

## Holland & Knight Defense Situation Report: April 2024

### A monthly roundup of defense policy news

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

### UKRAINE, ISRAEL AND FOREIGN MILITARY ASSISTANCE

American assistance for Ukraine's defense against Russian aggression and Israel's defense after the unprecedented cross-border attack by Hamas has been seen as a necessity by the Biden Administration and most defense hawks in Congress. However, the support for these two American allies has been split among members in both political parties. Support for sending aid to Ukraine has waned by some congressional Republicans, as that country's long-planned counteroffensive against Russia has seemed to stall. Additionally, support for Israel by some Democrats has decreased as calls for humanitarian assistance in Gaza has increased. In addition to the precarious situation at the U.S. southern border, U.S. lawmakers and the Biden Administration have sought to link foreign aid and immigration policies.

As such, on Oct. 20, 2023, the Biden Administration [announced a supplemental funding request](#) from Congress worth nearly \$106 billion in emergency funds for Ukraine, Israel, the Indo-Pacific and America's borders. More than half of that request, approximately \$61 billion, was assistance for Ukraine, along with \$14 billion that would boost Israel's defenses and \$10 billion for humanitarian assistance to civilians in Gaza and the needs of Indo-Pacific allies to counter China.

Across these initiatives, the Biden Administration said that the supplemental funding would help to ensure American military readiness by investing in the American defense industrial base through replenishment funding and other forms of security assistance, such as foreign military financing and the Ukraine Security Assistance Initiative (USAI). Without additional funding, the U.S. Department of Defense (DOD) would be unable to continue to backfill the military services for equipment provided via drawdown to Ukraine and Israel, thereby degrading U.S. readiness.

Despite months of negotiating, a Senate package linking border security policies to foreign aid failed to overcome a filibuster and receive 60 votes. Shortly thereafter, senators removed the immigration and border security provisions and passed the national security supplemental by a vote of 70-29.

On Feb. 16, 2024, a bipartisan group of members in the House introduced its own national security supplemental package to fund military aid for Ukraine, Israel and the Indo-Pacific to try to find a breakthrough toward congressional passage. The House package totaled \$66.3 billion, which was less than the Senate's \$95 billion package. This package was seen as a compromise, with eight centrist members, four Republicans and four Democrats, signing on. With the fiscal year (FY) 2024 government funding deadline looming, this package did not receive a vote.

However, on April 13, 2024, Iran and its proxies across the Middle East launched more than 350 drones and missiles on Israel – the first time that Iran directly attacked Israel. While Israel and its allies in the region, including the U.S., quelled the attack, the events galvanized congressional action on an

emergency supplemental package. Particularly, House Speaker Mike Johnson (R-La.) announced that the House would take up assistance to Israel, along with Ukraine and the Indo-Pacific.

After months of debate and uncertainties, the House passed a four-bill national security supplemental package with funds dedicated to Ukraine, Israel and the Indo-Pacific. The measures were introduced by new House Appropriations Chair Tom Cole (R-Okla.) and co-sponsored by Defense Subcommittee Chair Ken Calvert (R-Calif.) and State and Foreign Operations Subcommittee Chair Mario Diaz-Balart (R-Fla.). The bills were approved by the House with a vote of 311-112, 366-58 and 385-34, respectively. The package also included a bill that requires TikTok's Chinese owner to sell the social media video application, sanction entities that transport Iranian oil and support its missile program, and use seized Russian assets to support Ukraine, which passed by a vote of 360-58. A few days later, the Senate approved the package of bills by a vote of 79-18, which was rolled into [H.R.815](#), sending the bill to President Biden's desk to sign into law.

The package included roughly \$95 billion, which has funding that closely tracks the Senate-passed measure about two months ago. In total, the bill provides \$60.8 billion for Ukraine, \$26.4 billion for Israel and \$8.1 billion for Indo-Pacific allies, including Taiwan, to counter China. As the Biden Administration has argued, most of the funding would not go directly to the countries and instead would be used to replenish DOD stocks and weapons through the USAI. The measure providing support to Ukraine also requires the U.S. to enter into an agreement with Ukraine within 60 days of enactment for the war-torn country to repay the measure's economic assistance, a provision that fiscally conservative Republicans advanced.

In a signing ceremony at the White House on April 24, 2024, President Biden said that this package is "going to make America safer. It's going to make the world safer. And it continues America's leadership in the world."

Shortly after signing the national security supplemental package into law, the Biden Administration [announced](#) significant new security assistance for Ukraine to help meet the country's defense needs. This announcement is the Biden Administration's 56th tranche of equipment to be provided from DOD inventories to Ukraine since August 2021, and the most recent presidential drawdown authority package has an estimated value of \$1 billion. The package includes capabilities to support Ukraine's most urgent requirements, including air defense interceptors, artillery rounds, armored vehicles and anti-tank weapons.

## LEGISLATIVE UPDATES

### NDAAs Update

As covered in the [December 2023 Holland & Knight Defense Situation Report](#), Congress passed the National Defense Authorization Act (NDAA) for FY 2024, the 63rd consecutive NDAA passage. The Senate and House passed the compromise measure on a bipartisan basis, and President Biden signed the bill into law on Dec. 22, 2023. The FY 2024 NDAA includes a topline funding level of \$886 billion, which matched the Biden Administration's budget request to Congress that was sent in March 2023. This also matches the topline funding level that appropriators set, though House Speaker Johnson and Senate Majority Leader Chuck Schumer (D-N.Y.) have yet to announce if topline spending levels for defense appropriations will change. The topline funding level in the FY 2024 NDAA represents a \$28 billion increase over levels in the FY 2023 NDAA. View the full text of the [FY 2024 NDAA conference report](#).

Though it's always a feat to pass the annual NDAA, members of Congress have turned their attention to the FY 2025 NDAA. The House Armed Services Committee (HASC) accepted requests from its members from Feb. 1 to March 1, 2024. As such, HASC members solicited requests from stakeholders who want to influence the FY 2025 bill, having only a few weeks to submit requests to the committee before the internal deadline. As of this writing, the HASC full committee plans to mark up the NDAA on May 22, 2024, and the Senate Armed Services Committee (SASC) full committee plans to mark up the document on June 12, 2024. Should you or your organization have any questions on the FY 2025 NDAA process, please reach out to the authors.

## **HASC Makes Quality of Life for Servicemembers a FY 2025 NDAA Centerpiece**

On April 11, 2024, Reps. Don Bacon (R-Neb.) and Chrissy Houlahan (D-Pa.), chair and ranking member of the HASC Quality of Life Panel, respectively, [released](#) the panel's report. Reps. Mike Rogers (R-Ala.) and Adam Smith (D-Wash.), chair and ranking member of the full HASC, respectively, applauded the panel's work. The report, which represents the culmination of the panel's work over the past year, includes bipartisan policy recommendations for the FY 2025 NDAA.

In supporting statements along with the panel's release of the report, Chair Rogers said that the Quality of Life's recommendations will be put into legislative text and serve as the foundation of the FY 2025 NDAA "as we aim to make strides in improving the quality of life for servicemembers and their families. This is, without a doubt, the most important job that Congress has."

## **Armed Services Committees Continue Posture Hearings**

This past month has been busy with HASC and SASC holding posture hearings on the Biden Administration's FY 2025 budget request to Congress. Leaders of U.S. services and defense agencies have testified on behalf of their respective budget requests, and members of Congress had the chance to dive deeper into various funding lines. As House Republicans seek to cut civil spending, DOD officials allow them an opportunity to defend the administration's budget request and members of Congress to question the appropriate usage of tax dollars.

As a reminder, the Biden Administration released its FY 2025 budget request to Congress on March 11, 2024, which was covered in the [March 2024 Holland & Knight Defense Situation Report](#). The DOD budget request, which is typically seen as a reflection of the administration's policy goals for the upcoming fiscal year, seeks to provide resources necessary to sustain and strengthen U.S. deterrence, advance vital national security interests, bolster America's technological edge, preserve economic competitiveness and combat 21st-century security threats. The request seeks \$849.8 billion in discretionary budget authority for FY 2025, which is a \$34 billion – 4.1 percent – increase over the FY 2023 enacted level. The FY 2025 defense request is not as high as defense hawks would like but is designed to be in line with the Fiscal Responsibility Act of 2023 (FRA; P.L. 118-5), the bill that raised the debt ceiling. When including overall national defense funding, which includes the DOD, U.S. Department of Energy and other national security programs throughout the government, the request totals \$866 billion. If enacted, this DOD budget would be the largest in history.

After these posture hearings, the HASC and SASC will write their annual NDAA legislation. The House and Senate Appropriations Subcommittees on Defense will also author their bills. The HASC and SASC are expected to write and mark up the NDAA in May and June. Appropriators have expressed a desire for a similar timeline, but this could be delayed by the debt limit debate.

## Defense Appropriations

As was covered in the [March 2024 Holland & Knight Defense Situation Report](#), Congress completed the FY 2024 appropriations process, fully funding the federal government through the remainder of the fiscal year ending Sept. 30, 2024. The FY 2024 Defense Appropriations bill – which was included within the second of two "minibus" appropriations packages – included a total funding agreement of \$825 billion when accounting for mandatory funds, according to the measure's [joint explanatory statement](#). This funding is an increase of \$26.8 billion above FY 2023 levels.

The federal government's FY 2025 begins on Oct. 1, 2024, and Congress has already begun the appropriations process for the next fiscal year. Because Congress is unlikely to pass the FY 2025 bills before the end of the calendar year and before the next Congress begins on Jan. 3, 2025, uncertainties are already present. Notably, Rep. Kay Granger (R-Texas), who announced her retirement from Congress effective at the end of her term, declared her descension as chair after Congress passed the FY 2024 bills and signaled that it is best that the committee is served by someone who will be in Congress next year. As such, the House Republican Conference selected Rep. Cole to serve as the next chair of the House Appropriations Committee. Rep. Cole, who was already a member of the Defense Appropriations Subcommittee, has numerous defense interests within his district. Because of the contours of the Fiscal Responsibility Act that stipulate national defense spending be capped at \$895 billion for FY 2025, Chair Cole will now need to address changes that defense hawks want to make to increase President Biden's FY 2025 budget, as well as address likely policy riders that hard-right legislators will seek to include within the appropriations bills.

## SASC Leaders Publish Opinion Piece on Drones

SASC Chairman Jack Reed (D-R.I.) and Ranking Member Roger Wicker (R-Miss.) penned an op-ed in [The Washington Post](#) addressing the threat of drone incursions to U.S. national security. In the op-ed, Sens. Reed and Wicker respond to a number of recent uncrewed aircraft systems (UAS) incidents, including airspace violations near U.S. military bases, Iran's drone attack against Israel and the aftermath of the Tower 22 attack in Jordan. The senators examined the bureaucratic, legal and material challenges for the U.S. response to this evolving threat and recommend several pathways and policies to improve U.S. resilience to drone threats, including through the annual NDAA.

## EXECUTIVE AND DEPARTMENTAL UPDATES

### DOD Releases 2024 Commercial Space Integration Strategy

On April 2, 2024, the DOD [released](#) its 2024 Commercial Space Integration Strategy. In line with the National Security Strategy and 2022 National Defense Strategy, it seeks to align DOD efforts and drive more effective integration of commercial space solutions into national security space architectures. The strategy identifies four top-level priorities that the DOD will pursue to maximize the benefits of integrating commercial space solutions:

1. Ensure access to commercial solutions across the spectrum of conflict.
2. Achieve integration prior to crisis.
3. Establish the security conditions to integrate commercial space solutions.
4. Support the development of new commercial space solutions for use by the joint force.

To integrate commercial space solutions, the DOD will work with commercial entities to mitigate risk as necessary and accept risk where appropriate. Such integration will help deny adversaries the benefits of attacks against national security space systems and contribute to a safe, secure, stable, and sustainable space domain.

## **DOD Enhances Technology Transitions Through New Advisory Group**

In a move to streamline technology transitions, Heidi Shyu, Under Secretary of Defense for Research and Engineering (R&E), has inaugurated the Transition Tracking Action Group (TTAG). This advisory body, established on March 13, 2024, is set to harness advanced data analytics to track how the DOD delivers capabilities to the field.

Chaired by the R&E's chief data officer, Cyrus Jabbari, and comprising senior representatives from the military services and offices under the U.S. Secretary of Defense, TTAG aims to improve the visibility and management of the DOD's technology transition processes. The goal of this initiative seeks to ensure the timely and cost-effective delivery of state-of-the-art systems and equipment to military personnel. To do this, the department will seek understand what the primary obstacles to transition are and if the measures it undertakes to improve outcomes are yielding desired effects.

The TTAG will create a department-wide method to track technology transition and determine the reasons capability-enhancing technologies do or do not transition, to enable the joint force to deter and, if necessary, prevail in contested environments. By leveraging data analytics, which incorporates artificial intelligence (AI) and machine learning (ML), the DOD can gain a comprehensive overview of its business practices. This approach enables data scientists to utilize insights to refine these practices and enhance performance. The adoption of AI/ML technologies is particularly vital for the DOD's science, technology and acquisition communities, facilitating the delivery of the most effective solutions directly to the warfighter.

The TTAG is part of a broader series of initiatives [set forth by Deputy Secretary of Defense Kathleen Hicks](#) to systemically map and tackle the highest barriers in defense innovation. It is a whole-of-department effort for digital transformation and effective adoption of advanced analytics to empower the technology, acquisition and end-user communities, capitalizing on progress made in recent years.

## **DIU Solicitations**

In the past month, the Defense Innovation Unit (DIU), which focuses on leveraging new commercial technology adaptation for the U.S. military, published two new solicitations.

The first solicitation is for the Defense Health Agency's (DHA) Military Health System (MHS). MHS is at an inflection point, reflecting risks and challenges that are both unique to military medicine and reflect overall health care challenges in the U.S. (e.g., increased utilization of high-cost services; shortages of nurses, technicians and physicians; rapid and costly changes in technology; and access challenges for individuals living in remote and medically underserved communities). The accelerating shift in healthcare to digitalization, patient-centeredness and hyper-specialization requires the DHA to adapt or see a reduced readiness of the medical force, deteriorating retention of medical staff and reductions in direct care capability and capacity that will be almost impossible to reverse. As such, the DHA seeks commercial, platform-agnostic solutions to support a patient experience that is frictionless for its beneficiaries; ensures patient interactions and data are collected in the MHS Information Portal; enables enterprise-managed multipurpose mobile devices, provider applications, digital assistants and

wearables that serve as the foundation to grow future initiatives; and anticipates advances in the health sciences (precision medicine, pharmacovigilance, bio-surveillance).

The second solicitation is for aircraft handling support equipment (SE), which comprises a significant number of emissions-generating vehicles on naval ships and U.S. Navy/Marine Corps installations. In alignment with the National Defense Strategy, the DOD is prioritizing energy demand reduction by adopting more efficient technologies that increase range, endurance, and operational flexibility in contested environments. The DOD is seeking commercially proven hybrid, plug-in hybrid, or electric systems capable of performing aircraft handling in support of Navy and Marine Corps missions. Such SE performs aircraft spotting maneuvers for a variety of aircraft, including but not limited to: E-2C/D, F/A-18 (all variants), E/A-18G, F-35B/C, H-53E/K, H-60R/S, T-45, V-22 (all variants) and, potentially, unmanned aerial vehicles.

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