UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Federal Investigative Services

Federal Investigations Notice

Notice No. 15-04 **Date: July 21, 2015**

SUBJECT: Immediate and Retroactive FY 2015 Price Adjustment

Effective immediately, OPM's Federal Investigative Services (FIS) is issuing a retroactive price increase on the reimbursable billing rates previously published in Federal Investigations Notice (FIN) 14-07, *Investigations Reimbursable Billing Rates Effective October 1, 2014.* During the July billing cycle, OPM FIS will bill agencies for the additional amount required for each case previously ordered and billed thus far in FY 2015, and all remaining cases ordered in FY 2015 will be billed at the increased rates reflected in this FIN.

Background: The FY 2015 reimbursable billing rates published in FIN 14-06, *Special Agreement Check and Reimbursable Suitability/Security Investigation Billing Rates Effective October 1, 2014,* and FIN 14-07 reflected the results of our detailed cost allocation budget for delivering background investigative services. Consistent with our full cost recovery program, the FY 2015 prices were established to provide income to pay for our planned expenses for the projected casework for FY 2015.

Changes to our contracted workforce that occurred following publication of the FY 2015 prices resulted in approximately $97M[1] in additional cost, as well as operational impacts on the background investigations program.

- FIS' contractor investigative capacity was reduced by approximately 60% during the first two months in FY 2015, creating an immediate workload backlog, while FIS' remaining fieldwork contractors attempted to grow to address capacity shortfalls.
- To address capacity shortfalls, FIS initiated several immediate actions to build both Federal and contracting capacity in the field, which resulted in additional unplanned costs of approximately $5M[1].
- The reassignment of 54,000 investigations-in-progress to federal staff, resulting in the assignment of additional incoming investigative work to our remaining fieldwork contractors at their contracted prices; this increased costs by approximately $25M[1].
- An additional approximately $55M[1] in increased costs was incurred through the reassignment of work due to the changes in our contracted workforce.
- Changes to our contracted support services resulting in an overall cost increase of approximately $11M[1].

The above impacts have raised overall FY 2015 costs beyond revenue generated by the previously published FY 2015 pricing. To evaluate the cost impacts, OPM requested an Office of Management and Budget (OMB)-led review to assess the OPM FIS financial situation. OMB validated the need for an immediate FY 2015 pricing increase applicable to work already performed and to be

[1] *Values shown do not add to the total estimate of $97M due to rounding*

performed in FY 2015 to address funding shortfalls and sustain the critical government-wide background investigation program.

New Prices: The new prices were derived by first identifying the actual FY 2015 orders through June 30th and then estimating the remaining orders that will be received through the end of the fiscal year. We then determined the individual case price increase required on all FY 2015 orders to recover the total estimated additional costs ($97M).

Please see *Attachment 1: FY 2015 Price Adjustments* for these price adjustments and the new case pricing by case type and case service (priority vs. standard), including the new discontinued billing rates. All cases ordered as of the effective date of this FIN will be billed the updated case price as shown in Attachment 1. Any specific rate not listed in Attachment 1 will continue to be billed according to FIN 14-07.

PLEASE NOTE: The retroactive billing adjustment for all cases ordered and billed from the effective date of FIN 14-07 to the effective date of this FIN will be executed using existing invoicing and collection processes. The adjustment for each case will be based upon the original case type and service ordered and the "FY 2015 Retroactive Adjustment" in Attachment 1. Each case will receive an adjustment coded by "CP", which will appear in the far right "BILL CODE" column of the July 2015 invoices to be disseminated the first week of August 2015. Please be advised that the July invoices may have many more transaction lines than a typical invoice as each case ordered in FY 2015 up through the effective date of this FIN will receive an adjustment transaction.

We ask that the security offices work with their financial offices to disseminate this FIN so that these billing adjustments can be properly accounted for and the collection processes for the July 2015 invoices are performed without incident to the highest degree possible.

OPM has partnered with OMB and top-level officials from our primary customers to establish these pricing adjustments. We regret that this action is necessary and intend to provide additional information to agencies and answer questions through stakeholder briefings. Please do not chargeback the July 2015 invoice you will receive in August 2015, as it will only delay the required transactions.

Merton W. Miller
Associate Director
Federal Investigative Services

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Distribution:	SOIs/SONs
Notice Expires:	September 30, 2015, unless superseded
Attachment:	FY 2015 Price Adjustments - Effective July 24, 2015

Attachment 1: FY 2015 Price Adjustments
Effective July 21, 2015

Any specific rate not listed below will continue to be billed according to FIN 14-07.

Investigations Reimbursable Billing Rates

Case Type	Case Type Code	Original Price	FY 2015 Retroactive Adjustment	Updated FY 2015 Prices
NAC	**06A**	$128	$14	$142
Tier 1, NACI	**02B**	$171	$18	$189
Tier 2, MBI Priority	**15A**	$1,123	$121	$1,244
Tier 2, MBI Standard	**15C**	$1,044	$112	$1,156
NACLC	**08B**	$368	$40	$408
ANACI-P	**09B**	$1,044	$112	$1,156
ANACI	**09B**	$381	$41	$422
PRI Priority	**11A**	$951	$102	$1,053
PRI Standard	**11C**	$838	$90	$928
BI Priority	**25A**	$4,308	$463	$4,771
BI Standard	**25C**	$3,635	$391	$4,026
SSBI-PR Priority	**18A**	$3,494	$376	$3,870
SSBI-PR Standard	**18C**	$3,196	$344	$3,540
Phased PR (basic) Priority	**19A**	$2,207	$237	$2,444
Phased PR (basic) Standard	**19C**	$1,961	$211	$2,172
SSBI Priority	**30A**	$5,017	$539	$5,556
SSBI Standard	**30C**	$4,568	$491	$5,059

Investigations Discontinued Billing Rates

			Adjusted Case Cost based on Time Discontinued from Schedule Date			
Case Type	**Case Type Code**	**Updated FY15 Prices**	**0 - 5 days**	**6 - 15 days**	**16 - 30 days**	**Over 30 days**
NAC	**06A**	$142	FC	FC	FC	FC
Tier 1, NACI	**02B**	$189	FC	FC	FC	FC
Tier 2, MBI Priority	**15A**	$1,244	$684	$809	FC	FC
Tier 2, MBI Standard	**15C**	$1,156	$347	$462	$578	FC
NACLC	**08B**	$408	$204	$245	$306	FC
ANACI-P	**09B**	$1,156	$347	$462	$578	FC
ANACI	**09B**	$422	$211	$253	$317	FC
PRI Priority	**11A**	$1,053	$579	$684	FC	FC
PRI Standard	**11C**	$928	$278	$371	$464	FC
BI Priority	**25A**	$4,771	$477	$1,908	FC	FC
BI Standard	**25C**	$4,026	$403	$1,007	$2,013	FC
SSBI-PR Priority	**18A**	$3,870	$387	$1,548	FC	FC
SSBI-PR Standard	**18C**	$3,540	$354	$885	$1,770	FC
Phased PR (basic) Priority	**19A**	$2,444	$244	$978	FC	FC
Phased PR (basic) Standard	**19C**	$2,172	$217	$543	$1,086	FC
SSBI Priority	**30A**	$5,556	$556	$2,222	FC	FC
SSBI Standard	**30C**	$5,059	$506	$1,265	$2,530	FC

FC = Full Charge