



AEROSPACE & DEFENSE BUDGET FUNDING AND PROCUREMENT

Background: The aerospace and defense (A&D) industry is the nation's largest manufacturing exporter. A&D exports of \$110.8 billion provided the economy with a \$72.1 billion foreign trade surplus in 2013. Sales in 2013 totaled \$220 billion – leveling off after nine consecutive years of growth. Continued stability of the A&D industrial base is critical to our economy, national security, infrastructure, and future workforce. As the world's largest aerospace professional society, serving a diverse range of more than 30,000 individual members from 88 countries, and 95 corporate members, the American Institute of Aeronautics and Astronautics (AIAA) urges Congress to enact and sustain policies that will strengthen the long-term viability of the A&D industrial base.

Issue: Budget Instability. The A&D industry is facing one of its greatest challenges in history as Congress and the Administration deal with mounting national debt and the need to balance the federal budget. All federal agencies face significant budget reductions, with the Department of Defense (DoD) potentially bearing the biggest burden. While all areas must be examined to identify unnecessary spending that can be reduced or eliminated, we must make sure that the nation's future is not mortgaged to address today's crises.

The current framework of the Bipartisan Budget Act expires on October 1, 2015, meaning that without action by Congress the renewed enforcement of mandated reductions under the Budget Control Act, known as sequestration, will severely damage the A&D industrial base again.

The A&D industrial base possesses unique capabilities and expertise to address the distinctive and diverse missions required by its civilian and military customers. Small business is the backbone of the U.S. economy and technology innovation. The domino effect of reduced federal budgets will undoubtedly force some companies out of business and others to scale back significantly, potentially resulting in single-source suppliers or elimination of domestic suppliers for items on critical development paths. If those capabilities are allowed to erode in this lean budget environment, the United States could risk losing its technological edge and be unable to address future threats to our national security or economic stability. In addition, constrained and uncertain budgets limit test opportunities and create a potentially dangerous climate of risk aversion. For far too long Congress has operated under continuing resolutions without a normal appropriations process. A budget deal that extends beyond FY 15 is needed almost immediately so that the nation, including the A&D industrial base can begin work on initiatives critical to a robust and secure future.

Issue: Acquisition Reform. The timely federal procurement of required goods and services is critical to the stability of this nation's economy and national security. While there have been a number of national initiatives to speed up the acquisition process, it remains slow and bogged down in bureaucracy. Sequestration further negatively impacted an already slow process. Delays in contract execution severely impact budgets and manpower requirements within the A&D industry. The recent release of the DoD's Better Buying Power 3.0 Initiative could further complicate the procurement process. It is essential that if this new plan is enacted that it be balanced with a process that enables timely contract execution. Protection and retention of A&D intellectual property must also be addressed in any reform of the acquisition process.

Issue: Reauthorize FAA. The existing federal aviation law, which was enacted in 2012 after five years and 23 short-term extensions, will expire on September 30, 2015. The bill's expiration threatens several projects vital to our nation's future as an aerospace leader: placing unmanned aerial vehicles in the national air space, meeting the growing demands for expanded commercial air travel, and developing the Next Generation Air Traffic Control System. Only reauthorization of the bill, at adequate funding levels, ensures that our nation remains the world leader in aerospace innovation.

Issue: Reauthorize NASA. Since last authorized in 2010, NASA continues to prove why the United States is the world's leader in aerospace innovation. NASA's Mars Science Laboratory Curiosity Rover continues conducting wide-ranging tests, delivering significant information about the Red Planet. Commercial contractors are revolutionizing space technology, and providing regular cargo resupply missions to the International Space Station. And this past December, the Orion spacecraft completed its first successful test, orbiting the Earth twice. In skies closer to us, NASA's National Partnership for Aeronautical Testing is helping to establish the future of aeronautic test facilities, while its Aviation Safety Program continues to make our skies and commercial flight safer through its development of innovative safety systems; and its Fundamental Aeronautics program continues to find ways to make aviation more environmentally friendly and efficient.

Despite this progress, shifting priorities on Capitol Hill have left NASA without a clear direction. While a reauthorization bill passed the House of Representatives last year by an overwhelming margin, the Senate never considered the legislation. It is imperative that Congress pass a multi-year NASA reauthorization bill providing stable funding and policy direction that will help sustain U.S. leadership in aeronautics, spaceflight, and related research for years to come.

AIAA Recommendations:

End sequestration, and employ sound budgetary principles for the long-term development and manufacture of complex aerospace systems and architecture necessary to accomplish strategic national goals

Reauthorize and adequately fund the FAA

Reauthorize and adequately fund NASA