

UNITED STATES TRANSPORTATION COMMAND



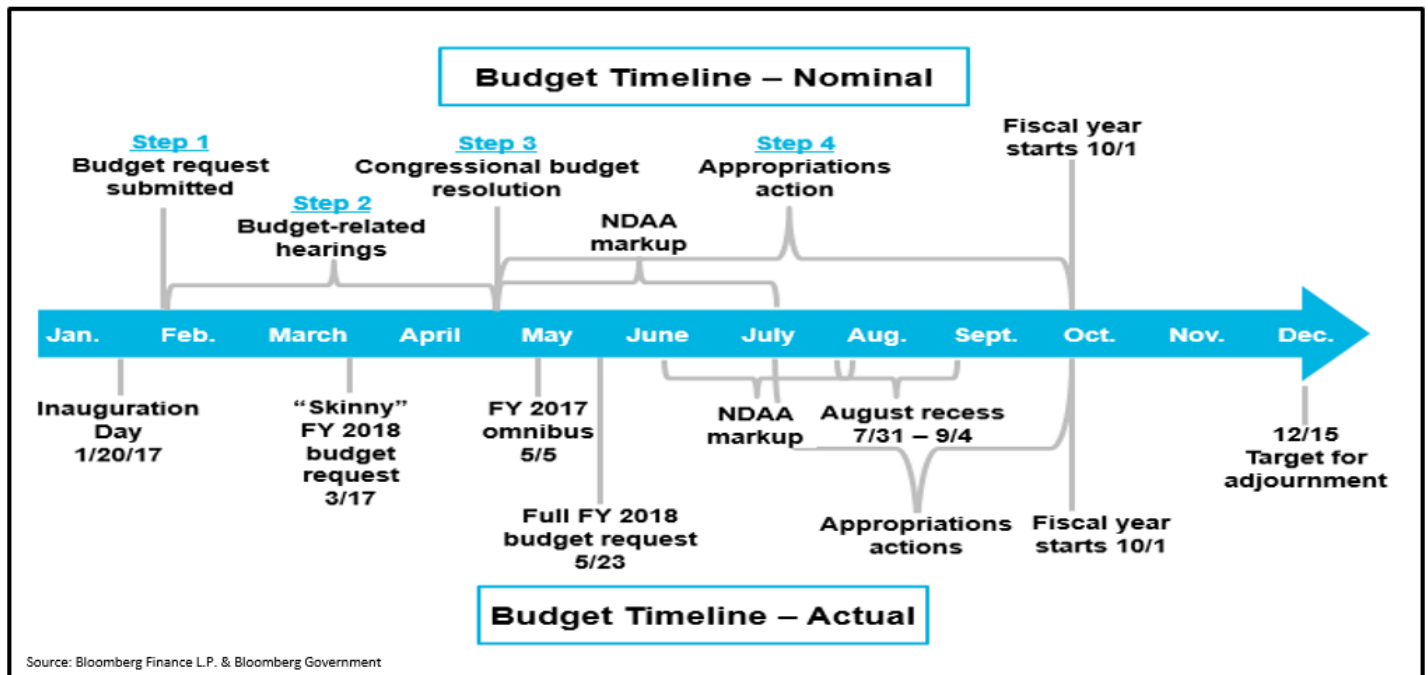
Reporting Period: 8 May – 2 June 2017

Published: 5 June 2017

ENVIRONMENT ON THE HILL:

As Congress members return to Capitol Hill following their Memorial Day recess, we should expect the coming months to be filled by negotiations among lawmakers regarding President Trump's proposed budget. The budget request, delivered to Congress about three and a half months later than normal, calls for deficit cutting while increasing military spending, and prioritizes defense over domestic spending. The delayed budget leaves Congress fewer than 40 legislative days (accounting for a total of six weeks of schedule recess; 4th of July and August recess) to finalize authorization of the National Defense Authorization Act (NDAA), and pass associated appropriation bills prior to the beginning of the 2018 fiscal year (FY) on 1 October.

Budget Timeline (Nominal v. Actual)

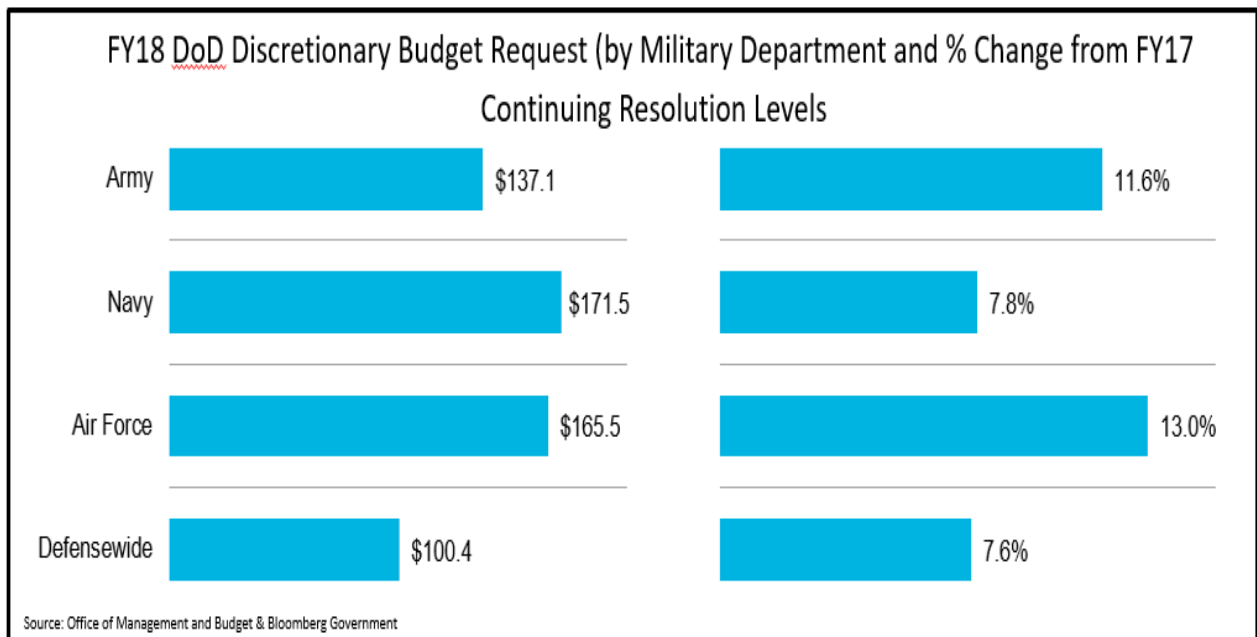
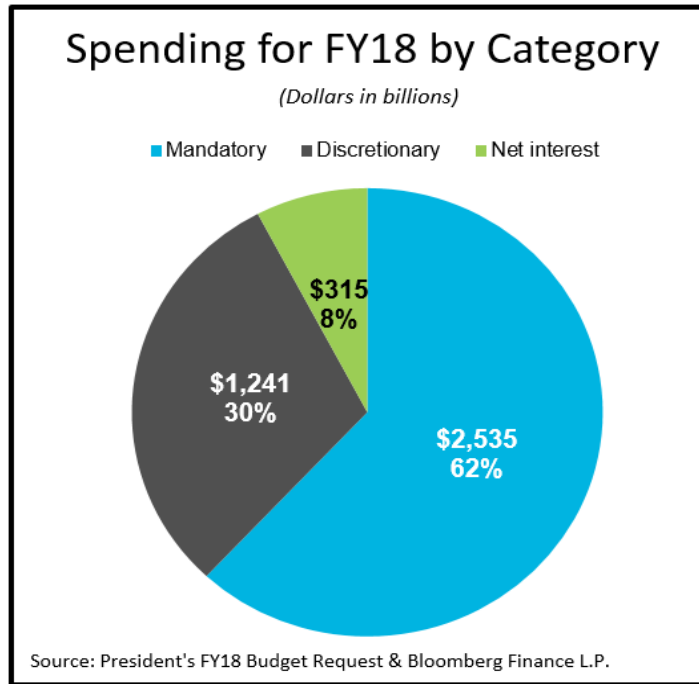


Federal Budget FY18

About two weeks after the President signed the FY17 Omnibus, which funds the government until 30 September, President Trump sent Congress his full budget request, marking the official start of the FY18 congressional budget process. The \$4.1 trillion budget includes \$1.7 trillion in cuts to mandatory programs over a 10 year period of time, while reducing domestic programs by 10 percent beginning in FY18. As the budget lines begin to be dissected by Congress and their staffs, early indications are that lawmakers are expected to have issues with discretionary and war funding levels as well as how to proceed with tax overhaul.

The House is currently months behind schedule on appropriations and Congressional members are sure to clash over taxes and health care in the coming weeks. Republican leaders are concerned about getting the votes needed to raise spending caps to support the President’s defense spending request and avoid sequestration, while the threat of a possible shutdown this year continues to linger on Capitol Hill.

Shortly after the President’s budget was released, appropriators also began saying they expect that Congress is likely to pass a yearlong continuing resolution in the fall. Rep. Mike Simpson (R-ID), Chairman of the Energy and Water subpanel (of the Appropriations Committee) recently said that “infighting over President Donald Trump's proposed spending cuts could make it politically impossible for the GOP [Republican Party] to find a path forward on fiscal 2018 appropriations bills.” It is likely Congress will do all it can to prevent a shutdown and keep the government running by either consolidating all 12 appropriations bills into an omnibus or passing another continuing resolution.



National Defense Authorization Act

With the release of the President's FY18 budget, the House and Senate Armed Services Committees have begun to ramp up efforts on the FY18 NDAA. With a later than normal release of the budget, the pace of Congressional requests for information and informal views is sure to pick up.

Recently, both Chairman, John McCain (R-AZ) and Chairman, Mac Thornberry (R-TX) stated they have not yet determined the topline spending level for the NDAA. Chairman Thornberry's committee is expected to begin their markups in mid-to-late June, followed by the Senate Armed Services Committee markup prior to the 4th of July recess. Chairman Thornberry expects the full House to take up the bill upon their return in mid-July.

Defense Acquisition Reform

As the FY18 NDAA language is drafted, acquisition reform is likely to become part of the bill. For the past few years Chairman Thornberry has taken steps to simplify defense procurement and cut down on waste. In 2016 and 2017 respectfully, lawmakers who have been focus on reforming defense acquisition shifted acquisition authorities from the Secretary of Defense to the individual Services and to divide the Office of the Undersecretary of Defense for Acquisition and Technology into the Office of Research and Engineering and the Office of Acquisition and Sustainment, both which must stand up by 1 February 2018.

Recently, the House Armed Services Committee Chairman introduced a bill ([H.R. 2511](#), "Defense Acquisition Streamlining and Transparency Act") for the next round of reforms. The latest reforms focus on simplifying DoD's approach in buying commercial items, tightening the oversight of DoD's \$150 billion of service contracts, and calling for the Defense Contract Audit Agency to reduce certain types of auditing of defense suppliers and allowing contracting officers to determine whether to outsource "incurred cost audits" to private-sector accounting firms, among other provisions. [Click here](#) for a fact sheet on the acquisition reform bill.

Transportation Investment Generating Economic Recovery

The FY17 omnibus bill preserved the Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) grant program, used for surface transportation projects ranging from multimodal transit facilities to ports, at a level of \$500 million. This funding level is in line with the previous year's funding. However, the President's FY18 budget proposes to eliminate funding for this competitive grant program.

Food for Peace Reform Act

As a program under the United States Agency for International Development, the Food for Peace (FFP) program predicts, prevents, and responds to hunger overseas to save lives, reduce suffering, and supports the early recovery of people affected by conflict and natural disasters through food assistance. The food assistance program is funded primarily through the Food for Peace Act which currently stipulates that 90% of the food aid be sourced from producers in the U.S. and that 50% of the aid be shipped by using U.S.-flagged vessels (a statute which impacts national security by maintaining U.S.-flagged vessels and associated Merchant Mariners are ready and available in time of war).

The Administration's FY18 budget request calls for the elimination of the entire food aid program. Such language would remove sourcing food aid out of the U.S. and in turn utilize a cash voucher program within the country of need. Therefore, if Congress adopts such language, it would remove the entire U.S. supply chain. Such removal could impact the utilization of U.S.-flagged vessels [cargo preference] which reduces the use of U.S.-flagged fleet and Merchant Mariners that the Department of Defense (DoD) depends on. However, the proposed budget complicates the true future of the FFP program by also requesting \$1.1 billion as part of the 2018 International Disaster Assistance (IDA) Overseas Operations Contingency (OCO) funding. The OCO would fund FFP by utilizing a range of interventions such as; local and regional [near crises]

purchase of agricultural commodities, U.S. food commodities, food vouchers and cash transfers and associated activities that support the populations affected by food crises. Although, the FFP would be funded by OCO under IDA, there is no indication the cargo preference statute will be impacted.

Federal Aviation Administration Reauthorization

With the Federal Aviation Administration's (FAA) authorization set to expire 30 September, Congress (both the House and Senate) has yet to mark up a reauthorization bill. Senate Commerce Chairman John Thune (R-S.D.) hopes his committee will be able to mark up the reauthorization by June and hopes it can be ready for the Senate floor in July. When asked if he believes a full reauthorization (or an extension) is likely, he stated, "We'll see what we can get done."

As part of the reauthorization the bill is expected to lay out the future of the U.S. air traffic control (ATC) function (to remain as an element of the FAA or break away and become an independent non-governmental organization; privatized). As lawmakers determine the way ahead for the U.S. ATC, a group of 27 Senators led by the Senate Commerce aviation subcommittee Chair, Sen Roy Blunt (R-MO), sent a [letter](#) to Sen Thune and Bill Nelson (D-FL) laying out priorities for the FAA reauthorization. The bipartisan group, specifically asked for help getting "U.S. aircraft certifications accepted globally, reduce inconsistent interpretations of FAA regulations and cut red tape." However, they did not ask to separate ATC from the FAA.

DoD's position regarding the possibility of privatizing ATC was recently expressed in a [letter](#) from the Secretary of Defense James Mattis to Sen John McCain. Secretary Mattis stated, "DoD is supportive of possible privatization of ATC services."

Senate Actions on Nominations & Confirmations

As the President continues to announce appointees to fill positions in his cabinet, the Senate has steadily held hearings and voted to confirm several of the Presidents nominees. Notable confirmation from the last few weeks:

- Honorable Heather Wilson, Secretary of the Air Force
- Honorable David Norquist, Under Secretary of Defense (Comptroller)
- Honorable Robert Story Karem, Assistant Secretary of Defense for International Security Affairs
- Honorable Kari Bingen, Principal Deputy Under Secretary of Defense for Intelligence
- Honorable Jeffrey Rosen, Deputy Secretary of Transportation
- Major General Giovanni Tuck, to be Lieutenant General and the 18th Air Force Commander

However, some lawmakers have expressed their frustrations of the slow pace of which the Administration is nominating high-level positions for the Pentagon. With 50+ key DoD civilian positions requiring Senate confirmation (see pg 10 of the [Congressional Research Service](#) report on "Presidential Appointee Positions Requiring Senate Confirmation and Committees Handling Nominations") the Senate has only confirmed five as of 25 May for DoD.

The President recently announced that the Chairman of the Joint Chiefs of Staff, Marine Corps General Joseph Dunford and the Vice Chairman of the Joint Chiefs of Staff, Air Force General Paul Selva are re-nominated for a second term in office. Both generals would serve an additional two-year term, but must still be re-confirmed by the Senate. Additionally, to fill the position of Assistant Secretary of Defense for Legislative Affairs, President Trump has selected Mr. Robert Hood. Mr. Hood worked in the White House as a special assistant to the president in the Office of Legislative Affairs under George W. Bush and served as the principal deputy assistant secretary for legislative affairs in the Pentagon.

Click the following hyperlinks to stay up to date on civilian nominees who are [pending confirmation](#) and those who have already been [confirmed](#).

CONGRESSIONAL ACTIVITIES:
Hearings of Interest:

Hearing Date	Hearing Topic	Committee
17 May 2017	Military Personnel Posture: FY 2018	House Armed Services Committee – Military Personnel
17 May 2017	Initial Findings of the Section 809 Panel: Setting the Path for Streamlining and Improving Defense Acquisition	House Armed Services Committee
18 May 2017	Emerging Transportation Technologies	House Appropriations Committee – THUD
23 May 2017	Worldwide Threats	Senate Armed Services Committee
23 May 2017	Fiscal Year 2018 Budget Request for U.S. Cyber Command: Cyber Mission Force Support to Department of Defense Operations	House Armed Services Committee – Emerging Threats & Capabilities
24 May 2017	National Guard and Reserve Hearing	House Appropriations Committee – Defense
24 May 2017	Review of the FY2018 Budget Request for the U.S. Navy & Marine Corps	Senate Appropriations Committee – Defense
24 May 2017	Department of the Navy FY 2018 Budget Request for Seapower and Projection Forces	House Armed Services Committee – Seapower and Projection Forces
25 May 2017	Department of the Air Force FY 2018 Budget Request for Seapower and Projection Forces	House Armed Services Committee – Seapower and Projection Forces
25 May 2017	Posture of the Department of the Army	Senate Armed Services Committee

REPORTS:

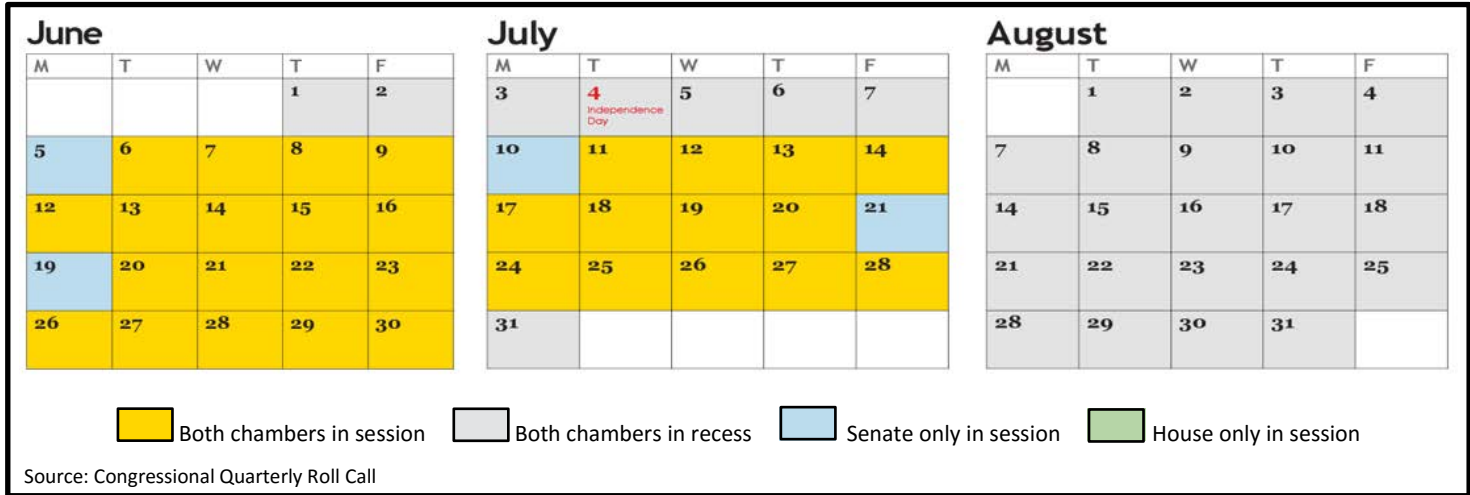
Government Accountability Office (GAO) Reports (FY17):

Start Date	Title	Information/Status
Jan 2017	Maritime Security Program (MSP)	<ul style="list-style-type: none"> - Congressional Mandate. - Objective: Goals & costs of the MSP; process used to determine selection & reimbursement rate of vessels; how alternative methods of procuring vessels for periods of national need could impact program's cost & ability to meet goals - Status: VTC/site visit interview ongoing
Apr 2017	Costs of Presidential Travel	<ul style="list-style-type: none"> - Congressional Mandate. - Objective: Review 1) major elements of the costs of presidential travel and which agencies typically incur such costs; 2) the rules that govern travel by the President and his family; 3) the specific costs associated with the President's trips to Mar-a-Largo; and 4) the specific costs associated with the President's adult children's trips to certain foreign countries - Status: Entrance conference complete
May 2017	DoD's Plan to Rebuild Readiness	<ul style="list-style-type: none"> - Congressional Mandate. - Objective: What extent has DoD developed a plan to rebuild the readiness of the military forces

		(comprehensive goals and strategy; metrics for measuring progress; identification of external factors and potential mitigations; and plans for Department-level oversight) - Status: Entrance conference complete
--	--	--

Note: Specific questions regarding the above GAO reports can be addressed by the USTRANSCOM Inspector General Office. Click [here](#) to send an email.

CONGRESSIONAL CALENDAR:



RECENT QUOTES:

- Senate Majority Leader Mitch McConnell’s statement regarding the FY18 Presidential Budget:
 - *“Well we generally, no matter who the president is, generally don’t pay too much attention to the president’s budget.”*
Bloomberg Government, 16 May 2017
- Senate Armed Services Cmte Chairman, John McCain’s commentary on the subject of DoD’s ability to be audit ready by the end of FY17:
 - *The Pentagon has “until Sept. 30, 2017, to be audit-ready – a deadline that I am skeptical the department will be able to meet” DoD “is the only department in the federal government which has failed to meet this mandate”*
Bloomberg Government, 9 May 2017
- Sen McCain’s reaction to the President’s FY18 budget request:
 - *“President Trump’s \$603 billion defense budget request is inadequate to the challenges we face ... an overall budget proposal that is dead on arrival in Congress”*
Bloomberg Government, 24 May 2017

MISCELLANEOUS INFO:

Are you traveling out to Washington D.C. and need a place to work from, check email, store luggage while in meetings? USTRANSCOM members can call our Legislative Affairs D.C. team (Col Mark Robinson or Maj Chris Thackaberry at (571) 312-8926/8854) to schedule a visit. The office is just a ~7 minute drive from the Pentagon.

EMAIL: transcom.scott.tccc.list.la@mail.mil PHONE: (618) 220-4811 (571) 312-8926 (D.C. OFFICE)