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**DECEMBER 28, 2016**

## **Federal Defense Landscape for 2017**

Over the course of the next year, we are likely to see a new approach to the U.S. national security decision-making apparatus. While the Obama Administration often relied on an inner circle of key advisors to inform defense policy, President-Elect Trump has sketched out a cabinet that is heavy on military brass. It also remains to be seen how President Trump will work with the new, Republican-controlled Congress to make good on his campaign promises to increase federal defense spending and grow the size of U.S. Armed Forces, and how President Trump's trade policies may impact the competitive edge of the U.S. defense industrial base in foreign military sales (FMS).

### **Executive Branch Agenda**

While it may not be a comprehensive listing of all of President Trump's national security priorities, according to a December memo sent from the Trump Transition Team to the Office of the Secretary of Defense (OSD), President Trump's leading defense priorities include:

- 1) Developing a strategy to defeat/destroy the Islamic State of Iraq and the Levant (ISIL);
- 2) Building a strong defense (with an emphasis on eliminating Budget Control Act (BCA) spending caps and improving force strength, size, and readiness);
- 3) Developing a comprehensive U.S. Government cyber strategy; and
- 4) Finding greater efficiencies that will build on the progress made by the Office of the Deputy Secretary of Defense (DSD) under the Obama Administration.

Beyond these general themes, current Department of Defense (DOD) officials overseeing the political transition have indicated a high level of interest in briefings on current U.S. policies towards China and North Korea.

### **Key Trump Administration Political Appointees**

As of this writing, President Trump was still in the process of identifying nominees to serve in key appointed positions for each of the military services. However, it appears that President Trump may rely on cabinet officials with backgrounds in military service to compensate for his own lack of military experience. Additionally, President Trump's designation of Vice President Mike Pence to receive routine intelligence briefings traditionally prepared for the President could indicate a relatively larger

role for the Vice President in defense policy during the Trump Administration. National Security Advisor Lt. Gen. Michael Flynn is also expected to play a large role in advising President Trump on defense.

Expected to continue to receive considerable attention early in the New Year is the fact that President Trump's nominee for Secretary of Defense, Gen. James Mattis, will require a waiver to a provision in federal law stating Defense Secretaries must not have been on active duty in the previous seven years. Such an exemption has only been granted once before for Gen. George Marshall, appointed by President Harry Truman in 1950. The Continuing Resolution (CR) that passed in December included a provision seeking to expedite the waiver. Although some Democrats – notably Sen. Kirsten Gillibrand (D-NY) – have indicated she will not support the exemption for Mattis, the waiver legislation is ultimately expected to pass both the House and Senate. However, some believe this may lead Senate Democrats to press for a 60-vote threshold on Mattis' nomination, which could provide further insights into the Democratic strategy to resist confirmation of President Trump's national security team. The Senate Armed Services Committee is expected to hold a confirmation hearing for Mattis on January 12<sup>th</sup>, mark up waiver legislation on January 17<sup>th</sup>, and vote on his nomination on January 20<sup>th</sup>.

President Trump has also recently nominated Vincent Viola, a former Army infantry officer and current Virtu Financial Founder and Executive Chairman to serve as Secretary of the Army. Viola's private sector background serves as evidence that President Trump is likely to prioritize business and management, as well as to military experience, in additional picks for key roles at DOD. Throughout the transition, President Trump has been critical of the costs of large defense acquisition programs, such as Boeing's development of a new Air Force One and Lockheed Martin's deliveries on the F-35 program. While defense contractors and program managers have sought to increase President Trump's understanding of procurement costs, expect President Trump to continue to fill key roles at the DOD with candidates he feels will assist with streamlining and cost-cutting in defense acquisition.

Finally, a key appointment to the Trump national security team will be the individual who is ultimately selected to lead U.S. Cyber Command (CYBERCOM) and serve as Director of the National Security Agency (NSA). The FY17 National Defense Authorization Act (NDAA) included a provision to prohibit the Secretary of Defense from ending the "dual-hat arrangement" in which the CYBERCOM Commander also serves as NSA Director until the Secretary and the Chairman of the Joint Chiefs of Staff jointly. The Trump Administration will be tasked with carrying out these provisions. Current NSA Director Adm. Mike Rogers is rumored to be a top contender to serve as Director of National Intelligence (DNI).

### **Notable Congressional Committee Changes**

The Armed Services Committees have traditionally been viewed as among the most bipartisan in Congress. This is likely to continue to be the case in the 115<sup>th</sup> Congress, as it appears the ratios between the Republicans and the Democrats who will serve on the Armed Services Committees will remain fairly balanced. Further, the leadership of both the House and Senate authorizing committees will remain the same as in the 114<sup>th</sup> Congress, with Reps. Mac Thornberry (R-TX) and Adam Smith (D-WA) and Sens. John McCain (R-AZ) and Jack Reed (D-RI) at the helms.

Where there will be change, however, is at the top of the Defense Appropriations Subcommittee in the House. Rep. Hal Rogers (R-KY), who chaired the full Appropriations Committee in the 114<sup>th</sup> Congress, is seeking the Defense Subcommittee gavel as Republican rules on term limits limit his ability to continue to serve as Committee Chairman. Rep. Kay Granger (R-TX), who most recently chaired the Subcommittee on State, Foreign Operations, and Related Programs, also feels optimistic about her potential leadership of the Defense Subcommittee. Rep. Pete Visclosky (D-IN) will continue to serve as the top Defense Subcommittee Democrat. In the Senate, the Defense Appropriations Subcommittee are expected to continue to be led by Sens. Thad Cochran (R-MS) and Dick Durbin (D-IL).

Additionally, and in the most recent election cycles, the Congressional committees with jurisdiction over defense have also come to be viewed as a breeding ground for future presidential contenders in both parties looking to beef up their national security credentials. This phenomenon has already been evidenced by Sen. Elizabeth Warren's (D-MA) appointment to the Armed Services Committee and is

likely to impact additional committee assignments in the new Congress. While GOP leadership has yet to release a comprehensive list of committee assignments, we expect new Members with military experience – such as Sen. Todd Young (R-IN) – could ultimately be invited to serve on defense committees.

### **Potential Legislative Activity**

While there is likely to be a shift in the Executive Branch's approach to defense policy, this is unlikely to have an impact on Congress' ability to pass the annual NDAA, which has been signed into law the past 55 consecutive years. Because the NDAA is comprehensive in nature, it tends to become a vehicle for the bulk of legislative defense reforms.

There are a number of issues that are already primed for high visibility as part of the FY18 NDAA process. Throughout the year, the Armed Services Committees are likely to pursue collaboration with the Trump Administration to end defense sequestration. It remains to be seen, however, how such efforts might be tied to sequestration relief for non-defense programs. Additionally, expect close scrutiny over funding authorized for the Overseas Contingency Operations (OCO) account – especially given President Trump's nominee for Director of the Office of Management and Budget (OMB) Rep. Mick Mulvaney's (R-SC) criticism of the use of OCO to fund programs that should be financed as part of the base defense budget. The Armed Services Committees are also likely to focus on overseeing the new Administration's counterterrorism strategy, furthering defense acquisition reforms, and enhancing DOD cybersecurity posture.

Aside from the routine NDAA process, Congress is also likely to take up a supplemental defense budget request early in the New Year. In fact, House Armed Services Committee Chairman Mac Thornberry has said he expects the Trump Administration to file a supplemental defense spending bill "as soon as they get their feet on the ground." The Pentagon's supplemental request is expected to help fund procurement of additional ships and fighter aircraft – U.S. Navy combatants, F-18s, and F-35s – that were not authorized by the final compromise version of the FY17 NDAA.

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