



## Holland & Knight Defense Situation Report: October 2022

### A monthly roundup of defense policy news

Welcome to Holland & Knight's monthly defense news update. We are excited to bring you the latest in defense policy, regulatory updates and other significant developments. If you see anything in this report that you would like additional information on, please reach out to authors or members of Holland & Knight's [National Security, Defense and Intelligence Team](#).

### LEGISLATIVE UPDATES

#### Senate NDAA and Defense Spending Updates

As [reported](#) last month, there is still much work to do before Congress passes its 62nd annual National Defense Authorization Act (NDAA). However, there has been progress. After the Senate passed a continuing resolution to keep the government funded through Dec. 16, 2022, the Senate formally agreed to take up the NDAA on the floor. Such a move, which passed by unanimous consent, cleared hurdles and allowed senators to begin introducing amendments, debating and starting procedural work, such as pre-conferencing with the House on the NDAA.

Despite the Senate being out of session, Senate Armed Services Committee (SASC) Chair Jack Reed (D-R.I.) and Ranking Member Jim Inhofe (R-Okla.) on Oct. 11, 2022, [formally](#) took up the NDAA on the floor. Upon doing so, they also offered a substitute amendment to the House-passed NDAA based on the [Senate Armed Services Committee \(SASC\)-passed version](#). Before offering the substitute amendment, senators introduced more than 950 amendments, of which 75 were included in the manager's package. Staff has begun pre-conferencing the provisions in the House and SASC-passed versions of the bill. When the Senate returns after the midterm elections, there may be additional floor action on its version of the NDAA, final conferencing of the House and Senate versions, and likely passage in December.

As the NDAA is one of the last, must-pass bills each year, the Reed-Inhofe substitute amendment also contains many major policy bills, including:

- Authorizations for the intelligence agencies, which was introduced by Sens. Mark Warner (D-Va.) and Marco Rubio (R-Fla.), the chairman and vice chairman of the Senate Select Committee on Intelligence
- Authorizations for Homeland Security Department programs
- Legislation authorizing U.S. Department of State activities and diplomatic programs, which passed the Senate Foreign Relations Committee in September
- The Coast Guard reauthorization bill, which was introduced in September by Sens. Maria Cantwell (D-Wash.) and Roger Wicker (R-Miss.), the chair and ranking member of the Senate Commerce Committee
- The Water Resources Development Act, introduced by Sens. Tom Carper (D-Del.) and Shelley Moore Capito (R-W.Va.), the chair and ranking member of the Senate Environment and Public Works Committee, which authorizes projects managed by the U.S. Army Corps of Engineers



Of course, other than filtering through amendments and conferencing provisions between each chamber's bills, the biggest issue is determining the topline defense spending amounts. On July 14, 2022, the House [passed](#) the Fiscal Year (FY) 2023 NDAA by a vote of 329-101, with authorizing funds at a level of \$839 billion, which is \$37 billion more than President Joe Biden's budget request. The Reed-Inhofe substitute amendment to the NDAA would authorize \$847 billion in topline funding, which is \$45 billion above the president's budget request and \$8 billion more than the House-passed NDAA. Republicans and several Democrats saw the president's request, which was already a \$30 billion increase from FY 2022 funding, as not enough to keep up with inflationary pressures and match the challenges posed by China and Russia. The final topline funding number will have to be hammered out by House and Senate conferees.

## Armed Services Nominations

Before the Senate left Washington, D.C., in the run-up to the November midterm elections, the chamber confirmed by unanimous consent a number of U.S. Department of Defense (DOD) nominees and military promotions. Among these was **Lt. Gen. Bradley Chance Saltzman**, who became Chief of Space Operations for the Space Force. In his role, Saltzman will command the Space Force and be the leader of its nuclear arsenal. He will also become a four-star general and the second Chief of Space Operations in the Space Force's history, succeeding Gen. Jay Raymond, who has held these positions since the Space Force's inception in 2019. In his new position, Saltzman will also join the Joint Chiefs of Staff.

The Senate also confirmed Air Force **Gen. Anthony Cotton** to be the next commander of the U.S. Strategic Command (USSTRATCOM), succeeding Adm. Charles Richard. USSTRATCOM is responsible for integrated missile defense, along with global command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR).

After Sen. Dan Sullivan (R-Alaska) dropped an administrative hold that delayed many DOD nominations, SASC approved **Dr. Radha Plumb**, the nominee to be deputy undersecretary for acquisition and sustainment, by a vote of 21-5. SASC also approved by voice vote **Brendan Owens** to be assistant secretary of defense for energy, installations and environment and **Laura Taylor-Kale** to be assistant secretary of defense for industrial base policy.

So far, the Senate has confirmed 43 of the 57 Senate-confirmed DOD positions. There are now 10 nominees – including Plumb, Owens and Taylor-Kale – who have been approved by committee but are still awaiting full Senate confirmation.

## EXECUTIVE AND DEPARTMENTAL UPDATES

### Continued American Assistance to Ukraine

President Joe Biden on Sept. 30, 2022, signed into law a bill to continue FY 2022 government funding through Dec. 16, 2022. [Division B](#) of the law includes more than \$12 billion in emergency, supplemental funding for Ukraine. Among these funds, the bill provides:

- \$4.5 billion for the Economic Support Fund to support operations of Ukraine's national government

- \$3 billion for the Ukraine Security Assistance Initiative (USAI), which provides assistance – including training, equipment, weapons, logistics support, supplies and services, and intelligence support – to the military and national security forces of Ukraine
- \$2.8 billion for DOD Operations to provide continued military, intelligence and other defense support
- \$1.5 billion to replenish U.S. stocks of equipment and for reimbursement of DOD services provided to Ukraine
- \$540 million to increase production of critical munitions to replace defense articles sent to Ukraine or foreign allies
- Authorization for the president to direct an additional drawdown of up to \$3.7 billion in defense articles and defense services to provision additional support to Ukraine's armed forces

The Pentagon is [reportedly](#) working on restructuring for a new command mission that would specifically streamline a training and assistance system to support Ukraine. While the plan has not yet been approved by U.S. Defense Secretary Lloyd Austin, the new command would be based in Germany and led by a high-ranking U.S. general. This new command would signal an ongoing, sustained and persistent Russian threat to Ukraine.

In October, the DOD and White House also announced two authorizations of presidential drawdowns of security assistance valued at up to [\\$625 million](#) and [\\$725 million](#) to meet Ukraine's critical security and defense needs, which are the 22nd and 23rd drawdowns of equipment from DOD inventories since August 2021. The packages, which come as Russia has been in Ukraine for nearly eight months, enable the U.S. to send High Mobility Artillery Rocket Systems (HIMARS), artillery systems ammunition, armored vehicles and High-speed Anti-Radiation Missiles (HARMs).

Because the continuing resolution includes additional funding for Ukraine, as well as \$3 billion under the USAI, the White House and DOD will continue to invest in multiyear critical capabilities from industry.

## **White House Releases National Security Strategy**

President Joe Biden on Oct. 13, 2022, [released](#) his National Security Strategy, which outlines how the U.S. will tackle this century's shared security challenges at home and abroad. The strategy prioritizes China as the most consequential geopolitical challenge, while also naming Russia as an increasingly aggressive belligerent. The strategy seeks to invest in underlying sources and tools of American power and influence, build the strongest possible coalition of nations, and modernize and strengthen the U.S. military for strategic competition.

## **DOD Establishes an Information Management & Technology Directorate**

The Director of Administration and Management (DA&M) on Oct. 13, 2022, [established](#) the Information Management & Technology Directorate in the Office of the Secretary of Defense (OSD) to improve OSD's information technology. The new directorate will connect the OSD with information technology (IT) providers, consistent with efforts of Deputy Defense Secretary Kathleen Hicks to modernize and improve OSD and DOD business processes in IT. This comes after a Government Accountability Office report [found](#) that the DOD needed to better track cybersecurity and supply chain risks.

The Directorate will lead engagement between OSD components and IT service providers, develop and advocate for application and system modernization, and serve as the cyber risk manager for cybersecurity-related issues.

## **DIU Solicitations**

The [Defense Innovation Unit \(DIU\)](#), which aims to leverage new technologies for the U.S. military, solicited three new projects in October. The first project was identified after recognizing that traditional methods of tracking and locating, such as GPS, are prone to failure in current operational environments. As such, project Night Haunter was launched by the DOD to seek new technologies that will improve the military's ability to track a path in GPS- and network-denied environment. The solution must be able to record "track data" without external signals or technologies. However, external signals or technologies may be used to download and plot the track data at a later time.

Through the second DIU solicitation, known as Tactical Defensive Cyber Operations Infrastructure, the DOD is seeking a defense cyber operations (DCO) platform that can be installed on existing hardware and incorporate existing or future capabilities. According to the solicitation, the platform should provide service members the capability to scan for cyber threats, log management and monitoring, and conduct network security monitoring. Ultimately, the DOD wants technology that can detect threats, mitigate vulnerabilities and allow for appropriate counter action.

The final DIU solicitation is for advanced circuit breakers. The DOD is seeking commercially proven solutions for novel, high-current and medium-voltage direct current (DC) circuit breakers that are reliably necessary to perform in the nuclear propulsion plant systems that electronically power Navy vessels. After recent advances in wide band-gap semiconductors, voltage source converters and DC-to-DC power converters, the solicitation is ultimately seeking to bring these technology advancements to the U.S. military.

## **Defense Innovation Board Holds First Meeting of 2022**

The DOD's Defense Innovation Board [held](#) its first meeting of the year on Oct. 17, 2022. The Board's mission is to provide senior DOD leadership independent advice and recommendations on innovative means to address future challenges through the prism of three focus areas: people and culture, technology and capabilities, and practices and operations. Though the Board's members are in the private sector and cannot advise on individual DOD procurement, the Board plays a crucial role leveraging expertise from the private sector to give the department an edge in technology and innovation. The new Board chair is Michael Bloomberg, and the seven new Board members are:

- Dr. Gilda Barabino, president of Franklin W. Olin College of Engineering
- Sue Gordon, former principal deputy director of National Intelligence, Board of Directors at CACI International, Avantus Federal, MITRE and BlackSky
- Reid Hoffman, co-founder of LinkedIn and Inflection AI and partner at Greylock
- Admiral Michael Mullen, former chairman of the Joint Chiefs of Staff and chief of Naval Operations
- Dr. William Roper Jr., distinguished professor at Georgia Tech, senior advisor at McKinsey and Co. and former assistant secretary of the Air Force for Acquisition, Technology and Logistics
- Ryan Swann, chief data analytics officer at Vanguard

- William "Mac" Thornberry, former chairman of the Armed Services Committee in the U.S. House of Representatives and board member at CAE

This private sector expertise has previously led to the DOD's adoption of artificial intelligence principles, a shift to more agile software development and a DOD Joint Artificial Intelligence Center. Defense Secretary Austin made an appearance at the board's meeting and in remarks said that he wants the board to begin working on the first [National Defense Science and Technology Strategy](#).

## Foundations for Climate Preparedness in the Services

Earlier this month, both the [Army](#) and [Air Force](#) released their climate action implementation plans, which set benchmarks for energy efficiency on bases, within military operations and for weapons development. The plans are part of a larger effort to make the DOD more resilient to climate change. Specifically, the DOD launched a new effort and new office, which will be led by Iris Ferguson. In this role, Ferguson, who also serves as the deputy assistant secretary of defense for arctic and global resilience, will also be a principal advisor to senior DOD leadership for policy matters pertaining to global resilience, including climate and energy resilience.

**U.S. Air Force Implementation Plans:** The Air Force's plans, which also include operations plan for the Space Force, sets a goal of ultimately being "resilient to the effects of climate change and preserves a combat-credible force that can compete, deter, and win against pacing threats." Its plans include three climate priorities: 1) maintain air and space dominance in the face of climate risks; 2) make climate-informed decisions; and 3) optimize energy use and pursue alternative energy sources. The Air Force has already begun to think about how to implement these goals. In the short term, it has sought low-cost, high-return investments that will optimize aviation fuel use, increase range and time-on-station, decrease maintenance issues, and streamline planning for its platforms. In the long term, the Air Force says it will assess the effects of climate change on supply chains to reduce risks to the industrial base.

**U.S. Army's Implementation Plans:** The Army's implantation plans, which are perhaps the most aggressive and substantive, lay out specific objectives, cost estimates, timelines and acquisition and logistics goals targeted to meet for 2050. A major emphasis is on electrifying the Army's vehicle fleets, beginning with non-tactical vehicles.

The Army's ground vehicle research lab is already working on a collection of new batteries meant to boost the service toward hybrid and fully electric vehicles. In addition to reducing the DOD's climate impact, the production's goal is to provide soldiers more operational flexibility in the field and eventually power weapons systems. The Army's [climate strategy](#) provided plans to hybridize its tactical fleet by 2035, with fully electric vehicles targeted for 2050.

Similarly, Sens. Elizabeth Warren (D-Mass.) and Mazie Hirono (D-Hawaii) introduced legislation that would require the DOD to speed up efforts to adopt more environmentally friendly vehicles. The [Military Vehicle Fleet Electrification Act](#) would require 75 percent of non-tactical vehicles purchased by DOD beginning in FY 2023 to be electric or zero-emission. The proposed legislation applies to cars, vans and light-duty trucks that the department buys or leases itself, or leases from the General Services Administration. The DOD currently has an inventory of more than 174,000 non-tactical vehicles.



## DOD's Inflation Updates

As we reported in [August](#), the DOD [issued](#) guidance about when and how contracting officers may provide financial relief to defense contractors under firm-fixed price contracting. The [updated](#) guidance primarily focuses on the acute impacts on small businesses and other suppliers.

However, as industry has continued to feel the pains of inflation that could negatively impact the nation's defense communities and national security, there have been further efforts to combat inflation and federal contracting with the DOD. The Reed-Inhofe substitute amendment of the NDAA included Section 5814, which would authorize the DOD to grant an "economic price adjustment" in contracts and require the DOD's acquisition office to issue guidance on the provision within 30 days after the bill's enactment.

## Army Pledges Change Toward 2030

At the annual Association of the United States Army (AUSA), Secretary of the Army Christine Wormuth spoke about the service's operational shifts, reorganizational focus and technical innovation looking toward an "Army of 2030." Wormuth said that on the battlefields of the future, the Army must undergo a generational transformation to develop capabilities to converge effects on land, in the air, on sea, and in space and cyberspace. To do this, the Army must invest in its personnel, develop new equipment and adopt new concepts on how to fight. Specifically, these transformations for an Army of 2030 must:

- Acquire sensors to see more, farther and more persistently than our enemies
- Concentrate highly lethal, low-signature combat forces rapidly from dispersed locations to overwhelm adversaries at a place and time of our choosing
- Deliver precise, longer-range fires as part of the Joint Force to strike deep targets and massing enemy forces
- Protect our forces from air, missile and drone attacks
- Be secure from enemy cyber and electronic attacks in order to reliably communicate and share data with ourselves, sister services and coalition partners
- Ensure we can sustain the fight across contested terrain and over time

To meet these goals, the Army will work to develop new systems, work to better the defense industrial base and promote private sector enterprises that make the country's largest military branch the most nimble and war-ready.