



March 21, 2024

The Honorable Charles Schumer
Majority Leader
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable Hakeem Jefferies
Minority Leader
U.S. House of Representatives

Re: Support for the Fiscal Year 2024 (FY24) Department of Defense (DoD) Appropriations Act

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Johnson, and Minority Leader Jefferies:

The National Defense Industrial Association (NDIA) is the nation's oldest and largest defense industry association, representing more than 1,700 corporate and over 65,000 individual members from small, medium, and large contractors. These companies represent the 1.1 million Americans¹ in the U.S. defense industrial base (U.S. DIB) that design, manufacture, apply, and maintain the cutting-edge technologies on which the U.S. military depends. A majority of our member companies are small businesses, which represent 73%² of U.S. DIB companies.

NDIA appreciates the hard work and dedication of the Senate and House leadership and the Senate and House Appropriations Committees to finalize the FY24 appropriations bills. It is essential to stop the negative impacts that the series of continuing resolutions (CRs) have imposed on the U.S. Department of Defense and the U.S. military since the start of the fiscal year. NDIA strongly supports completing the FY24 DoD Appropriations Act, which congressional negotiators included in the "Further Consolidated Appropriations Act, 2024." Therefore, NDIA strongly encourages every Member of Congress to support its passage.

The passage of the FY24 DoD Appropriations Act is essential to ensuring our warfighters have the platforms, equipment, and services they need to conduct their missions and to maintain their competitive advantage against any potential adversary. Specifically, the FY24 DoD Appropriations Act protects critical modernization priorities and funds the expanded capacity our Military Services require. This includes keeping the nuclear triad modernization schedule, such as the procurement of the B-21 Raider and the award of the second Columbia class ballistic missile submarine, on track. It also enables the reversal of the one percent (1%) sequester mandated in the 2023 Fiscal Responsibility Act,³ which is estimated to be an additional \$10 billion reduction, on top of the reduction that would occur under a full year CR, to the DoD topline.⁴ The FY24 DoD Appropriation Act also provides significant investment in the U.S. DIB, which plays an important role in national deterrence in an era of great power competition.

¹ NDIA, *Vital Signs 2023*, February 2023

² U.S. Department of Defense, *Small Business Strategy*, January 2023

³ P.L. 118-5. Section 102.

⁴ Secretary of Defense Lloyd J. Austin III. Letter to the Senate Committee on Appropriations. December 12, 2023.

In addition, NDIA opposes the reliance on continuing resolutions and particularly a full-year CR, which would cause unprecedented damage to our national security. DoD has never operated under a year-long CR⁵ because no Congress was willing to inflict that much damage on our national security. Each year, DoD proposes to contract for new technologies, increase production of high priority systems, reduce production of lower priority systems, and stop programs that have met their purpose. Each of these transitions is prohibited under a CR, ensuring we perpetuate known gaps in our defense and fail to adjust to changing threats and technologies. In particular:

- **A CR delays U.S. innovation.** Each CR includes a provision prohibiting new starts. For example, if the U.S. has technologies to counter unmanned aerial vehicle (UAV) systems that are ready to move to the next stage of development or production, a CR prohibits DoD from proceeding. Conversely, the People's Republic of China (PRC) does not have CRs, so in the race for innovation, three-month CRs and year-long CRs provide the PRC a three-month or a year-long head start, respectively.
- **A CR disrupts shipbuilding.** Large capital ships are individual programs, so a year-long CR would disrupt the award of new ship or submarine contracts. In fact, it is estimated that thirty percent (30%) of the FY24 shipbuilding budget request will be inexecutable under a year-long CR.
- **Past CRs contributed to our shortfall in munitions. A year-long CR will exacerbate future shortfalls.** In 2017 and 2018, DoD requested increases in various critical munitions. Unfortunately, DoD was prohibited from contracting for these increases during the months-long CRs in both years. This fiscal year, DoD asked for funding to increase production of munitions critical for the Pacific. A year-long CR would compound these shortfalls, which, in the event of a conflict, will put the men and women of our Armed Forces at risk.
- **CRs hurt military readiness.** Funding for readiness accounts is only available through September 30th, the end of the fiscal year, so these accounts are the most vulnerable to disruption. Under a CR, where money is in the wrong places, training and equipment maintenance is often cancelled or curtailed. In addition, in most cases, the unit that missed its training or maintenance rotation cannot get it back without displacing another unit's training or maintenance opportunity. This problem gets worse if, as is the case this year, Congress has approved a civilian pay raise. In DoD, civilian salaries, military training, and equipment maintenance all share the same appropriation, so if the funding is fixed to last year's level the pay raise forces a cut to military readiness.
- **CRs destroy small businesses.** NDIA member companies also wish to reinforce the disproportionate harm CRs have on small businesses, which have limited cash flow to endure the consequences of lengthy funding disruptions, such as delays in contract awards, contract cancellations, and

⁵ United States Senate Committee on Appropriations. Secretary of Defense, Top Pentagon Leadership Sound Alarm That a Year-Long CR Would Jeopardize Our National Defense. <https://www.appropriations.senate.gov/news/majority/new-secretary-of-defense-top-pentagon-leadership-sound-alarm-that-a-year-long-cr-would-jeopardize-our-national-defense> (accessed March 14, 2024).

temporary stop work orders. This is part of the reason that DoD estimates the U.S. DIB lost forty percent (40%) of its small business contractors over the last ten years.⁶

The strategic environment over the last several years has grown more complicated and dangerous. It is, therefore, more essential than it has been during the last thirty-five years that the United States maintain effective national deterrence. CRs are wasteful to the taxpayer and damage the gains our military needs to make in the areas of readiness and modernization. Ultimately, CRs benefit our strategic competitors, who are unencumbered with the burden of CRs, not the men and women of the U.S. military. **On behalf of NDIA's members, I thank you for your continued support of the U.S. military and the U.S. DIB, and I encourage you to vote yes.**

Sincerely,



David L. Norquist
NDIA President and CEO

CC:

Senator Patty Murray
Senator John Tester
Senator Susan Collins
Representative Kay Granger
Representative Rosa DeLauro
Representative Ken Calvert
Representative Betty McCollum
Senator Jack Reed
Senator Roger Wicker
Representative Mike Rogers
Representative Adam Smith

⁶ U.S. Department of Defense, *Small Business Strategy*, January 2023