



May 26, 2026

The Honorable Tom Cotton
Chairman
U.S. Senate Select Committee on Intelligence
211 Hart Senate Office Building
Washington, DC 20510

The Honorable Mark Warner
Vice Chairman
U.S. Senate Select Committee on Intelligence
211 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Rogers and Ranking Member Smith:

On behalf of the undersigned organizations representing the U.S. Defense Industrial Base (DIB), we ask that you consider the following proposals for the Committee's markup of the Intelligence Authorization Act for Fiscal Year 2027 (FY27). These proposals would address systemic barriers in granting personnel in the industrial base with access to classified information; mitigate risks associated with certain types of contracts; and provide a mechanism to remedy inconsistent standards for facility security.

Modernizing Access and Governance for Classified Missions: Statutory direction that allows companies to sponsor access to classified information for Key Management and Oversight Personnel (KMP) and a defined number of cleared personnel would improve contractor performance and ensure capacity to surge capabilities.

Key Management and Oversight Personnel—Currently, contract language disallows sponsoring access to classified information for KMP who may not merit an application due to their work under any one contract, such as C-suite or other senior corporate leaders, who are responsible for enterprise-level governance and continuity functions. This includes roles such as General Counsel, Chief Information Security Officers, internal auditors, and other senior oversight officials. This restriction weakens supply chain risk management, insider threat monitoring, incident response, and compliance, which are all obligations under the National Industrial Security Program Operating Manual. Section 6605 of the National Defense Authorization Act (NDAA) for FY23 required the Director of National Intelligence (DNI) to issue policies and regulations to allow for sponsoring KMP. More than two years later, such policies and regulations have yet to be issued.

Surge Capacity—Currently, contract language also disallows sponsoring access for additional personnel who may be required in the event there is a surge in requirements under the contract. Allowing for surge capacity would ensure continuity and resilience in the case of emergency or rapidly evolving operational demands, while also enabling industry and government to proactively develop and replenish a cleared talent pool aligned to emerging mission needs. To prevent the potential of sponsoring more personnel than required, these sponsorships would be subject to specified criteria and periodic review, consistent with the framework under Trusted Workforce 2.0.

- **We ask Congress to direct the DNI to issue policies and regulations that allow DIB companies to sponsor access to classified information for KMP and a defined number of additional personnel for surge capacity.** Modernizing these sponsorship rules would improve contractor performance, strengthen enterprise-level governance and risk management, and ensure operational continuity and resilience during rapidly evolving demands. *(See Appendix A.)*

Addressing Unintended Implication or a Preference for Fixed-Price Contracts: The Executive Order, “Promoting Efficiency, Accountability, and Performance in Federal Contracting,” issued on April 30, 2026, mandates a preference for fixed-price contracts. However, in classified environments, contractors bear the risk of loss for work in process that commercial insurers will not cover due to restriction required by the classified nature of the work.

- **We ask Congress to grant the Intelligence Community (IC) authority analogous to that in 10 U.S.C. § 3864 (enacted in the NDAA for FY26) to assume the risk of loss for when commercial insurance is demonstrably unavailable due to the classified nature of the work.** Failure to address this risk will lead innovative firms to not perform certain sensitive missions or incorporate the significant insurance risk into their contract fees with the government. *(See Appendix B.)*

Resolving Inconsistency in IC Element Security Standards: Inconsistent interpretations across IC elements of TEMPEST standards under Intelligence Community Directive 705, “Sensitive Compartmented Information Facilities,” drive cost overruns and result in facilities being delayed in their construction or inappropriately abandoned after their need has lapsed. These discrepancies also undermine reciprocity and delay mission delivery for industry partners supporting multiple agencies.

- **We ask Congress to direct the DNI, as the U.S. Government’s Security Executive Agent, to require the National Counterintelligence and Security Center to arbitrate disputes between agencies over facility accreditation.** Having a clear, authoritative path to resolve interpretive disagreements will reduce redundant expenditures and accelerate the construction and occupying of secure facilities.

Thank you for your continued leadership on these critical national security issues. Our members are ready to provide additional perspectives.

Respectfully,

*Aerospace Industries Association
Center for Procurement Advocacy
Intelligence and National Security Alliance
National Defense Industrial Association
Professional Services Council
U.S. Chamber of Commerce*

Enclosures:

- *Appendix A:* Proposal for Modernizing Access and Governance for Classified Missions
- *Appendix B:* Proposal for Addressing Unintended Implication or a Preference for Fixed-Price Contracts

Appendix A: Legislative Proposal for Modernizing Access and Governance for Classified Missions

Sec xxx. Applications from the Defense Industrial Based for Access to Classified Information.

(a) IMPLEMENTATION OF POLICY REGARDING KEY MANAGEMENT PERSONNEL.—Within 90 days of enactment of this Act, the Director of National Intelligence, in the Director’s capacity as the government’s Security Executive Agent pursuant to section 3162a of Title 50, and in coordination with the Department of Defense, shall issue the policies and regulations as required by section 6605 of the Fiscal Year 2023 National Defense Authorization Act P.L. (117-263), allowing the submission of applications for security clearances for personnel who perform key management and oversight functions who may not merit an application due to their work under any one specific covered contract.

(1) Briefing Required.—If such regulations have not been issued by the date specified in subsection (a), the Director shall brief the defense and intelligence committees of the House and Senate on why such policies and regulations have not been issued, how those impediments are being addressed, and the costs and timeline for doing so.

(2) Unclassified Report Required.—Within 60 days of providing the report required in A. to the Congressional committees, the Director shall make a version of this report publicly available.

(b) APPLICATIONS FOR ACCESS TO CLASSIFIED INFORMATION FOR ADDITIONAL PERSONNEL.—Within 180 days after enactment of this Act, the Director of National Intelligence, as the government’s Security Executive Agent pursuant to section 3162a of Title 50, in consultation with relevant industry and government agency stakeholders, and in consultation with the Secretary of Defense, shall issue a policy that allows members of the defense industrial base conducting work under a covered contract or agreement that requires a security clearance, including above the top secret level, pursuant to National Industrial Security Program Operating Manual Sec. 117.10(a)(5), to submit applications for eligibility to access to classified information for additional individuals.

(1) Policy.—The policy to be issued shall, at a minimum, allow applications to be submitted to:

- A. accommodate if an initial covered person becomes unavailable to complete such work; and
- B. create a capacity in the event of an unanticipated increase in required personnel to support a covered contract.

(2) Factors to be Considered.—In developing said policy, the Director should consider:

- A. Reasonable limitations on the number of additional personnel that may be considered for the authority of this subsection,
- B. The impact on small businesses on implementing such a program, and
- C. The value of allowing agencies to collect fees to compensate for costs of processing the applications submitted pursuant to this section.

(3) Requirement to Consider Applications.—Upon receiving an application for an additional covered person under the authority of this subsection, shall:

- A. The appropriate authorized investigative agency shall expeditiously conduct an investigation of the background of the proposed additional covered person for purposes of determining the eligibility of such additional covered person for access to classified information; and
- B. The appropriate authorized adjudicative agency shall make a determination as to whether such additional covered person is eligible for access to classified information.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require the Secretary of Defense to grant any person access to classified information unless a favorable determination of eligibility to access such

classified information is made with respect to such person.

(d) DEFINITIONS .—In this section:

(1) INITIAL COVERED PERSON .—The term “initial covered person” means a covered person designated by a private-sector entity as responsible for conducting work under a covered contract or agreement that requires a security clearance.

(2) ADDITIONAL COVERED PERSON .—The term “additional covered person” means a covered person designated by a private-sector entity as either

(A) An alternative covered person who is intended to be available to conduct work under a covered contract or agreement that requires a security clearance if an initial covered person becomes unavailable to complete such work, or

(B) An additional covered person who is intended to be available to conduct work under a covered contract or agreement that requires a security clearance if there is a sudden and unplanned need for surge capacity support to complete such work

(3) AUTHORIZED ADJUDICATIVE AGENCY ; AUTHORIZED INVESTIGATIVE AGENCY.—The terms “authorized adjudicative agency” and “authorized investigative agency” have the meaning given the terms in section 3001(a) of the Intelligence Reform and Terrorism Prevention Act of 2004 (50 U.S.C.21 3341(a)).

(4) COVERED CONTRACT OR AGREEMENT.—The term “covered contract or agreement” means a contract or other agreement between a private-sector entity and a component of federal government, the performance of which requires a specified number of covered persons to hold a security clearance.

**Appendix B: Legislative Proposal for
Addressing Unintended Implication or a Preference for Fixed-Price Contracts**

SEC. __ ASSUMPTION OF UNINSURABLE RISK ON CERTAIN CONTRACTS.

(a) IN GENERAL.—The Director of National Intelligence shall ensure that a contractor is not required to assume the risk of loss for work in process under a covered contract if, due to the classified nature of the performance of such contractor under such covered contract—

- (1) such contractor is unable to obtain insurance for such risk of loss from a commercial provider; or
- (2) a commercial provider is unable to process a claim of such contractor for loss of work in process under such covered contract.

(b) LIMITATIONS.— Subsection (a) shall not apply with respect to a loss of work in process under a covered contract to the extent that such loss—

- (1) is the result of willful misconduct or lack of good faith on the part of the managerial personnel of the contractor, including with respect to the oversight of subcontractors by the contractor; or
- (2) is the result of workmanship error by the contractor.

(c) DEFINITIONS.— In this section—

- (1) The term “classified contract” means a contract the performance of which requires a contractor, performing under such contract, or an employee of such contractor to have access to classified information.
- (2) The term “covered contract” means a classified, fixed-price type contract for the acquisition of a product entered into by any element of the Intelligence Community after the enactment of this Act.
- (3) The term “work in process” means an item at any stage of production or manufacture at any time from the initiation of contract performance until delivery to and acceptance by the government.
- (4) The term “workmanship error” means damage to work in process that is a result of an incorrectly performed skill-based task, operation, or action that was originally planned or intended.
- (5) The term “element of the Intelligence Community” means any agency, listed in section 3003(4) of Title 50, United States Code.

(d) REGULATIONS.— Not later than 120 days after the date of the enactment of this Act, the Director of National Intelligence shall ensure that every element of the Intelligence Community revises its acquisition regulations to conform with the changes made in this section.