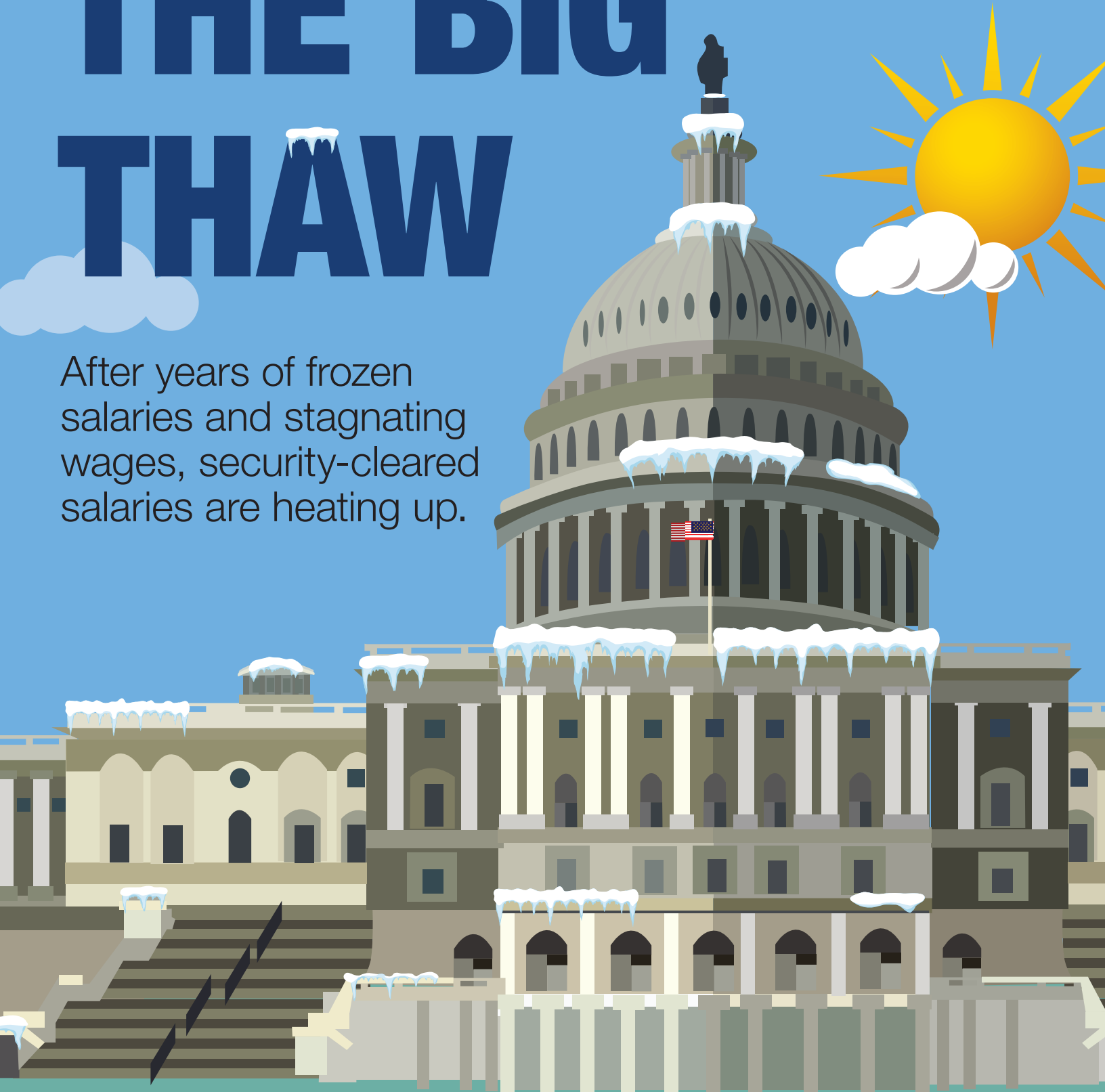


THE BIG THAW

ClearanceJobs.com®

After years of frozen salaries and stagnating wages, security-cleared salaries are heating up.



A COMPREHENSIVE EARNINGS SURVEY OF SECURITY-CLEARED PROFESSIONALS, WITH 20,883 RESPONDENTS.

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LETTER FROM THE PRESIDENT

“As we unpack the results of our 2018 survey, we can say without equivocation—the thaw is here.”



Evan Lesser
President and Founder
[ClearanceJobs.com](https://clearancejobs.com)

When we unpacked the results of our previous 2017 compensation survey, we noted the industry trends resulting in relatively flat salaries, including the continuing effect of sequestration, Lowest Price Technically Acceptable Contracts, and private sector wage stagnation. Despite supply-demand demographics which would appear to push salaries up, compensation remained largely flat. While the data pointed to flat salaries, we noted at that time—spring was likely coming.

As we unpack the results of our 2018 survey, we can say without equivocation—the thaw is here. Average total compensation for security-cleared professionals worldwide is \$93,004, up 7% according to data collected from more than 20,000 professionals with active federal security clearance.

Several trends are contributing to growing salaries:

- A record high defense budget passed for 2018, topping even the defense build-up post 9/11.
- The continued reduction in the size of the cleared workforce, coupled with the longest-ever reported security clearance processing times, and an investigations backlog of over 700,000.
- Low unemployment and a strengthening commercial sector.

All of these supply-demand metrics are contributing to today's growth figures. Another factor contributing to wage growth is the continuing trend of job-hopping. According to the 2018 compensation survey, nearly 84% of respondents said they were likely to change jobs in the coming year. While it once carried a negative stigma, today it's often seen as the norm, as recruiters are forced to poach candidates from existing contracts in order to staff their own openings.

And while all signs point to higher salaries, many recruiters caution that income disparity is also an issue, as today's contracting landscape favors experienced specialists. High-growth, name-your-salary industries including data science and software engineering, skew salary figures higher than what may be seen for IT generalists or those working in finance or intelligence. For cleared professionals, it takes both the right skill set and the right security clearance to garner the highest wages.

OVERVIEW ■

After multiple years of shrinking defense budgets and frozen defense salaries, having an active federal security clearance appears to once again be commanding a premium price.

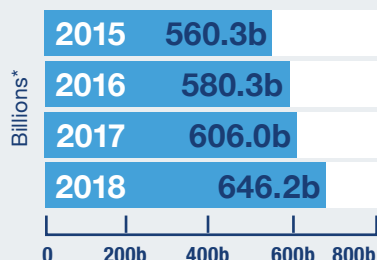
According to the 2018 ClearanceJobs Compensation Survey results, total compensation for all surveyed security-cleared professionals worldwide is \$93,004. Average total compensation is up 7% when compared to last year. After multiple years of shrinking defense budgets and frozen defense salaries, having an active federal security clearance appears to once again be commanding a premium price, particularly for professionals with the right skill set.

Key Findings:

- **Average total compensation** for all surveyed security-cleared professionals increased by 7% when compared to last year's survey, from \$86,901 to \$93,004.
- **The two highest paid jobs** are Systems Engineer with an average total compensation of \$122,386 and IT-Software with an average total compensation of \$121,026.
- **The two highest paid industries** are Engineering, with an average total compensation of \$102,012, and Information Technology, with an average total compensation of \$99,278.
- **The proportion of respondents with a Secret clearance is down 2%**, and the proportion of respondents with a Top Secret/SCI clearance is also down 2% from last year.

"Today, we have a great need for professionals with the right skills and the right eligibility," said Evan Lesser, founder and president of ClearanceJobs.com. "The end of sequestration and record growth in the Pentagon budget—along with the difficulty in issuing new clearances—has created incredibly high demand for cleared professionals, particularly those in niche technical fields such as data science and IT engineering."

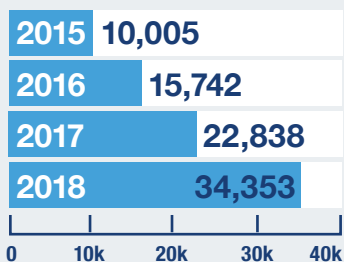
A Climbing Defense Budget



*DoD base budget and overseas contingency operations.

Source: *The Balance, U.S. Military Budget: Components, Challenges, Growth*

Jobs Posted on ClearanceJobs



Defense Budgets, Jobs—Heating Up

The national defense budget is at a record high—\$700 billion in 2018¹. This number is the biggest year-to-year increase in defense funding in 15 years, and it's expected to rise to \$719 billion in 2019.

The boom in the defense budget means more defense jobs. But the government's successful effort to reduce the size of the cleared workforce means there are now nearly two million fewer cleared candidates to choose from.

For defense contractors, hiring uncleared individuals is often just not an option, with clearance processing times for DoD contractors at a record 534 days for the fastest 90 percent of Top Secret security clearance investigations.

"The issue is that in many cases, you have more jobs than cleared people," noted Jan Johnston Osburn, Vice President of Strategy and Execution at staffing company Lewis Price. "The unemployment rate is also low, so most people are employed. There just aren't a lot of job seekers hanging around out there."

The increase in defense industry jobs is certainly reflected on ClearanceJobs. The number of open positions on ClearanceJobs is up 243% since 2015, and up 50% year-over-year.

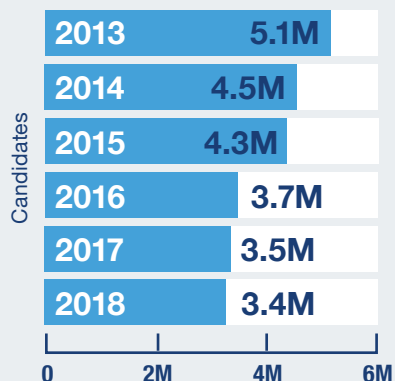
"It's not just finding people with the appropriate pedigree and experience, it's access and clearances," noted Michael Bruni, Vice President of Talent and Acquisition at KeyW. "Your talent pool becomes much less of a pool. Literally in some cases you can count on your hand the people with that skill, and that access."

Composition of Cleared Survey Respondents

The proportion of respondents with both Secret and Top Secret clearance is down 2% from the previous year, reflecting the thinning of these two clearance levels nationally.

One demographic which saw a slight (1.5%) increase was the number of respondents with Intelligence Community security clearances. In contrast to the DoD and NBIB, the Intelligence Community, which processes its own security clearances, has remained slightly closer to its processing time goals. Current Intelligence Community contractor

U.S. Cleared Workforce*



*Official numbers reported from The Office of the Director of National Intelligence and National Background Investigation Bureau.

“It’s not just finding people with experience, it’s access and clearances. In some cases you can count on your hand the people with that skill, and that access.”

Michael Bruni
Vice President of
Talent and Acquisition
KeyW

processing times are 119 days for a Secret security clearance and 171 days for a Top Secret security clearance.

Those with Intelligence Community security clearances are also by far the highest paid demographic in the survey, with average total compensation of \$122,243. The premium paid for an Intelligence Community security clearance is 20% more than a DoD-issued Top Secret clearance, and 54% more than DoD Secret clearances. The slight uptick in respondents with an IC clearance combined with a reduction in respondents with a Secret or Top Secret clearance has likely put upward pressure on average base salaries and total compensation.

The Incredible Shrinking Pool of Cleared Talent

The impact of Edward Snowden, along with a 2013 White House review prompted by the Navy Yard Shooting, made several recommendations to help reform the security clearance process. One of them was a reduction in the size of the cleared workforce from its high of 5.1 million people. That effort has been successful, and today there are just 3.4 million with active DoD clearances—a reduction of over 30%.

At the same time the government was working to reduce the size of the cleared workforce and downgrade higher-level TS/SCI security clearances, a variety of circumstances converged to vastly increase the amount of time it takes to process a security clearance.

While the size of the cleared workforce is now smaller than it has been at any time since 9/11, security clearance processing times are at their longest, and the backlog of pending investigations at its highest. It currently takes more than 1.5 years to process a Top Secret DoD security clearance—for the fastest 90% of applicants. Many applicants report waiting much longer.

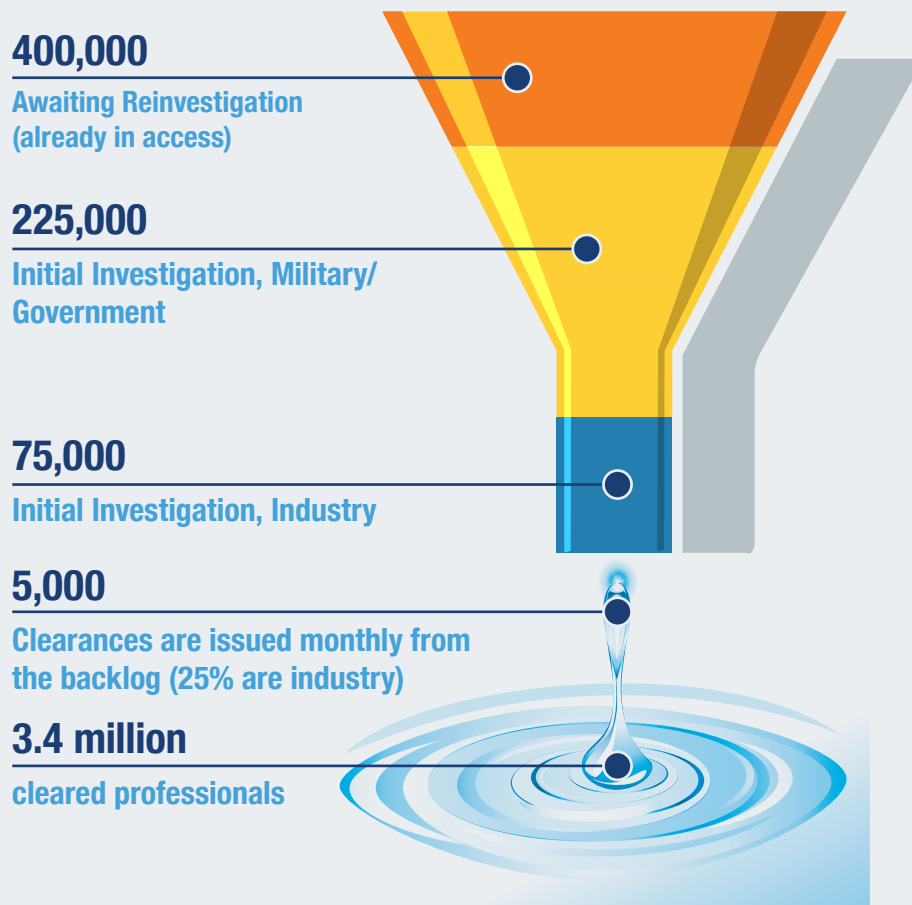
The seismic delays have prompted a number of congressional hearings over the past year, with defense industry executives arguing the shortage of cleared professionals and lengthening times to process new investigations are creating industry crisis.

“Given the challenges we face in finding qualified, cleared talent, to meet the mission that we have, we consider it a national security issue, and a government issue.”

Jane Chappell
Vice President of Global Intelligence Solutions
Raytheon

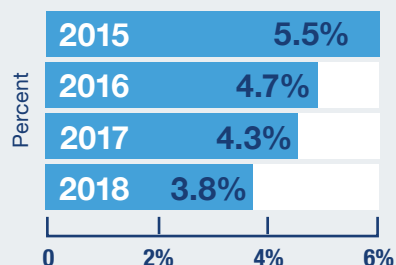
“The backlog of 700,000 pending cases is our industry’s number one priority,” testified Jane Chappell, Vice President of Global Intelligence Solutions (GIS), Raytheon, appearing before the Senate Intelligence Committee this spring. “Given the challenges we face in finding qualified, cleared talent, to meet the mission that we have, we consider it a national security issue, and a government issue. Top professionals are in high demand across the nation. They do not have to wait more than a year to get a job.”

700,000 Security Clearance Backlog



Of the 700,000 pending clearance investigations, only about 300,000 will be added to the pool of 3.4 million cleared professionals. And only 25% of those are industry—the rest are military/government.

Unemployment at Record Lows



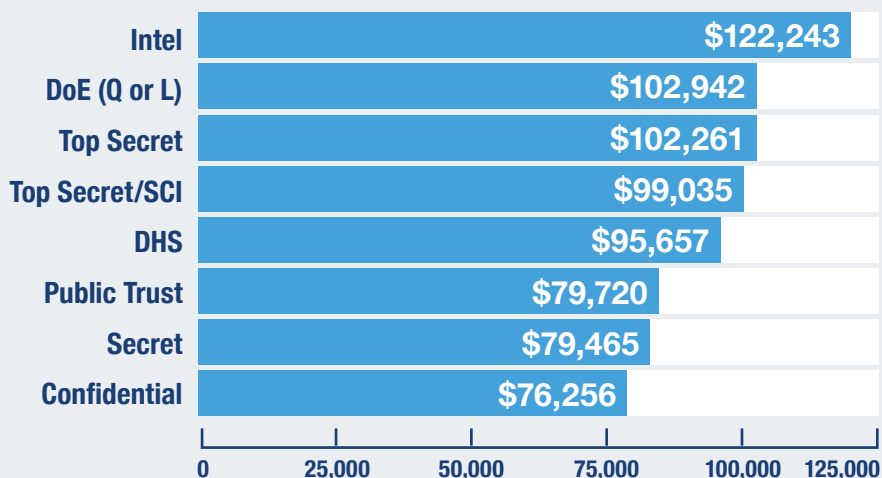
Source: United States Department of Labor, Bureau of Labor Statistics.

Low Unemployment + Strong Commercial Sector = Heatwave

As the cleared workforce dwindles, recruiters face another challenge—a strengthening commercial sector to compete with. In May, the unemployment rate reached 3.8%—the lowest figure since December of 2000.

The same fields commanding top salaries in the ClearanceJobs Compensation Survey are also highly rewarded and paid in the commercial sector—positions in fields such as data science, cybersecurity, and Health IT. With the pick of both commercial and private sector positions to choose from, some professionals may be deciding to lose the hassles—and privacy risks—of cleared work.

Total Compensation by Clearance Level



Experienced Candidates—Trickling Out of the Marketplace?

The demographic with the highest increases are professionals with ten years of experience or more. Senior-level career professionals saw a 10% increase in total compensation compared to 2017, and management-level professionals saw a 9% increase.

“The tight market is really driven by two things—the experience creep, and the security clearance creep.”

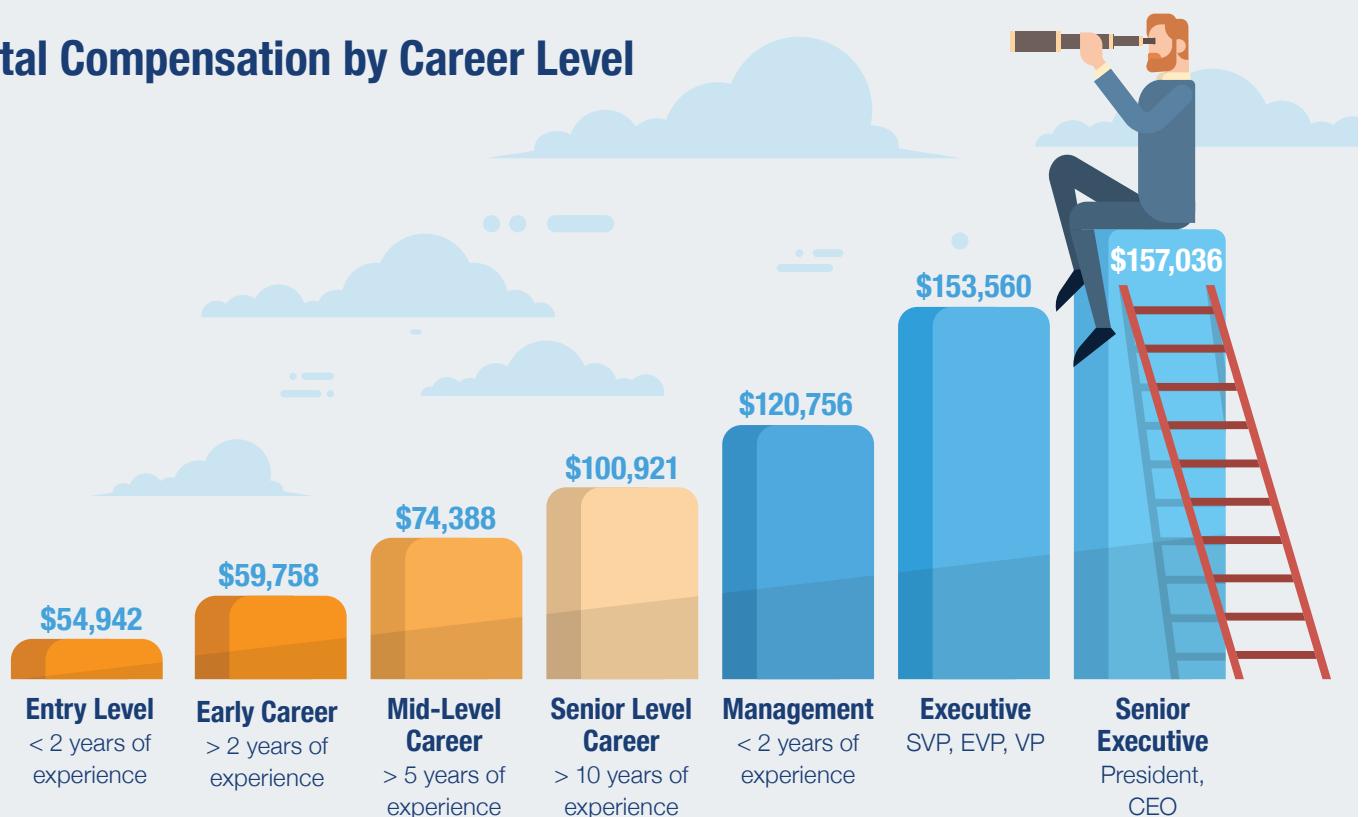
John Shaw
Research and Strategic
Initiatives Manager
Northern Virginia
Technology Council

This may reflect a desire by employers to retain—and pay a premium—to keep their higher-level employees, particularly in a tight applicant market where experience is not easily replaced.

“The tight market is really driven by two things—the experience creep, and the security clearance creep,” said John Shaw, Research and Strategic Initiatives Manager at the Northern Virginia Technology Council. “There are experience requirements within the contract itself”—which often drive the competition among contractors for mid-level experience, Shaw notes.

Contract requirements often necessitate bringing in professionals with higher levels of experience, because the contract will pay a premium for that experience level, says Shaw. At the same time, hiring entry-level talent has proven less challenging in recent years, thanks to transitioning service members entering the market and a rising population of college graduates. That only contributes to the continued demand—and increasing salary demands—for professionals with at least three years of experience under their belts.

Total Compensation by Career Level



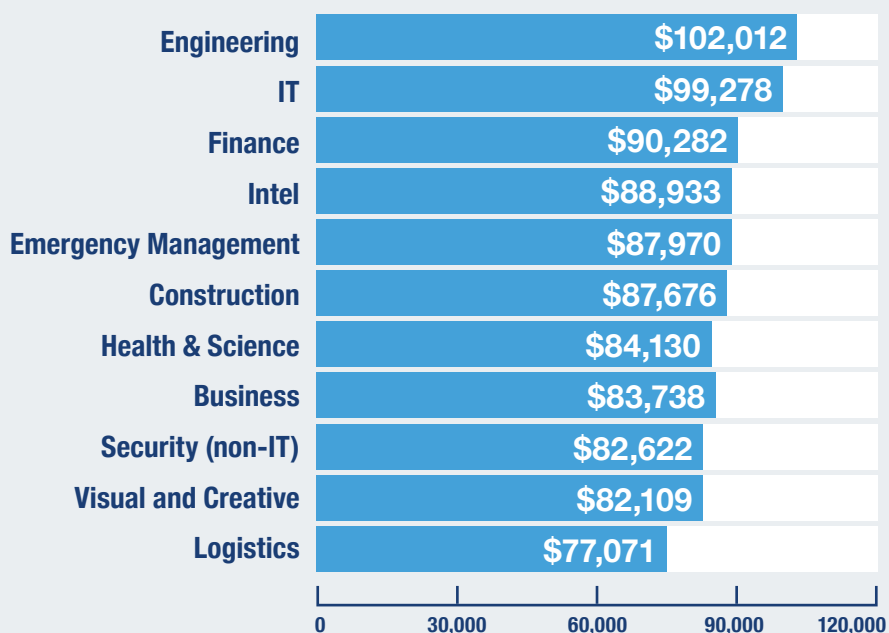
*It no longer
pays to be a
generalist—
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IT Careers Continue to Make it Rain

The two highest paid industries in the cleared world are Engineering with an average total compensation of \$102,012, and IT with an average total compensation of \$99,278. The two highest paid jobs are Systems Engineer with an average total compensation of \$122,386 and IT-Software with an average total compensation of \$121,026.

“Where we’re seeing the growth in skills and in salary are in new job families like cybersecurity, data science or big data analysis,” said Alan Chvotkin, Executive Vice President and Counsel of the Professional Services Council. “In terms of growth—the hot job market—we’re seeing the cyber area, data analytics, those kinds of skills.”

Total Compensation by Industry



Where salaries lag are those arenas where the contract cannot justify the price, and the market is more saturated with talent to fill the contracts. It no longer pays to be a generalist—professionals commanding the highest salaries are specialists.

“We see wage levels topping off—particularly in some of the professional and technology services, where the government is buying

“Both markets—construction and the cleared space—are two of the tightest labor markets.”

Debra Fiori
SVP, Talent Management
Parsons Corporation

them as a service,” said Chovtkin. “They’re not paying for salaries and expenses, and the competitive marketplace has increased, and therefore salaries are holding steady or dropping a little bit. There is still price pressure because of the competitive [contract award] marketplace and I think that is reflected on the wages.”

If the government can fill positions at big-box prices, it will. Professionals garnering the highest wage increases have developed boutique skills.

While IT remains the highest paid category, it’s not the highest growth category. The two industries with the largest growth were Construction, with a total compensation increase of 11%, and Health & Science, with a total compensation increase of 9%.

The increase in construction salaries may reflect an overall rebound in the construction industry, as well as the growth of government spending on infrastructure. The 2018 defense budget added several billion dollars to the department’s maintenance and military construction budgets—a roughly 25% increase over the prior year.

“Both markets—construction and the cleared space—are two of the tightest labor markets, and cleared construction intersects with both. Rates are increasing because of supply and demand,” said Debra Fiori, SVP, Talent Management at Parsons Corporation. “It’s a candidate’s market; candidates are driving salary negotiations, especially when you consider the current backlog of pending security clearances.”

Big States, Bigger Salaries

The states with the highest growth in total compensation are California and Texas. Average total compensation in California is \$96,023, an 11% increase over 2017. Average total compensation in Texas is \$82,857, also an 11% increase over 2017.

The salary growth in California is likely impacted by the rising defense budget, which favors drones, missiles and bombers—the kinds of things designed and manufactured in California, one of the nation’s leaders in aerospace.

Since the Cold War, the number of aerospace jobs in California has been cut by more than half. Today’s budget trends could change that, with the White House budgeting more funds for the F/A 18,

Total Compensation by State

1

VIRGINIA
\$104,914



2

WASHINGTON D.C.
\$103,725



3

MARYLAND
\$101,608



4

CALIFORNIA
\$96,022



5

COLORADO
\$95,256



6

ALABAMA
\$86,324



7

FLORIDA
\$85,365



8

TEXAS
\$82,856



9

ARIZONA
\$82,571



Average base salaries in Texas increased by 10% and total compensation increased by 11%. Total compensation is still lower than the national average—but so is the cost of living.

the F-35, and the MQ-1 Gray Eagle. California's Silicon Valley is also poised to help the Department of Defense with advances in emerging technologies, such as artificial intelligence, deep image processing, and data science—some of the highest-paying cleared jobs.

Average base salaries in Texas increased by 10% to \$73,609, and total compensation increased by 11% to \$82,856. Total compensation in Texas is still lower than the national average—but so is the Texas cost of living.

With more than 15 active military bases and NASA's Johnson Space Center, Texas also stands to benefit from growing spending on aerospace and defense. Texas is currently home to more than 170,000 active duty personnel, reservists, National Guard personnel, and DoD civilian workers.

In addition to the military presence, the Silicon Hills are making a name for themselves for the growing cluster of tech companies choosing to make a home in the hills near Austin. Texas has been singled out as one of the top five states for technology jobs. Austin and Dallas have also been singled out as top cities for tech professionals.

“A whopping 84% of respondents said they were ‘likely’ to change jobs in the coming year—that’s a 20% growth over the prior year.”

Candidates Give Job Satisfaction the Cold Shoulder

Despite rising salaries, job satisfaction rates have fallen by 11% since last year. The number of cleared professionals who ranked themselves as “somewhat satisfied” is down more than 5%, and the number of cleared professionals who ranked themselves as “very satisfied” is down nearly 6%.

In addition, the salary numbers required to keep candidates happy increased. In 2017, cleared professionals with a base salary of \$83,140 were “very satisfied” with their jobs. This year, that figure skyrocketed up 24% to an average salary of \$103,264 for individuals indicating they are “very satisfied.” As supply-demand economics push salaries up, cleared professionals may increasingly expect higher salaries, and base more of their satisfaction on what they perceive as fair compensation in a hot marketplace.

Lower job satisfaction and harsher salary demands may make it seem like cleared professionals are eager to flee government contracting for potential greener pastures. Yet only 7% of respondents said they were “very likely” to leave the cleared industry. More than half (55%) said they were ‘not likely at all’ to leave the industry.



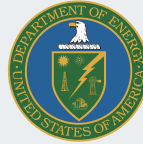




But just because cleared candidates aren’t likely to leave the industry doesn’t mean they’re unlikely to change jobs. A whopping 84% of respondents said they were “likely” to change jobs in the coming year—that’s a 20% growth over the prior year.

“The stigma that used to apply to job hopping doesn’t,” noted Bruni. That’s a direct result of the current recruiting climate, where companies no longer wait for individuals to apply for positions, but are proactively soliciting—or even chasing—candidates. “The psychological impact on the candidate of constantly being offered a better deal allows that to happen.”

Total Compensation by Employment Type

\$119,413	\$98,627	\$94,375	\$82,827	\$76,258
Independent Consultant	Government Contractor	Government Employee	Private Business Owner	Military (Active Duty/Reservist)

Total Compensation by Government Agency

\$125,091	\$111,130	\$103,090	\$100,633	\$98,596	\$95,883	\$95,861
						
Central Intelligence Agency	National Security Agency	Department of Energy	Department of State	Department of Justice	Department of Homeland Security	Department of Defense

A Small Pool = Hot Demand

Today's growing security clearance salaries reflect a defense industry that's recovered, with a candidate pool that hasn't grown to keep pace. After several years of frozen budgets and flattened salaries, the market is thawing. And for some in-demand professionals with high level skills, the right amount of experience and the right level of clearance, the demand is downright hot. The 2018 ClearanceJobs Compensation Survey reflects just how much those hot jobs are driving up some salaries and increasing competition for candidates.

METHODOLOGY

The 2018 ClearanceJobs Compensation Survey was administered online between October 30, 2017 and February 9, 2018. Participants had to have a current, active federal security clearance and be currently employed to be included in the results, which included 20,883 usable responses.

¹The Washington Post, Trump plans to ask for \$716 billion for national defense in 2019—a major increase.

For a complimentary copy of the **2018 ClearanceJobs Compensation Survey, Executive Report**, ClearanceJobs customers can email their request to **employers@clearancejobs.com**.

