



November 1, 2021

The Honorable Patrick Leahy
Chairman, Appropriations Committee
United States Senate

The Honorable Richard Shelby
Ranking Member, Appropriations Committee
United States Senate

The Honorable Rosa DeLauro
Chairwoman, Appropriations Committee
U.S. House of Representatives

The Honorable Kay Granger
Ranking Member, Appropriations Committee
U.S. House of Representatives

Dear Chairman Leahy, Chairwoman DeLauro and Ranking Members Shelby and Granger:

On behalf of the thousands of companies represented by the National Defense Industrial Association (NDIA) and across the defense industrial base, we write to request the expedited completion of the defense appropriation bill. While we applaud the bipartisan effort to pass a continuing resolution (CR) and avoid a government shutdown, it is a poor stand-in for the full-year appropriations desperately needed by our warfighters and those who provide them with the equipment and services that enable their mission.

We cannot stress enough the importance of the defense appropriations bill to our national security and to a healthy defense industrial base. The limbo caused under CRs wastes precious time and money our nation cannot recover. Delayed new starts and initiatives place a strain on companies and their workforce, particularly as they recalibrate operations to a post-pandemic normal. Our nation's competitors face no similar challenges putting us at a competitive disadvantage, particularly with emerging technologies, and place our supply chains at increasing risk, something we cannot afford after the nearly two years of pandemic impacts.

Doing business with the Federal Government is already hard. The tomes of regulations, burdensome business requirements, sometimes Kafkaesque contracting and oversight procedures, and compressed margins have combined to drive businesses out of the defense sector with a net outflow of well over 10,000 companies since 2011 and, as noted in our annual Vital Signs report, a halving of new entrants to the sector between fiscal 2019 and fiscal 2020 alone. Add to that the uncertainty of "if and when" a full-year defense appropriations gets signed into law, more companies will reassess their participation in the defense industrial base. The ultimate price of this is paid by our warfighters who will lose out on innovations and new capabilities not delivered.

The inefficiencies caused by beginning 12 of the last 13 fiscal years without full-year funding have cost the military services billions lost in inefficient expenditures and program delays. Also, delayed contract starts challenge larger contractors while threaten the existence of smaller prime contractors and small businesses down the supply chain. The effect of that has a human face and a long-term impact. To execute a new-start contract, a company must recruit, hire, and train a workforce despite a tight labor market and a shortage of workers with the required security clearance. Faced with a delayed start, that company must now choose between two bad options, either pay that workforce to stand idle or let those workers go—both of which could lead to contract or business failure and undelivered capabilities to our service members.

With no full-year funding, we cannot afford to go too long without hampering readiness recovery efforts, delaying capabilities to our warfighters, and postponing investments in advanced technologies while allowing our defense industrial base to erode. NDIA supports a bipartisan agreement on domestic and national security

spending and encourages the adoption of a two-year budget to prevent another year of budget instability and to provide the needed support to the Department of Defense for their critical missions.

We appreciate your attention to this critical issue and look forward to working with your Committees moving forward.

Very respectfully,



Herbert J. Carlisle
General, USAF (Ret)
President and CEO
National Defense Industrial Association



Arnold L. Punaro
MajGen, USMC (Ret)
Chairman of the Board
National Defense Industrial Association

CC:
Senator Tester
Senator Shelby
Representative McCollum
Representative Calvert