unacceptable risks to our national security, degrade mission readiness, and has adversely impacted critical programs and operations. Coupled with a dynamic nature, the global economy has served as a catalyst for immediate change to reduce risk, promote early detection, and modernize and align our vetting processes to ensure a trusted workforce.

To address these challenges, the Department would assume responsibility for all DoD BIs in three phases, employing innovative technology and process solutions that would help reduce the backlog, starting with Tier 3 (Secret) level reinvestigations. This implementation plan would utilize a phased approach that transitions the Department's portion of the mission, while continuing to work with the PAC and Executive Agents to reduce the BI backlog and re-designing the overall vetting process. The Department would implement multiple actions concurrently to achieve these goals in a timely manner.

To guide the transition, the Department will establish a cross-functional team (CFT) for personnel vetting transformation to promptly conduct a comprehensive review of the vetting enterprise, incorporating informed views from across DoD, the U.S. Government, private sector thought leaders, and security industry experts. The CFT will contemplate transformation of all aspects of the enterprise-wide security, suitability/fitness, and credentialing mission, including a greater alignment and integration of insider threat and adjacent missions, to provide a trusted workforce to enable warfighters to accomplish their missions.

As these efforts moves forward, DoD will continue to provide our full support to NBIB to expand its investigative resources and capabilities, advance our collaborative efforts to mitigate the backlog, and accelerate the development of NBIS in support of the transformation of the personnel vetting enterprise.

ROLE OF THE CROSS-FUNCTIONAL TEAM

The establishment of the CFT is necessary to develop and expand on the concepts described in this implementation plan, including the near-term application of CE and ARC to accelerate investigations in the current process, while facilitating critical modernization work with government and outside experts to look at new and innovative concepts that will inform a radically redesigned and materially improved personnel vetting system.

The CFT will be comprised of internal and external subject matter experts specializing in areas such as economics, statistics, insider threat, budget, and supply chain risk management tasked to critically review and assess problem sets and develop innovative solutions. Through three mutually reinforcing lines of effort (LoEs), the CFT will develop options and recommendations to mitigate shortcomings, ensure necessary resourcing, and transform the end-to-end personnel vetting enterprise. The CFT will ensure the LoE activities inform and align with the phased transition of the BI mission.

Specifically, the Department will collaborate with interagency partners and seek advice from industry experts to modernize the SSC vetting process by taking the following actions:

- Collaborate with our interagency partners and seek advice from outside experts to look at new and innovative ways to make trust determinations.
- Leverage newest technology (e.g., artificial intelligence, cognitive systems, risk rating algorithms).
- Establish flexible contract paths to enable rapid prototyping and non-traditional vendor participation.
- Examine the system holistically to understand/identify leading opportunities to improve
- Stand up an innovation mechanism to continuously explore challenges and opportunities to design and institute innovative solutions in the vetting lifecycle.
- Leverage internal and external innovation and technical experts such as the Defense Digital Service (DDS), Defense Innovation Unit Experimental (DIUx), and the Army Analytics Group, to the maximum extent possible.
- Outline current operating business model and future state processes to maximize efficiencies and project optimum future needs.
- Execute within budget and on time, and demonstrate measurable improvements.
- Conduct workload, cost, and manpower analyses.[5]

INNOVATION TEAM

Current SSC legacy systems continue to support an antiquated approach that pose unacceptable risks to national security and workplace safety, and expose the Department to insider threats. To achieve success, the Department will establish an Innovation Team, supported by DIUx, to take an unfettered look at the SSC enterprise and propose creative options for end to end reform. In close collaboration with the CFT, the Innovation Team will:

- Identify current organizational, information sharing and legal barriers, and hypothesize cutting-edge and alternative risk-based models to improve performance, close critical gaps, and position the government to leverage modern technology and automated capabilities into the future.

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[5] Analyses results will be factored into DSS' implementation strategy, future financial forecasts, staffing strategy, acquisition strategy, price determinations, and will be provided to PAC PMO, ODNI, OPM/NBIB, and other stakeholders to inform community expectations and IRTPA guidelines.

- Conduct outreach to executives and thought leaders across various private industry sectors to understand state-of-the-art technologies and integrations into the innovation efforts.
- Develop concepts and proposals integrating results from benchmarking, research and innovations projects, and detailed interviews with public and private sector experts, to include the perspective of outside independent legal counsel.

DIGITAL SERVICE TEAM

The Department will establish a Digital Service Team that will be guided by the technical expertise of the DDS, with responsibility for software development, enterprise architecture, and system integration needed to support the CFT objectives for the phased implementation of the BI program. In collaboration with the CFT and the Innovation Team, the Digital Service Team will:

- Ensure that phased migration will integrate agile, iterative software development using modern, secure cloud infrastructure.
- Focus long-term solutions on smaller, more achievable goals with phased capability delivery over time; in conjunction with policy and legal modernization.
- Leverage and build upon existing commercial capabilities to collect and analyze publicly available social media information and other automated data sources for vetting.
- Identify and layer additional USG-only data sets and employ modern machine-learning and data analytics in the vetting process.
- Capitalize on internal DoD opportunities for commercial solutions opening a process for expeditious contracting with non-traditional vendors.
- Leverage cutting-edge technology and improved big-data sets, fully informed and guided by an enhanced risk management approach.

RESOURCES

The Department cannot project future costs at this time. The Department's intent is to establish and leverage the CFT to build cost models aligned to revised vetting processes.

- The CFT will prioritize efforts to reduce overall costs associated with personnel vetting and to realize significant savings over current process.
- Government and contract personnel resource projections in this plan are based on DSS integrating the NBIB's current BI processes. The Department's review of the enterprise-wide SSC mission may determine DSS requires less government and contract resources to execute the SSC mission.
- Funding to support mission transition and development of new vetting processes will be established separate from funds currently supporting NBIB so as not to "double bill" customers.
- Costs and personnel estimates are preliminary; fidelity will be attained during follow on study and examination between DSS and OPM.

- Future decisions on costs and funding will be made by the Secretary of Defense through program review and analysis. This will include coordination with the Services and other components that receive support from NBIB and would continue to receive investigative support from DSS in the future.

POTENTIAL RISKS

The Department will consider the potential challenges and risks associated with any plan to assume greater responsibility for the conduct of BIs. The Department recognizes that the detailed execution plan must account for following key risks. This list is not exhaustive, as other risks may be identified/mitigated throughout the phased approach:

- Security clearance reciprocity between DoD and other government agencies could be negatively impacted if DoD does not establish and maintain close collaboration and coordination with the PAC, the Executive Agents and our interagency partners throughout the BI mission realignment process.
- BI mission realignment may result in near-term negative impacts on the NBIB backlog if not carefully coordinated between OPM and DoD.
- BI mission realignment could negatively impact NBIB workforce morale, productivity and timeliness, if not appropriately messaged by leadership.
- DSS focus on industrial security could be challenged during transition of BI responsibility.
- The incorporation of emerging technologies identified through the Innovation Team effort (e.g., artificial intelligence, cognitive systems. risk-rating algorithms, and rapid prototyping) will need to be tested and validated prior to broad implementation.

BENEFITS

Execution of this plan will benefit the Department in the following ways:

- Consolidated responsibility for submissions, investigations, and adjudications; supported by a suite of enterprise-wide shared services.
- Improved ability to control costs.
- Greater ability to discontinue investigations without incurring full fee for service when the BI is no longer required.
- Maximized use of DoD's global presence to conduct BIs.
- More positive control of investigative timeliness and elimination of backlogs.
- Flexibility to expedite and prioritize investigations to meet mission requirements.
- Ability to maintain active background files for upgrades, updates, or other investigations.
- Integration of CE and Continuous Vetting (CV) protocols to maximize cost efficiencies, early detection of potential issues, and enhancement of Insider Threat programs.

The Department will achieve end-state success when:

- Stakeholder satisfaction is met.
- Timely, high quality, efficient, stable, and affordable BIs are processed using a transformed personnel vetting enterprise.
- DoD CE and ARC are maximized to greatest extent practicable.
- A stable and economically competitive cleared industrial base is realized.
- National security and DoD mission readiness are improved through increased process accountability, cost sustainability, and application of an innovation culture.
- Compliance with Executive Agent oversight, reporting and assessment requirements is achieved.

PHASED TRANSFER OF RESPONSIBILITY

PHASE 1 (first 12 months)

Objectives:

- Begin to reduce the NBIB investigative backlog by shifting responsibility for Tier 3 reinvestigations (T3R)[6] to DSS.
- DSS processes new T3R BIs to completion by maximizing CE and ARC methodologies.
- Accelerate and expand use of CE/ARC to broader DoD populations.
- Build and fund new investigative capacity and infrastructure in DSS.
- Advance our collaborative efforts with NBIB and the Executive Agents to mitigate the BI backlog and improve reciprocity.
- Accelerate the development of the NBIS in support of the transformation of the government-wide personnel vetting enterprise.
- Capitalize on initial CFT ideas and recommendations, implement best practices.

Critical Requirements:

- Obtain additional ARC and required CE data sources to ensure compliance with the FIS.
- Establish an activity under the Defense Working Capital Fund.
- Develop comprehensive communication strategy for external/internal stakeholders.
- Execute a workload analysis, manpower study, and cost analysis to develop baseline understanding of BI operations and procedures, and to inform the innovation and digital service initiatives.
    - o Identify interdependencies and redundancies between NBIB and DSS services and external stakeholder activities.
    - o Highlight input from internal and external stakeholders and consider the cultural and qualitative impacts.

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[6] See Appendix D for tiered investigation definitions, to include position designation, risk sensitivity level, and prior investigation.

- Further evaluate resource alignments, staff composition/size, as well as provide for common administrative support, business services, and mission support functions.
- Initiate infrastructure and investigative capacity buildout to conduct all T3R BIs.
- Onboard personnel to provide headquarters and change management support to initial operations.
- Establish Change Management Office to design a sustainable, improved process
  - Deploy small cadre of personnel to NBIB and other agencies to assist with choke points in processing BIs at all tiers, and enter into reimbursable agreements, where appropriate.
  - Identify NBIB pending cases and applicable outstanding leads; categorizing for completion of simplest and fewest leads first starting with T3R BIs.
  - Conduct data quality initiative, validating continued need for all DoD open BIs.
- Require DoD to submit only electronic fingerprints.
- Maximize available technology and conduct virtual interviews.
- Evaluate feasibility of substituting public records checks for local agency checks.
- Release interim strategic guidance to include communication strategies for ALL stakeholders.
- Establish training guidance, standards, and capacity.
- Execute a merger and integration contract.
- Identify, validate, and incorporate baseline performance and effectiveness metrics.
- Initiate hiring of investigative personnel with the goal of developing the CE/ARC capacity to conduct all T3R BIs independently.
- Collaboratively explore new ways to streamline and automate the vetting process and, with the PAC and Executive Agents, continue to press forward on related actions currently ongoing.
- With USG stakeholder participation, initiate a zero-based review of investigative standards to determine if there are new and more efficient ways to obtain information of adjudicative relevance during BIs.
- Collaborate with the Innovation Team to look at new and innovative ways to conduct BIs and vet trusted individuals.
- Coordinate and collaborate with the Digital Service Team, on software development and technical solutions to ensure fully leverage an agile and iterative development approach.
- For cases requiring investigative field work, DoD will continue to use NBIB and contract investigators on a reimbursable basis when needed.

PHASE 2 (12 – 24 months)

Objective:

- DSS leverages internal investigative capabilities to process and complete all Tier 1 (Tier 1), Tier 2 (T2), Tier 3 (T3), and Reimbursable Suitability/Security Investigations (RSIs).[7]

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[7] Ibid.

- Continue to work with the interagency to reduce the BI backlog and mitigate impacts to DoD mission readiness.
- Expand CE and ARC capabilities to include additional data sources, to include publicly available information.
- Continue to leverage and align the CFT and Digital Service Team recommendations and LoE activities with the transfer of investigative capacity.
- Implement a new funding mechanism and resource structure for BIs.
- Operationalize investigative capabilities to conduct field work.
- Sponsor new SSC research and innovation projects to develop and pilot new capabilities.
- Begin to incorporate new innovations and alternative risk-based methodologies generated by the Innovation Team effort.
- Develop and implement outcome-based performance metrics to measure cost effectiveness, quality and timeliness.
- DoD will continue to advance all of the initiatives identified in Phase 1.

Critical requirements:

- Develop/procure/build case management system.
- Continue building infrastructure, investigative capacity and capabilities toward the goal of completing all T1, T2 and T3 BIs.
- Continue efforts to accelerate the development of the NBIS in support of the transformation of the personnel vetting enterprise.
- Baseline performance and effectiveness metrics identified, validated, and implemented.
- Begin the transfer of some NBIB investigative and support personnel to DSS required by policy and process changes to streamline and automate the investigative process, and policy changes governing BIs.
- Greater alignment and integration of insider threat and adjacent missions to improve data sharing.
- Continue to advance and align the CFT and LoE initiatives (streamlining, technical solutions, standards, policies, and innovation concepts) identified in Phase 1.
- Continued close collaboration with the Innovation and Digital Service Teams to gain insights into proposals and recommendations for redesigned processes and enhanced use of technology to conduct vetting.
- Integrate recommendations and innovative processes generated by the research and innovation studies, CFT and LoE initiatives.
- Continue collaborative efforts with the interagency to mitigate BI backlog and advance reciprocity.

PHASE 3 (24 – 36 months)

Objectives:

- DSS expands internal investigative resources and capabilities to process and complete all Tier 4 (T4), Tier 4R (T4R), Tier 5 (T5), and Tier 5Rs (T5R)[8] investigations.

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[8] Ibid.

- DoD assumes responsibility for the conduct of all background investigations for DoD-affiliated (civilian, military and contractor) personnel.
- Collaborates with the Executive Agents and the PAC to identify additional data sources and methodologies to conduct timely, quality and cost effective BIs.
- DSS will achieve full capabilities to conduct BIs through the integration of new innovative and technical capabilities resulting from the options and recommendations generated by the Innovation Team, the Digital Service Team, and other LoE initiatives.
- Building greater investigative capacity, developing automated and streamlined solutions, and advancing toward transformational changes to the BI process.
- DoD will continue to advance all of the initiatives identified in Phases 1 and 2.

Critical requirements:

- NBIS is operational; able to manage/process DoD BI portfolio and certain shared services.
- Continue building infrastructure and investigative capacity with the goal of assuming all NBIB T4, T4R, T5, and T5R BIs.
- Continue transfer of remaining NBIB personnel to DSS to a level consistent with 75 percent of the NBIB workforce, or a smaller figure commensurate with efficiencies that were developed through initiatives ongoing in all three phases of the plan.
- Flexible long-term contracts are in place to conduct and support the vetting mission.
- All workforce management and personnel in place with equipment.
- Personnel are aligned to appropriate job descriptions and structure.
- Continue collaboration with the Innovation and Digital Service Teams to finalize implementation of proposals and recommendations for redesigned processes and enhanced use of technology to conduct vetting.
- Continue to advance all of the initiatives (streamlining, automation, standards, policies, and innovation concepts and recommendations) identified in Phase 1 and 2.
- Baseline performance and effectiveness metrics identified, validated, and incorporated.

In addition to the actions described in Phases 1, 2, and 3, the Department would execute the following actions to reform the DoD vetting process:

- Centralize and operationally align all SSC investigation submissions and adjudications to support a DoD end-to-end process to the greatest extent practical.
- Improve prioritization of investigative submissions to meet the Department's most critical needs and ensure mission readiness.
- Unify and integrate SSC enterprise oversight and governance; realign responsibilities and functions, authorities, and relationships of the SSC operational and training components to include associated resources.
- In collaboration with the Executive Agents, identify recommendations to better align the Federal Investigative Standards and National Security Adjudicative Guidelines for security, suitability/fitness and credentialing criteria.
- Reduce resource demands through the use of innovative technology and business process re-engineering.

BI MISSION FRAMEWORK

The following are key operational and support functional areas to be considered in supporting the DoD BI mission. Each key focus area requires further analysis to establish an ideal end state. Details of the analysis and subsequent recommendations will be further defined in future plans:

Doctrine

- DoD's approach will be driven by innovation – investments will be made in research and innovation, artificial intelligence, DoD CE, CV, risk management/rating, intensive paper reduction with transition to mobility tools (reduce hours spent on transcribing notes, traveling); by sound leadership and governance; and well planned and coordinated mission execution.
- Identify new alternative risk-based methodologies and processes, best practices, and enhanced use of technology to design a future personnel vetting process

Organization

- Design a new organizational structure that aligns and integrates other DSS mission areas to ensure maximum efficiencies and propose a new regional/field structure (six regions to include Hawaii/Alaska and one International region, with an initial proposal for offices in the U.S. European Command (EUCOM) and the U.S. Pacific Command (PACOM) – to implement a more manageable span of control.
- Develop and institute a mechanism to identify future risks and creative opportunities to inject new innovations into the BI mission.
- Ensure federally-led contractor operations and oversight at all levels of the organization.
- Sponsor and identify possible SSC research and innovation opportunities to reduce risk and transform the SSC enterprise.
- Propose the Director, DSS as a member of the PAC.
- Establish DoD Governance and Stakeholder Boards.

Material

- Establish funding model (working capital fund).
- Leverage current generation information technology to achieve optimal efficiencies where possible across the SSC enterprise (the National Background Investigations System), implementation of shared services, utilization of mobile devices, video teleconferencing.
- Leverage an agile and iterative development approach for future technical and IT solutions.
- Establish contracts to enforce and sustain government operational control; incentivize quality contractor work products — leverage GSA and other USG service-providers.
- Explore new task order against existing contracts to address DoD inventory, if feasible.
- Centrally manage/track/issue badge and credentials for federal and contractor investigators.

Leadership and Education

- Allow time/financial investments for leadership development training at all levels.
- Conduct regional all-hands for face-to-face communications between leadership and field personnel and leverage video teleconference capabilities to communicate with staff on a routine basis.
- Develop and implement performance management system to drive accountability for results.
- Formalize field mentorship program.

Training

- Analyze and implement best practices to train, certify, and credential all federal and contractor staff in a standardized joint training environment.
- Establish a training venue to support professional development of the workforce.
- Develop a professionalization program for all SSC investigative and adjudicative personnel.

Personnel

- Address/explore supervisory span of control.
- Explore options to increase investigative workforce and capacity to meet BI mission requirements through a variety of sources.
- Propose reimbursed overseas investigative support from the military department counterintelligence organizations.

Facilities

- Examine DoD presence to maximize placement of increased investigative workforce.
- Consider permanent presence in EUCOM and PACOM areas of responsibility.
- Explore new telework solutions for a mobile/agile workforce; e.g., regional hubs.

Policy

- Identify all applicable authorities and policies internal to the Department, and update as practicable and appropriate.
- Develop and implement qualitative and quantitative quality measures that are identical for Federal/contractor staff.
- Seek early engagement to update authorities and policies external to the Department.

CONCLUSION

The Department of Defense and Federal Government have a unique opportunity to modernize and reengineer an antiquated vetting process by championing a collaborative effort focused on increased process accountability, cost sustainability, and utilization of innovation initiatives. While there will be start-up costs and DSS will not be able to immediately curtail the current inventory growth, the Department would be empowered to introduce long-term efficiencies

across the BI process in furtherance of national security. We recommend a phased approach that allows the Department to transform the end-to-end vetting process while NBIB continues to address the BI inventory.

APPENDIX A: ACRONYMS

ARC	Automated Records Checks
BI	Background Investigation
CAF	Consolidated/Central Adjudications Facility
CAPE	Cost Assessment & Program Evaluation
CE	Continuous Evaluation
CFT	Cross-Functional Team
CMO	Change Management Office
DDS	Defense Digital Service
DIUx	Defense Innovation Unit Experimental
DSE	Defense Security Enterprise
DSS	Defense Security Service
DoD	Department of Defense
DoD CAF	Department of Defense Consolidated Adjudications Facility
EMH	Estimated Man-Hours
FIS	Federal Investigative Standards
FSEM	Facilities, Security, and Emergency Management
FTE	Full-time Equivalent
FY	Fiscal Year
GSA	General Services Administration
IRTPA	Intelligence Reform and Terrorism Prevention Act of 2004
IT	Information Technology
NBIB	National Background Investigations Bureau
NBIS	National Background Investigation System
NDAA	National Defense Authorization Act
NISP	National Industrial Security Program
ODNI	Office of the Director of National Intelligence
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSD	Office of the Secretary of Defense
OUSD(I)	Office of the Under Secretary of Defense for Intelligence
PAC	Performance Accountability Council
PSI	Personnel Security Investigation
ROM	Rough Order of Magnitude
RSI	Reimbursable Suitability/Security Investigation
SSC	Security, Suitability/Fitness, and Credentialing
SSBI	Single Scope Background Investigation

APPENDIX B: RISK REGISTER

#	Category	Risk Event		Impact	Likelihood
		Impact: 1 = Low 5 = Significant	Likelihood: 1 = Unlikely 5 = Highly Likely		
1	DoD Operational	Approximately 87% of NBIB's current inventory (667,000+ cases) represents DoD personnel (military, civilians, and contractors). Based on current pricing, this work is valued at $1.29 billion and will require approximately 5.9 million man-hours to complete. The inventory is steadily increasing. As inventory increases, risk to national security increases.		5	5
	Mitigation	DSS will conduct workload/manpower studies to baseline required resources and adequately fund mission; DSS proposes an initial focus on eliminating the Tier 3 BIs while enabling surge capacity and funding for NBIB to focus on Tier 5 inventory.			
2	DoD Operational	DoD assumes increased responsibility by reestablishing BI mission within DoD in support of mission readiness and national security. Current NBIB operations do not have global resources, increasing cost.		1	4
	Mitigation	DoD will leverage its global resources to achieve efficiencies; DoD will pursue teaming and resource sharing agreements where possible; longer term will provide opportunities for OPM/NBIB to place orders against DoD contracts.			
3	DoD/OPM Personnel	BI mission realignment will impact workforce morale, impacting BI productivity and timeliness.		3	3
	Mitigation	DSS will focus on command and control, reducing supervisory ratios, focusing on workforce coaching and mentorship; DSS will integrate investigators into its existing operational structure where security is the primary mission and personnel at all levels of the organization understand investigator impacts to national security; DSS will invest in technical and leadership training; DSS will provide investigators with new technologies and resources required to be successful; DSS will develop communications strategies emphasizing investigator contributions to national security; and DSS will seek investigator perspectives and work closely to instill pride in the BI workforce.			
4	DoD/OPM Operational	BI mission realignment will impact contract providers. Contract providers may experience increased turmoil (turnover currently approximately 30%), which may negatively affect operations (increasing the inventory).		4	4
	Mitigation	DSS will collaborate with GSA, DoD AT&L, DCMA, and other procurement stakeholders to develop BI sector; DSS will invest in economists/other experts to develop cost models that incentivize the market and eliminate entry barriers; DSS will explore with Department of Labor to provide additional incentives and develop programs to supply a trained and employment-ready workforce of veterans and others with challenges entering the workforce.			
5	DoD Materiel	DoD start-up costs will be ~ $75–100 million (to fund and build a capability to execute mission), taking funds away from other critical Department objectives.		3	5
	Mitigation	DSS anticipates these costs will be offset by recapturing overhead costs currently being paid to OPM (DoD pays 20% overhead of $1 billion+); DoD will reinvest this money in its BI infrastructure. DoD believes its global presence and existing infrastructure will allow DoD to achieve efficiencies not possible at OPM/NBIB, resulting in longer-term cost savings.			
6	DoD Technical	DoD's successful implementation of BIs relies on a case management system, and NBIS will not reach FOC until 2019.		5	5
	Mitigation	DoD will provide resources to NBIB for additional FTEs and access to legacy systems as required and until NBIS is available and the mission can fully transfer to DSS.			
7	OPM Operational	Removing $1.2 billion from OPM's revolving fund will impact OPM's headquarters operations and will increase risk to other NBIB customers/stakeholders.		5	3
	Mitigation	OPM will require sufficient time to plan for the loss of DoD funding and to re-establish/re-scale OPM/NBIB appropriate levels of overhead and infrastructure.			
8	DoD Operational	"Blue Sky" Efforts will explore innovative BI process changes (e.g., artificial intelligence, cognitive systems, risk-rating algorithms, and rapid prototyping). These efforts will reduce risk in some areas, while increasing in others.		5	5
	Mitigation	Evaluate the balance of risk between population coverage, early issue detection, and investigative scrutiny, as the innovations are implemented. Quantify technical and operational risks when possible.			

APPENDIX C: MANAGEMENT HEADQUARTERS REPORT

EXECUTIVE SUMMARY

The Defense Security Service (DSS) estimates, at a minimum, a management headquarters (HQ) staff of 563[9] full-time personnel required by the Department of Defense (DoD) to carry out the plan developed under paragraph 1 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, Section 951, to support approximately 6,511 federal and contractor full-time equivalent (FTE) employees.[10]

Government and contract personnel resource projections are based on the transfer of the National Background Investigations Bureau's (NBIB) current BI processes to DSS. The Department's comprehensive review of the enterprise-wide SSC mission may determine DSS requires fewer government and contract resources to execute the DoD portion of the SSC mission.

PURPOSE

The FY 2017 NDAA, Section 951, Enhanced Security Programs for Department of Defense (DoD) Personnel and Innovation Initiatives, was signed into law on December 23, 2016. This paper[11] responds to paragraph (3):

> *"(3) Not later than August 1, 2017, the Secretary shall submit to the congressional defense committees a report on the number of full-time equivalent employees of the management headquarters of the Department that would be required by the Defense Security Service to carry out the plan developed under paragraph (1)."*

ASSUMPTIONS

- **This Report responds to the NDAA as if everything operates optimally today.** The number of personnel and resources depicted represent the current NBIB operation, NBIB's authorized workforce of 8,682 government and contract personnel[12] (as of March 31, 2017) are sufficient to address the annual BI inventory within IRTPA guidelines.[13]

- **OPM retains ownership of all high-value BI information technology (IT) systems.** DSS would provide necessary financial support for use of OPM systems until successful deployment of the National Background Investigation System (NBIS). When NBIS is fully

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[9] This estimate is in addition to the current authorized DSS HQ staff.
[10] DSS arbitrarily chose March 31, 2017 as the reference date, to allow NBIB appropriate time to collect and present requested data and Section 951 core team suitable time to receive, process, and incorporate into NDAA responses.
[11] This paper was compiled with information, statistics, and performance metrics provided by the Office of Personnel Management (OPM)/NBIB, the Office of the Under Secretary of Defense for Intelligence (OUSD(I)), and the DoD Consolidated Adjudications Facility (CAF).
[12] See NBIB Organization Chart with Position Data with Contractor FTE Counts, dated March 31, 2017.
[13] NBIB key performance indicators indicate a failure to conform to IRTPA guidelines and inability to stabilize the inventory. While calculations indicate approximately 6,511 government and contract personnel are required to complete the DoD portfolio, DSS estimates, at a minimum, 7,551 personnel are required to address the DoD annual BI volume, based on NBIB-provided metrics and calculations.

operational, DSS would use NBIS to complete the DoD workload (and would not use OPM high-value BI IT systems, such as Personnel Investigations Processing System).

- **The $73.8 million paid by NBIB equates to approximately 342.9 personnel provided through OPM common and direct services.** NBIB/OPM correspondence indicates common and direct service personnel are estimated.

- **OPM retains personnel providing NBIB common and direct services.** Personnel providing common or direct services to NBIB are OPM authorized/attributable billets. Services provided to NBIB are secondary in nature, with primary responsibility owned by OPM. A transfer of personnel may create a gap in OPM services.

- **NBIB senior leadership would remain with OPM/NBIB to manage and execute the remaining BI portfolio.** The Director, DSS, will advertise and hire leadership through a competitive selection process.

METHODOLOGY

DSS used data gathered from OPM/NBIB, the Office of the Under Secretary of Defense for Intelligence (OUSD(I)), and the DoD Consolidated Adjudications Facility (CAF). Results indicated metrics aligned with nominal discrepancies. *Nominal discrepancies were almost certainly related to large volume submissions and current timelines for processing new cases.*

As identified in the Section 951 Implementation Report, DSS determined the number of transferable NBIB billets proportionally related to DoD's annual BI inventory. DSS obtained BI data from NBIB, to include the DoD portion adjudicated by the DoD CAF, with associated direct hours executed by investigators to complete a respective investigation and monies paid by the Department for requested services. DoD also adjudicates cleared contractors on behalf of 31 other federal agencies, and personnel from the Legislative and Judicial branches. It is DoD's intent to continue to support adjudicating, and upon implementation of this plan, investigating these personnel unless otherwise directed by Congress. DSS further validated all NBIB metrics with DoD CAF-provided data.

- FY 2016 funds executed for the DoD BI portfolio totaled $1.04 billion, accounting for 70.6 percent of NBIB's revolving fund (annual revenue).

- In FY 2016, NBIB executed an estimated 6,238,519 "field hours" to complete its closed caseload, of which 75 percent (4,687,685 field hours) were attributed to the DoD portion of completed FY 2016 cases.

- NBIB estimates reliance on 342.9 OPM personnel who provide HQ support through common and direct services.[14]

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[14] See NBIB FY17 Common Services; Extracted from NBIB Financial Management Overview Briefing, dated February 3, 2017.

ASSESSMENT

This Report does not factor investigative, quality, or administrative support associated with the BI inventory. Estimates in this report are solely for receipt and management of DoD's annual BI volume.

A DSS review of NBIB's 3,259 authorized FTE government billets identified 194 billets aligning with DSS current HQ requirements: Contracts and Business Solutions; Field Contracts; Mission Support and Finance; Facilities, Security, and Emergency Management (FSEM); Integrity Assurance, Compliance, and Inspections; and, Office of Finance and Performance. A 75 percent transfer of those functions equates to 146 billets (**See Table A: DSS Calculated Support**).

In FY 2016, NBIB paid $73,894,597.00 for OPM common and direct service support, equating to approximately 342.9 personnel.[15] A 75 percent transfer in common and direct services equates to approximately 257 personnel (**See Table A: DSS Calculated Support**).

NBIB-provided data indicate Common and Direct Services personnel are estimated; there is no confirmation that $73.9 million equates to 343 personnel. DSS calculations indicate the requirement for 220 additional resources are necessary to support the projected 6,511 transferable billets.

CONCLUSION

DSS requires, at a minimum, a management HQ staff of 563[16] full-time personnel required by the Department to carry out the plan developed under NDAA paragraph 1, to support approximately 6,511[17] federal and contractor FTE employees as of March 31, 2017.

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[15] NBIB calculated estimated common and direct services personnel.
[16] Given NBIB's reliance on OPM Common and Direct Services, DSS estimates approximately 146 FTE billets would transfer; DSS would have to fill 243 FTE billets to replace services provided by common and direct services.
[17] 2,444 Federal and 4,067 contractor employees.

Table A: DSS Calculated HQ Support[16]

NBIB Common and Direct Services	Equitable FTE Support	Personnel Estimate
Office of the Director	11.4	9
Chief Financial Office	50.1	38
FSEM	74.2	56
Office of Procurement Operations	20.8	16
Employee Services	44.9	34
Chief Information Office	76.5	57
Office of Small and Disadvantaged Bus. Utility	1.2	1
Executive Secretariat	7.8	6
Office of Communications	10.8	8
Congressional, Leg., and Intergovernmental Affairs	10.8	8
Equal Employment Opportunity	3.3	2
Merit System Accountability and Compliance	5.4	4
Office of General Counsel	25.7	19
Total	**342.9**	**257**

Transferable NBIB Billets	NBIB Allocated Billet	Personnel Estimate
Contracts and Business Solutions	23	17
Field Contracts	16	12
Mission Support/Finance/FSEM	54	41
Integrity Assurance, Compliance, Inspections	44	33
Office of Finance and Performance	47	35
Total	**194**	**146**

DSS Projections	NBIB Allocated Billet	Personnel Estimate
Section 951 Change Management Office (CMO)	0	41
BI Performance, Metrics, and Pricing	0	10
Additional Projected HQ Support	0	109
Total	**0**	**160**

DSS Estimated Headquarters Personnel

Headquarters Element	Estimated Common/Direct Services (75%)	NBIB Transferable Billets (75%)	DSS Estimated Additional Resources	Total
Total	**257**	**146**	**160**	**563**[18]

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[18] This data represents a transfer of 75 percent of current NBIB billets and related OPM support for common services. DSS would anticipate 146 personnel to provide HQ support based on the 75 percent manpower calculation. The 243 NBIB billets derived from OPM common services provides perspective on the number of personnel likely required to provide HQ support based on the approximately $52.1 million provided by NBIB to OPM.

Table B: DSS Proposed HQ Construct

	DSS Authorized	Proposed BI Support	Total DSS Personnel
DSS Front Office	8	8	16
Public and Legislative Affairs	3	15	18
Chief Financial Office	1	1	2
Human Capital Management Office	17	32	49
Office of General Counsel	5	12	17
Inspector General	3	41[19]	44
Diversity/Equal Opportunity	3	11	9
Acquisitions	19	36	55
Strategic Management Office	2	1	3
Security	7	26	33
Comptroller/Financial Management	18	38	56
Logistics Management Division	10	14	24
Mission Assurance	1	10	2
Chief Information Office	10	267[20]	291
Section 951 CMO	0	41	41
BI Performance, Metrics, and Pricing	0	10	10
Total	**107**	**563**	**670**

[19] Integrity Assurance, Compliance, and Inspections under NBIB structure contained within projection.
[20] Includes five personnel for Information Technology Management (ITMO) support

APPENDIX D: REVISED FEDERAL INVESTIGATIVE STANDARD (FIS) CROSSWALK (2012)[21]

Revised FIS Investigations	For this Position Designation and Risk/Sensitivity Level	Prior Investigations
Tier 1 (T1)	Non-Sensitive Position (Low Risk/HSPD-12 Credential) (No national security sensitivity)	National Agency Check and Inquiries (NACI)
Tier 2 (T2)	Moderate Risk Public Trust Position (No national security sensitivity)	Moderate Risk Background Investigation (MBI)
Tier 4 (T4)	High-Risk Public Trust Position (No national security sensitivity)	Background Investigation (BI)
Tier 3 (T3)	Military Accessions Secret/Confidential Eligibility (Military/Contractor)	National Agency Check with Law and Credit (NACLC)
Tier 3 (T3)	Noncritical-Sensitive Position Secret/Confidential Eligibility (Civilians)	Access National Agency Check and Inquiries (ANACI)
Tier 5 (T5)	Critical-Sensitive Position Special-Sensitive Position Top Secret Eligibility Sensitive Compartmented Information (SCI) Eligibility	Single Scope Background Investigation (SSBI)
Tier 2 Reinvestigation (T2R)	Moderate Risk Public Trust Position Reinvestigation (No national security sensitivity)	NACLC
Tier 4R (T4R)	High-Risk Public Trust Position Reinvestigation (No national security sensitivity)	Periodic Reinvestigation (PRI)
Tier 3R (T3R)	Noncritical-Sensitive Position Secret/Confidential Eligibility periodic reinvestigations	NACLC
Tier 5R (T5R)	Critical-Sensitive Position Special-Sensitive Position Top Secret Eligibility SCI Eligibility periodic reinvestigation	SSBI-PR or Phased PR

[21] Derived from Defense Security Service Center for the Development of Security Excellence developed Job Aid: Revised Federal Investigative Standards Crosswalk; dated: March 1, 2017.