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Prime Contractors in North Carolina

Thank you for your part in making the country safe and contributing to quality of life in North Carolina. Prime defense contracts executed in North Carolina added \$6.1 billion to our economy in FY2020.

I am certain that you are aware of the cybersecurity regulations being implemented by the Department of Defense – the Cybersecurity Maturity Model Certification (CMMC). While this regulation is necessary to protect national security, it is expensive and time-consuming to implement. We are already hearing from small and medium-sized companies that they are considering dropping out of the NC Defense Industrial Base (DIB) because they cannot afford the time or money required for compliance.

The North Carolina Military Business Center (NCMBC) has been working hard to provide training and resources for these companies and to sustain the NC DIB, but we need your help to keep our – and your - supply chains intact. Since flow-down of the regulations follows flow-down of the data, we are asking you to be diligent in your efforts to only flow down the data that is **absolutely necessary** for your subcontractors and suppliers to do their jobs.

Flowing down Controlled Unclassified Information (CUI) - sometimes unnecessarily - would require prime contractors to flow down CMMC Level 3 certification requirements, which would cost each subcontractor/supplier a minimum of \$50,000 - just for an assessment. This does not include the cost of implementing 130 cybersecurity controls, or the quality management system that must be developed as a framework for the controls. Many companies cannot afford compliance and might drop out of the NC DIB, which would have a negative impact on our economy and readiness to support the DoD.

In addition, unnecessary flow-down of CUI would impact your competitiveness and increase your costs for goods and services, since both prime and subcontractors may roll compliance costs into overhead rates. In addition, the DoD has announced that they will not pay for the inherent costs of unnecessary flow-down of CUI to subcontractors and suppliers.

We highly value your contributions to our economy, but we do ask that you scrutinize your flow down of CUI. This is critical to national security and to sustaining the DIB in North Carolina. If you have any questions or need additional information or assistance, please contact Laura Rodgers, Cyber Security and CMMC Professional for the NCMBC, at rodgersL@ncmbc.us or 919-314-7317. Thank you.

Sincerely,

Scott D. Dorney
Executive Director

