

REPORT BY THE U.S.

General Accounting Office

The FBI Has Improved Its Fingerprint Identification Service

In October 1981 the FBI suspended for a year fingerprint identification services for banking institutions and State and local employment and licensing agencies--groups it was not legally required to serve. This action was taken to improve processing times on requests for service from other identification system users, primarily criminal justice agencies. During the suspension period the FBI reduced its processing time for fingerprint identification requests from about 25 workdays to about 11 workdays and developed a user fee system and established a fee of \$12 which would go into effect when the suspension was lifted.

GAO found that the justification for suspending services was reasonable and that the user fee adequately represents the FBI's estimated costs to provide the service. Also, the processing time improvement realized during the suspension has continued for all users after the suspension was lifted.



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GENERAL GOVERNMENT
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B-211951

The Honorable Paul Laxalt
Chairman, Subcommittee on State,
Justice, Commerce, and the
Judiciary
Committee on Appropriations
United States Senate

NCJRS
OCT 10 1983
ACQUISITIONS

Dear Mr. Chairman:

This is in response to the March 7, 1982, request from former Chairman Lowell P. Weicker that we examine the Federal Bureau of Investigation's (FBI) fingerprint identification program. In subsequent discussions, we agreed to focus our examination on: (1) the FBI's justification for temporarily suspending fingerprint identification service provided to banking institutions and State and local employment and licensing agencies and (2) whether a user fee, initiated in October 1982, adequately covers the FBI's costs to provide the service. Since October 1982, the FBI has provided fingerprint identification services to certain private institutions and public agencies for a prescribed fee. We found that the justification for suspending the services was reasonable and that the user fees adequately covered the FBI's estimated costs. According to FBI officials, each year the FBI will redetermine its costs to provide the service and will adjust the fee accordingly.

The suspension of service began on October 1, 1981. Affected users included banking institutions and State and local employment and licensing agencies--groups the FBI was not legally required to serve. This action was taken because processing time for fingerprint identification requests submitted by Federal agencies and State/local criminal justice organizations had increased from about 12 workdays in October 1977 to about 25 workdays in October 1981. During the suspension, processing time decreased to about 11 workdays.

The FBI lifted the suspension as planned on October 1, 1982, restoring the suspended services and initiating the user fee system. Affected users began to pay a fee of \$12 for each fingerprint identification request they submitted to the FBI. Fee revenues are used to pay for the costs of personnel needed

to process these requests. Federal agencies and State and local criminal justice agencies do not pay the fee. During the first 6 months under the user fee system, the processing time was 12.7 workdays for all users.

FBI officials told us they agree with the contents of this report. Additional details are provided in the following sections.

OBJECTIVES, SCOPE, AND METHODOLOGY

In response to the subcommittee's request, we examined (1) the FBI's justification for temporarily suspending fingerprint identification service provided to banking institutions and State and local employment and licensing agencies and (2) whether the user fee covers the costs to provide the service. Our work was performed primarily at the Identification Division in FBI headquarters. We interviewed Division officials and reviewed documents used (1) to justify the suspension of services, including the various options considered, and (2) to determine the direct and indirect costs of processing fingerprint identification requests. We also reviewed applicable laws, policies, and procedures relating to the Division's activities and examined internal and external studies and audits pertaining to fingerprint identification activities.

In addition, we interviewed Department of Justice officials; State identification officials in Virginia, Maryland, and New Jersey; American Bankers Association representatives; and several security officials representing major banks throughout the United States. We also analyzed correspondence and trip reports prepared by FBI officials during the design and implementation of the user fee system which summarized discussions with organizations subject to the fee.

Our review was performed in accordance with generally accepted government auditing standards.

THE FBI'S IDENTIFICATION DIVISION PROVIDES A UNIQUE SERVICE

Although most States have identification bureaus, their records generally concern only activities that have occurred within that particular State. The FBI's Identification Division was established in 1924 to be the Nation's central repository and clearinghouse for the storage and dissemination of identification and criminal history information. Through a single check with this unit, inquiring organizations can determine whether an individual has a criminal record anywhere in the United States.

The Identification Division's primary mission is to receive, process, and respond to fingerprint identification requests submitted by authorized organizations. Requests are submitted in the form of cards containing an individual's fingerprints and other identifying information, such as name, social security number, height, and weight. Once identified, if the individual has a criminal record, the FBI sends a copy of his or her criminal history, called a "rap sheet," to the requesting organization.

The Division performs other services as well. For example, it will "flag" an individual's criminal files if requested by a law enforcement agency. Often this involves situations where an agency has a particular interest in the movement and activity of an individual such as an escaped convict or a parole violator. If a fingerprint card for that individual is later submitted by another agency, the requesting agency is notified. A similar service is also provided for assisting in the location of missing persons for noncriminal reasons. During fiscal year 1981, 141,000 flags were requested. The Division also will help identify amnesia victims and unknown deceased persons, including disaster victims..

In addition, a select group of fingerprint examiners are available to examine physical evidence for fingerprints. They may provide expert testimony on their findings in Federal, State, or local courts. During fiscal year 1981 these specialists were involved in about 23,000 cases. Division personnel also provide fingerprint training to Federal, State, and local law enforcement agencies.

The use of the Division's services was originally limited to criminal justice system organizations (such as police, prosecutors, judges, or corrections and parole/probation officers.) However, over time the services have also become available to a variety of organizations in connection with employment and licensing activities. Organizations requiring identification checks connected with employment include Federal, State, and local government entities; federally chartered or insured financial institutions; and the securities and commodities industries. Though varying greatly, State laws require identification checks to obtain licenses or employment in a number of areas. These include gambling, liquor, hand guns, school bus driving, and private security service. As of October 1, 1982, about 18,000 organizations could query the FBI's fingerprint records. Collectively, the FBI received about 6.8 million fingerprint cards during fiscal year 1981, the year before the suspension.

Normally, incoming fingerprint cards are processed in order of date of receipt with criminal cards having priority over applicant cards. The Division also has an expedite processing

system for accommodating criminal justice agencies when an urgent need exists. The processing of cards is complex, involving both manual and automated operations. To determine whether an individual has an existing criminal record, each incoming fingerprint card must be checked against a file which contains over 21 million criminal records. An explanation of the process is included in the appendix.

DECREASING PERSONNEL RESOURCES
LED TO DETERIORATING SERVICE

Between October 1977 and October 1981, the FBI's average time for processing fingerprint cards increased from about 12 to about 25 workdays. Most of this increase occurred between fiscal years 1979 and 1981, when the Division's staff decreased by about 370 positions and employee turnover was high. The FBI did not directly measure the effects of the increased delays on users of the system. However, Division officials told us that the number of complaints from users increased significantly between 1979 and 1981.

The processing time for fingerprint identification requests had begun to increase before 1977. Until the early 1970s, the Division had a processing time standard of 3 workdays. When actual processing time began to increase, the Division's standard was raised to reflect its true capability. The standard was first increased to 4, then 5, and most recently to 10 workdays. In fiscal year 1979, however, the Division began to experience a sharp increase in actual processing times from about 15 workdays to about 25 workdays by fiscal 1981. This increase was caused by a combination of decreased personnel and increased workload.

Most of the increase was attributable to personnel reductions resulting from budgetary constraints and high employee turnover. The following table shows the inverse relationship between personnel and processing time which stems from the labor-intensive nature of fingerprint processing.

	<u>Fiscal year</u>		
	<u>1979</u>	<u>1980</u>	<u>1981</u>
Personnel (average number of people)	3,409	3,254	3,038
Processing time (workdays) (note a)	14.6	22.5	25.3

a/FBI figures developed at the close of each fiscal year.

Relatively small reductions in personnel caused significant increases in processing time. FBI officials told us this occurred because as the number of personnel decreased, backlogs resulted at numerous points in the system. The time the fingerprint cards spent in the backlogs disproportionately increased total processing time. Compounding the problem of personnel reductions was high employee turnover--31 percent in fiscal year 1979, 21 percent in fiscal year 1980, and 14 percent in 1981--which led to reduced productivity. FBI officials told us it takes about 6 to 9 months to train a new employee to be fully productive.

The Division's workload also increased during this period. For example, annual fingerprint identification requests increased from 6.1 million to 6.8 million. While workload increases contributed to the growing processing times, Division officials explained that these increases had a smaller effect on processing times than the personnel reductions.

FBI officials told us its delays are passed on and magnified in the operations of all the users. For example, fugitives from justice are released by law enforcement authorities before their true identities are determined through fingerprint checks; criminal investigations are delayed; prosecutorial, judicial, penal, and parole/probation actions are hampered and delayed; and employment and licensing activities are delayed with resulting hardships on employers and licensing agencies, as well as the applicants. FBI officials told us the number of complaints from users, both oral and written, increased significantly when the processing time increased to about 20 days.

In addition, we previously reported that these and other non-FBI processing delays could cost about \$900 million during fiscal year 1982 from productivity losses at the Department of Defense caused by slow processing of security clearances for Defense industry personnel.¹ The Attorney General's Task Force on Violent Crime also noted in August 1981 that fingerprint processing delays were having an adverse affect on the criminal justice system. Both reports recommended that additional resources be provided to the FBI's Identification Division.

THE SERVICE SUSPENSION ACHIEVED ITS OBJECTIVES

The FBI's objectives in suspending service to some organizations were initially to reduce processing times for criminal

¹"Faster Processing of DOD Personnel Security Clearances Could Avoid Millions in Losses," GGD-81-105 dated September 15, 1981.

justice users and then to allow the FBI time to develop a user fee system and to reinstitute service with reduced processing time for all users. These objectives were achieved. Processing time was reduced to about 11 workdays during the suspension, a user fee system was designed and implemented, and service was restored at the end of 1 year as planned. During the first 6 months under the user fee system, the service improvement realized during the suspension continued for all users.

Several options were considered

In a March 27, 1981, memorandum to the Attorney General, the FBI Director discussed various options for reducing processing time. These options were (1) obtaining additional appropriations for personnel, (2) improving the productivity of existing resources, (3) achieving greater efficiency through automation, (4) charging users to raise funds for additional staff, and (5) curtailing services.

The memorandum stated that budgetary constraints and higher priority programs within the FBI, such as criminal investigations, preempted the first option. The second option was not improving processing time enough. Identification Division officials told us they had already improved productivity 30 percent by using flexitime, raised grade levels, and part-time positions. They said little more could be accomplished in this area. Automation, a possible long-term solution, would not help in the near future. While automation of the division was underway, the next phase was not planned for completion until after fiscal year 1987.

The memorandum also explained that charging some users, while a possibility, would raise expectations of better service than the division could deliver. Therefore, service must improve before charging a fee for service could be seriously considered. In addition, charging a fee for processing criminal justice fingerprint cards would be equivalent to charging them for access to their own records, because they supply the criminal history information to the FBI. If charged a fee, they might stop supplying records, which could jeopardize the accuracy of FBI files. Furthermore, they could charge the FBI and other Federal agencies for access to their records.

The fifth option, and the one selected, was curtailment of services. By law the FBI must perform a fingerprint search for requests from any criminal justice agency or in connection with applicants for Federal employment. Service was suspended to banking institutions and State and local employment and licensing agencies because the FBI was not legally required to provide service to these groups. The memorandum also noted that these users were the lower priority users of the identification services.

Response time improved during the suspension

Although the number of fingerprint cards submitted dropped only about 20 percent during the suspension, processing time was cut from about 25 to about 11 workdays. FBI officials attributed this disproportionate result to two basic causes. First, the same effect described previously for small reductions in personnel also holds true for decreases in the number of identification requests--the improvement in processing time is greater than the decrease in submissions. Second, attrition fell from about 21 percent the previous year to about 14 percent, which FBI officials attributed to the sluggish economy. Less attrition means more experienced personnel who can process fingerprint identification requests faster.

FBI officials advised us that they have received few written or oral complaints about service since processing time decreased. They said that complaints usually do not occur when service is provided in 2 weeks or less. The Department of Defense commended the FBI for its improved service by letter dated May 3, 1982.

A user fee system was established

During the suspension, the FBI designed its user fee system. FBI officials held numerous discussions with the organizations subject to the fee to gain their input. Our analysis of the FBI's records of these discussions, together with our own interviews of representatives of several organizations, disclosed no opposition to the concept of a user fee. Further, a number of States had, or were actively considering, a fee for their own identification checks.

The user fee is \$12. When the remittance accompanies the fingerprint card submitted by the inquiring organization, payment must be made to the FBI in the form of a certified check, cashier's check, or money order. As of June 1983, in about 11 percent of the cases the fees accompanied the requests. The remaining 89 percent were processed for \$11 each because of central billing. Charges are lower because the FBI avoids the administrative costs of handling payments for each request. Under this procedure, fingerprint cards are channeled through a focal organization which the FBI bills periodically for the services provided. The channeling agency is allowed to retain \$1 of the \$12 fee to cover its handling costs. For example; banks are sending their cards through the American Bankers Association. Also, a number of the larger State Identification Bureaus are the focal points for cards from their State or local organizations. The fees also apply to fingerprint identification requests submitted by the securities and commodity futures trading industries.

The user fee is exempt from the normal requirement that such fees be returned to the Treasury (31 U.S.C. 9701). The Congress has allowed the FBI to use the fees to meet the expense of providing the services, up to a maximum set in advance in appropriations acts, currently \$13.5 million. (Public Law 97-257, 96 Stat. 823; Public Law 97-276, 96 Stat. 1191.)

Improved processing times
continued after resumption of
service to all users

The FBI lifted the suspension on October 1, 1982, and initiated its user fee system. FBI officials told us that they have experienced no major problems with the additional requests for fingerprint identifications under the user fee system. Processing time increased only slightly and remained below what FBI officials expected.

The FBI started hiring and training additional staff for the Identification Division during the suspension. The staff was increased by 285 full-time employees and the Division was being allocated 80 percent of the new clerical staff hired at FBI headquarters until it reached its present staffing level. As of May 1983, the Division's personnel needs were primarily for replacements due to attrition.

Processing time for all cards increased from about 11 workdays to about 12.7 workdays after the suspension was lifted. This processing time, however, is still below the FBI's service goal of 15 workdays. FBI officials attribute this improved performance to a less-than-expected number of requests for fingerprint identifications from agencies subject to the user fee and to continued automation in the Identification Division. The number of requests submitted was about 70 percent of anticipated levels. In addition, FBI officials told us that the number of fingerprint comparisons done by computer increased to about half of the total number processed. Thus, the processing time improvements achieved under the suspension have continued with the return of full service.

REASONABLE ESTIMATES WERE USED
IN CALCULATING THE FEE

The FBI's initial user fee was established on the basis of production reports and a cost study of the time and materials required to process an average fingerprint card. This approach was adopted because the FBI had no way to capture the cost of processing individual fingerprint cards. Office of Management and Budget (OMB) Circular A-25 requires user fees to represent an accurate measure of the costs to provide the service without significantly changing an agency's accounting system to record such costs. On the basis of the data provided to us by FBI

officials, the cost estimates used to determine the user fee appear reasonable.

Actual costs to process fingerprint cards subject to the user fee would be difficult to determine. As explained earlier, fingerprint cards normally were processed in order of receipt. As a result, cards subject to the user fee were commingled with the cards from other requesting organizations. In addition, cards may undergo a variety of processing schemes depending upon the data on the card and if or when the identification occurs. Further complicating any attempt at segregating costs is the FBI's multi-year automation program. Periodic adjustments to cost data would be necessary as processing steps are automated.

The cost estimates developed by FBI officials are shown below.

	<u>Estimated costs to process each card</u>	<u>Total cost</u>
Personnel compensation (including benefits)	\$ 8.66	\$10,184,000
Equipment	1.70	2,000,000
Rent, communications, and utilities	.98	1,157,000
Other supplies and services	<u>.13</u>	<u>159,000</u>
Total	<u>\$11.47</u>	<u>\$13,500,000</u>

The above figures were based on 1.2 million card submissions and 571 work years. The estimated number of card submissions was based on the expected number for fiscal year 1983. The 571 workyears was the FBI's estimate of the resources needed to process cards subject to the fee. As stated earlier, the FBI receives either \$11 or \$12 for each card search depending upon the method of payment, with about 89 percent of the volume charged the \$11 fee. About 94 percent of the \$11 fee consists of personnel and equipment costs.

The cost items appear to be reasonable. The personnel costs represent the Division's average cost per employee multiplied by 571 workyears. The equipment cost of \$2 million is a proportionate share of the total Division equipment cost and is based on the relationship between the number of user fee cards submitted and the total number of cards submitted. The equipment is mostly for automating operations in the Division but

also includes those equipment items supporting the handling of fees. The other charges shown are also proportionate shares of total Division costs.

THE USER FEE WILL BE
REEVALUATED YEARLY

OMB Circular A-25 requires that an annual evaluation be made to ensure that user fees accurately represent costs. FBI officials told us this evaluation was completed in July 1983. The user fee will remain \$12 for each fingerprint card search during fiscal year 1984. Annual reevaluation of the fee is important in this case because (1) the number of cards actually submitted under the user fee program may change significantly, (2) continued automation of processing functions should improve processing time, and (3) changes in personnel ceilings could occur. Each of these variables could affect costs to process the fingerprint cards.

One key assumption made in determining the fee was the projected number of cards subject to the fee. FBI officials now believe the number may be about 830,000 in fiscal year 1983 or substantially below their original estimate of 1.2 million. FBI officials explained that organizations are submitting fewer cards because they either do not want to pay the cost or are unable to pass through the cost to the individual being checked. They anticipate that the number of cards received annually will increase to over a million within the next 2 years.

Another assumption involved the staff needed to process the cards. During the suspension, the FBI continued automating its technical search operations to search fingerprints and match them against fingerprint cards on file. Formerly, about 93 percent of the the user fee cards went through a manual fingerprint search because no criminal record was found during the name search. At the time of our fieldwork about 50 percent of the cards were checked by a computer match method with complete automation to be finished this year. The automation will reduce the staff resources needed as well as the search time.

Another variable involves the ratio of total Identification Division cards to the user fee cards. The total number of cards submitted could change significantly. For example, immigration reform legislation currently under consideration could require identification checks for over two million illegal aliens who would be granted amnesty. Such a large change in volume would have an effect on costs.

Finally, FBI officials advised us that they expect to absorb a fiscal year 1984 reduction of about 145 workyears. These officials said the current level of service can be maintained because of improvements in efficiency resulting from

automation in the technical section and the lower number of cards being submitted. The FBI's fiscal year 1984 budget submission requests funds for the next phase of automation in the Identification Division. If approved, FBI officials expect lower personnel ceilings, and reduced costs, as the automation occurs.

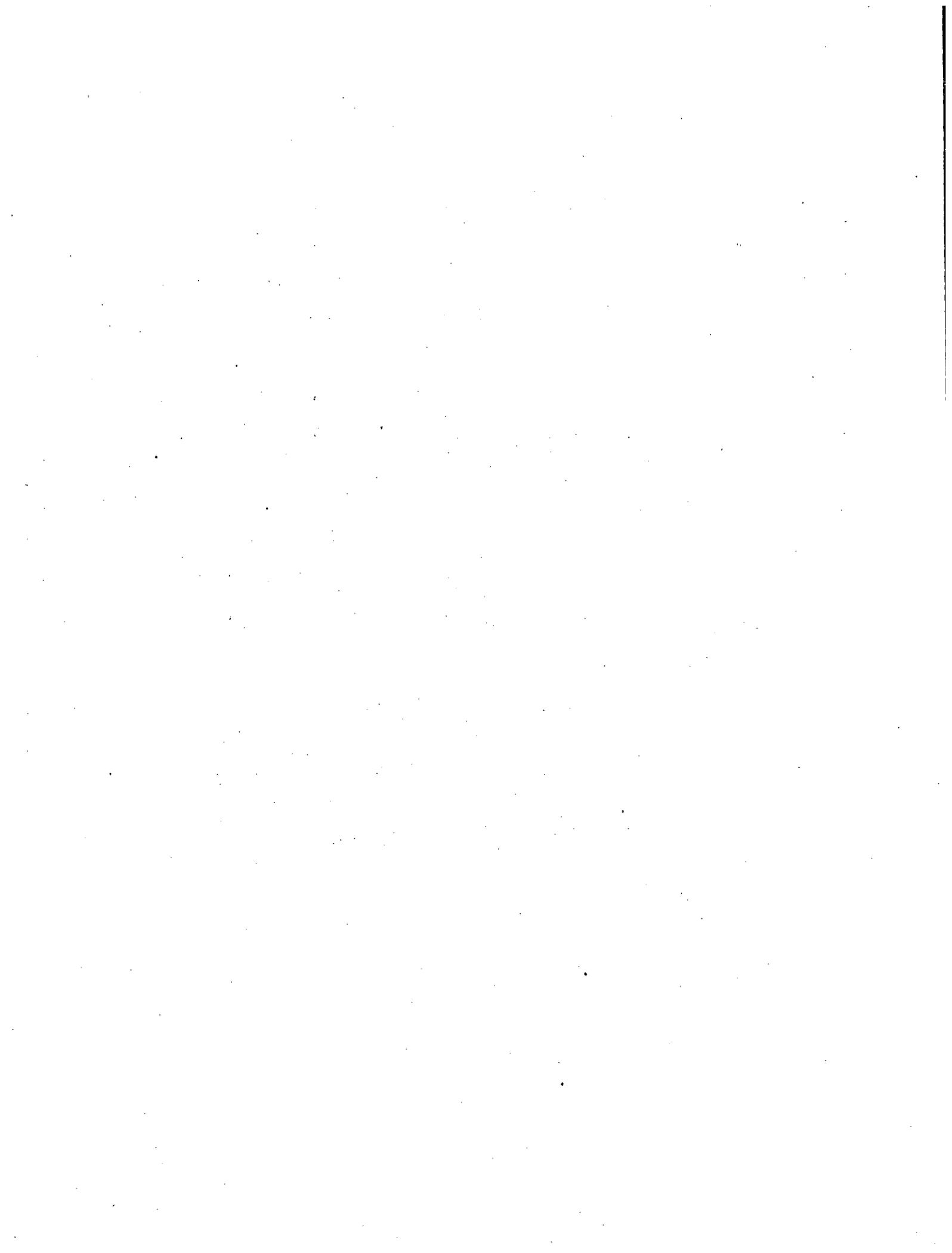
For the above reasons, it seems clear that the user fee needs to be evaluated yearly to ensure that fees represent costs as accurately as practicable. Division officials explained that they are in the process of developing procedures for segregating costs associated with user fee cards and will do this in the future.

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As arranged with your office, we plan to make copies of this report available to others upon request.

Sincerely yours,


For William J. Anderson
Director



FBI PROCESSING OF FINGERPRINT CARDS

Incoming fingerprint cards are generally processed in order of date of receipt, with criminal cards having priority over applicant cards. The FBI also has a special system for expeditiously processing high-priority requests involving urgent situations. In these instances responses can be provided within a few hours. The FBI is in the process of automating its fingerprint program. The following describes the manual system, but the basic concept will not change once the system has been automated.

The first processing step is to date stamp the fingerprint card. Then a technical employee, called a classifier, performs a preliminary classification. The classifier examines each of 10 individual fingerprints on the card and determines an abbreviated portion of the fingerprint classification. This initial classification serves two purposes. First, it allows the transfer of the card to a specific file area where the classification will be elaborated and extended for comparison with the cards contained in that file. Second, it will facilitate the subsequent search of the card by name in the card index section.

The card index section consists of index cards containing the name, aliases, and other descriptive data on every person who has a record on file. Included on the card is the full fingerprint classification, a record of every card previously received, and the individual's assigned FBI number. As of October 1, 1982, about 175 million name records were on file. The name appearing on the incoming card is searched in the alphabetical card index to expedite the location of any previous record. Any records are attached to the incoming print to facilitate the location of the record. If the index card bears an FBI number, the card is routed to the assembly section where the criminal histories are maintained. The remaining cards are routed to the technical section.

In the technical section a fingerprint technician compares the card against other prints in the file indicated by any of the attached index cards which were selected in the card index section. If a match is made, the card is forwarded to the assembly section. If a match is not made from the attached cards, the technician completes the classification of the fingerprints which will refer the technician to a particular section of the file which contains cards with similar fingerprint patterns. The number of prints in that particular group may vary from one to several hundred.

Two responses are possible from a search of the FBI's file. If the search reveals the individual has no file, a "no record" response is generated to the inquiring agency. If the fingerprint is submitted because of an arrest, a new criminal record with corresponding FBI identification number will be created for the file. A name card will also be added to the index files. Fingerprint cards submitted for subsequent arrests will be added to the file. If an identification is made, a copy of the file "rap sheet" is sent to the inquiring agency. The "rap sheet" is the primary outgoing product and contains the name, aliases, arrest, and disposition data for serious crimes. Nonserious crimes, such as drunkenness, vagrancy, and most traffic violations, are not included. All identifications are verified by fingerprint comparisons using cards already on file before the "rap sheet" is dispatched. During fiscal year 1981, about 5 million searches in the criminal file were made.

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