

CASSIDY & ASSOCIATES

Columbia Chamber of Commerce Military Outreach Group
Washington Update- Defense and Military Construction
May 26, 2020

COVID-19 Update

- ▶ Congress has passed 4 COVID-19 pieces of legislation.
- ▶ Only the CARES Act, which was enacted on March 25th has significant implications for DOD thus far.
- ▶ Congress is currently in the process of drafting another large COVID related package referred to as the HEROES Act in the House and CARES2 in the Senate.
- ▶ Significant speculation on whether the next bill will have DOD funding.
 - ▶ Services have been asked by the Senate to prepare lists of “shovel ready” SRM projects

COVID-19 Update

CARES includes following funding for COVID response:

▶ National Guard Personnel

Army: \$746,591,000

Air Force: \$482,125,000

▶ Operations and Maintenance

Army: \$160,300,000

Navy: \$360,308,000

Marine Corps: \$90,000,000

Air Force: \$155,000,000

Army Reserve: \$48,000,000

Army National Guard: \$186,696,000

Air National Guard: \$75,754,000

Defense-wide O&M: \$827,000,000

COVID-19 Update

- ▶ Defense Health Program: \$3.8 Billion.
Consists of:
 - ▶ \$3,390,600,000 for O&M, to include personal protective equipment, medical countermeasures and other medical equipment needed to treat COVID-19.
 - ▶ An additional \$415,000,000 will be for RDT&E, to fund COVID-19 initiatives such as the current 5 vaccine initiatives, 3 antiviral therapeutics initiatives and 4 other diagnostic research projects.
- ▶ TRICARE: \$1.1B
 - ▶ Funding is for emergency use of purchased care contracts to support beneficiaries if care in Military Treatment Facilities is unavailable.
 - ▶ This will also cover unanticipated growth largely by beneficiary behavior changes, shifting out of MTFs and the anticipated increase use of urgent care/emergency care, and other emergent costs.

COVID-19 Update

COVID Impact on DOD Base Budget and Reprogramming Implications

- ▶ COVID has disrupted the execution of numerous DOD and Service accounts. O&M is most heavily impacted.
- ▶ Training, travel, exercise, training center rotations, etc. have all been heavily impacted. We see this at Fort Jackson.
- ▶ Big questions: Where are DOD and the Services going to move the money so it can be executed?
- ▶ SRM is a possibility that would positively impact installations and communities. For large scale O&M projects, above \$7.5M, DOD must notify Congress per 10 USC 2811, it is a notify and wait 14-day process.
- ▶ DOD traditionally shifts under executed O&M funds into SRM at year end.
- ▶ Upcoming omnibus reprogramming is rumored to be huge and may conflict with transfer authority limits.

DCIP Update

- ▶ The Office of Economic Adjustment (OEA) recently released the Defense Community Infrastructure Plan (DCIP) Federal Funding Opportunity (FFO).
- ▶ DCIP was a program created in the FY19 NDAA that was intended to improve outside the gate infrastructure in military communities that would also benefit the neighboring military installation, but the program was not funded by appropriators until FY20.
- ▶ DOD is now ready to begin executing the funding they have received. In FY20 the program was provided with \$50M in funding that will be available to communities in this first round.

DCIP Update

- ▶ Highlights:
 - ▶ **The deadline for communities to submit proposals is June 26, 2020.**
 - ▶ The proposed opportunity is for min \$250,000, max \$25M. BUT...\$50M is not a lot of money, expect smaller awards.
 - ▶ Communities with a population over 50,000 have a 50% match. Under 50,000, not match.
 - ▶ HOWEVER “leverage” aka match is a key factor in project scoring
 - ▶ Quality of life projects are the #1 priority.
 - ▶ Projects must have the endorsement of the installation commander.
 - ▶ Only direct construction projects that can break ground within 12 months of award will be considered.

DCIP Update

Scoring Criteria:

- 40 points on Tiering of project
 - Tier 1 - Quality of life projects, Tier 2- Resiliency, Tier 3- Military Value
- 25 points local installation endorsement and how that compares and competes against other service priorities
- 25 points financing, and/or “leverage”
- 10 points on schedule and timing

Schedule:

May 7-18, 2020 - OEA adjudicates public comments & updates

May 26, 2020 - OEA republishes final FFO at grants.gov

June 2, 2020 - Pre-proposal session with interested partners

June 26, 2020 - Proposal solicitation closes

June 29, 2020 - OEA briefs DCIP review panel

Between June 29 and September 15

- Panel reviews proposals
- SECDEF approves ranked proposals
- OEA works with finalist to formalize grant proposals
- OEA engagement with SECDEF only if rank proposal changes significantly

September 15, 2020 - Grants awarded

September 23, 2020 - Grants must be countersigned by awardees & funding obligated

Congressional Schedule

National Defense Authorization Act

House Armed Services Committee (HASC):

- Deadline for HASC Members to submit requests: February 27
- Subcommittee Mark Up - June/July
- Full Committee Mark Up - June/July
- Floor - July

Senate Armed Services Committee (SASC):

- Member Requests - March 24 (any Senator can submit a request)
- SASC Subcommittee Mark Up - June
- Full Committee - June
- Floor - July

Defense and Military Construction Appropriations Bills

House

- Deadline: Complete
- Mark Ups - June/July
- Floor - June/July

Senate

- Complete
- Mark Ups - June/July
- Floor - July/September



BACK UP SLIDES

Bipartisan Budget Act of 2019

- ▶ August 2, 2019 - President Trump signed H.R. 3877 - Bipartisan Budget Act of 2019
- ▶ This legislation effectively ends sequestration - Budget Control Act of 2011.
- ▶ Resolves DOD funding dispute by setting defense spending for FY21.
 - ▶ FY20 - \$738 Billion
 - ▶ **FY21 - \$740.5 Billion**

| | FY 2019 | FY 2020 | FY 2021 |
|---|---------------|---------------|-----------------|
| Prior BCA Budget Cap for National Defense (050) Base Budget | \$647B* | \$576.2B | \$590.2B |
| Budget Cap Increase in BBA 2019 | - | +\$90.3B | +\$81.3B |
| Newly Revised Budget Caps for National Defense (050) Base Budget | \$647B | \$666.5B | \$671.5B |
| Overseas Contingency Operations (OCO) / Emergency Funding** | \$69B | \$71.5B | \$69B |
| TOTAL National Defense (050) | \$716B | \$738B | \$740.5B |

FY21 President's Budget Request

- ▶ The requested O&M levels for the services vary as compared to FY20 enacted levels.
- ▶ The Army and Navy have requested small increases while the Air Force and USMC have requested decreased levels.
- ▶ Adding MILCON Projects is problematic because of the earmark ban.
- ▶ We will evaluate the services' unfunded requirement (UFR) lists when they are made available.
- ▶ **The Fort Jackson Training Barracks additional phase has been authorized but was not included in the FY 2021 President's Budget request. Thanks to the hard work of our Congressional delegation, the Army will be completing this project using existing funds.**

FY21 Budget Request

- ▶ On February 10th, President Trump released his FY21 budget request.
- ▶ Remember that this is just a request and Congress will adjust funding levels as they see fit.
- ▶ Within the DOD budget request, the most notable aspect for installations was the overall decrease in military construction funding that is available.
- ▶ All the services took substantial cuts from FY20 levels. Amongst the active components, the MILCON accounts were cut as follows:

Army Military Construction: -\$739,631,000

Navy/USMC Military Construction: -\$4,455,125,000

Air Force Military Construction: -\$4,225,486,000

Defense-Wide Military Construction: -\$525,064,000

Budget Update



On December 21, 2019, President Trump signed a pair of consolidated appropriations bills to fully fund the federal government for fiscal year 2020.



The two bills include all twelve appropriations bills and fund the federal government for the entirety of the fiscal year which ends on September 30, 2020.



It is unlikely that Congress passes the necessary FY21 appropriations bills on time due to it being a Presidential election year.



Expect a CR from October to December, at a minimum.