

GAO Highlights

Highlights of [GAO-15-467T](#), a testimony before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

According to ODNI, several million civilian and military federal employees and contractors were eligible to hold a security clearance as of October 2013. The number of personnel determined eligible for clearance underscores the importance of conducting thorough assessments of security-clearance applicants as these clearances may allow individuals to gain access to classified information that, through unauthorized disclosure, in some cases might cause exceptionally grave damage to U.S. national security. Federal laws do not prohibit an individual with unpaid federal taxes from holding a security clearance, but tax debt poses a potential vulnerability that must be considered in making a broader determination about whether an applicant should be granted a security clearance.

This testimony focuses on: (1) the extent to which clearance holders had unpaid federal tax debts, and (2) actions to improve the detection of federal tax debt in the security-clearance process. This testimony is based on and summarizes key findings and a recommendation from two prior reports GAO issued in September 2013 and July 2014 ([GAO-13-733](#) and [GAO-14-686R](#)).

GAO is not making any new recommendations in this testimony.

View [GAO-15-467T](#). For more information, contact Seto Bagdoyan at (202) 512-6722 or BagdoyanS@gao.gov.

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SECURITY CLEARANCES

Additional Mechanisms May Aid Federal Tax-Debt Detection

What GAO Found

In its prior work, GAO found that tens of thousands of federal employees and contractors who were adjudicated as eligible for national security clearances had unpaid federal tax debts. Specifically:

- In July 2014, GAO reported that about 83,000 Department of Defense (DOD) employees and contractors who were determined eligible for a security clearance or related interim clearance owed approximately \$730 million in unpaid taxes as of June 2012.
- In September 2013, GAO reported that about 8,400 non-DOD civilian executive-branch employees and contractors with clearances owed about \$85 million in unpaid federal taxes as of June 2012.

Because some federal employees and contractors have security-clearance records in both the DOD and non-DOD databases GAO used to perform this work, some individuals may be in both analyses of DOD and non-DOD security clearance holders who owe federal taxes. It is also important to note that the national security-clearance databases GAO used to perform this work do not maintain information on the denial of security clearances on the basis of an individual's unpaid federal tax debt. Thus, GAO was not able to determine the number of individuals who were denied security clearances for this reason.

The Office of the Director of National Intelligence (ODNI), which is responsible for developing uniform and consistent policies related to the security-clearance process, is working with other federal agencies to explore actions to improve the detection of federal tax debts owed by current clearance holders and applicants, but these efforts are in the initial planning stages. In September 2013, GAO reported that additional mechanisms that provide large-scale detection of federal tax debt could improve federal agencies' ability to detect tax debts owed by security-clearance applicants and security-clearance holders. Access to the federal tax information needed to obtain the tax-payment status of applicants is restricted under section 6103 of the Internal Revenue Code (26 U.S.C. § 6103), which generally prohibits disclosure of taxpayer data to federal agencies and others. Federal agencies may obtain information on federal tax debts directly from the Internal Revenue Service if the applicant provides consent, but this manual process is not conducive to large-scale detection of unpaid federal taxes. In September 2013, GAO recommended that the Director of National Intelligence work with other agencies to evaluate the feasibility of routinely obtaining federal debt information through an automated mechanism for the purposes of investigating and adjudicating clearance applicants, as well as for ongoing monitoring of current clearance holders' tax-debt status. ODNI concurred with GAO's recommendation. ODNI and its working group have taken initial steps to address GAO's recommendation, but efforts to develop an automated system to perform federal tax-compliance checks are in the initial planning stages. As such, GAO will continue to monitor ODNI's efforts in this area.