TRI-Association Small Business Advisory Panel (TRIAD) Conference

Legislative Update
Alex Zemek
Vice President for Policy

October 12, 2016
Trends in Federal Spending

Federal Outlays by Category FY 1962 - FY 2017

Source: OMB Historical Table 8.1 - Fiscal Year 2013
Defense Funding

DoD Funding from 9/11 Through FY 2017 Request

(Discretionary Budget Authority)

DoD Topline, FY 2001 – FY 2017

(Current Dollars in Billions)

- Base Budget
- OCO/Other Budget

Numbers may not add due to rounding
FY17 National Defense Authorization Act

Perhaps most wide-ranging policy reform since 1986 Goldwater–Nichols.

Major Policy Highlights:
• Combatant Command modification and OSD Reorganizations
• Bid Protests
• Security Cooperation Reform
• Preference for Fixed-Price Contracts; (over cost-type contract)
• Defense Innovation – Open System Architecture and Intellectual Property Changes
• Selective Service changes
• Assured Access to Space

*Top line/Status:
– **House Version**: Funds DoD at $610 billion, takes out $18 billion from OCO and adds to base – next President will decide whether or not to restore those funds.
– **Senate Version of Defense Appropriations** has been blocked 3 times by Dems.
– **Continuing Resolution** from Sept. 29, funds at FY16 levels through Dec. 9
Key Small Business Provisions in NDAA

Senate (S.2943):

- Sec. 818: Codifies authority to conduct comprehensive small business subcontracting plans
- Sec. 838: Counts first and second-tier subcontracts on MDAPs towards Department’s overall small business goals
- Sec. 884: Codifies longstanding exemption in FAR that small business set-asides are not applied to overseas contracts

House (H.R. 4909):

- Sec. 1821: Tightens requirement for “good faith” compliance with small business subcontracting plans
- Sec. 1822: Establishes pilot for first-tier small business subcontractors to gain past-performance credit from SBA
“Acquisition Agility Act”

- HASC Chairman Thornberry wants to provide DoD greater “agility” to maintain technological superiority in a rapidly evolving threat environment and keep up with the accelerating pace of technological innovation by:
  - Differentiating between platform and components;
  - Requiring modular open systems architecture;
  - Clarifying intellectual property rights;
  - Providing Services Milestone Decision Authority for joint programs.

- NDIA submitted recommendations that address the following concerns:
  - Lack of recognition for the role of systems integrators;
  - Rigidity of the Modular Open System Architecture requirement;
  - Bureaucracy created and required for implementation.
Recent NDIA member activity on the Hill

Tuesday, September 13, 2016

Committee on Small Business
Issues Facing Congress

- APPROPRIATIONS / Continuing Resolution or Omnibus?
- TRADE (TPP [transpacific] and T-TIP [transatlantic])
- NDAA and ACQUISITION REFORM
- ZIKA FUNDING
- HOMELAND SECURITY and FOREIGN POLICY (ISIS, Middle East, N. Korea, Russia, China)
- SCHOOL NUTRITION PROGRAMS
- CRIMINAL JUSTICE REFORM
- ELECTIONS in 27 days
2016 Elections
2016 Elections

DEMOCRATS NEED A NET OF FIVE SEATS TO WIN CONTROL OF THE SENATE

If there’s a 50/50 split, as there was in early 2001, control would depend on who wins the White House, because the vice president would break the tie.

Senate Balance of Power: 114th Congress

Note: Independents, shown in yellow, caucus with the Democrats and are included in the Democratic tally.
Source: Bloomberg Government | Graphic: Catherine Traywick
Questions?

AZemek@ndia.org
How NDIA Policy Is Serving You

• **Engagements with Executive Branch**
  – Monitoring key government reports, policies, meetings, proposed/final rules, etc.
  – Meetings with senior DoD leadership, and events with Service budget directors
  – Responding to proposes acquisition and other regulation rules

• **Engagements with Legislative Branch**
  – Monitoring relevant Congressional hearings, legislation, and reports
  – Meetings with Hill Staff and Members
  – Utilizing NDIA members for expert witnesses at hearings for issues of concern

• **Dissemination and Conduit of key information**
  – Publish weekly NDIA Policy Digest
  – Executive National Security Forum (ENSF) events
  – Convening working group to address, for example contracting vehicle, concerns
  – Legislative update briefings at various divisions and chapter meetings
  – Published new version of the Federal Acquisition Regulation (FAR) flowdown book
  – Provided industry views for MITRE report on the use of Lowest Priced Technically Acceptable policy
  – Connections to think tanks and inter-association work

We will strive to continue to increase our policy value to you
How You Can Help NDIA Policy

• **Continued voluntary engagement with Division and NDIA activities**

• **Contribute to a feedback loop on policy issues**
  – Division assistance in producing concise, modern resources (reports, papers, case studies) that crystallize issues/guide discussions
  – Policy sounding board

• **Aide us in our efforts for greater Congressional engagement and exposure**
  – If applicable, participate as expert for Congressional inquiry/hearing
  – Education through 1-pagers

• **If writing (e.g., journals/op-eds) about Defense-Industrial policy issues, keep us looped in and let us leverage one another**
  – Potential to utilize new website

Excited to work with you on this NDIA team
Previous Top Issues FY13-16 – Common Words/Focus

Defense Industry

FY17 – expected Focus Areas

<table>
<thead>
<tr>
<th>Acquisition Reform</th>
<th>Budget Stability</th>
<th>Cyber Policy</th>
<th>Millennial Industrial Base</th>
<th>Other Emerging Issues</th>
</tr>
</thead>
</table>

10/20 8-4 (Lockheed Martin) AIA/NDIA Technical Data Rights Forum (Jimmy, Ryan, others?)