



2023

# AZ DEFENSE PRIORITIES

POLICY PAPER - FEBRUARY 2023

This document seeks to guide congressional members, staff, and other relevant stakeholders on the top priorities of Arizona's defense industry and installations and the industries they rely on.



The Arizona Defense and Industry Coalition (AZDIC) is a coalition of regional organizations inspired by Senator McCain, comprising the defense and mining industries, military, veterans and more, to act as a united voice and advocate for regional and national security efforts.

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## Executive Summary

Home to six military installations, four national guard operations, and 1,200+ defense contractors specializing in numerous fields including electronic systems, smart automation, precision machining and advanced materials, Arizona is a powerhouse of defense.

When Senator John McCain took over the top spot on the Senate Armed Services Committee in 2015, he did so with keen knowledge of America's national security challenges, as well as a vision for how to help solve them. High on his priority list was opening up clearer lines of communication between Congress and America's defense industry. That meant creating a pool of localized knowledge he and his colleagues in Washington could reach back to for on-the-ground insight. So the then-Chairman tapped the shoulders of local industry leaders to close the gap through what has now become known as the Arizona Defense & Industry Coalition (AZDIC).

With his passion for the cause serving as a driving drumbeat, our collective goal was threefold: (1) build coalitions that enable companies and regional communities to come together as allies rather than competitors, (2) work hand-in-hand with Arizona's congressional delegation, as well as state and local elected officials, to inform policy from the bottom up, and (3) serve as a model for other industries and states on overcoming localized silos to identify mutually beneficial solutions.

ADIC is a coalition of regional organizations comprising the defense and mining industries, military, education, and more, to act as a united voice and advocate for regional and national security efforts. Founding members include Mesa Industry & Defense Council (MIDC), Southern Arizona Defense Alliance (SADA), West Valley Defense Alliance (WVDA), and Yuma 50. Together, we work closely to foster innovation and advocate for those providing critical resources and services to the US warfighter.

To appropriately advocate for the needs of this extensive ecosystem, AZDIC has collaborated with defense industry, competitors, and installations alike to compile this annual policy priorities paper. This document seeks to educate Congressional Members, staff, and other relevant stakeholders on the top priorities of Arizona's defense industry, installations, and critical infrastructure.

We are pleased to present the following priorities, representing those of greater AZDIC as well as independent industry and military installations. We invite and welcome any opportunity to discuss these recommendations more at length.

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## Arizona Defense and Industry Coalition Priorities

### Supplier Readiness

Inventors and innovators dedicating their lives to the creation of the latest and greatest technology are facing hardships and obstacles when it comes to doing work with the US government. Smaller suppliers drive innovation in the defense industry by partnering with larger defense contractors or by working directly with the Department of Defense. From increased costs, time, and complex procurement processes these innovators are experiencing a bottleneck at the administrative level. Thus, the functionality of both participation and service offering awareness is largely compromised. AZDIC strives to remove this bottleneck by advocating for policies designed to streamline the acquisition process, ensure a transparent procurement system, and incentivize purchases from businesses large and small, new and legacy.

### Evolving Foreign Military Sales

The current lead time for a US foreign military sale to an allied nation is three and a half years, meanwhile, Russia is securing supplies with 36 hours from adversarial countries such as North Korea. The current US FMS process lacks the collaboration necessary for rapid innovation and delivery. To better optimize this process, AZDIC seeks to enhance partnerships and relationships between select foreign ministries and the Arizona defense industry. We do not seek to disrupt the current FMS process but to open opportunity for preliminary and educational conversations that increases the overall mission success for each allied nation. We encourage the DoD to leverage opportunities such as ours to better collaborate with industry, large and small, to supply our allies with the necessary resources for success.

### Strengthening the Supply Chain

The US is heavily reliant on 50 minerals critical to its economy, clean energy, and national defense. China and Russia are significant suppliers of the REEs required for computers, mobile communications, electric vehicles (EVs), storage batteries for the national energy grid, fighter jets, smart munitions, and all major weapons platforms. The success of US national security is dependent on a secure supply chain. That is why AZDIC has created the first true collaborative made up of defense and mining industries, environmental groups, and green technology leaders to identify supply chain shortfalls and concrete domestic solutions. Through this collaboration, we stand ready to fully support the US government with the resources necessary to solve our present dependencies.

### Inciting Critical Collaboration

AZDIC sees a critical need for collaboration amongst groups that may not often interact with each other but are in dire need of communication. We encourage the federal government to tap into this unique wealth of knowledge and leverage AZDIC as a pool of knowledge on all issues ranging from foreign military sales and supply chain to critical infrastructure security and workforce development.



## Military Installation Priorities

### National Guard

- Related Defense Alliance: SADA
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#### *AZANG Cyber Force Structure*

Arizona requests the assignment of cyber operations force structure to the Arizona Air National Guard to provide a cadre of cyber warriors able to swiftly respond to state and federal missions. The Arizona National Guard is always a leading contender to receive a cyber mission during base selection but has not yet been assigned one to-date. The Arizona National Guard is uniquely positioned to recruit to cyber AFSC-related career fields due to a local job market that is rich in high tech, information technology positions, and despite its currently limited cyber force structure, the Arizona National Guard is recognized as a best practice within the National Guard.

Current Arizona National Guard cyber capabilities are limited to 8-10 Army National Guard (AZARNG) member Defense of Cyber Operations Element (DCOE) that focus on protecting the AZARNG internal network. The DCOE forms the backbone of the Arizona National Guard's Cyber Joint Task Force and works with private and public partners in the state to enhance mission readiness and can assist during cyber incidents. Despite this limited cyber force structure, the Arizona National Guard is recognized as a best practice within the National Guard. The Arizona National Guard could become a best practice throughout the entire Air Force and fully support the state and our nation's critical infrastructure if only properly resourced with a cyber mission.

#### Goldwater Air National Guard Base

Goldwater Air National Guard Base is home to the 161st Air Refueling Wing. The mission of the 161<sup>st</sup> Air Refueling Wing is to provide core aerial refueling capabilities for the U.S. Air Force and the Air Guard.

#### *Expand the 161st ARW KC-135 Fleet and Prepare for KC-46*

The U.S. Air Force must take advantage of the City of Phoenix's offer to expand Goldwater Air National Guard Base at Sky Harbor International Airport to meet the vital pilot training demands in the Arizona area as well as the operational needs of Combatant Commands. Increasing the 161st ARW's KC-135 fleet size from 8 to 12 and selecting Goldwater ANGB as a future home for the KC-46 will meet those demands and the unprecedented offer by the City of Phoenix to expand an Air National Guard base in the heart of a major city. Expanding the KC-135 fleet at the 161st ARW from eight aircraft to 12 will meet this vital training demand, and makes sound fiscal and strategic sense.

#### Morris Air National Guard Base

The Morris Air National Guard Base is home to the Air National Guard's (ANG) premier F-16 fighter pilot training unit, the 162nd Wing, one of the largest ANG wings in the country.



### *162WG Protect the 195th Fighter Squadron*

In July 2021, Air Force leadership meet and approved the discontinuation of funding of the 195th Fighter Squadron, one of the two squadrons within the 162<sup>nd</sup> Wing, in FY23 and beyond. The Arizona National Guard has been working to remove the threat of divestment from the 195th. In FY2022, the Arizona Air National Guard scored a victory to delay the defunding and secured the recapitalization of the 195th's F-16 fleet, among some of the oldest jets in the inventory, from Block 25/32 to Block 30. If the 195th Fighter Squadron is divested, the impact would go beyond pilot production. The divestment proposal originally included in the FY2022 POM cut 697 personnel from the 162<sup>nd</sup> - 667 from the Wing's Maintenance Group (MXG) alone. The current manning for the MXG is 735 personnel. The resulting cuts would leave the MXG a total of 68 personnel, which would leave the 162<sup>nd</sup> Wing unable to operate either Fighter Squadron, the Alert Mission, or the AATC.

The Secretary of the Air Force – International Affairs and Air National Guard has consistently raised the impact of this divestiture as it will at a minimum decrease efficiency and potentially effectiveness of both FMS and US training. Moving International commitment to a remaining US Air Force F-16 training location will be at increased cost and documented less efficiency. If cuts need to be made to the Air Force budget, it should be based on metrics.

### *Camp Navajo*

Camp Navajo is the largest National Guard training facility in the state and the largest military installation in Northern Arizona. Camp Navajo has hosted numerous joint training events and is seeking joint national training capability accreditation. The installation has four missions: (1) Operate a National Guard training site (2) Provide command and control of the Arizona Army National Guard force structure in Northern Arizona (3) Provide depot-level storage services to various DoD customers (4) Operate under the New Strategic Arms Reduction Treaty guidelines for ballistic missile storage.

### *AZARNG Camp Navajo Range Modernization*

As the US Army continues its effort to pivot from 20-years of counter-terrorism and counter-insurgency warfare to near-peer, great power competition, it is vital that concurrent and proportional investments are made in Army National Guard training sites to ensure our Citizen-Soldiers are capable of conducting Multi-Domain operations. The Arizona Army National Guard, as part of the Operational Reserve of the United States Army, operates three primary training sites within the State of Arizona: Buckeye Training, Camp Navajo, and Florence Military Reservation.

To be ready for a National Training Center rotation or deployment mobilization, Army National Guard training sites must have the infrastructure and facilities to support local training with modern weapon systems. The training sites in Arizona, particularly at Camp Navajo, not only serve the 5,300 men and women within the Arizona Army National Guard but supports the joint warfighters by hosting training opportunities with units from the Army, Air Force, Marine Corps, Special Forces, and allied nations. Investing in Camp Navajo is an investment in the Joint Force and ensuring the Arizona Army National Guard is a modernized force capable of conducting Multi-Domain Operations.

### *Establishment of a Space National Guard*

The US Space Force was established to consolidate and align military space warfighting organizations and assets under one chain of command to ensure proper service-level focus on the organizing, training, and equipping of space-focused forces. Despite this clear direction from the White House and the 2020 National Defense Authorization Act, more than 70 percent of America's space warfighting capabilities



fall outside the organizational purview of the Space Force because they reside in the Air National Guard, which reports to the Air Force. Congress needs to create a Space National Guard to eliminate the misalignment of mission and resulting dysfunctions spanning authority and budgetary issues to readiness.

The Air National Guard (ANG) has been conducting space missions for over 25 years. There are currently 14 space operations units, none of which are in Arizona. These would be the only units that would transfer into a Space National Guard (SNG). Establishment of a SNG is crucial to preserving operational readiness and combat effectiveness by appropriately aligning the Reserve Component with the nation's Space Service and avoiding the disconnects that are occurring by being misaligned from a parent-Service. Arizona is perfectly situated to house a branch of the SNG, due to it being where many space professionals call home and ideally situated to support this mission. Arizona is already home to the U.S. Naval Observatory – Flagstaff Station (NOFS), and because the state is so supportive and conducive to space operations NOFS has engaged with the Arizona National Guard's training site at Camp Navajo to host space operations there. It would not take a great leap to tie those opportunities in Arizona into an SNG if the Space Force mission so required.

#### [Silverbell Heliport/Western Army National Guard Aviation Training Site \(WAATS\)](#)

Silverbell Army Heliport is located in Marana, AZ at the Pinal Airpark and is home to the Western Army Aviation Training Site (WAATS). WAATS is one of the Army's premier aviation training locations for attack and scout helicopters, and it is home to a state-of-the-art flight simulator complex. Although it is primarily a training facility for the Army National Guard, WAATS trains personnel from all three components of the U.S. Army; the regular Army, the Army Reserve, and the Army National Guard as well as allied countries in Europe and Asia.

#### [AZARNG Silverbell Heliport/Western Army National Guard Aviation Training Site \(WAATS\) Growth](#)

Silverbell Army Heliport (SBAHP) is in a premiere area that is conducive for aviation training. It has ideal weather, infrastructure, and is in proximity to multiple military training areas. On June 1, 2022, the State of Arizona and the Arizona Army National Guard (AZ ARNG) purchased land to expand SBAHP's current footprint by 410 acres and Picacho Stagefield by 390 acres, effectively doubling their size. SBAHP and the WAATS have long provided aviation training support to our foreign partners. This includes training in the AH-64 Apache, UH-60 Blackhawk, and the UH-72 Lakota aircraft. AZ ARNG has maintained a strong relationship with the Republic of Singapore under the Peace Vanguard FMS partnership. Based on current aviation training shortfalls, AZ firmly believes that it can provide additional capacity to support multiple countries. Increased FMS training at SBAHP strengthens foreign relationships, increases partner wartime capacity, improves the local economy, and aids in supporting industry aircraft sales, including Arizona based Boeing AH-64E production.

The AZ ARNG remains postured to increase its aviation force structure. The Army's Aviation Restructuring Initiative in the previous decade resulted in the AZ ARNG retaining an overage of highly qualified aviation personnel that exceeds current military and technician authorizations. AZ ARNG continually draws interest from aviation personnel seeking transfer into the state; however, the lack of available positions prevents the state from bringing them on board. The AZ ARNG is ideally suited to receive consideration for emergent aviation capabilities that are being explored by the Army. This includes reintroduction of an Attack Reconnaissance Battalion, assessment for placement of any MQ-1C Gray Eagle or other UAS capability, as well as supporting the collective training requirements for Future Vertical Lift.





## Davis-Monthan Air Force Base

Davis-Monthan Air Force Base is home to 11,000 airmen from 34 unique mission partners, which support four combatant commanders around the globe every day. The 355th wing is the host unit for the installation in addition to its primary mission of deploying, employing, and sustaining combat search and rescue and attack air power in support of combatant commanders anywhere in the world. Additionally, Davis-Monthan AFB is home to 12<sup>th</sup> Air Force, the 309<sup>th</sup> Aerospace Maintenance and Regeneration Group, the 55<sup>th</sup> Electronic Combat Group, the 214<sup>th</sup> Attack Group of the Arizona Air National Guard, 943<sup>rd</sup> rescue group of the Air Force reserve, and U.S. Customs and Border Protection, among many others.

- Related Defense Alliance: SADA
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### *214ATKG LRE Expansion*

The 214th Attack Group, 162d Wing, operates the MQ-9 reaper aircraft in a Mission Command Element (MCE) mission from Davis-Monthan Air Force Base (D-M). The 214th also maintains a geographically separated Launch and Recovery Element (LRE) at Ft Huachuca, 75 miles away from D-M. The 214th Attack Group faces several challenges operating at two locations. MCE operations at D-M require a full complement of operators and maintainers, as does LRE operations at Ft Huachuca. As the LRE mission grows from demand and new capability, the costs of operations at Ft Huachuca are increasingly limiting. Constructing an MQ-9 hanger at D-M will increase operational efficiencies in both the MCE and LRE mission sets and will allow the 214th to support both the COCOM and the ANG Community through better training, more efficient manpower usage, and overall greater readiness while preserving Ft Huachuca's "jointness."

A number of potential solutions exist to address these issues, to include alternative locations at Morris Air National Guard Base and Silverbell Army National Guard Heliport, but the one with the greatest benefit and least cost is to co-locate LRE operations with the MCE at D-M. Not only does this greatly increase manpower and time efficiencies mentioned above, but personnel can be schedule for duty on both MCE and LRE missions concurrently, reducing manpower costs. This is also in line with Air Combat Command's MQ-1/9 Culture and Process Improvement Program recommendation: "relocate LRE operations to main base of operations." U.S. CBP had significant interest in moving to D-M for similar reasons. A symbiotic move can realize cost savings. Additionally, utilizing the ANG-owned Total Force Training Center (TFTC, formerly "Snowbird") and the adjacent North Ramp near the existing MCE building will reduce the need for construction down to MQW-9 hangar space for approximately \$25-40M.

## United States Marine Corps Air Station Yuma

Marine Corps Air Station Yuma (MCAS Yuma) is a United States Marine Corps air station. It is the home of multiple squadrons of AV-8B Harrier IIs and F-35B Lightning IIs of the 3rd Marine Aircraft Wing, Marine Aviation Weapons and Tactics Squadron 1, Marine Operational Test and Evaluation Squadron 1, and Marine Fighter Training Squadron 401, an air combat adversary squadron of the 4th Marine Aircraft Wing of the Marine Corps Reserve.

- Related Defense Alliance: Yuma 50
- POC: Julie Engel, [jengel@greateryuma.org](mailto:jengel@greateryuma.org)





### *YUCO Fairground Relocation*

Despite the near-term safety benefit of leveraging the \$5M from State of AZ to reorganize the fairgrounds footprint to get the Midway immediately out of the designated clear zone anticipated for construction in 2023, we still strongly believe the ultimate goal should be relocation. Rationale = Safety.

### *FTHL Habitat Mitigation/Compensation*

We should continue to strive to execute at least some habitat compensation in immediate vicinity of the local sub-species in order to hedge against future Endangered Species Act (ESA) listing efforts by various conservation groups. Regardless of location, there is a compensation requirement for the damage done by construction of the secondary border barrier.

### *Airspace/Range Modernization*

Working to expand airspace options, and range systems, to properly employ new and emerging weapons systems such as the F-35 and long-range precision surface systems. The Service has threshold training requirements which necessitate access to an airspace block of at least 100 nm x 150 nm from approximately 10,000-40,000' MSL, with an objective altitude requirement of 50,000' MSL.

### *Military Basic Allowance for Housing (BAH) Both BAH and GS Civilian Locality Pay*

Despite a small 2023 bump in Military Basic Allowance for Housing (BAH) both BAH and GS Civilian Locality Pay are inadequate to compensate for the negative impact to the workforce. MCAS Yuma is surrounded by higher BAH and locality pay regions, specifically El Centro/Naval Air Facility El Centro, which align with Los Angeles region locality pay. This inequity in locality pay equates to civilian employee retention and recruiting challenges. Current BAH and GS Locality pay are insufficient to bridge the gap in increased costs of rent, utilities, and other subsistence necessities for the local workforce.

### *MILCON Project of Significant Importance to MCAS Yuma*

P-591 Water Treatment Plant – encourage the funding of this entire facility replacement project.

### *Barry M. Goldwater Range (BMGR) Encroachment Issues and Concerns*

Ensure that all entities with approved access to the BMGR comply with the Integrated Natural Resources Plan and the Sikes Act, and avoid any encroachment impacts on this vital, unique, and beneficial asset to protect realistic training opportunities for the military and allied nations.

In addition, encroachment “creep” on buffered lands surrounding BMGR continues and therefore must be addressed especially with the constantly changing nature of global warfare. With the advanced F-35 weapon systems and future technological improvements that are driving substantial shifts in the way wars are being fought, it is increasingly important to provide an adequate training landscape for emerging and flexible missions.



## The United States Army Yuma Proving Grounds

The Yuma Proving Grounds (YPG) are a United States Army proving ground, a census-designated place, and one of the largest military installations in the world. It is a subordinate command of the Army Test and Evaluation Command. Its mission is to plan, conduct, assess, analyze, report, and support developmental tests, experiments, production tests, and integrated developmental/operational tests; and provide training support to Army, sister services, Department of Defense, U.S. Government, international, and commercial customers in accordance with Army Modernization Priorities.

- Related Defense Alliance: Yuma 50
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### *Construction of New Unaccompanied Enlisted Personnel Housing Facility and New Radar Operations and Maintenance Facility*

The construction of a new Unaccompanied Enlisted Personnel Housing Facility is necessary to provide living quarters for Soldiers in lieu of three failing structures dating back to the 1950s that are currently in use. As of August 2022, the estimated combined cost for construction of the new barracks and demolition of the existing structures was \$45 million. The proposed 10,200 square foot Radar Operations Maintenance Facility is needed as a maintenance area for the specialized radar systems being acquired under the Range Radar Replacement program. As of January 2023, the estimated cost for this facility is \$8.9 million.

### *Sustain Advanced Range Tracking and Imaging System (ARTIS) and Range Radar Replacement Program (RRRP)*

The ARTIS system provides DoD Test Ranges the capability to track and obtain vital imagery data required for testing new and emerging weapons systems, enables the capture of Time-Space-Position Information and imagery in Visible, Mid-Wave IR, and SWIR bands, and will replace the aging fleet of legacy tracking systems, such as Kineto Tracking Mounts. The RRRP is necessary to replace YPG's aging fleet with modern radars more suited to future test items. Some radars currently in use to support YPG's specialized developmental testing mission date back to the late 1950s and have a narrow frame of view suitable for tracking one or two objects in flight, but not multiple objects.

### *Highway 95 Expansion*

Highway 95 is utilized by more than 2,000 Yuma Proving Ground employees daily. YPG hosts more than 4,500 troops annually for military training, generates over 21,000 yearly shipments of cargo, most of which travel on Highway 95, and has an estimated 35,000 visitors per year. Highway 95 has been identified by the Yuma Metropolitan Planning Organization as having the highest weekly traffic volume of any two-lane road in Arizona.

### *Sustain Direct Hire Authority*

Major Range and Test Facilities Base (MRTFB) Direct-Hire Authority has enabled YPG to significantly reduce the amount of time necessary to hire for critical vacancies. This flexibility is particularly important for hiring efficiency at a remote and isolated base where the employment pool of skilled engineers and technicians is significantly smaller than that found in major metropolitan statistical areas.



### *Hybrid Vehicles*

The Department of the Army is interested in converting its non-tactical vehicles (i.e., vehicles used on post) to an all-electric fleet. YPG has put in an exception to policy request for hybrid vehicles instead of electric due to concerns that electric vehicles lack the power to run peripherals and a/c for sustained periods for our personnel who spend all day conducting tests in extremely remote locations on our 1,200 square miles of ranges during the intensely hot summer months.

## Defense Industry Priorities

### Acronis SCS

Acronis SCS is an American cyber protection and edge data security company exclusively dedicated to meeting the unique requirements of the US public sector. Their innovative and comprehensive cyber protection, backup and disaster recovery, anti-ransomware, and enterprise file sync and share software solutions ensure operational assurance and data security across America's federal, state and local government, education, healthcare, and nonprofit computing environments.

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### *Prioritize Products on the DoDIN APL*

In 2011, the DoD created The Department of Defense Information Network Approved Product List (DoDIN APL) to identify and list products that have undergone a rigorous cybersecurity and interoperability certification. The DoDIN APL offers DoD decision makers the knowledge that these products offer an increased level of confidence that the equipment being selected will be the best choice in terms of cost effectiveness and security without sacrificing operability.

While the DoDIN APL was established to provide the DoD with the most secure products, many DoD decision makers are continuing to buy products that are not on the list. As a result, many companies are not seeing the necessity of being on the DoDIN APL, undermining the sole purpose of the list. DoD contracting offices must follow through on the intent of the DoDIN APL list and express that purchasing off of the list is a requirement. If a company can demonstrate that there is not a product on the list that fulfills their needs, there should be a waiver process they can go through to purchase outside of the list. Prioritizing products on the list is one of the only ways to ensure secure supply chains and preventing national security breaches.

### *Increase Resources to the DoD for Certification Compliance Testing and Flexibility for Companies Experiencing Delays During the Testing Process*

In September we submitted our product to the CMBP lab for FIPS 140-2 certification and compliance testing as part of our recertification for the DoDIN APL. Due to a significant lack of resources from the DoD, we are concerned that the lab will not be able to review and recertify our product in time, potentially resulting in it being pulled from the DoDIN APL. We are not the only company in this



position, with some currently waiting for almost a year to be certified/recertified, and the significant delays could affect the ability of companies to win contracts or finalize pending contracts.

The DoD must provide more resources and funding to certification labs to ensure that companies do not face repercussions as a result of the DoD's inability to certify their products. The DoD can also do its part to work with companies experiencing complications as a result of delays. For companies who are at risk of losing their position on the DoDIN APL due to not meeting the recertification deadline, the DoD should allow them to remain on the list until the recertification process is finalized. Additionally, if the DoD knows they are experiencing significant delays in certifying products, they should offer a suggested time for companies to submit their products for testing. If companies submit within this time, they should not be penalized for any certification delays resulting from the DoD.

#### *Provide Guidance on Internet Protocol Version 6 (IPv6) Rollout*

At the end of 2020, the Office of Management and Budget (OMB) released a memorandum outlining its intent to transition all federal information systems and services to IPv6 by 2025. As a result, all federal IT and cybersecurity contractors must also comply with this rollout. However, since the release of OMB's memorandum, there has been little communication with federal contractors on how to prepare for this transition. We are asking the Administration to provide further guidance around the rollout and what contractors need to do to prepare for implementation in 2025. Particularly, we are interested in guidance around when the rollout will occur in 2025, and which contractors this will affect and if there are any exceptions or exemptions to certain contractors.

#### *Return to Normal Congressional Order*

Continuing to fund the government through Continuing Resolutions is preventing companies from receiving funding for projects and programs that they are working on. Going forward, next year Congress must prioritize passing a full appropriations package on time in the fall. Operating under a patchwork of Continuing Resolutions for the last few years has prevented Acronis SCS from securing federal contracts on time.

## **AmSafe**

AmSafe is the world's leading provider of safety restraint products for the aerospace and defense industries. Products are used in both commercial and general aviation, military and civilian applications. Protecting passengers is a priority to AmSafe and its products help move millions of people safely and securely in the air. With manufacturing operations and service facilities around the globe, AmSafe is focused and committed to providing quality products and timely, cost-effective solutions to customers worldwide.

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#### *Increase Clarity and Visibility Around the Status and Timeline of Defense Programs*

We have experienced a lack of transparency from the government around the status and timelines of defense programs. The DoD should have an open line of communication with both Tier I and Tier II contractors about the projection of programs, so that companies are not blindsided by any sudden



changes. More direction about these programs from the government would especially help subcontractors, who may not have the same insight into these projects as the prime subcontractors they are working with do. Having this information more readily available will help companies be able to better prepare and allocate their resources accordingly.

#### *Align Defense Industry Regulations with FAA Regulations*

The FAA recently released new safety regulations for commercial seating patterns, which will require more safety and will change how restraints are designed going forward. However, there has been no movement from the DoD to require similar regulations for the defense industry. We support a similar requirement for the defense industry and encourage the DoD to provide basic regulations that follow the FAA's guidance or, at the least, acknowledge their new safety regulations. Additionally, the DoD should work to be more open with contractors around what regulations they are looking into, so that the industry can plan ahead and adjust for such regulations. We understand that it is not always possible for these regulations to align, however, when possible, the DoD should ensure their alignment to the best of their ability.

#### *Shore up the Supply Chain*

Like many manufacturing companies, we continue to experience issues surrounding the US supply chain. The current supply chain problems are causing shortages in certain materials, with one of the largest shortages occurring in the wiring that goes into our safety harnesses. The inability to obtain the components we need not only affects us, but also the companies that require our harnesses for their aircrafts. Additionally, we have been warned about an impending helium shortage, which would greatly affect our ability to produce numerous projects. The government must work to the best of their ability to ensure that the US supply chain can be shored up to alleviate the current shortages and mitigating the future shortages that are expected.

#### *Boeing (Arizona)*

Boeing has been a major employer in Arizona for over four decades. The company has a diversified footprint in the state, including development of rotorcraft technologies and production of composite and electrical subassemblies. Mesa is also home to Boeing's Global Security Operations Center, as well as a centralized hub for internal service functions that operates across the enterprise. Boeing employs a growing skilled workforce of more than 4,800 and draws from an extensive network of Arizona suppliers to provide goods and services to a global market.

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#### *Full Funding for AH-64E Procurement and Future Development*

The AH-64 is the Army's multirole attack helicopter designed for the full range of current and future combat operations. We ask Congress to support full funding for AH-64E procurement as well as \$25M for Apache future development.



## Bushtex

Bushtex specializes in remote satellite transmissions, both domestically and internationally. They specialize in remote areas of the world, transmitting and receiving information in service to United States government strategic concerns, for professional broadcast, private enterprise, and Internet content delivery. Bushtex provides complete capabilities to build, produce, originate, and transmit information through satellite communication – video, audio, IP Data, Voice Data.

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## *Clarify Guidance on DoD Certifications*

The Department of Defense must work with their contractors to provide better guidance and clarification on their required certifications. We understand that the DoD must require a certain level of compliance to ensure that their contractors are able to securely protect their critical data and information, however these certifications can be extremely restrictive to SMBs. For example, the DoD has been working on CMMC for years, requiring companies to spend large sums and resources to become compliant, but they have been uncommunicative about the rollout timeline and the details around the auditing process and other guidelines. Additionally, the Space Force has launched the Infrastructure Asset Pre-Approval Program (IA-Pre), a cybersecurity certification. When it was announced, the DoD made it sound like compliance was urgent and needed to be quick moving, however, there has not been much communication from them regarding IA-Pre. The DoD must ensure they are communicative with those who need to achieve compliance and keep them updated on all timelines and guidance changes.

Additionally, with the number of new certifications the DoD issues, they need to provide clarity on which certifications are the most important and streamline and combine these certifications whenever possible. Often the certifications achieve the same outcomes, and it is redundant to have companies constantly pour resources into complying with new certifications that mirror existing ones. At times it feels like the number of certifications contractors must obtain to do business with the DoD is not worth it, and numerous companies have left federal contracting for this reason. The DoD must examine their guidance and ensure that new certification guidance provides the same level of security without forcing contractors out of the market due to the onerous burdens it places on their companies.

## Canyon Aeroconnect

Canyon stands as one of the world's leading suppliers of avionic-standard aircraft communications, navigation and audio/intercom systems. Canyon's products have been widely adopted and proven in-service across a wide range of civilian, paramilitary and military fixed-wing and rotorcraft applications. Over the years, they have become known as the benchmark in aircraft tactical communication and audio equipment for Air Ambulance, Law Enforcement, SAR, EMS, Electronic News Gathering, Military and Marine applications.

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### *Pass an Appropriations Bill on Time*

Continuing to fund the government through Continuing Resolutions is preventing companies from receiving funding for projects and programs that they are working on. Not only is this detrimental for the companies who rely on these contracts, but it is also preventing our warfighters and frontliners from receiving the technology they need to successfully complete their missions. Going forward, Congress must keep this in mind and prioritize passing a full appropriations package on time in the fall.

Additionally, in the next appropriations package, we would like to see more transparency about defense programs being funded and would like them to include specifics and details about the timelines and length of these programs. Often this information is not clear and can burden businesses of all sizes who are working to see where and how they should allocate certain resources based on funding measures.

### *Address Issues Around the Procurement Process*

As a leading supplier of aircraft tactical communication and audio equipment we require microchips to produce most of our products. Unfortunately, we have run into issues procuring microchips because we are a small consumer in the grand scheme of microchip users. This is not an issue unique to our company, but an aerospace industry wide problem, including the largest aerospace manufacturers, because most microchips are going to auto companies and mass commercial technology producers. Not being able to secure the components we need for our equipment has cost us millions of dollars in past-due fees, due to uncontrollable circumstances. If we are unable to procure the microchips we need, then we will have to begin a costly major redesign process. Congress must work to address this issue to ensure that aerospace manufacturers are able to keep up with the demand to meet our country's national security and defense needs.

### *Clarify the Foreign Military Sales (FMS) Process*

There is currently a lack of clarity and information for companies who wish to participate in the FMS program. We have struggled with getting involved earlier enough to be able to participate in this process. We have also experienced problems of participating, but then running into hurdles where the foreign country requires in-country offsets, such as a factory. This especially burdens smaller companies who do not have the ability to stand up an overseas facility, as well as companies who are providing specific services and not direct products. We ask you to work with your colleagues in Congress and staff in the State Department to develop an FMS information hub, or something of a similar nature, for companies interested in participating in FMS. A resource like this would allow companies to learn more about getting involved with FMS and how their products can be included, as well as allow them to learn more about offsets, including foreign in-country requirements.

### *Streamline the Export Licensing Process*

The current Export Licensing process is slow, and the licensing agencies are not always consistent when they issue their licenses. This process is not only hurting the company exporting their products, but also the US and the country to which these products are being shipped to. Congress must work to streamline this process to ensure that US companies can take full advantage of selling products to our overseas allies without running into unnecessary bureaucratic roadblocks.

## General Dynamics Mission Systems

General Dynamics Mission Systems is a business unit of General Dynamics Corporation, focusing on integrating secure communication, information systems, and technology. General Dynamics Mission Systems has core manufacturing in secure communications networks, radios and satellite technology for





the defense, cyber, public safety, and intelligence communities. They provide smarter mission critical systems and products to defense, civil government, intelligence, and cybersecurity customers.

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### *Support Retrofitting and Replacement of Existing Technology*

The Administration must ensure that any legislation addressing microchips and semiconductors, such as the *CHIPS Act*, provides funding for repairing, retrofitting, and replacing older microchips that are already in the field.

Current funding endeavors focus on current and future technologies. This may not support the supply chain vulnerability already surrounding current designs on contracts and fielded materiel which rely on aging semiconductor technology. Aerospace and defense technologies require years of research and development and remain in use for decades once they are on the market. To promote U.S. onshoring and build resilience against future semiconductor shortages or disruptions, it is imperative that we begin looking at redesigning our technologies to be retrofit or replaced. This will pose a significant investment of time and costs, but better position the security of U.S. Defense Industrial Base against long term disruptions.

### *Reduce the Regulations on Small Businesses*

Around 60% of our suppliers are small businesses and we rely heavily on them to provide the components needed to fill our government contracts. Most prime contractors in the aerospace and defense industry prioritize fostering and supporting small businesses (SB). Over the last couple of years, due to a multitude of compounding factors (i.e., COVID, inflation, labor shortages, overhead costs), the number of small businesses capable of doing business with large prime contractors has diminished. Some regulations are putting further strain on SM owners and prompting SB to turn down the opportunity to work on a DOD sponsored contract. For example, evolving regulations associated with sustainability (e.g., ESG requirements) and cybersecurity (e.g., CMMC). Prime contractors, and larger subcontractors, can manage and adjust to these regulations through dedicated resources focused on regulatory issues, however most small businesses cannot afford the costs of resources needed to ensure DoD regulatory compliance. Typically, proposals and contracts require that the regulations placed on the prime contractors are flowed down to the small business contractors. Closer examination and consideration of regulation flow down requirements in relation to sub-tier suppliers and their class size may be warranted. These controls will ensure undue burdens are not passed down and encourage continued SB collaboration.

### *Secure the Supply Chain*

As a multinational company, we navigate a complex global supply chain. We serve the Defense Industrial Base (DIB) while working compliantly within all trade and acquisition regulations. In accordance with the international geopolitical climate, the U.S. government acts to protect the country's interests. The changes to the trade and acquisition regulations can have a ripple effect on the Aerospace and Defense Industry. Our supply chain environment includes thousands of suppliers across the globe. While we continually monitor our sources, changes to regulations require reviews and adjustments to ensure our continued compliance. It may further prompt removal of a supplier from our supply chain and a search for alternative sources. While it may be necessary to enact regulations with haste to promote



immediate security, early notification to the DIB partners would allow for a stronger preparation and adjustment period which would further reduce risk in the supply chain.

## IceMOS Technology

IceMOS Technology is focused on establishing itself as a best-in-class provider of cost effective/high performance Superjunction Power MOSFETs, MEMS solutions and Advanced Engineering Substrates. They have developed an innovative deep trench MEMS Superjunction High Voltage MOSFET that outperforms competing solutions with a much simpler, lower cost process. IceMOS is a global leader in the development and manufacture of high-quality MEMS product substrates as well as advanced engineering substrates based on our wafer bonding technology.

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### *Further Legislation that Encourages American Innovation and Technology*

We applaud Congress for the passage of the *CHIPS Act* and for prioritizing investment in the microelectronics industry. However, this legislation is clearly slanted in favor of large companies with superior investment resources at their disposal and gives little or no consideration to the smaller companies in the industry. The *CHIPS Act* requires companies to provide a great deal of upfront investment before they can be reimbursed through the Manufacturing Investment Tax Credit or other provisions under the *Act*. This is not a luxury that most small technology-driven companies have. Couple this with the fact that the projects funded under the *CHIPS Act* will be reviewed and judged on a “competitive basis”. The large company’s project proposal will always invest more dollars, require a bigger factory, and create more jobs, and will therefore always get approval ahead of a small company’s project proposal when compared side by side. While the legislation delivers opportunity for large companies, the small companies are left standing on the sidelines with little chance to participate. Small companies create jobs and develop innovative leading-edge technology. They are worth the country’s attention and support as a domestic source of innovation. The *CHIPS Act* reimburses large companies for making an investment (in the US) that they were likely planning to make anyway. The SBIR/STTR grant program helps small companies in the technology development phase, but those programs fall short of what is needed. More must be done through legislation aimed specifically at small technology driven companies in the microelectronics industry.

### *Support Workforce Development and Career Placement Infrastructure Funding*

Congress and the Administration continue to fuel the semiconductor and advanced manufacturing industries by supporting workforce development programs that produce trained qualified workers. Many of these positions require at least a four-year degree, while other positions may only require skills training, or a certificate gained through a community college or trade school program.

As the demand for these jobs continues to increase and the career pipeline is filled, attention must be given to the mechanism for connecting those individuals who have completed these programs with the companies interested in hiring them. Perhaps because of available resources, the four-year universities do a much better job of facilitating the “job seeker/potential employer” connection. But as mentioned earlier, not all positions require a four-year degree.



The trade schools and community colleges need to have the same resources and infrastructure in place to help those individuals with job placement after they have completed the program.

### *Simplify the Business Classification Process*

We urge the Administration to provide resources to support the process for companies to readily acquire certification for one of the 11 different SBA business status classifications.

Large government primes are often awarded contracts with a specific carveout for dollars to be spent with certified Small or Disadvantaged Businesses. Many of these large primes also have their own internal targets for procurement dollars to be spent with these businesses as a means of developing their supplier base. Unfortunately, the process for acquiring the appropriate business classification certifications is not happening fast enough because of the lack of support resources to help applicants navigate the system. In a time when supply chain security is a real concern, developing and nurturing Small and Disadvantaged Businesses as a domestic resource for government primes is a viable solution. In some cases, this is viewed as a matter of national security as well and should therefore be done with a sense of urgency.

### *Streamline the Small Business Administration Grants Application Process*

Each SBA grant application process varies with the government agencies administering the programs. This can be a very daunting task for a small business with limited resources that wishes to apply for funding with more than one agency. Unlike many large companies with an entire department of people dedicated to preparing and submitting proposals, learning to navigating the applications process for each government agency requires a significant investment of time and human resources just to submit the project proposal. The fact that not every proposal will result in a successfully awarded contract causes many small businesses to conclude that the resource investment required is not justified. They move on to other methods and means of funding their development project.

We are asking the Administration to work to create a common SBA grants application process and portal for submitting these applications. Certainly, there is no “one size fits all” solution that can be applied to every government agency because of their unique differences. However, there are steps that can be taken to streamline the application process through standardization. We believe this will make applying for these programs less intimidating, encourage more companies to apply, reduce the resources required to complete the application process, and increase the number of companies submitting proposals.

### **N-OVATE Solutions**

With over 20+ years of experience, N-Ovate Solutions provides system assessments, consulting, and other IT services to assist their clients with the ability to modernize and transform their IT environments to increase efficiency, scalability, and security within their network structure. N-Ovate Solutions specializes in providing thought leadership, project plans, operations management, and technology activations; while helping clients maximize strategic spending with innovative solutions, optimize operational cost, and secure, streamlined solutions to technology problems.

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### *Fund Penetration Testing and Cyber Warfare Protection for Police Departments*

As cybercrime against law enforcement agencies continues, police departments must be proactive and take steps to protect themselves from these malicious threats. We urge Congress to secure funding for state and local police departments to provide ongoing penetration testing and cyber warfare protection.

### *Modernize and Protect Critical Infrastructure*

The infrastructure of Arizona is the backbone of the state's economy and society. This critical infrastructure is defined as systems, facilities, and resources that are essential to the functioning of the state, including power plants, water supply systems, transportation networks, and communication systems. The modernization and protection of critical state infrastructure are essential for the state's economic development, national security, and the well-being of its citizens. Congress and the Administration must work together to prioritize funding and protecting our nation's critical infrastructure. Without proper funding or resources to update critical infrastructure, these systems are prone to both malicious cyberattacks and physical attacks.

### **Phoenix Defense**

Phoenix Defense is an agile provider of engineering, manufacturing, information technology, and logistics & supply chain services to the defense, aerospace, and industrial markets. Numerous suppliers and government customers worldwide count on Phoenix Defense as a go-to problem-solver that can successfully manage everything from simple legacy component manufacturing for nuclear and high-profile space programs to complex end-to-end solutions for simulation and training.

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### *Address the Impact of the Changes to Section 174 R&D Tax Credit Removal*

In 1954, Section 174 was enacted as part of the Internal Revenue Code, allowing companies to deduct Research and Development (R&E) expenses in the year they were incurred. Both large and small companies have relied on Section 174's full expenses as a significant cost recovery tool for research activities. However, the *Tax Cuts and Jobs Act of 2017* significantly altered Section 174, eliminating the ability to currently deduct R&D expenses. Beginning on December 31, 2021, R&D expenses now must be accrued and amortized over 5 years for domestic research. This change greatly affects companies in the technology and manufacturing industries, as well as small businesses who relied on Section 174 to subsidize their R&D expenses. We urge Congress to work to address this problem and retroactively restore R&D expenditures. There was hope that Congress was going to restore it as part of this year's *Consolidated Appropriations Act*, however it was left off the table. As we look ahead to the upcoming tax season, small businesses and companies working to develop state of the art technologies are going to face a significant, and unnecessary, tax burden.

### *Clarify the Definition for CMMC Requirements*

In November 2021, the DoD announced the creation of CMMC 2.0, making crucial changes to the original CMMC that was announced in January 2020. The DoD is currently announcing that the final CMMC 2.0 rule will be published in March 2023 and that by 2025 they will complete their roll out of CMMC 2.0 certification to all DoD contracts. However, the DoD has not done a good job of working with companies to explain how they will be able to recoup the costs they already put into preparing for



CMMC 1.0. As the requirements for CMMC change with the rollout of CMMC 2.0, the DoD must work with companies to provide an avenue for equitable adjustment for increased costs to account for the change in requirements.

#### *Examine the Subcontracting Practices of Prime Contractors*

We have noticed that on some major prime contracts (Presidential Aircraft, F35, etc.) the primes are not abiding by the spirit of their small business subcontracting plans. While the primes may be meeting their monetary goals, they are crushing small businesses with predatory and complex fixed price contracts and disregarding DoD guidance for relief on firm-fixed price contracts. The Administration must examine these practices to ensure that primes are working with their subcontracts within the spirit and framework of their submitted small business subcontracting plans. The issue at stake here is the secondary supply chain within the United States. All too often, the new articles indicate that the primes are awaiting their suppliers when in many cases, the reality is that the primes have made multiple engineering changes and thereby delayed and disrupted their small business subcontractors, in many cases without equitable adjustments to the subcontractors.

#### *Clarify Federal Policy for Legalized Marijuana within the States and its Impact on Security Clearances*

As of November 2022, 21 states, including Washington, DC, have legalized recreational marijuana use, while 38 states, including Washington, DC, have legalized medicinal marijuana-meaning that every year tens of millions of US citizens are able to legally smoke and use marijuana products. Although almost all states have legalized marijuana in some fashion, there is currently a lack of federal policy around this issue, especially when it comes to the DoD issuing security clearances to government employees and contractors. Under current Federal law, although past marijuana use does not automatically disqualify a candidate from receiving a security clearance, it greatly impacts their chances of receiving a clearance or upgrading it. Those currently using marijuana are not eligible for a cleared position. Unfortunately, these policies significantly reduce the hiring pool for federal contracts and make it difficult to find qualified candidates. Congress and the Administration must work to address this problem and bring federal policies in line with the laws enacted around the country. Last Congress, the Senate Intelligence Committee, as part of the *2023 Intelligence Authorization Act*, voted forward legislation that would prohibit the denial of a security clearance based on previous marijuana consumption. Legislation like this is a step in the right direction and must receive further bipartisan support in both Chambers.

#### *Small Business Graduation to Full and Open*

Currently established North American Industry Classification System (NAICS) small business prescriptions determine whether a company competes within the federal contracting system as a *small* business prime or as a *full and open* prime. For most NAICS, the small business standard is less than \$50M in five years average revenue. For many NAICS, that average is much lower. For example, some small business size standards are as low as \$14.5M annual revenue. After graduating above the NAICS prescribed small business revenue base, small companies are no longer allowed to compete as small companies. After graduating, they compete against the behemoth prime contractors that are overwhelmingly dominant in their ability to prepare complex proposals, offer broad past performance, etc. There is no gradual “graduation” or *mid-size* development point. A company that is small one day must compete against huge prime contractors the next day with no structure that supports mid-size company growth and development. This framework is eliminating many small businesses that must either sell their company (at a lower multiple because they have not competed and won full and open) or revert to a small status (realizing that they must wait for their revenue to trail off over a five-year averaged period). There should be consideration and immediate movement to establish a mid-size competitive range that allows



small companies to step from (for example) \$100M in annual (averaged) revenue to \$1B in annual averaged revenue. Opening this mid-size competitive range would allow small business primes to grow and compete through a manageable continuum. The benefit to the US Government is cost competitive (low indirect rates) mid-size prime contractors that are capable of performing work just as good as large business primes who are currently charging exorbitant indirect rates to the US Government for their oversized corporate infrastructures.

### *Support the Re-Use of Existing, Complex Simulation Software as a Requirement for Advancement to Next Generation Constructive Simulations*

As the US Army moves toward full deployment of the Synthetic Training Environment (STE) within the Constructive training domain there is an opportunity to leverage conceptual models developed over the past 20 years. These conceptual models are fully verified and validated through the US Army's Army Materiel Systems Analysis Activity (AMSAA) on programs like One Semi-Automated Force (OneSAF) and Joint Land Component Constructive Training Capability (JLCCTC). Careful consideration should be given to the notion of departing from these highly complex and AMSAA certified models within the STE Next Generation Constructive development. The best course of action would be to take the certified conceptual models (within the existing software constructs) and blend those within a cloud based Next Generation Constructive delivery mechanism. Department of the Army G3 and Army Futures Command should consider next steps carefully and do more to engage industry before 25 years of model development and supporting system architecture are abandoned for a less capable, uncertified constructive training system.

### **Red Mesa**

Red Mesa is a bespoke cyber & physical security consulting & intelligence firm that is a sought-after security partner for the F100, critical infrastructure, and financial institutions. They equip their clients with in-depth knowledge, assessments, testing, and intelligence to ensure their institutions are better protect and more self-reliance when it comes to cyber and physical security.

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### *Deregulate Security Provisions for Critical Infrastructure Utilities to Promote a Better National Security Posture*

In the last few months, attacks towards critical infrastructures have been thrust into the national spotlight. As a result, the immediate response has been to start pushing for specific types of protections for all utilities versus thinking about the individual needs of each infrastructure. As NERC reviews CIP-014 because of recent events and is required to make recommendations to FERC for improvement in the coming months, many utilities are concerned by the unintended effects new regulations may leave behind.

When considering rules and regulations surrounding critical infrastructure, the Administration must recognize that utilities are not a one-size-fits-all sector; rather, the field is composed of numerous entities that are each susceptible to different security threats. Rules and regulations that will be legislated later this year, will make it harder for companies to invest in defensive security measures specific to each utility's area(s) of need. Companies will be forced to reallocate funds to follow federal





requirements. As companies become responsible for financially covering changes required by these new rules and regulations, less money will be dedicated to forwarding the utilities' security posture. Regulations requiring companies to secure their utilities against specific types of attacks, will also prevent companies from innovating and pursuing more prudent security measures that are relevant to them and national security. As a result, our nation's overall security posture will fall behind. The Administration must roll back the red tape on oppressive regulations and allow companies to identify ways to increase their own security posture and resiliency while prioritizing innovation.

## Serastar Technologies

Serastar Technologies provides secure, global, ad-hoc, tactical communication technologies for both military and civilian use. Their innovative communications technologies meet the challenge and demand for high bandwidth real time video and data distribution for securely routing critical information to all echelons of command and control.

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### *Prioritize Innovation over Legacy Systems*

The government has created many programs to support small businesses, however in practice many of their actions are inconsistent with the rhetoric of advancing them. It is difficult for small businesses to do work with the federal government due to the lack of communication and the complicated contract bidding process. However, this issue is most noticeable when it comes to legacy systems, which tend to favor older and larger companies over smaller and newer companies. Prioritizing legacy systems and specifications impedes advancements in technology and often prevents small companies from having equal access to contract opportunities. As a result, many companies, such as ours, have found it easier to sell to foreign nations who are more supportive of innovation, a process which causes the US to lose out on cutting-edge technologies.

We urge you to work with the Administration to create a procurement system that prioritizes new innovative systems over outdated legacy systems. Contracts should be awarded to companies who can deliver the best product to support our national security, not to companies who simply have the money to spend on lobbyists.

## Sonoran Technology

Sonoran Technology and Professional Services is a certified Service Disabled Veteran Owned Small Business (SDVOSB) specializing in the aerospace and cyber security support industries. They are experts in delivering transformational aircrew training and flight operations support solutions. Sonoran has an exceptional past performance history and has earned national-level awards as a small business. The company is constantly looking for new technological methodologies and concepts to increase efficiency, improve results, minimize risks, and reduce costs to the warfighter.

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### *Streamline the Certification of Service-Disabled Veteran-Owned Small Businesses (SDVOSBs)*

Under provisions authorized in the 2021 NDAA, as of January 1, 2023, certification of SDVOSBs has been moved from the Department of Veterans Affairs (VA) to the Small Business Administration (SBA) and is now known as the Veteran Small Business Certification program. The transfer aimed to provide veterans with a central support point for their small business certification needs, however the local SBA offices may not be able to handle the influx of certifications. Previously, when the program was under the VA, certifications took around 3 months to be approved and companies were able to self-certify as an SDVOSB. The SBA has removed the self-certification provision and it is expected that certification could take between 6-12 months. To streamline the certification process, the SBA can fund more certifiers, which would cut down on the time it takes for companies to be approved for their certification. Additionally, SBA can merge certification of SDVOSBs with 8(a) certification for socially and economically disadvantaged businesses. The SDVOSBs certification lasts for 3 years, while 8(a) certification lasts for 9 years. Combining these certifications would allow for companies to spend less time working to certify their companies and more time working towards their business goals.

Streamlining the certification process will also be able to benefit states, since federal law requires 3% of government contracts must be set aside for SDVOSBs. By making the certification process easier for companies, more companies would be able to be certified as such and qualify for these contacts, which could translate to more contracts being won by Arizona SDVOSBs and provide more federal funds to the state.

### *Provide Clarification on the Cybersecurity Maturity Model Certification (CMMC)*

In November 2021, the DoD announced the creation of CMMC 2.0, making crucial changes to the original CMMC that was announced in January 2020. The DoD is currently announcing that the final CMMC 2.0 rule will be published in March 2023 and that by 2025 they will complete their roll out of CMMC 2.0 certification to all DoD contracts. In the meantime, the DoD must provide better guidance on CMMC level 1.0 certification and how companies can prepare for CMMC 2.0. We, along with many other companies, are concerned about the DoD releasing contact RFPs that require CMMC 2.0 certification before they have the infrastructure to ensure that contractors can become certified. We are suggesting that until CMMC 2.0 is finalized, DoD contacts should only require companies to be NIST 800-171 certified, as opposed to CMMC 1.0 certified. This will allow companies to prioritize ensuring they will be able to meet the criteria for CMMC 2.0 certification, without wasting funds and resources on a CMMC 1.0 certification that will soon become outdated.

### *Develop Regional Foreign Military Sales (FMS) Information Offices*

The State Department must work to make the FMS process as smooth as possible for companies that would like to participate. Unfortunately, the program is not organized to help companies navigate the FMS process and help them with any questions or concerns that arise during it. Companies are only able to have access to an FMS contact at the Department once they have won the contract. The only FMS office is in DC, and it is often difficult to contact a person there with questions, and there is not a designated FMS resource website that companies can turn to for information. We would like to see the State Department work to set up state or regional FMS Informational Offices around the country to better, and more directly, assist companies in the area navigate the FMS process.

Additionally, the State Department must work with companies interested in participating in the FMS program to better inform them what classifies as FMS. Many companies believe that this program only



applies to products, such as aircraft or missiles, but services, such as flight training or cybersecurity services, are also included as part of this program.

### *Reauthorize the Small Business Administration (SBA) Patriot Express Loan Program*

Launched in 2007, to expand upon funding the SBA already guaranteed for veteran business owners, Patriot Express loans allowed veterans and active-duty military personnel to gain faster access to capital for their businesses. The program provided small business loans in amounts up to \$500,000, and in its first four years it funded over \$663 million in loans to over 7,650 veterans to start or expand their small businesses. Unfortunately, the Patriot Express loan program expired in 2013 and has never been reauthorized. We are asking for Congress to reauthorize this program to provide much needed capital to veterans to launch their own businesses.

### Yellowbird

Yellowbird has over 20 years of experience in multiple industry sectors with a background in technology, finance, strategic business development, operations, risk management, and project planning. Their services include a comprehensive consultation to help identify IT gaps and business opportunities to support growth through providing a high-level of trusted advisement that a growing enterprise needs when making important technology decisions.

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### *Improve Occupational Safety and Health Administration (OSHA) Regulatory Compliance through Increasing Access to Consultants*

The purpose of OSHA is to ensure safe and healthy working conditions for workers through setting and enforcing standards. While companies are required to follow OSHA standards and policies, not all do, with OSHA issuing 1,181 citations, equaling over \$3.6 million in fines in FY2021. Companies not following OSHA standards put their employees in danger, especially those in high-risk jobs, such as those in the defense and advanced manufacturing industries. We believe that by increasing access to OSHA consultants, the Administration can improve their rates of regulatory compliance.

The purpose of OSHA consultants is to work with companies to identify workplace hazards, provide advice for compliance with OSHA standards, and assist in establishing and improving safety and health programs. OSHA currently provides consultations for companies through state agencies and university partners, however there is often only one consultation office per state and this program only focuses on small businesses. Congress can help improve the consultation process by allowing third party consultants to supplement the work OSHA consultants are doing, allowing more companies to benefit from these services. This process could be streamlined through the creation of an information hub or database where companies can find consultants in their area who have expertise in their industry.

Addressing regulatory compliance will not only benefit workers, but it could also ease the burden on the federal government by lowering the amount of funds they need to pay out through Workers' Compensation.

### Qi Solutions

QIS is a newly established supplier of quantum technology solutions and services to the government and defense industries. With a team of qualified and cleared staff, QIS delivers a range of solutions from



entropy quantum computing to quantum communications and sensing, backed by expertise in logistics, manufacturing, R&D and training. The company is exclusively focused on delivering tailored solutions for partners in various government departments and agencies.

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### *Increase the Country's Ability to Counter the Significant Adversarial Threat Against our Most Advanced Technology*

The US defense industrial base is under direct attack by organized and resourced foreign adversaries. Their state sponsored programs put them at a vast competitive advantage over private defense contractors in the US. The CHIPS Act helped to address some of this problem, but it only scratched the surface of what the US must do going forward.

The US willingly admits adversarial companies and entities into our academic and business collectives and, as a result, invite them to participate in developing technology used by and for our defense community. As a result, foreign adversaries operate within our legal framework while also gaining the system to pilfer the defense industry's most valuable IP, next generation technology, and use cases. These advisories then bring America's stolen innovations back to their home country and repackage it for their own use, which could shift the outcome of a direct conflict in favor of our adversaries. As a defense industrial community, we can't in good conscience willingly enable our adversaries to grow stronger through acquisition of advanced technologies, or worse through direct observation of how we are developing cutting edge applications.

Congress and the Administration must work with the nation's defense community to develop a system to better equip the industry with the ability to scrutinize for adversarial threats, recognize front companies, and exclude them based on adequate due diligence. This could be carried out through having the Administration enter into formal public private partnerships with the defense industry to devise a Counter Malign Activity program that provides both sectors with the resources they need to identify and overcome malign plans or activities from foreign advisories.

## Critical Infrastructure Priorities

### Arizona Public Service

Arizona Public Service (APS) generates clean, reliable, and affordable energy for 2.7 million Arizonans and is the state's largest and longest-serving energy provider. APS owns and operates the Palo Verde Generating Station in Maricopa County, which has been the nation's largest power producer, as well as the largest clean power producer, generating clean carbon free power for nearly 30 years. The plant is a critical asset to the Southwest, generating more than 32 million megawatt-hours annually – enough power for more than 4 million homes and businesses.

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### *Encourage Domestic Uranium Fuel Supplies*

Uranium is the most widely used fuel by nuclear power plants for nuclear fission. Currently, the US imports most of its uranium, with nuclear power plants purchasing the equivalent of about 46.74 million pounds of uranium in 2021. One of the countries the US relies most on for uranium is Russia, home to one of the world's largest uranium resources and enrichment capabilities, who we imported 14% of our uranium and 28% of all enriched uranium from in 2021. Our reliance on Russian uranium could soon be compromised with the US and the European Union threatening to put sanctions on Rosatom, a Russian nuclear energy company who exports uranium for use in nuclear reactors, due to suspicion of supplying the Russian arms industry.

As tensions in Russia continue to rise, we must begin to investigate ways to increase the domestic supply of uranium. It is estimated that the US only has one mine that can produce uranium and one operational processing plant for enriching uranium, which produces less than one third of our domestic need. Currently, there are no plans to develop additional plants or increase enrichment capacity. Without finding a way to increase our domestic supply of enriched uranium, the US runs the risk of not being able to operate its 52 nuclear power plants. As the US shifts to clean energy, nuclear power will play an increasingly critical role due to its reliable low-carbon emitting energy.

### **Southwest Gas**

Southwest Gas is a purchaser, distributor, and transporter of natural gas in portions of Arizona, California, and Nevada, serving over 2.1 million customers. Southwest Gas is the largest distributor of natural gas in Arizona and Nevada, serving large metropolitan areas including Phoenix, Tucson, and Las Vegas. They are responsible for supplying natural gas to both residential and commercial customers, including Arizona's military bases.

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### *Ensure that Energy Policies do not Hinder Arizona's Military and Defense Industry*

Arizona's military installations are some of the largest natural gas users in the state and their ability to access natural gas infrastructure helps contribute to energy resiliency. In 2019, [Fort Huachuca was recognized](#) for their installation of a 2-MW combined heat and power energy conservation measure that is powered by natural gas, their first step in the pursuit of a mission critical micro grid. Aerospace and defense companies in the state also rely on natural gas to create industrial heat to manufacture products like missile systems, optics, semi-conductors, avionics, electric vehicle batteries, and space systems. Any policies that aim to reduce access to and the availability of natural gas infrastructure will harm the ability for our military members to be mission ready and prevent mission critical projects from being developed. Additionally, such policies will impair Arizona's momentum in becoming a hub for advanced manufacturing and will impede the intent of legislation, such as the *CHIPS Act*, that aim to boost semi-conductor production, a growing area of investment in the state.

Natural gas also allows military installations and advanced manufacturing companies to keep their operating costs lower, with natural gas costing 3.4 times less than electricity. With Arizona's installations' large energy needs, there are significant overall energy cost savings associated with using natural gas rather than only electricity. Policies that would make natural gas infrastructure cost prohibitive and jeopardize customers' ability to use the product at all, would greatly harm Arizona's defense industry and tarnish our reputation as a defense friendly state.



### *Molecular Energy must be Included in the Transition to Carbon Neutrality*

As the country prioritizes the transition to carbon neutrality, Congress and the Administration must embrace clean molecular fuels as it has solar power and electric vehicles. The natural gas utility industry is aggressively pursuing the incorporation of clean fuels, like hydrogen and renewable natural gas (RNG), onto their systems to help reduce the carbon intensity of the energy they serve. In the last Congress the *Infrastructure Investment and Jobs Act* and the *Inflation Reduction Act* provided federal funding and favorable tax incentives to help the natural gas industry bring clean fuels to market, but more must be done. Molecular energy, including natural gas, RNG and hydrogen, will be necessary in the future for energy resiliency and in the production of critical products that support military preparedness. Energy strategies that aim to reduce investment in pipeline infrastructure will significantly limit the US's ability to deploy clean fuels in the future. We encourage Congress to work on creating national carbon reduction strategies that embrace innovation and protect energy options.

## Mining Priorities

### American Rare Earths

American Rare Earths is an exploration company focused on the development of its rare earth and scandium assets, which have the potential to be some of the largest rare earth deposits in the United States. The mission of American Rare Earths is to supply critical materials for renewable energy, green tech, electric vehicles, national security, and a carbon-reduced future. In March 2021, Western Rare Earths announced plans for a rare earths mining operation in La Paz County, Arizona, the first rare earths mine in Arizona and only the second in the county, which is currently estimated to open in 2026.

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### *Support Existing Programs and Legislation on Critical Minerals and Rare Earths*

During the 117<sup>th</sup> Congress, Senator Manchin introduced the Energy Independence and Security Act which aims to reform and streamline the energy and natural resources infrastructure permitting process, including mining and processing projects, so that America can achieve energy independence. The legislation sets a 2-year target for National Environmental Policy Act (NEPA) reviews for major energy and natural resource projects which require a full environmental impact statement and reviews from more than one federal agency and a 1-year target for projects which require an environmental assessment. Additionally, it designates a lead agency to coordinate project reviews and requires all involved agencies to work simultaneously on one project submission to ensure the project can be reviewed in the timeliest manner. Without these provisions, as well as others included in the legislation, it is impossible to establish a new mine in under 10 years.

Although it is unknown if Senator Manchin will reintroduce his legislation, we encourage Senator Sinema to support future legislation that will streamline the permitting process and support the domestic mining and production of critical minerals and rare earths. Congress must work to close the knowledge gap around why mining is important to both national security and reaching our country's green energy goals. In the last Congress there were numerous pieces of legislation that were either introduced or passed that required domestic provisions or green energy standards, but without legislation and programs to address mining these provisions cannot be achieved by the established deadlines.



### *Increase Government Funding for Mines and Processing Plants*

To meet the green energy goals set forth by the Administration and Congress, the country will have to double its current supply of rare earths in 10 years just to have enough to meet the demand for electric vehicles. Additionally, the US has set a goal of mining domestically by the end of 2023, but without proper funding this will not even come close to being achieved. To make sure that the industry can supply this demand, the complete supply chain, beginning with mines and processing must occur domestically instead of in China. It is very expensive to build mines and even more expensive to develop a processing plant next to one, as a result it is difficult for a mining company to finance both independently, particularly given the difficulty in finding early-stage investors willing to back big high-risk projects. To ensure these mines and associated processing plants can be built, the government must increase the amount of funds available for these projects. This could be done either through direct USG funding or via other available mechanisms such as revising the charter of the Export-Import Bank to allow, on a priority basis, the Bank to lend to domestic mining companies working to bring to market the mines necessary to provide strategic materials and clean, new processing. Such USG funding would likely make the private investment market more interested in providing funding as well. The USG has been responsive to addressing funding on the processing side but has been much less responsive to providing funding for the development of new mines, often due to ingrained bias against mining. Mining has come a long way in recent years, with many mines now focusing on using green technology and setting goals to be carbon neutral, and Congress must shed their biases against funding mines. Without funding both processing plants and mines, the US will never be able to reach the Administration's goals.

### *Streamline the Permitting Approval Process for Opening New Mines*

Due to the current permit process and restrictions, it takes between 9-12 years to open a new mine. There is only one mine for rare earths in the US, so currently, end-users are relying on foreign mines and processors to supply the defense industry's current need. However, we cannot solely rely on our allies for critical minerals. With current geopolitics making it increasingly harder to get certain minerals, countries are going to be more likely to hold onto their own mineral stockpiles. Legislation that addresses rare earths cannot be achieved until the process of opening new mines is expedited. Currently there is a disconnect between the vision of legislation calling for strategic independence and the timeline that it would take to accomplish the intended goals. Additionally, current restrictions coming out of the Department of Interior are making it harder to open projects on federal lands. The American industry is already a world leader in environmental, safety and governance matters, and works together with the USG to ensure full compliance with all operational and developmental standards. However, the Government must prioritize shortening and expediting the permit approval process to allow the industry to meet the government's expectations. Possible examples of this could be giving special consideration to specific elements that are vital to national defense or by streamlining permitting for projects that have less than 100 parts per million of thorium, or by prioritizing mines that are not radioactive, like the one Western Rare Earths is opening in La Paz County. As the US moves towards a greener economy, the government could also expedite permits for mines who work with environmental groups, such as The Initiative for Responsible Mining Assurance (IRMA), to ensure that mines are as green as possible and that they focus on using the best environmental and green tech practices.

## South32

South32 is a mining and metals company headquartered in Perth, Australia. In August 2018 they acquired Hermosa, a zinc-manganese project, in Patagonia, AZ, with first production expected to begin in 2027. Hermosa comprises the zinc-lead-silver Taylor sulfide deposit, the zinc-manganese-silver Clark





oxide deposit, and a land package with the potential for further polymetallic and copper mineralization. Hermosa will also include a processing plant to produce a battery grade manganese for the US battery market and a zinc-silver-lead concentrate that will be transported for processing, likely to be Mexico.

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### *Mining Permitting Reform*

The current mining permitting process is plagued with uncertainty and unpredictability. Of particular concern around permitting is the lack of interagency coordination, adding considerable time to the already long process. South32 has found that often the agencies involved in issuing the permit do not speak with one another, which undermines the point of having a lead agency. Additionally, once a decision is reached the agencies often sit on it without sharing their verdict with the mine immediately, creating even more uncertainty around the process. All these factors make it difficult for mine projects to attract foreign investors because of the lack of certainty in recouping costs if a permit is denied, or more likely they choose to go to a country that has a more streamlined, and clear, permitting process (Australia and Canada as two examples).

Any legislation to address permitting reform must include language that encourages agencies to streamline their approval process. Two agencies of note are the EPA and the USDA, who oversee parts of the process that are unnecessarily backlogged. One example is EPA's ever-changing definition of what is regulated under the Clean Water Act, specifically the definition of "navigable waters" or "Waters of the United States." Additionally, South32 has faced issues with the interpretation of Section 106 of the National Historic Preservation Act around consultation of impacts on historic properties. We have found that a consultation is rarely viewed as sufficient, adding risks to the timeline and the need for supplemental work.

Each agency plays a crucial part in the permitting process, and we are not asking for them to cut corners while reviewing applications, however there must be oversight to ensure that agencies can carry out their duties in a timely manner without adding unnecessary burden or scrutiny to the process.

### *Increase Domestic Refining of Base Metals*

Base metals, such as copper and zinc, are abundant in nature and are commonly used in advanced manufacturing, with many defense applications requiring them. Many base metals have unique properties which cannot be duplicated by other metals and are critical to our economy, however in the last few decades we have seen a decrease in the amount of domestic processing facilities. Currently, the United States only has two copper smelters, and this story repeats itself for numerous other minerals and metals we rely on. Refining in the US is cleaner and safer than most overseas processing and we must do our part to increase our processing capacity. As Congress and the Administration push for policies to onshore the domestic supply chain, they cannot leave domestic processing out of this conversation.

In the case of Hermosa, a zinc-manganese deposit, we will build and operate a processing plant to produce battery grade manganese product, which we are currently wholly reliant on China. Manganese is a key component of emerging battery technologies that are looking to displace cobalt, which have ethical sourcing issues. The US has not mined or processed manganese since the 1970s.





For the zinc, Hermosa will ship concentrate either from the Port of Guaymas in Mexico or, as is preferred, have it processed in Mexico and under USMCA rules have it serve the US market. This could be done by existing capacity with the two zinc smelters in Mexico or if demand is significant enough a greenfield smelter project can advance in the State of Sonora. There are currently no zinc lead smelters in the US.

### *Incentivize Processing of Byproducts*

Byproducts are the subsidiary minerals we obtain from the mining process. Previously, many mines left these minerals as waste because there was no demand for them or the technology to process them did not exist. However, in recent years technological advancements have made it easier to extract and process the byproducts for commercial use. Byproducts hold numerous opportunities for use and the government should play a key role in helping to bolster the production of them. An increase in processing could help ease supply chain shortages. As certain minerals become harder to obtain or become too expensive, companies will begin looking into replacement minerals. With an increase of minerals needed to reach green energy goals, this scenario will become ever more likely. To make sure that our economy is prepared for this, the government should incentivize companies for researching and developing processing methods for byproducts that are found in less volume but tend to have a high value. It is unlikely that there will ever be an indium, rhenium, or gallium mine, but these are by-products found in base metal deposits.

### *Support Resource Development at the County and Local Government Levels*

Mines are often located in rural areas, where local governments often become overwhelmed by the lack of resources, especially in communities who have not previously hosted large projects. Local governments and communities receive numerous benefits from hosting a mine, however these benefits mostly occur over the long term once the mine is operational, so governments need support in the short term so they can build up their infrastructure. In the community around our mine, we have invested to support and supplement local government resources and its infrastructure, so they are able to adequately provide the services we need to support the mine development. We urge Congress and the Administration to provide or direct existing funding and support for local governments in areas that host critical minerals projects needed for national security or the low-carbon future and will benefit from the economic development. Without proper support for our local communities and the utilities they provide to mines, our industry will not be able to reach the production goals our country needs.

### *Ensure the Implementation of the Inflation Reduction Act (IRA) Incentivizes the Establishment of Mining and Processing of Critical Minerals in the United States*

As the Administration interprets all the tax incentives and funding authorized through the IRA, they work to preserve the intent of the incentives Congress passed for incentivizing mining and the production of critical minerals.

## Education Priorities

### Arizona State University

The ASU Knowledge Enterprise advances research, innovation, strategic partnerships, entrepreneurship and international development at Arizona State University. The Knowledge Enterprise is a new model for the 21st century global research university — one that takes a transdisciplinary, solutions-focused and entrepreneurial approach in all of its activities. Building on a legacy of discovery in areas ranging from



space exploration to sustainability to human origins, ASU has become one of the fastest-growing research institutions in the United States.

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#### *Create a Mission Acceleration Center (MAC)*

ASU is asking for \$85,000,000 to be allocated in FY 2024 for the creation of a MAC. Each regional MAC will allocate funding based on their local needs and opportunities to leverage other existing programs and funding. ASU is currently working with Congress to establish a DoD MAC southwest regional pilot program in Tempe to launch an enduring military-civic innovation partnership based on industries of the future in collaboration with university, industry, and national security partners; that enhance regional and local economies dynamic capacity to accelerate technology and create an agile workforce for national security. The goal of the MAC is to create an interconnected and collaborative defense innovation network of Southwest entrepreneurs, venture capitalists, academics, and local and federal partners in support of the Department of Defense and regional economic development. This model builds on the success of ongoing local efforts and investment from the National Security Innovation Network (NSIN), Luke Air Force Base Spark Cell and Army Intelligence Center of Excellence to develop and accelerate dual-use startups. The MAC will expand the operating model, the breadth of the technology focus areas and establish the programmatic structure to operationalize innovation. This request also leverages an existing NSIN program with MAC locations in other regions of the country, such as the Pacific Northwest.

The MAC FY 2024 planned programs focus on three key areas: 1) Ongoing operation of MAC physical co-location sites in WA, HI, AZ, KS, OH; 2) Regional hub-and-spoke expansion of MAC presence into California, Montana, and West Virginia; 3) A discrete funding pool for government-to-government funding of mission partner unfunded or under-funded R&D aligned with priority gaps.

#### *Authorize a Joint Multi-Domain Non-Kinetic Environment*

Provide authorizing language in the FY 2024 NDAA to create a Joint Multi-Domain Non-Kinetic Environment, an innovation ecosystem that would accelerate military modernization through experimentation, developmental and operational testing, and training.

#### *Provide Funding for Range Visualization Tools*

Earmark \$1.25 million for range visualization tools. These tools combine an array of geographic and airspace map layers along with other pertinent data to inform local, regional, state, and federal stakeholders, and military installations to support the growth of Arizona's \$12B defense infrastructure.

#### *Establish an Electromagnetic Spectrum (EMS) Center of Excellence*

Appropriate \$75 million to establish an EMS Center of Excellence, a multi-state, joint service networked live-virtual training complex for the DoD. The network will integrate the training ranges by unifying live and virtual data to support multi-domain rapid experimentation, including efforts related to intelligence, cyberspace, electronic warfare, information warfare, and space effects which advance the state of research.



## Commercial Divers International

Commercial Divers International is the premier diving school in the United States. Located in Goodyear, Arizona, the school offers everything needed to compete for well-paid, always in-demand jobs. Their training program provides practical hands-on training, and the skills to be successful in the commercial diving and marine construction industry.

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### *Increase Opportunities for Transitioning Veterans*

One of the most significant challenges veterans face is how to translate their military career service into the civilian sector. Nearly one-third of veteran job seekers are underemployed, a 15.6% increase over non-veteran job seekers, with underemployment being especially prevalent in the first few years after veterans separate from the service. Currently, in Arizona, 50% of veterans are participating in the labor force, and 4.8% are unemployed, with the highest rates of unemployment found among the youngest veterans. The federal government must increase opportunities for transitioning veterans, to ensure that they are equipped with the skills they need to have fulfilling careers.

This can be done through creating more workforce development programs, or enhancing existing ones, focused on preparing veterans for the civilian workforce. These programs should inform veterans how they can translate their military service into a civilian career and provide services focused on retraining veterans for careers that can utilize the skills they learned while in the military. Additionally, there needs to be more clarity about how veterans can use their GI bill benefits. Many veterans believe that they can only use their benefits for a two- or four-year degree program, however they can be used for a much wider array of schools and trainings. Veterans can use their benefits to cover the cost Help veterans learn more about how to use GI bill-what they can use it for on-the-job training and apprenticeship programs, entrepreneurship training programs, and non-college degree programs and certifications- such as the program provided by Commercial Divers International.