

# NDIA 46<sup>th</sup> Annual Gun & Missile Systems Conference & Exhibition

Top Issues &  
Legislative Update

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# 2011 TOP ISSUES

## ***ISSUE 1: Ensure an Ethical, and Agile Acquisition System Responsive to the DoD's Needs***

- **Revise DoD Business Process Reform**
- **Recognize and Encourage Industry Profit Driven Methodology to Reduce DoD Costs**
- **Properly Define and Manage Inherently Governmental Functions**
- **Revise the Rules on Organizational & Personal Conflicts of Interest**
- **Improve Education, Training and Retention of the Federal Acquisition Workforce**
- **Continue to Stress Contractor Ethical Conduct**
- **Ensure that the Government has Full Access to Commercial Products and Services**
- **Improve Financial Performance – Business Process Reform**
- **Improve the Use of Earned Value Management Systems**
- **Repeal the Three Percent Withholding on All Government Contracts**

## 2011 TOP ISSUES –

### *ISSUE 2: The Defense Industrial Base – Now and in the Future*

- **LEADERSHIP AND CULTURAL PERCEPTIONS**
- **RESEARCH AND DEVELOPMENT IN MANUFACTURING**
- **STRATEGIC MANUFACTURING CAPABILITIES FOR NATIONAL SECURITY**
- **WORKFORCE AND INFRASTRUCTURE**

## 2011 TOP ISSUES

### Issue 3: Increase Government Contract Usage of All Small Businesses

- **DISINCENTIVES FOR NOT MEETING SMALL BUSINESS SUBCONTRACTING GOAL**
- **PERMANENTLY REAUTHORIZE THE SMALL BUSINESS INNOVATIVE RESEARCH PROGRAM (SBIR)**
- **COMPREHENSIVE REVIEW OF SMALL BUSINESS SIZE STANDARDS FOR SERVICES INDUSTRY**
- **UNIFIED PARITY AMONG ALL SMALL BUSINESS CATEGORIES (8A, WOSB, VOSB, SDVOSB, HUBZONE, HBCU & MI, INDIAN INCENTIVE [INCLUDING ALASKANS AND HAWAIIANS], SDB) DURING FEDERAL CONTRACT COMPETITIONS (DONE – JOBS ACT)**
- **IMPACT OF REGULATORY COSTS ON SMALL FIRMS**

## 2011 TOP ISSUES

### Issue 4: Sustaining Military Readiness While Providing for the Future

- **STRENGTHEN SCIENCE, TECHNOLOGY, ENGINEERING AND MATH (STEM) EDUCATIONAL OPPORTUNITIES FOR US CITIZENS**
- **NAICS CODES FOR MODELING & SIMULATION**
- **EVOLVE ENTERPRISE INFORMATION ENVIRONMENTS AND SECURITY**
- **INCREASE FUNDING FOR GROUND ROBOTICS RESEARCH, DEVELOPMENT AND ENGINEERING**
- **FACILITATE A CAPABLE, RESPONSIVE U.S. MUNITIONS BASE**

## 2011 TOP ISSUES

### Issue 5: Support Efficient and Transparent International Access for the US Defense Industrial Base

- Support the Administration's Export Control Reform Initiative
- Improve Defense Technology Transfers Among U.S. Partners and Allies
- Approval of the U.K. and Australian Defense Trade Cooperation Treaties
- Increase Congressional Notification Threshold

# Candidates for 2012 Top Issues (Currently under review)

- Energy Security
- A comprehensive whole of government approach to cybersecurity
- SBIR mature product utilization
- Apply industry standards to service developed robotics
- Responsible deficit reduction so that the industrial base issues are at least considered when defense cuts are discussed.
- Review FAR and DFAR processes to eliminate or revise inefficient processes that are government unique and add cost with marginal value

# Fiscal Year 2012 Authorization

- House passed its version, H.R. 1540, May 27<sup>th</sup>
  - \$553B Base Budget (including MILCON) +\$22B in 2011
  - \$137B Contingency & DOE Programs
  - Elevates Chief NGB to full JCS Membership
  - 1.6% Military Pay Raise
  - Keeps Door Open for F136 Engine Development
  - Expands the Definition of Depot Maintenance & Core Logistics
    - Would include Mods & Upgrades – Industry Concerned
- Senate Armed Services Committee version, S.1253
  - Committee Approved June 17<sup>th</sup> – Waiting Senate Floor Action
  - Funding Levels/Pay Raise same as House version
  - Prohibits any \$ for RDT&E for F136 Engine
  - Prohibits any change in Definition of Depot Maintenance

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# Fiscal Year 2012 Authorization

- Outlook:

- No Senate Floor action until late September
- Conference Agreement very unlikely before end of Fiscal Year, maybe by the end of the Calendar Year, Could Be, Again, Early Next Year.
- Only two accounts require specific legislative approval, MILCON and Pay Raise

# Fiscal Year 2012 Appropriations Approved by the House

- \$530B Base Budget\* - \$8B Below DoD Request
- \$137B Contingency Funding
- 1.6% Military Pay Raise
- Rescinds Legislation Prohibiting A-76 Competitions

\*Does not include MILCON

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# Fiscal Year 2012 DoD Appropriations House Passed Funding Levels\*

	FY 11 Enacted	FY 12 Request	House Approved	Recom V/S FyY 11	Recom V/S FY 12 Req
• Title I - Military Personnel	126,739,756	132,096,541	132,092,225	5,352,469	-4,316
• Title II - Operation and Maintenance	165,560,124	170,759,313	169,979,661	4,419,537	-779,652
• Title III - Procurement	102,121,873	114,365,617	107,581,474	5,459,601	-6,784,143
• <i>minus advance appropriation</i>	---	-3,212,495	---	---	3,212,495
• Title IV - RDT&E	74,957,028	75,325,082	73,009,469	-1,947,559	-2,315,613
• Title V - Revolving and Mgt Funds	2,909,402	2,701,394	2,675,529	-233,873	-25,865
• Title VI - Other DoD Programs	34,313,256	35,519,627	35,647,581	1,334,325	127,954
• Title VII - Related Agencies	941,732	1,105,913	971,925	30,193	-133,988
• Title VIII - General Provisions (net)	-5,117,461	29,000	-2,183,205	2,934,256	-2,212,205
• Title IX - Overseas Contingencies Ops	157,680,120	117,725,751	118,567,277	-39,112,843	841,526
• Subtotal, Title IX Department of Defense	157,823,120	117,842,751	118,684,277	-39,138,843	841,526
• <b>TOTAL Mandatory and Discretionary</b>	<b>671,140,101</b>	<b>657,296,743</b>	<b>649,222,936</b>	<b>-21,917,165</b>	<b>-8,073,807</b>

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# Repeal 3% Withholding Tax

- Will require 3% withholding on all Federal/State contracts
- IRS Delayed current Implementation date to January 1, 2013.
- Repeal has been unsuccessful due to jurisdiction & scoring problems
- Attempts to place in SBIR/STTR reauthorization bill unsuccessful
- House Small Business Committee held hearing on 5/26/2011, NDIA submitted a statement for the hearing record
- NDIA is one of a 150+ member coalition advocating repeal
- NDIA Hill Visits: House Majority Leader, House & Senate Small Business Committees.
- Repeal Legislation Proposed:
  - House Bill, HR 674 (Herger bill) has over 200 cosponsors
  - Senate bill, S. 164 (Brown bill) has 28 cosponsors

## Permanent Reauthorization of SBIR

- Current program expires 31 September 2011.
  - 14<sup>th</sup> extension since last reauthorization
- Last December, Senate passed long-term reauthorization that included agreement by all sides of contentious issues. House declined to consider prior to the end of the 111<sup>th</sup> Congress. Senate passed bill died.
- This year, Senate re-introduced agreed to bill. Failed in the Senate due to imposition of non-germane amendments.
- Senate passed one year extension – sent to the House
- House approved a four month extension for SBIR and a one month extension for all other expiring SBA programs
- Senate agreed to House version, passed and sent to the President for signature on June 1<sup>st</sup>, 2011

8/19/2011

## **Proposed Executive Order (EO) on Disclosure of Contractor Contributions**

- A proposed EO would direct federal agencies to require contractors to disclose political expenditures and contributions made within two years of all proposal submissions in an official contracting certification.
- The proposed EO would require contractors to certify their acknowledgment that full disclosure of this information has been made as a precondition for the contract award.
- Failure to make a full disclosure in the certification process could result in criminal prosecution.
- Preemptive “Thou Shall Not” Language currently in five House/Senate passed bills.

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## For Further Information

- **If you would like a copy of this presentation, please give me one of your card with your e-mail address and I will send it to you...**

# Questions - Comments

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