



STATEMENT OF

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FOR THE RECORD

BEFORE

THE SENATE JUDICIARY COMMITTEE

SUBCOMMITTEE ON TERRORISM AND HOMELAND SECURITY

REGARDING

THE PASSPORT ISSUANCE PROCESS: CLOSING THE DOOR TO FRAUD,

PART II

ON

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On behalf of the National Federation of Federal Employees (NFFE) and the 110,000 federal employees our union represents throughout the United States and abroad, including 1,400 employees at the Department of State's (DOS) Passport Services (PPT) division, I thank you for the opportunity to share our views on how to combat passport fraud.

Passport Services once again finds itself in the spotlight, explaining its performance on a second GAO fraud detection test. It is important to admit up front that the issuances of the GAO cases were caused partly by passport specialist errors. Some details were clearly overlooked when the applications and documents were reviewed. Of the seven GAO applications – all handled by passport specialists - two were caught, four were approved in error, and one was denied by the specialist, but overruled and approved by a supervisor.

Unlike the results of the GAO's 2009 test, the decisions to issue passports this time were reached in four different offices, and by specialists of varying experience. The specialists approved the applications during a year when they had received more extensive training on fraud, as well as more training on adjudication, and did so under lower production standards. Yet we believe that the same decisions to issue the GAO applications could easily have been made by any passport specialist under the agency's current system.

In the Union's written testimony to this Subcommittee in 2009, we made the following assessment of problem areas:

1. Too little focus on fraud prevention in the passport specialists' performance elements, awards and overall work culture.

This observation is still applicable today, although there have been some improvements at PPT. For the first time, performance in fraud detection will now account for at least 10% of the agency's awards. The Union had requested a larger percentage of the awards money be devoted to fraud recognition¹, but was met with resistance.

Also, since our testimony in 2009, Passport Headquarters lowered the hourly production requirements, which was a welcome departure from the strong emphasis on quantity

¹ The 10% figure does not cost the taxpayers more; it just reapportions where the awards budget is allocated.

previously displayed by the agency. However, we also experienced revised passport specialist critical elements in 2010 to make production numbers more prominent.

2. Insufficient fraud detection training, information, and tools.

The department has done a significantly better job on fraud training. However, there is still room for improvement on the number and type of document samples available for reference, and the national intranet website could be more efficient². Also, there is a trend toward stressing fraud detection in training provided by the fraud office, while emphasizing production in adjudication team training. This discrepancy causes specialists to receive mixed messages. And even the perfect training curriculum won't suffice if specialists do not have adequate time to examine the documents. Just this month, the agency had all passport specialists take a training course on detecting fraudulent documents. Headquarters required all specialists to certify under signature that they have absorbed the material, yet only provided one hour for employees read the 52 pages (which ended with a quiz). Instances of employees being given too little time to possibly know the material is an ongoing issue.

Passport fraud managers can only train employees on their areas of expertise. Since much of the passport specialist's job is to evaluate state-issued documents, additional training from state DMV and vital record officials on security features would prove beneficial.

Three of the fraudulent GAO cases were issued at large processing centers that handle work from all corners of the nation. Considering the thousand-plus types of state, county and city birth certificates, there are too many formats for any one person to memorize. Becoming familiar with the document formats from one region of the country is a much more obtainable goal. Fraud detection would improve if specialists were able to apply their expertise of their own region. Transferring applications is unavoidable for workload balance reasons, but currently occurs more than necessary.

3. Insufficient permanent fraud prevention staffing.

The department has made large strides in this area, hiring a number of new fraud program managers, and enlarging the national Fraud Prevention Program. Because of these improvements, this suggestion no longer seems to apply.

² For example, searches of agency online resources frequently bring up results listing dozens of fraud reports, with no indication of which report pertains to the search.

4. Organization and interagency information sharing roadblocks.

The information provided to PPT by the Social Security Administration represents a significant step forward in fraud detection capabilities. This collaboration proved that data can be shared between agencies in a manner that still respects the privacy of personal information. The exchange of information with other agencies needs to be a high priority. Citizenship and Immigration Services is the next logical candidate for information sharing, both from a customer service and fraud prevention standpoint, but efforts at data-sharing should not stop there.

Technology gaffes played a role in the mistaken issuances to the GAO in 2010, just as in 2009. Even so, the information at the specialist's fingertips is improved from previous years. Work still needs to be done to ensure the information is consistently accurate.

Some of the data issues are beyond the Department of State's control, but not all of them. In disputing errors charged against an employee³ in October of 2009, the Union pointed out that Passport Services' online social security information was incomplete and could be easily fixed. The Union made the same request for the database to be updated in March of 2010. This incomplete SSN database resulted in 10 times as many "alert" icons popping up during adjudication. They occurred so often that they ceased to register as a meaningful alert to adjudicators. This factor played a role in several of the cases of passports being issued in error. In the weeks since the last GAO test, the agency has addressed this problem.

5. Insufficient oversight and restrictions on the passport acceptance function.

Passport Services expanded its oversight of passport acceptance facilities, creating a new division which audits the post offices and county courthouses that accept applications. This program will eliminate loopholes in the facilities' security procedures. It will hopefully improve the overall acceptability of the applications from the facilities, as well as improve their detection of fraud.

In addition to the new acceptance facility oversight positions, there are now four new nationwide regional directors, each with several research analysts. A new section was formed to consider internal control requirements. The agency is in the process of creating a new adjudication section that will examine rules and procedures. All of these new

³ The employee was ultimately fired.

management positions perform worthy tasks. But it is critical that the benefit of these additional agency resources be felt at the adjudication level, and thorough passport adjudication made more attainable.

6. Failing to adequately seek out and consider employee input, through their union, when making changes to systems, applications, processes, and procedures.

The agency welcomed union/employee involvement in layout of the new passport application (which pertains to fraud detection), but the invitation was not extended to any other facet of agency operations. Although the Union was invited to speak to several committees, the suggestions made in those one-time meetings were rejected or forgotten by the time the committees issued their recommendations. NFFE Local 1998 believes that providing more of a voice for the employees would have produced a better agency performance on the GAO's test.

In a 2006 nationwide survey, Passport employees named passport integrity the highest priority topic for this Union. NFFE Local 1998 officers have provided numerous unsolicited additions to agency fraud libraries over the years. And despite standing nothing to gain, passport employees lobbied in support of 2008's H.R. 5752, designed to stop passport security features from being produced in overseas in nations, which causes numerous security concerns.⁴ Passport employees have consistently shown a commitment to the security of their product.

The agency has held passport specialists more accountable since the results of the first GAO test. A number of specialists have been dismissed from their positions. But the process of adjudicating applications has become more confusing; the procedure for what should be done in any given situation changes regularly.

The agency introduced an allowable error percentage in 2009, a percentage the Union felt nearly impossible to achieve⁵. Faced with scores of Passport Specialists that were over the allowable rate⁶, Management retracted the criteria, and replaced it in 2010 with another arbitrary error rate.

⁴ Facilities in Thailand were still being used for production of security features this year, though not by choice of Passport Services.

⁵ The rate allowed for an error on 2% of all applications; since each application contains at least a dozen required notations, a specialist could not incorrectly record more than 1 out of 600 notations.

⁶ Some regional offices declined to even implement it

To grossly simplify the current adjudication approach, if a passport specialist would previously transpose digits in copying a date or document number, it almost never led to dismissal; while in 2010, it leads to dismissal. The specialist's focus is now forced onto distinct fields of the application, but not towards assessing the case as a whole. Specialists now adjudicate more cautiously, but this increased caution is not translating into better fraud detection.

For this reason, the drop in hourly production requirements has not yielded improved anti-fraud performance; the extra seconds per application are eaten up rechecking notations instead of looking out for counterfeit documentation. In fact, one of the two successful detections of GAO applications was made by a specialist who is under fire for not adjudicating quickly enough.

The Union suggested that specialists receive a 15 minute exception to the production quota for each case researched/referred for fraud. Currently, taking any option other than issuing a passport lowers the likelihood of meeting the production quota. Due to regional fraud disparities, specialists at some agencies are at a great disadvantage in meeting their production quotas; they see three times as many poorly-established identity cases. Extra minutes to research/write up fraud cases would create a more level playing field and erase the production disadvantage for some locales.

The agency is currently introducing facial recognition into the adjudication process. Like other developments, facial recognition will be a major advance in deterring fraud, but will add more time to process. Extra time should be provided for the added task of comparing photographs.

The GAO's test results do not support the agency's latest assumptions about the adjudication process. The absence of notational errors on the seven GAO applications proves that the employees *were* concentrating; they just didn't have the time to concentrate on detecting fraud.

Based on the results of 2010 test, it seems inevitable that the GAO will conduct another test. If Passport Services is to detect these applications the next time around, the Union believes the following improvements should be made:

- Allow more time for adjudication of passport applications.
- Tweak the current adjudication approach to make fraud detection the main focus.

- Expand the agency's inventory of identification, county/city birth certificates, and foreign citizenship exemplars.
- Lift restrictions on access to new fraud detection databases, making them available to passport specialists.
- Encourage more variety in assignments (and thus minimize the trap of employees adjudicating on "auto pilot"). There are plenty of separate assignments within the adjudication sections and no necessity for employees to perform solely desk adjudication for weeks.
- Involve the Union and employees in the development of nationwide adjudication/fraud detection procedures. The Office of Inspector General's 2009 report recommended that the Union be part of these task forces, yet it has not been.
- Continue and increase interagency sharing of information.

We thank the Subcommittee for considering this statement.