

SUPPORTING STATEMENT
Financial Disclosure Report - Standard Form 714
OMB Control No. 3095-0058

1. **Circumstances Making the Collection of Information Necessary.** Executive Order 12958 as amended, “Classified National Security Information” authorizes the Information Security Oversight Office (ISOO) to develop standard forms that promote the implementation of the Government’s security classification program. This is a continuing authority, which was first given to ISOO with the issuance of the predecessor executive order on security classification, Executive Order 12356. Prior to E.O. 12356, executive branch agencies developed their own forms to address security needs. For example, each agency had a different cover sheet for each of the classification levels. With the issuance of Standard Forms SF 703, 704 and 705 in 1985, executive branch agencies began using the same standard form to serve as a shield to protect classified information at the Top Secret, Secret and Confidential levels. These forms promoted and continue to promote consistency and uniformity in the protection of classified information. An individual can go from one agency to another and know that an orange cover sheet has Top Secret information attached to it (SF 703).

In the wake of the Aldrich Ames espionage case, Congress passed legislation in 1994 (50 U.S.C. 436) that authorized investigative agencies to obtain financial information about Government employees with access to classified information who are suspected of compromising classified information. Section 1.2 (e) of Executive Order 12968, “Access to Classified Information,” issued on August 4, 1995, requires that all employees granted access to classified information provide a written consent form, SF 713 for access to certain financial records under specified conditions. Section 1.3 of E.O. 12968 requires that employees who have regular access to particularly sensitive classified information submit, as a condition of maintaining access to such information, relevant information concerning their financial condition, through the proposed standard form, as may be necessary to ensure appropriate security. The Security Policy Board, created in 1993 by Presidential Directive to consolidate security policy groups and abolished in February, 2001 by National Security Presidential Directive Number 1, originally developed a draft consent form and a draft financial disclosure form after lengthy meetings/negotiations with the major classifying agencies.

Under the new policy coordinating structure created by National Security Presidential Directive 1 of April 21, 2001, several policy coordinating committees (PCCs) were established to serve as the main “day-to-day” forum for interagency coordination of national security policy. The PCC on Records Access and Information Security is the PCC that handles security classification and personnel security matters. It is this PCC that resurrected the Financial Disclosure Report to solicit views from its members and to obtain final approval. The members of this PCC include NSC as Chairman, NSC as Executive Secretary, Department of Defense, Director Central Intelligence, State, Department of Justice, Department of Energy, Office of Management and Budget, Information Security Oversight Office and an industry observer. The Director of Records Access at the NSC chairs this committee. All members unanimously endorsed the Standard Form 714, Financial Disclosure Report.

The Financial Disclosure Report contains information that is used to make access determinations for particularly sensitive types of classified information as specified in Section 1.3 (a) of E.O. 12968. The

data may later be used as a part of a review process to evaluate continued eligibility for access to classified information or as evidence in legal proceedings.

The Financial Disclosure Report helps law enforcement and counterintelligence professional gather pertinent information in the preliminary stages of potential espionage and counter terrorism cases. The PCC on Records Access and Information Security forwarded the current form to the Information Security Oversight Office for issuance.

NARA submitted a change to the instructions for the SF 714 to OMB in September 2007. The instructions have been revised to clarify the information being requested on the form. There were no changes in number of respondents or burden hours.

2. **Purpose and Use of the Information.** The information is used to help determine whether an individual is allowed access to classified information, sensitive areas, and equipment; or to permit assignment to sensitive national security positions that involve particularly sensitive classified information as specified in Section 1.3(a) of E.O. 12968. The data may later be used as part of a review process to evaluate continued eligibility for access to classified information or as evidence in legal proceedings.

3. **Use of Information Technology and Burden Reduction.** The Information Security Oversight Office uses information technology as a means of completing the form and for electronic retention. The Department of Defense and the Intelligence Community have developed a software analysis tool for the information provided in the Standard Form 714, Financial Disclosure Report. This assists counterintelligence professionals in assessing potential violators of their nondisclosure and other obligations related to access to particularly sensitive classified information as specified in Section 1.3(a) of E.O. 12968.

4. **Efforts to Identify Duplication and Use of Similar Information.** There is no duplication. The data requested is initiated and retained by the host agency. In accordance with the National Industrial Security Program Operating Manual (NISPO) which applies to contractors with classified contracts, and possible amendments to it, the data collected and adjudicated is accepted by any other agency without additional requirements.

5. **Impact on Small Businesses or Other Small Entities.** The information requirements do not have a significant impact on small businesses or other small entities.

6. **Consequences of Collecting the Information Less Frequently.** The frequency of response is annual.

7. **Special Circumstances Relating to the Guidelines of 5 CFR 1320.5.** The collection of information is consistent with the guidelines in 5 CFR 1320.5.

8. **Comments in Response to the Federal Register Notice and Efforts to Consult Outside Agency.** Formal consultations have taken place with inter-agency members of the White House Policy Coordinating Committee on Records Access and Information Security as well as members of industry.

A *Federal Register* Notice was published on March 3, 2009 (74 FR 9307 and 9308). No comments were received.

9. **Explanation of Any Payment or Gift to Respondents.** This information collection involves no remuneration to respondents.

10. **Assurance of Confidentiality Provided to Respondents.** Participating Government agencies retain the Financial Disclosure Report as Privacy Act-protected records of disclosure. The form becomes releasable only in accordance with Privacy Act provisions. This information is released only to authorized personnel having a need to know for official purposes. The completed form is stored in a locked file cabinet in a secure room. When the completed form is no longer needed, it will be destroyed by burning or shredding. Additional safeguarding requirements for industry personnel who complete the Financial Disclosure Report have been developed as an amendment to the NISPOM.

11. **Justification for Sensitive Questions.** Respondents are asked questions of a sensitive nature, in accordance with Executive Order 12968, "Access to Classified Information."

12. **Estimates of Hour Burden Including Annualized Hourly Costs.** The hour burden for individual respondents who submit a paper SF 714 or an electronic inquiry is estimated as follows:

<i>Form of Request From Respondents</i>	<i>Number of Respondents</i>	<i>Responses per Respondent</i>	<i>Minutes per Response</i>	<i>Annual Hour Burden</i>
Standard Form 714	25,897	1	120	51,794

The estimated number of respondents and time for the completion of the form is based on a data received from the primary agencies impacted by this form. The respondents represent contractors with security clearances.

13. **Estimate of Other Total Annual Cost Burden to Respondents or Recordkeepers.** The estimated initial cost for completing the Financial Disclosure Report is \$1,864,584 based on the assumption that it takes a respondent with a \$36 per hour wage two-hours (\$72) to complete the form for the first time. Subsequent annual updates should significantly reduce the cost burden. The aforementioned estimates are based on a survey of primary agencies that identified potential respondents.

<i>Form of Request From Respondents</i>	<i>Number of Respondents</i>	<i>Minutes per Response</i>	<i>Respondent Cost</i>	<i>Annualized Cost For Hour Burden</i>
Standard Form 714	25,897	120	\$72	\$1,864,584

14. **Annualized Cost to the Federal Government.** The total estimated annualized cost to ISOO is \$1,250. This cost consists of the estimated annualized costs for printing U.S. Government standard forms. No cost is assigned to the staff time required to perform functions, including responding to requests that contain sufficient information, and reviewing and preparing the responses for mailing.

15. **Explanation for Program Changes or Adjustments.** There is no change in burden.
16. **Plans for Tabulation and Publication and Project Time Schedule.** The information collection is not used for statistical studies or publications.
17. **Reason(s) Display of OMB Expiration Date is Inappropriate.** ISOO will display the expiration date for OMB approval of this information collection.
18. **Exceptions to Certification for Paperwork Reduction Act Submissions.** NARA is not requesting any exceptions to the certification statement identified in Item 19, Certification for Paperwork Reduction Submissions, of OMB Form 83-I.