



November 2, 2021

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader Schumer, Speaker Pelosi, Ranking Member McConnell, and Ranking Member McCarthy:

The United States aerospace and defense industries are an essential partner with the federal government in an array of efforts vital to our economy and our national security. Each fall, that partnership is tested when those programs are slowed down or deferred by the use of multiple continuing resolutions (CR) to keep the government running. On behalf of our vital industries and our more than two million employees, the Aerospace Industries Association (AIA) strongly urges you to reach a near-term agreement on fiscal year 2022 funding to avoid further CRs beyond December 3, 2021.

Government watchdogs continue to document the waste and unnecessary disruption that CRs cause to federal programs. Multiple agencies advised the Government Accountability Office (GAO) in a 2021 report that longer CRs “contributed to distortions in agencies’ spending, adding to the rush to obligate funds late in the year before they expire.” The GAO determined that contracting officers working under a CR must continuously align the period of performance under their contracts to the specific timeframe of a given CR, resulting in many unnecessary contract modifications during the year. Hiring of new civilian staff is also delayed, making it harder for agencies to meet their goals. The GAO notes that agencies apply creative workarounds in the first quarter of each fiscal year, because they assume that appropriations bills will not be in place by the beginning of the fiscal year. However, these effects become far more serious, and agency staff have fewer options, when CRs continue into the second quarter and beyond.

The Department of Defense (DOD) is uniquely harmed under CRs because these bills typically prohibit DOD from starting new programs or activities or increasing any program’s production rate beyond that of the current fiscal year. Both ‘new starts’ and rate increases are critical for our national defense because our defense posture and threats are always evolving. As CRs extend to longer periods during the year, this is an increasing problem for which DOD seldom gets relief. DOD reported to the GAO that between FY10 and FY20, they had requested exceptions to CR language (called “anomalies”) 1,258 times and had only been granted three percent of those requests. Most of these requested relief from the prohibition on new starts and rate increases. We strongly believe that, should

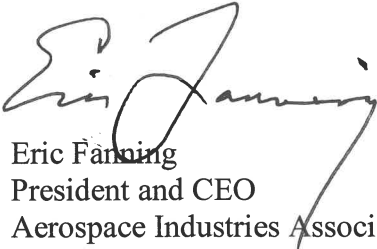
Congress produce CRs extending into the second quarter of FY22, it should eliminate the prohibition on new starts and production rate increases.

FY22 is the first year in a decade when discretionary spending levels have not been fixed in statute by the Budget Control Act. AIA has long argued that statutory caps are not needed because Congress and the administration are able to assess and address the needs of the nation more effectively, and with greater oversight, through the annual appropriations process. Last year, Congress enacted all 12 full-year appropriations bills by December 27. If Congress fails to once again enact full-year appropriations bills, or continues running the government into 2022 under continuing resolutions, it will send the wrong signal to the government's partners, like those in our industry. We count on stable, reliable and adequate funding to support the critical capabilities that we provide for all Americans.

Like other industries, COVID-19 took a serious toll on our workforce and the thousands of small- and medium-sized businesses along the supply chain that are at the heart of the aerospace and defense industries. More than ever, businesses across all industries need predictability and consistency.

We again ask that you ensure that all government programs receive full Fiscal Year 2022 funding on or before December 3, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Fanning". The signature is fluid and cursive, with a large loop at the end of the last name.

Eric Fanning
President and CEO
Aerospace Industries Association