



September 12, 2022

The Honorable Patrick Leahy
Chairman, Appropriations Committee
United States Senate

The Honorable Richard Shelby
Ranking Member, Appropriations Committee
United States Senate

The Honorable Rosa DeLauro
Chairwoman, Appropriations Committee
U.S. House of Representatives

The Honorable Kay Granger
Ranking Member, Appropriations Committee
U.S. House of Representatives

Dear Chairman Leahy, Chairwoman DeLauro, and Ranking Members Shelby and Granger,

Call to Protect Our National Security from the Impact of Inflation

On behalf of the thousands of companies who are members of the undersigned associations representing the defense industrial base, we write to request the expedited completion of the FY23 defense appropriations bill.

This year, inflation reached a 40-year high, impacting services and companies and adding stress to our national security enterprise. As the end of the fiscal year draws near and with only 11 days with both chambers in session, we understand a continuing resolution is a likely stop-gap measure to prevent a shutdown. Our associations stress that a full-year appropriations bill is critical to ensure those who serve in our military are provided with the equipment that enables their mission and the services to support them and their families. Our associations appreciate the bipartisan support shown in the FY 23 defense appropriations and authorization bills to increase the topline over FY 22 spending levels and the Department of Defense's request to accommodate inflationary increases in their submittal.

However, based on the historical practice of setting CRs at the previous year's level, the service budgets would be 9% below the funding level required to maintain the buying power Congress intended in its 2022 enacted budget. These stop-gap measures cause substantial and widespread disruptions across national security, impacting operations and readiness. Funding at the FY 22 level will cost the services approximately \$6 billion per month in lost capabilities. Additionally, it wastes money and delays deployment of capabilities by putting the brakes on key programs and, after enactment, causes an accelerated, less efficient spending rate. **To protect readiness, maintain critical acquisition and RDT&E schedules, and avoid waste, we request that Congress consider inflation when setting the topline for a continuing resolution.**

Companies continue to work through supply chain disruptions, workforce challenges, and munitions shortages. They should not be required to work through avoidable budget disruptions. **We recommend Congress allow new starts and quantity increases where bipartisan support exists.** Industry and the Department of Defense need to be allowed to meet requirements and respond to



threats. Given our nation's security challenges, Congress should be encouraging the Department and industry to move faster to field new technologies, not directing them to pause.

Furthermore, we strongly support a provision authorizing and directing the Under Secretary for Acquisition and Sustainment to adjust contracts based on inflationary impacts. Companies are being critically harmed, and it may not be sustainable for smaller companies to remain in the defense ecosystem. The disruptions from inflation are far more significant than just the temporary funding measures. We must not disincentivize companies from working with the government if we want a competitive marketplace.

We look forward to continuing our work with Congress to mitigate disruptions to industry and most importantly, preventing a disservice to our warfighters.

Very respectfully,

A handwritten signature in black ink that reads "Eric Fanning". The signature is written in a cursive style with a large, prominent "E" and "F".

Hon. Eric Fanning
President & Chief Executive Officer
Aerospace Industries Association (AIA)

A handwritten signature in black ink that reads "David L. Norquist". The signature is written in a cursive style with a large, prominent "D" and "N".

Hon. David L. Norquist
President & Chief Executive Officer
National Defense Industrial Association (NDIA)

A handwritten signature in black ink that reads "David J. Berteau". The signature is written in a cursive style with a large, prominent "D" and "B".

Hon. David J. Berteau
President & Chief Executive Officer
Professional Services Council (PSC)

CC:

Senator Tester
Representative McCollum
Representative Calvert