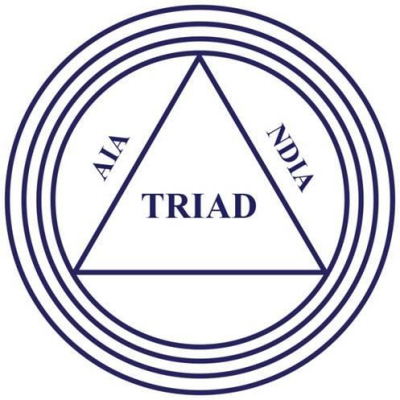


TRI-Association Small Business Advisory Panel (TRIAD) Conference

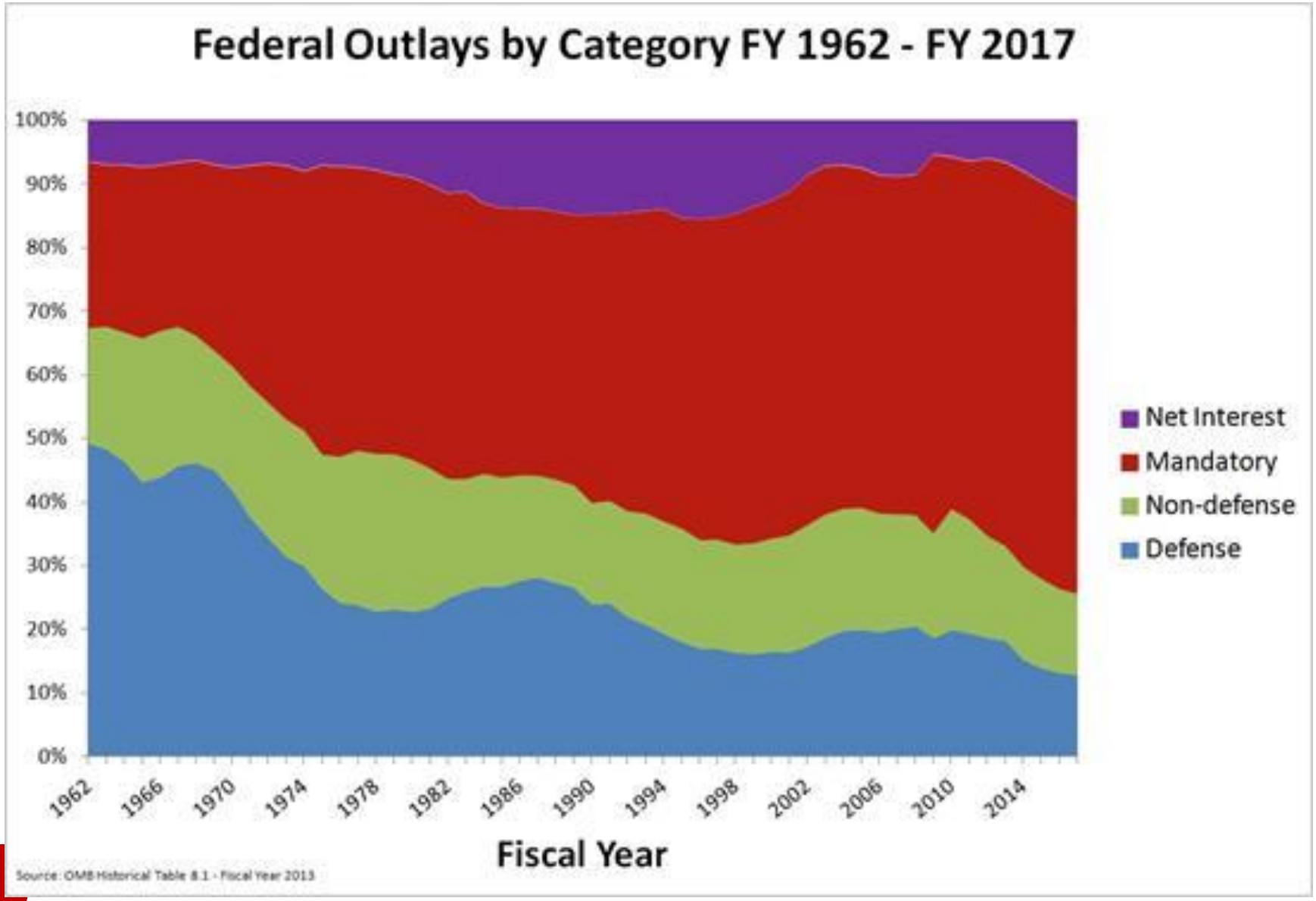
Legislative Update

Alex Zemek

Vice President for Policy

October 12, 2016

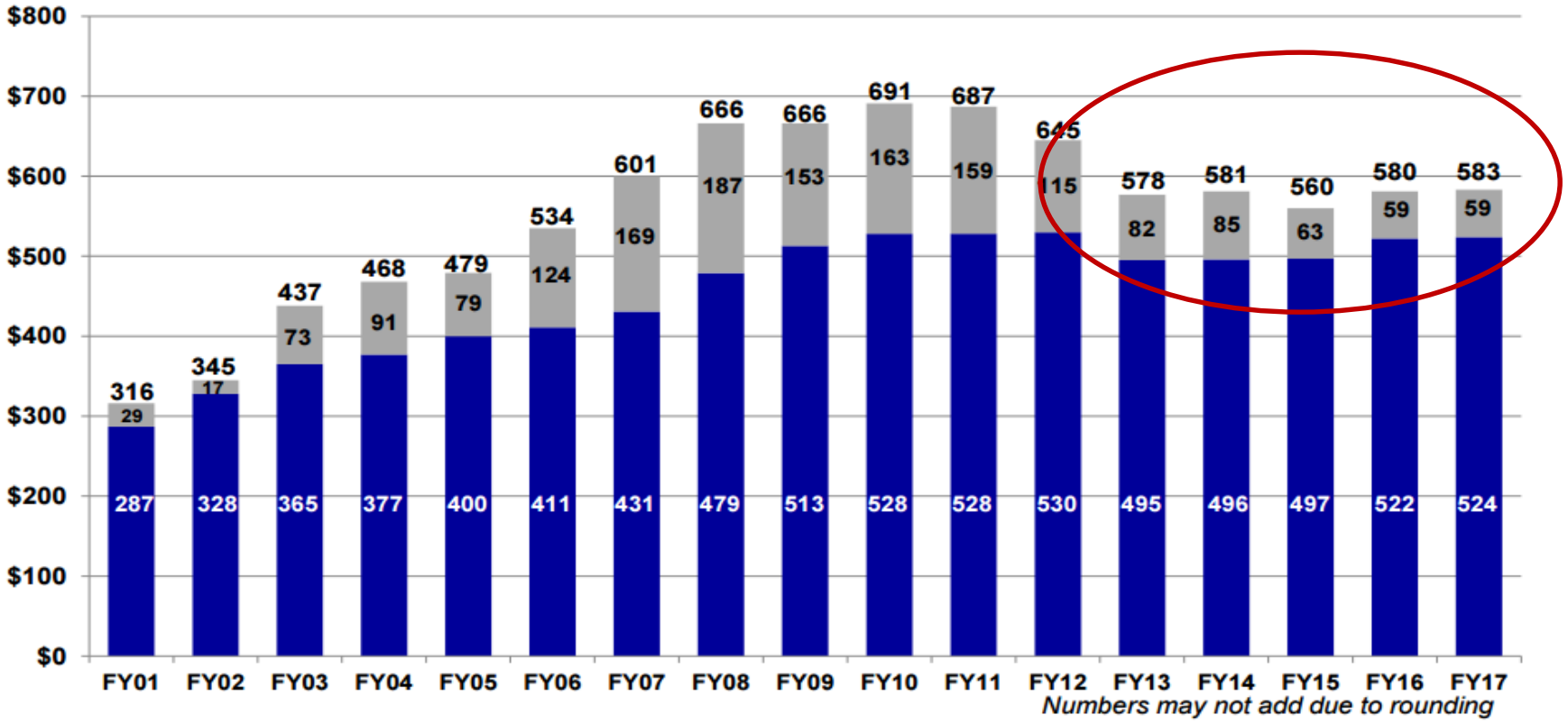
Trends in Federal Spending



Defense Funding

DoD Funding from 9/11 Through FY 2017 Request

(Discretionary Budget Authority)



Numbers may not add due to rounding

DoD Topline, FY 2001 – FY 2017

(Current Dollars in Billions)

Base Budget **OCO/Other Budget**

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.

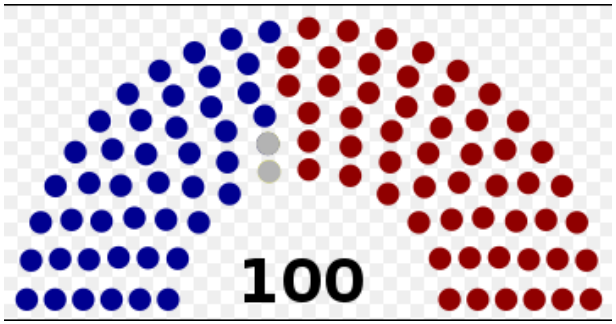
- NDIA submitted recommendations that address the following concerns:
  - Lack of recognition for the role of systems integrators;
  - Rigidity of the Modular Open System Architecture requirement;
  - Bureaucracy created and required for implementation.

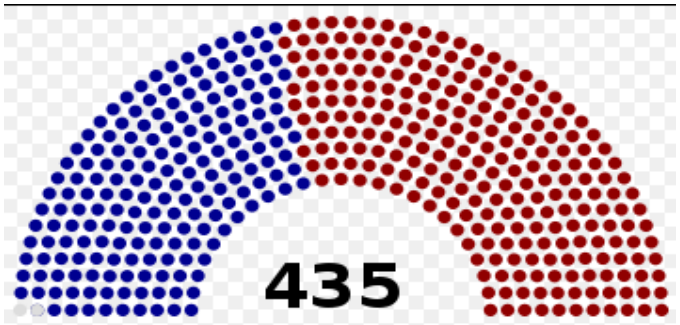
Recent NDIA member activity on the Hill

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



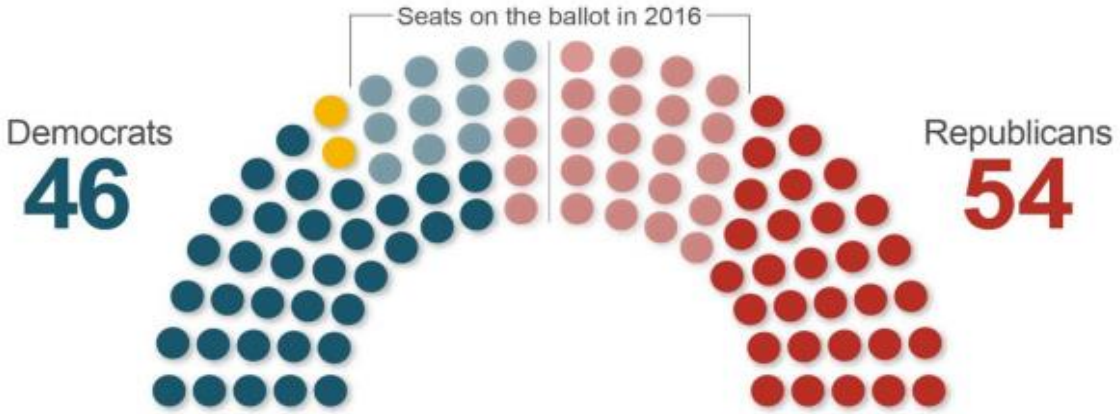


2016 Elections

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

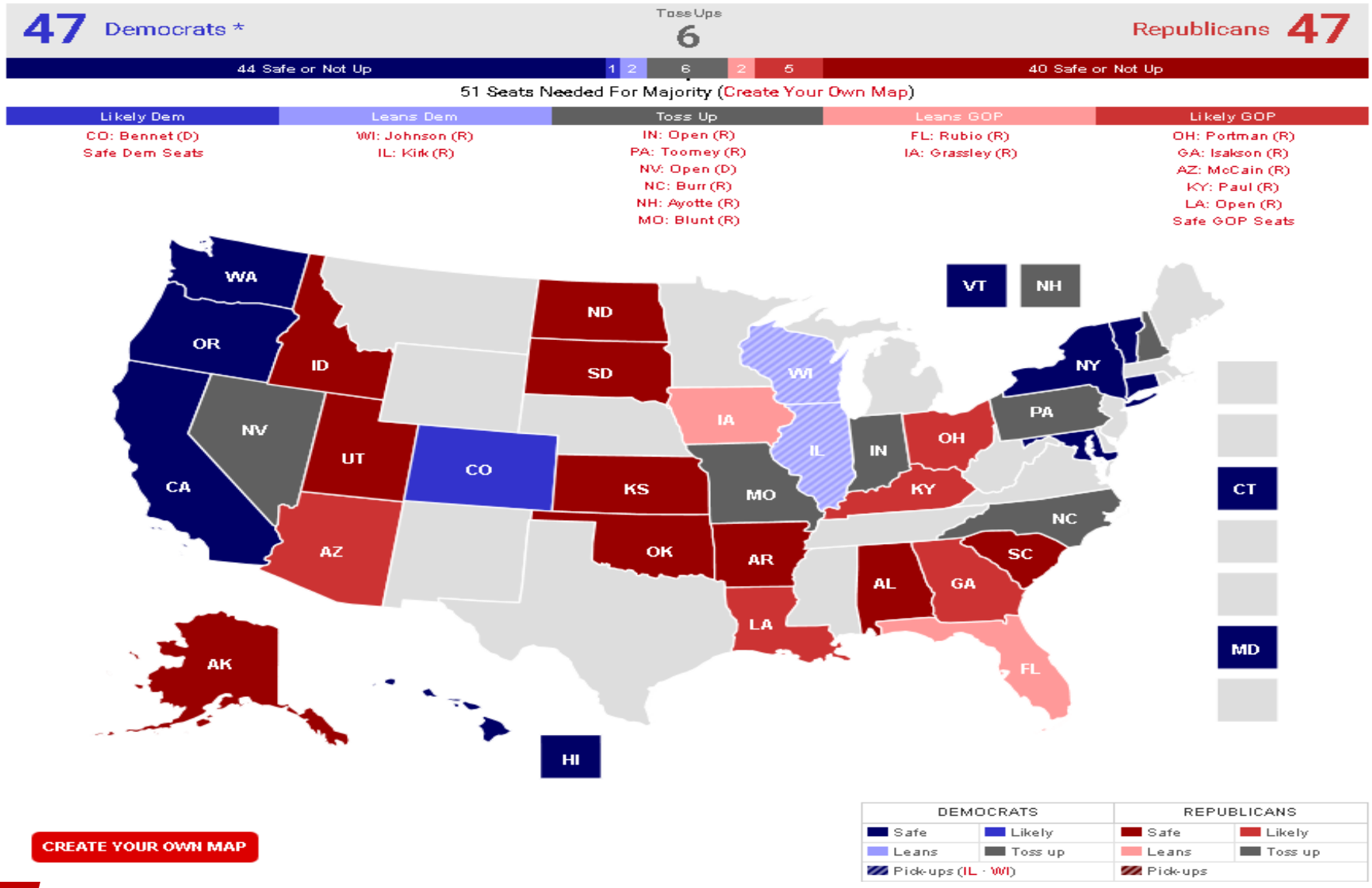
Senate Balance of Power: 114th Congress



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

Bloomberg GOVERNMENT

2016 Elections



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

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

FY17 – expected Focus Areas

Acquisition Reform	Budget Stability	Cyber Policy	Millennial Industrial Base	Other Emerging Issues