

GAO

Report to the Chairman, Committee on
Government Operations, House of
Representatives

December 1994

MANAGING DOE

Further Review Needed of Suspensions of Security Clearances for Minority Employees





United States
General Accounting Office
Washington, D.C. 20548

**Resources, Community, and
Economic Development Division**

B-257919

December 8, 1994

The Honorable John Conyers, Jr.
Chairman, Committee on Government
Operations
House of Representatives

Dear Mr. Chairman:

The Department of Energy (DOE) uses a number of contractors to assist it in managing many programs that require the employees of these contractors to have security clearances. Security clearances may be suspended if DOE believes an employee may pose a threat to national defense and security. Because of concerns that the DOE security clearance program could adversely affect employees from minority groups, you asked us to review DOE's program for suspending security clearances. Specifically, you asked us to determine (1) if there are statistical disparities in the number of employees from racial/ethnic minorities whose clearances have been suspended at DOE's facilities and (2) what action DOE is taking to identify such statistical disparities. We reviewed DOE's suspensions of contractor employees' security clearances at DOE's Albuquerque, Savannah River, and Oak Ridge operations offices because contractors at these locations account for more than one-half of the employees holding security clearances.

Although the number of security clearances suspended for any particular group is relatively small, statistical disparities can be identified with the appropriate test. Statistical disparities indicate a higher number of suspensions than would have been expected if the suspensions were totally random. Disparities in the number of clearances suspended, in and of themselves, do not mean that DOE is or is not discriminating against racial/ethnic groups.

Results in Brief

From fiscal year 1989 through fiscal year 1993, DOE suspended 425 security clearances for the contractor employees included in our review at the facilities operated by DOE's Albuquerque, Savannah River, and Oak Ridge operations offices. At each of these locations, we found that the clearances of African-Americans, Hispanics, or American Indians were suspended more often than would be statistically expected if the suspensions had been randomly distributed across racial/ethnic groups. DOE does not monitor suspensions of minority groups' security clearances

and was not aware of the statistical disparities. We believe that DOE needs to further evaluate why these disparities are occurring.

Background

DOE's contractors operate a number of facilities that are used to produce nuclear materials and design, test, assemble, and disassemble nuclear weapons. In the operation of these facilities, contractor employees may handle materials, documents, and information that are classified. An employee working in such an environment is investigated and granted a security clearance if one is warranted. To ensure that personnel with access to classified information do not compromise national defense and security, DOE's operations offices may suspend security clearances. A clearance may be suspended as a result of an employee's use of illegal drugs, alcohol abuse, mental illness, falsification of information on security statements, sabotage or treason, membership in an organization that advocates the overthrow of the government or association with people who are members of such organizations, failure to protect classified data, unusual conduct or dishonesty, and having relatives living in a country whose interests are hostile to those of the United States.

Information leading to the suspension of an employee's clearance can come from many sources, including routine security reinvestigations, random drug testing, and allegations from other people. If DOE believes that national security could potentially be compromised, it begins a multilayered review process that can result in the suspension—and ultimately revocation—of an employee's security clearance. More than a year may pass before DOE makes a final determination. The employee is entitled to a formal hearing by a hearing officer and attorneys, a review of the hearing transcript by a personnel security review examiner, and a final resolution by the Security Affairs Director. DOE may also have an employee undergo a psychiatric evaluation to examine the employee's judgment or reliability if information reveals mental illness, alcohol abuse, or drug use.

The facilities operated by DOE's Albuquerque, Savannah River, and Oak Ridge operations offices employ the Department's largest numbers of employees holding clearances—more than 84,000. These three offices oversee six major contractors: AT&T/Sandia Corporation (Sandia National Laboratories)¹ and the University of California (Los Alamos National Laboratory) at the Albuquerque Operations Office in New Mexico; Westinghouse and Bechtel companies at the Savannah River Operations

¹Sandia National Laboratories is currently operated by Martin Marietta Corporation of Bethesda but was operated by AT&T/Sandia Corporation until October 1, 1993.

Office in South Carolina; and Martin Marietta Energy Systems, Incorporated, and M. K. Ferguson of Oak Ridge Company at the Oak Ridge Operations Office in Tennessee.

Statistical Disparities Occur in Number of Clearances Suspended for Minorities

At the locations included in our review, in various 1-year periods during fiscal year 1989 through fiscal year 1993,² contractor employees from several minority groups had their security clearances suspended more often than would be expected statistically when they were compared with the majority population of the workforce.³ The population of contractor employees includes Asians, American Indians, African-Americans, Hispanics, and whites. Table 1 shows the number of years during this period in which a statistical disparity occurred in the number of clearances suspended for the employee population groups at the three sites.

Table 1: Number of Years in a 5-Year Period in Which Statistical Disparities Occurred in the Number of Clearances Suspended for Racial/Ethnic Minority Groups

Racial/ethnic group	Number of years with statistical disparities		
	Albuquerque	Savannah River	Oak Ridge
American Indian	1	N.A.	N.A.
Asian	N.A.	0	N.A.
African-American	0	3	3
Hispanic	2	N.A.	1

Note: N.A. indicates that no members of this group had their clearances suspended in any of the 5 years. A "0" indicates that members of the group had their clearances suspended, but the number suspended did not show a statistically significant disparity.

Albuquerque Operations Office

During the period covered by our review, AT&T/Sandia Corporation operated the Sandia National Laboratories and the University of California operated the Los Alamos National Laboratory for DOE's Albuquerque Operations Office. These two contractors combined employ more than 15,000 people with security clearances. DOE suspended the security clearances of 98 contractor employees at Sandia and Los Alamos during fiscal year 1989 through fiscal year 1993. The number of clearances

²Data were not available by fiscal year for DOE's Savannah River contractors. Throughout this report, the data used for Savannah River contractors are for calendar years 1989 through 1993.

³Our findings are based on the Fisher's Exact Test. In the Fisher's Exact Test, occurrences are statistically analyzed to determine whether they can be explained by randomness and chance or may have been caused by some other factor. Additional information on our use of the Fisher's Exact Test is included in app. I.

suspended for Hispanics was statistically disparate in fiscal years 1992 and 1993; the number for American Indians was statistically disparate in fiscal year 1992. Two other racial/ethnic minority groups were represented at Sandia and Los Alamos: Asians and African-Americans. However, no Asians had their clearances suspended in this period, and the number of African-Americans whose clearances were suspended did not show a statistically significant disparity.

More specifically, in fiscal year 1992 American Indians and Hispanics made up about 2 percent and about 23 percent, respectively, of the total population of employees at Sandia and Los Alamos. However, 12 percent (4 of 33) of the suspensions involved American Indians, and 42 percent (14 of 33) involved Hispanics. In fiscal year 1993, Hispanics made up about 23 percent of the total employee population at Sandia and Los Alamos but accounted for 47 percent (14 of 30) of the number of security clearances suspended. The disparities for these groups in these years were all significant, according to the Fisher's Exact Test. (See app. II for data on contractor employees at the Sandia and Los Alamos national laboratories.)

Savannah River Operations Office

DOE's Savannah River facility is operated by the Westinghouse Company for DOE's Savannah River Operations Office. The major construction contractor is the Bechtel Company. About 20,000 employees of Westinghouse and Bechtel work at the Savannah River Site. About 17,000 of those employees have security clearances. DOE suspended the security clearances of 163 contractor employees at the Savannah River Site during calendar years 1989 through 1993. The number of clearances suspended was statistically disparate for one group, African-Americans, in 3 of the 5 years: 1991, 1992, and 1993. African-Americans made up about 20 percent of the total number of employees holding clearances throughout this period. In calendar year 1991, 40 percent (10 of 25) of those whose clearances were suspended were African-American. African-Americans accounted for about 48 percent (27 of 56) of the clearances suspended in calendar year 1992 and about 36 percent (14 of 39) in calendar year 1993. The disparities for African-Americans in calendar years 1991, 1992, and 1993 were all significant, according to the Fisher's Exact Test.

The population of contractor employees at this site also includes Asians, American Indians, and Hispanics. American Indians and Hispanics did not have their clearances suspended in this period. The number of Asians whose clearances were suspended did not show a statistically significant

disparity. (See app. III for data on the contractor employees at the Savannah River Site.)

Oak Ridge Operations Office

The contractors we reviewed at DOE's Oak Ridge facilities—Martin Marietta Energy Systems and M. K. Ferguson of Oak Ridge Company—employ about 21,000 people. Over 10,000 of those employees have security clearances. DOE suspended the security clearances of 164 of the contractor employees at its Oak Ridge facilities in fiscal years 1989 through 1993—the largest number of suspensions at the locations we reviewed. For one group, African-Americans, a statistically disparate number of clearances were suspended in 3 of the 5 fiscal years: 1989, 1992, and 1993. African-Americans at Oak Ridge made up between 8 and 10 percent of the workforce holding clearances in the years we reviewed. Although African-Americans represented a small portion of the total population holding clearances, in fiscal year 1989 about 44 percent (14 of 32) of those whose clearances were suspended were African-American. In fiscal year 1992, African-Americans made up 26 percent (13 of 50) of the population whose clearances were suspended; in fiscal year 1993, they made up 22 percent (7 of 32).

A statistically disparate number of Hispanics also had their clearances suspended in fiscal year 1990. Specifically, Hispanics represented about 0.2 percent of the workforce in fiscal year 1990. However, about 6 percent (1 of 17) of those whose clearances were suspended were Hispanic. The disparities for African-Americans in fiscal years 1989, 1992, and 1993 and for Hispanics in fiscal year 1990 were significant, according to the Fisher's Exact Test. (See app. IV for data on contractor employees at DOE's Oak Ridge facilities.)

Oak Ridge's population of contractor employees also includes Asians and American Indians. However, no Asians or American Indians had their clearances suspended during the period covered by our review.

DOE Does Not Monitor for and Was Not Aware of Statistical Disparities

Under federal equal employment opportunity policy, federal agencies and their contractors are not required to monitor the suspension of the security clearances for racial/ethnic minority groups. Because DOE is not required to do so, no organization in the Department collects information on the suspension of clearances by racial or ethnic group, and DOE was not aware of the statistical disparities discussed in this report.

Federal and DOE Requirements Do Not Mandate Monitoring of Suspensions

Executive Order 11246, entitled “Equal Employment Opportunity,” states that federal contractors will not discriminate against any employee or applicant for employment because of several factors, including race. To help in assessing compliance with the policy on equal employment opportunity, reports that federal agencies receive from contractors list employees by race and ethnicity. DOE further requires contractors to provide data on hirings, promotions, layoffs, and terminations. But DOE’s orders on equal employment opportunity do not require the contractors to document or track the suspension of security clearances for various population subgroups. Executive Order 11246 does not specifically discuss discrimination in security clearance matters and does not require personnel actions on security clearances taken by federal agencies or their contractors to be monitored.

Within DOE, the Office of Safeguards and Security is responsible for establishing policies and procedures for security clearances for personnel. The Office bases its decisions to continue or suspend security clearances on 10 C.F.R. 710, “Criteria and Procedures for Determining Eligibility for Access to Classified Matter or Significant Quantities of Special Nuclear Material.” DOE Order 5631.2C, “Personnel Security Program,” implements this regulation. According to an official in the Office of Safeguards and Security, because race and ethnicity are not factors in the processes used for continuing or suspending security clearances, such information is not requested or gathered as part of the processes.

DOE’s Office of Contractor Human Resource Management maintains data on the race and ethnicity of contractor employees but did not gather data on the suspensions of security clearances for the employees. DOE has two orders that apply to equal employment opportunity and affirmative action at the facilities operated by contractors. DOE Order 3220.4A, “Contractor Personnel and Industrial Relations Reports,” requires that the contractors provide data on employment—such as hirings, separations, and promotions—by race and ethnicity so that DOE can evaluate the contractors’ performance in human resource management. However, the order does not require contractors to provide data on suspensions of security clearances in terms of equal employment opportunity.

DOE Order 3220.2A, “Equal Opportunity in Operating and Onsite Service Contractor Facilities,” implements DOE’s policy that there will be no discrimination at contractors’ facilities because of race and that affirmative action will be taken to fully realize equal opportunity. The order details the responsibilities and authorities of the various offices

responsible for equal employment opportunity and affirmative action. However, these responsibilities do not include tracking or analyzing the suspension of security clearances by race or ethnicity.

DOE's Security and Human Resource Organizations Were Not Aware of Statistical Disparities

DOE was not aware of the statistical disparities that our analysis revealed because it had not combined the data on security clearances—available at security offices—with the data on race and ethnicity—available at other offices. DOE's Office of Safeguards and Security and the site security offices had information about suspensions of clearances but did not have information on race and ethnicity because they were not required to have that information for granting or continuing security clearances. DOE's Office of Economic Impact and Diversity, which includes the offices of Civil Rights and Contractor Human Resource Management, had data on race and ethnicity but had no information on the suspension of security clearances. As previously noted, that office was not required to collect such data.

Conclusions

DOE has not been tracking the suspension of clearances by racial/ethnic group. As a result of our analysis, DOE is now aware that contractor employees who are members of racial/ethnic minority groups were more likely than white employees to have their security clearances suspended in some of the years and locations we reviewed. It is important that DOE look into the reason for the statistical disparities to assure itself that discrimination is not occurring.

Recommendations

We recommend that the Secretary of Energy

- investigate the reasons for the disparities in the number of security clearances suspended for contractor employees in the locations and years identified by our review and take action to correct any problems that this investigation identifies in the Department's security clearance procedures and
- require that data on the racial and ethnic background of contractor employees whose clearances are suspended at all locations be compiled, monitored, and reviewed to identify any statistical disparities in the number of clearances suspended for minorities, and investigate and take appropriate corrective action if such disparities occur.

Agency Comments

As requested, we did not obtain written agency comments on a draft of this report. However, we discussed the information in this report with officials in DOE's Office of Nonproliferation and National Security and with officials from the Albuquerque, Oak Ridge, and Savannah River operations offices. These officials agreed with the facts contained in the report. However, they expressed concern about the statistical methodology we used to analyze the data on suspended clearances. They said that our analysis was not sufficiently sophisticated to include a variety of demographic factors, such as age or job category, which could explain the statistical disparities we found. They concluded that our "one-faceted" approach to the demographic issue, combined with the very small number of clearances suspended, "renders the reasoning behind any finding of statistical disparity questionable"

In this report, we have not attempted to determine why statistical disparities are occurring. We are only reporting that, according to the Fisher's Exact Test, statistical disparities are occurring at all the locations included in our review—that is, more security clearances are being suspended for minorities than would be expected if suspensions occurred in a purely random fashion. We believe DOE needs to determine why these statistical disparities are occurring. In making this determination, DOE may need to conduct more sophisticated demographic studies of its workforce. Until such studies are completed, DOE cannot know why the security clearances of minority employees are being suspended more often than would be expected statistically.

We also discussed the contents of this report with officials from DOE's Office of Economic Impact and Diversity. These officials also agreed with the facts contained in the report. In addition, they said that the findings "serve as a basis for further review of the method utilized for suspending security clearances. . . ."

We conducted this review at DOE headquarters and the Albuquerque, Savannah River, and Oak Ridge operations offices between June 1993 and August 1994 in accordance with generally accepted government auditing standards. We reviewed DOE's records, applicable orders, and special program initiatives; interviewed DOE program officials and contractors; and merged data on security clearances with personnel information to analyze the data for statistical disparities in the number of clearances suspended. (See app. I for a more detailed discussion of our scope and methodology.)

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Secretary of Energy; the Director, Office of Management and Budget; interested congressional committees; and other interested parties. We will also make copies available to others on request.

Please call me at (202) 512-3841 if you or your staff have any questions about this report. Major contributors to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Victor S. Rezendes". The signature is fluid and cursive, with the first name "Victor" being more prominent and the last name "Rezendes" following in a similar style.

Victor S. Rezendes
Director, Energy and
Science Issues

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Abbreviations

DOE	Department of Energy
GAO	General Accounting Office

Scope and Methodology

To address the questions of the Chairman, House Committee on Government Operations, we had discussions on the suspension of security clearances with DOE officials in the Office of Safeguards and Security and Office of Civil Rights at the Department's headquarters and operations offices at Albuquerque, Savannah River, and Oak Ridge. We also obtained data on such suspensions from these officials. In addition, we discussed suspensions with contractors at the Sandia and Los Alamos national laboratories, Savannah River Site, and Oak Ridge. The Albuquerque, Savannah River, and Oak Ridge operations offices, which administer these sites, are responsible for 54 percent of the Department's total population of contractor employees holding security clearances. We also interviewed the Deputy Director of the Department of Labor's Office of Federal Contract Compliance Programs and examined the executive order and federal regulations on contractors' compliance programs for equal opportunity employment. In addition, we obtained data on ethnicity, sex, and total annual employment for contractor employees at the locations included in our review and reviewed a random sample of personnel security files to determine what data on ethnicity and sex were collected and recorded.

In our analysis of suspensions, we used data provided by DOE on the populations whose clearances had been suspended and on the total populations within each racial/ethnic group at each location. We used the Fisher's Exact Test to (1) compare the proportion of each racial/ethnic group whose clearances had been suspended with the proportion of whites whose clearances had been suspended and (2) calculate the probability that the number of minorities whose clearances were suspended would have occurred had the suspensions been randomly distributed across the racial/ethnic groups. Analysis using the Fisher's Exact Test shows whether the occurrences can be explained by chance or may have been caused by some other factor. Our use of the Fisher's Exact Test had a confidence level of 95 percent, which means that some of the results (about 5 percent) that were found to be statistically significant could be due to chance alone.

The Fisher's Exact Test applies to all situations and is not affected by the size of the sample. As a result, the test is commonly used when the number of events being analyzed is small. A significant result from this test does not conclusively demonstrate that discrimination has occurred; rather, it shows that the result differs significantly from what would be expected if race/ethnicity was not related to the suspension of a clearance.

Suspension of Security Clearances for Workforce at Albuquerque's Sandia and Los Alamos Facilities, Fiscal Years 1989-93

Year and action	Racial/ethnic group					
	White	African-American	Hispanic	American Indian	Asian	Total
1989						
Suspended	5	1	1	0	0	7
Not suspended	10,909	230	3,556	371	237	15,303
Total	10,914	231	3,557	371	237	15,310
1990						
Suspended	3	0	1	0	0	4
Not suspended	11,226	229	3,506	359	246	15,566
Total	11,229	229	3,507	359	246	15,570
1991						
Suspended	16	2	5	1	0	24
Not suspended	10,880	230	3,391	343	253	15,097
Total	10,896	232	3,396	344	253	15,121
1992						
Suspended	15	0	14	4	0	33
Not suspended	10,902	224	3,491	348	247	15,212
Total	10,917	224	3,505	352	247	15,245
1993						
Suspended	15	0	14	1	0	30
Not suspended	11,069	227	3,620	362	270	15,548
Total	11,084	227	3,634	363	270	15,578

Note: Boldface indicates the racial/ethnic groups for whom the number of clearances suspended showed a statistically significant disparity.

Suspension of Security Clearances for Workforce at Savannah River, Calendar Years 1989-93

Year and action	Racial/ethnic group					Total
	White	African-American	Hispanic	American Indian	Asian	
1989						
Suspended	10	5	0	0	0	15
Not suspended	9,711	2,572	34	33	88	12,438
Total	9,721	2,577	34	33	88	12,453
1990						
Suspended	21	7	0	0	0	28
Not suspended	12,131	3,059	52	42	177	15,461
Total	12,152	3,066	52	42	177	15,489
1991						
Suspended	15	10	0	0	0	25
Not suspended	13,297	3,316	72	42	277	17,004
Total	13,312	3,326	72	42	277	17,029
1992						
Suspended	29	27	0	0	0	56
Not suspended	14,347	3,471	93	51	345	18,307
Total	14,376	3,498	93	51	345	18,363
1993						
Suspended	24	14	0	0	1	39
Not suspended	13,545	3,308	99	44	380	17,376
Total	13,569	3,322	99	44	381	17,415

Note: Boldface indicates the racial/ethnic groups for whom the number of clearances suspended showed a statistically significant disparity. Fiscal year data were not available for DOE's Savannah River contractors; data are for the calendar years.

Suspension of Security Clearances for Workforce at Oak Ridge, Fiscal Years 1989-93

Year and action	Racial/ethnic group					Total
	White	African-American	Hispanic	American Indian	Asian	
1989						
Suspended	18	14	0	0	0	32
Not suspended	10,573	1,041	21	13	49	11,697
Total	10,591	1,055	21	13	49	11,729
1990						
Suspended	12	4	1	0	0	17
Not suspended	10,573	1,175	23	11	56	11,838
Total	10,585	1,179	24	11	56	11,855
1991						
Suspended	28	5	0	0	0	33
Not suspended	10,971	1,076	18	24	34	12,123
Total	10,999	1,081	18	24	34	12,156
1992						
Suspended	37	13	0	0	0	50
Not suspended	11,546	1,114	27	20	55	12,762
Total	11,583	1,127	27	20	55	12,812
1993						
Suspended	25	7	0	0	0	32
Not suspended	9,199	885	30	14	58	10,186
Total	9,224	892	30	14	58	10,218

Note: Boldface indicates the racial/ethnic groups for whom the number of clearances suspended showed a statistically significant disparity. Total employment and suspension data for fiscal years 1989 and 1990 represent Martin Marietta employees only. The construction contractor that preceded M. K. Ferguson did not maintain data on employment and suspension of clearances.

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