Legislative/Regulatory Issues as of March 30, 2011

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2011 Budget Issues

• **2011 DoD Budget ($B)**
  – Currently operating under a Continuing Resolution (CR) until April 8, 2011
  – Proposals for full year funding/CR for entire federal government:
    House: Cut $61 from discretionary accounts
    Senate: Cut $10 from discretionary accounts
    -- $6.1 already cut in previous CRs
    -- House Bill contains problematic “riders” such as defunding health care provisions and EPA restriction

• **Best guess/probable/hoped for outcome by April 8th**:
  • Stand-alone full year DoD funding bill;
  • Full DoD funding bill within a remaining federal government CR

4/4/2011
2012 Budget Issues

• 2012 DoD Budget ($B)
  – $113.1 for Procurement – $75.3 for RDT&E – $117.8 for OCO
  • Army: $144.9 (Procurement/RDT&E $31.8 - O&M $45.2)
    – 71 UH-60M, 47 CH-47F (32 New, 15 Remanufactured) 100 Stryker
  • Navy: $161.4 (Procurement/RDT&E $63.8 – O&M $47.9)
    – 11 Ships, advance funding for one carrier and two subs
    – 6 F-35B, 28 F/A-18E/F, 12 EA-18G, 6 E-2D, 11 P-8A, 26 AH-1Z, 36 T-6A
  • Air Force: $119.0 (Procurement/RDT&E $41.5 – O&M $45.3)
    – 19 F-35A, 9 C-27J, 5 CV-22B, 48 MQ-9A (Reaper) 3 RQ-4B (Global Hawk)
    – 3250 JDAM, 416 AGM-114, 240 AIM-9X, 218 AIM-120D, 142 AGM-158

• DoD Efficiency Initiatives Re-invested in 2012 Budget and Beyond
  • FY-2012: $24.1 FY-2012-FY 2016: $178.4
  • (Service Contributions)

4/4/2011
1. **Repeal 3% Withholding Tax**
   
   Current implementation date: January 1, 2012. Agencies must begin planning for implementation this year unless repeal/deferment is enacted early this year. NDIA is one of a116 member coalition

   Repeal Legislation Proposed:
   
   - House Bill, HR 674 (Herger bill) has 30 cosponsors
   - Senate bill, S. 89 (Vitter bill) has six cosponsors
   - Senate bill, S. 164 (Brown bill) has three cosponsors
   - Amendment to SBIR bill (Snowe, Brown, Vitter)

2. **Permanent reauthorization of SBIR**
   
   Current program expires 31 May 2011. GAO is reviewing SBIR program…NDIA submitted 12 pages to GAO affirming value of SBIR and suggesting improvements.

   Senate passed 8 year reauthorization – waiting House action

   NDIA supports VC compromise
3. Review/monitor/contribute to DoD Efficiency Initiative. Review any subsequent legislative changes/revisions to acquisition and procurement reforms/policies. NDIA submitted over 89 suggestions/recommendations to DoD.

4. Promote legislation to establish a cohesive government-wide cyber acquisition strategy.

5. Support legislation to promote energy security for the Federal Government.

6. Promote legislation to establish a national manufacturing strategy.

7. Promote legislation for parity among all Small Business categories.

8. Review/Monitor Administration/House/Senate Export Control reforms.
Federal Acquisition Circular* (FAC) 2005-50, covers the following rules:

- Proper Use and Management of Cost-Reimbursement contracts *(interim)*
- Requirements for Acquisitions Pursuant to Multiple-Award Contracts *(interim)*
- Justification and Approve of Sole-Source 8(a) Contracts *(interim)*
- Additional Requirements for Market Research *(final)*
- Socioeconomic Program Parity *(interim)*
- Use of Commercial Services Item Authority *(final)*
- Trade Agreements Thresholds *(final)*
- Disclosure and Consistency of Cost Accounting Practices for Contracts Awarded to Foreign Concerns *(final)*
- Compensation for Personal Services *(final)*
- Technical Amendments

*Federal Register: March 16, 2011 (Volume 76, Number 51)
Future Capability of DoD Maintenance Depots

- The Industry Logistics Coalition (including NDIA) reviewed the LMI report mandated by Section 322 of Public Law 110-417 and make the following initial observations:
  - The report inadequately addresses or ignores several major requirements of Section 322:
    - Private-sector depot capability and capacity (c)(2)(G)
    - Public-Private partnerships (c)(2)(F)
    - Budget and fiscal planning policies (c)(1)(G) (Affordability)
    - Performance-based logistics (c)(2)(A)
    - Supply chain management (c)(2)(B)
    - Condition-based logistics (c)(2)(C)
  - The ILC is committed to working with Congress, DoD, and all stakeholders to sustain public and private depot capabilities.
Questions/Comments?
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