



March 21, 2020

Hon. Richard Grinnell
Acting Director of National Intelligence
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Hon. Ellen M. Lord
Under Secretary of Defense for Acquisition,
Technology, and Logistics
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Washington, DC 20301-3010

Ms. Margaret Weichert
Deputy Director for Management
Office of Management and Budget
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Mr. Michael Rigas
Acting Director
Office of Personnel Management
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SUBJECT: Mitigating the Impact of COVID-19 on the Cleared Industrial Base

Dear Acting Directors Grinnell and Rigas, Deputy Director Weichert, and Under Secretary Lord:

Federal agencies, particularly in the national security community, depend on contractors to execute critical government missions and ensure the continuity of government. For this reason, the Defense Industrial Base, which includes companies providing intelligence support, is identified as a critical infrastructure sector by the Department of Homeland Security.¹

We write to encourage you to do all that is possible to bolster the health of government's industry partners in the national security sector, which face dire financial straits as a result of the COVID-19 outbreak. One rough industry estimate assesses that to maintain operational costs and a steady workforce during a one-month full shutdown, a grouping of 20 large public defense industrial base companies would see an 85 percent reduction in cash flow and a 33 percent increase in debt, bringing some government contractors – particularly small and medium-sized firms – to the verge of default.

To preserve mission-essential functions, the government should use the federal funding that is already in place within the budget to prevent industry elements from collapsing. It should clarify contractual provisions that would enable contractors to (a) telework and (b) continue to be paid during this unique period in which 100 percent on-site contract performance is not feasible. **The goal should be for government to (a) use available funds which have already been approved and (b) offer liberal interpretations of contract provisions to prevent this critical part of the economy from failing or requiring a government bailout.**

Agencies have begun to send both government and contract staff home and are considering limiting the number of workers who can come to government facilities for as long as eight weeks. While telework may be feasible for some agencies and contracts, the inability to access secure government facilities to do classified work will be extremely disruptive to the Intelligence Community's industry partners. The

¹ See memo from Ellen M. Lord, Under Secretary of Defense for Acquisition, and Sustainment, *Defense Industrial Base Essential Critical Infrastructure Workforce*, March 20, 2020.

number of cleared contractors alone is about 500,000 – and they are supported by thousands more colleagues who do not require a clearance. **If these contract employees cannot continue working during the COVID crisis, there is a significant risk that they will not rejoin the Trusted Workforce when the crisis is over, leaving the national security industrial base less able to support critical government missions.**

Recommended Steps

To mitigate the dire financial implications of the COVID-19 outbreak for government’s mission-critical industry partners, INSA offers several recommendations.

1. **Government-directed *shelter in place* actions in response to a national emergency should be considered a directed action, and thus fully reimbursable under contracts.** Otherwise, many industry partners will be forced to terminate hundreds of thousands of employees or face bankruptcy. Such steps will devastate the Trusted Workforce and make it difficult for the Intelligence Community to reconstitute its workforce after the COVID-19 crisis.
2. **ODNI and DOD should issue a policy directive that all members of the Trusted Workforce – both government and industry – will be fully compensated even if they are placed “on call” or directed to work in shifts.** Such a measure is necessary to ensure that contracting firms can remain fully staffed and prepared to support both ongoing and future mission requirements.
3. **ODNI, in coordination with the senior acquisition executive at each IC agency, should issue directives regarding necessary changes to contract performance so that all contracts across the IC are approached in a consistent manner.** Currently, at DOD and many IC agencies, individual contracting officers are the authority in the event contract performance is affected due to COVID-19 (e.g., lack of facility access, the need for alternate work locations, or schedule changes).² This decentralized approach leads each organization to provide conflicting guidance to its industry partners.
4. **Agencies should provide accelerated guidance and flexibility on contract modifications to enable telework by contractors, as permitted by statute,³ and to authorize transition from client site to corporate site delivery as long as security requirements can be met.** OPM guidance issued March 17 addresses only federal employees, not contractors.⁴ Agencies should authorize a shift in both classified and unclassified work from government to contractor facilities to reduce population density, and they should authorize work performed at contractor facilities to continue to the maximum extent possible.
5. **ODNI and DOD should create pathways which provide relief for mission-critical contracts expiring or running out of ceiling during this immediate crisis.** For example, implement a

² See, for example, the memo from Kim Herrington, Acting Principal Director for Defense Pricing and Contracting, *Planning for Potential Novel Coronavirus Contract Impacts*, March 10, 2020, which states that “Contracting officers... are the authority in the event contract performance is affected due to the COVID-19 situation.”

³ See 41 U.S.C. 3306(f) -- the Federal Acquisition Regulation (FAR) “shall permit telecommuting by employees of Federal Government contractors in the performance of contracts entered into with executive agencies.”

⁴ Memo from OMB Acting Director Russell T. Vought, *Federal Agency Operational Alignment to Slow the Spread of Coronavirus COVID-19*, M-20-16, March 17, 2020. At <https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-16.pdf>.

mechanism to quickly and easily provide six to twelve month extensions for all services contracts deemed mission critical and/or would have major risk if transitioned. This will enable the contract workforce to shift focus to COVID-19 urgent demands while maintaining mission continuity on critical programs.

6. After years of gradual steps to improve the security clearance process and reduce the backlog of investigations, there is significant risk that the investigation and adjudication process could seize up at a time when cleared workers are needed more than ever. **INSA urges government and contract investigators to make maximum use of tools that enable virtual interviews and remote access to records so that clearance applications can be investigated and adjudicated to completion. We further encourage the rapid introduction of continuous evaluation / continuous vetting plans so investigative resources can be freed up for personnel entering the Trusted Workforce for the first time.** After years of gradual steps to improve the security clearance process and reduce the backlog of investigations, there is significant risk that the investigation and adjudication process could seize up at a time when cleared workers are needed more than ever. Taking these steps will ensure that the Trusted Workforce remains robust over the long-term.

INSA stands ready to work with you on these and other initiatives to ensure the security, reliability and resilience of our national security industrial base.

Sincerely,



Letitia A. Long
Chairman



Suzanne Wilson Heckenberg
President

cc: Hon. Joseph Kernan, Under Secretary of Defense for Intelligence
Kevin Meiners, Deputy Director of National Intelligence for Enterprise Capacity, ODNI
Trey Treadwell, Chief Financial Officer, ODNI
Suzanne White, Deputy Director, DIA
Margaret Augustine, Procurement Executive, CIA
Katherine Zuback, Senior Acquisition Executive, NSA
Kelly Pickering, Chief of Contracts, NGA
Mark C. DeVido, Director, Office of Contracts, NRO