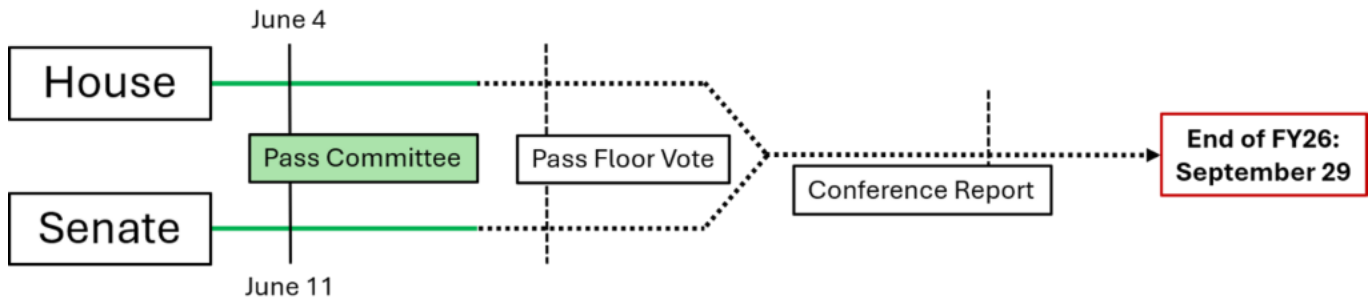


## FY27 NDAA Highlights: HASC Markup

This document highlights sections from the House Armed Services Committee (HASC) Markup of the Fiscal Year (FY) 2027 National Defense Authorization Act (NDAA) relevant to the Defense Industrial Base. The sections are categorized by the corresponding Strategic Pillars identified in NDIA's Vital Signs Report. Each item includes the source section and page.

### FY27 NDAA Timeline:



## Synergistic Partnerships, Novel Approaches, and Flexible Pathways

### Sec. 322: Increase of capital investment program threshold for working capital funds

Amends language concerning the threshold for investment in a facility for the capital investment program. (pg. 182)

### Sec. 801: Responsibilities and authorities of portfolio acquisition executives with respect to contractors

Grants portfolio acquisition executives authority to issue performance improvement notices to underperforming contractors, restructure contracts without prior approval, and recommend termination for cause, with any service acquisition executive override requiring written justification. Establishes a Department-wide contractor performance metrics framework and a "high performer preference" designation giving top-rated contractors a substantial confidence rating in future competitions. (pg. 595)

### Sec. 802: Ensuring best value in procurement

Codifies restrictions on Lowest Price Technically Acceptable (LPTA) source selection in both Title 10 and Title 41, limiting its use to cases with clearly defined minimum requirements and full life-cycle cost considerations, and barring it for IT, cybersecurity, and other knowledge-based professional services. Also replaces "lowest overall cost alternative" with "best value" as the government-wide procurement standard. (pg. 606)

### Sec. 803: Limitation on certain contract clauses for commercial products or commercial services

Prohibits the Department from including DFARS clauses substantially similar to existing FAR/DFARS commercial clauses on its authorized clause lists, and from inserting any clause into commercial contracts that isn't already on those lists. (pg. 612)

### Sec. 805: Reporting of price increases

Requires contractors report significant price increases and enables earlier government intervention and oversight of inflationary or unjustified pricing changes. (pg. 614)

### Sec. 804: Elimination of late cost and pricing data submission defense

Removes a contractor's defense that allowed late submission of cost/pricing data without penalties. (pg. 613)



**Sec. 806: Limitation on suspension of progress payments**

Limits the Department's ability to suspend contractor progress payments except under pre-defined conditions. (pg. 615)

**Sec. 808: Risk-based approach to monitoring contractor business systems**

Directs the Department to adopt a risk-based approach rather than uniform audits of all contractor systems. Focuses resources on high-risk contractors or systems while reducing unnecessary compliance burdens and repeals the predecessor FY11 contractor business systems improvement program. (pg. 625)

**Sec. 821: Modification to certain acquisition thresholds**

Raises multiple acquisition thresholds across Title 10 and Title 4, including the micro-purchase threshold (\$10,000 to \$25,000), simplified acquisition threshold (\$250,000 to \$500,000), and cost/pricing data thresholds (\$2M to \$10M for primes), and shifts the inflation adjustment cycle from 5 years to 3 years starting in 2028. (pg. 638)

**Sec. 822: Use of accrued interest by consortium managers**

Allows contracting officers to authorize OTA consortium management organizations to retain Treasury-bill interest earned on government advance payments to cover management costs, with excess interest returned to the Department. (pg. 644)

**Sec. 823: Amendment to Other Transaction Authority**

Broadens OTA prototype authority by replacing restrictive prior conditions with four alternative justifications—innovative business arrangements, novel products, accelerated capability delivery, or industrial base expansion—and directs officials to favorably weigh nontraditional contractor participation and cost-sharing. (pg. 647)

**Sec. 830: Consumption-based procurements and associated payments**

Permits advance payments for cloud and information and communications technology subscriptions and creates a new "consumption-based solutions" procurement subcategory for metered, fixed-price-unit services; extends the FY24 NDAA's Anything-as-a-Service pilot program through December 31, 2030. (pg. 680)

**Sec. 833: Transfer authority for rapid transition of other transaction authority prototypes**

Grants portfolio acquisition executives authority to transfer 10% of their RDT&E funds to Procurement accounts for OTA-developed capabilities that reached TRL 8 and are needed to address an operational requirement. (pg. 685)

**Sec. 872: Tailored acquisition pathways for non-traditional intermediate-range fires capabilities**

Requires the Army tailor existing acquisition pathways to accelerate development and procurement of non-traditional intermediate-range fires capabilities, including affordable one-way attack munitions designed for GPS-degraded environments, leveraging OTAs, rapid prototyping, and middle-tier authorities. (pg. 767)

**Sec. 874: Addressing the backlog of open cases related to the Defense Federal Acquisition Regulation Supplement**

Requires the establishment of a dedicated team of regulatory experts drawn from civilian personnel, highly qualified experts, or contractors to resolve the existing DFARS open case backlog. The team expires when the backlog is cleared or after three years. (pg. 774)

**Sec. 877: Expedited implementation of commercial acquisition reforms**

Requires interim guidance and class deviations and final DFARS regulations implementing the commercial acquisition reforms of Sections 1821–1828 of the FY26 NDAA. Up to 50% of OSD travel funds are withheld until interim instructions are issued. (pg. 780)

**Sec. 1816: Assessment of risk related to adversarial capital in the defense industrial base**

Requires the designation of an office within Industrial Base Policy with primary responsibility for tracing adversarial capital flows into the national technology and industrial base, issuing automated risk alerts upon detecting changes in corporate ownership or control, and corroborating risk indicators across at least two independent data sources before escalating. (pg. 1291)

**Sec. 1818: Report on the feasibility of requiring Bills of Materials for defense acquisition**

Requires a report on the feasibility of mandating software and hardware Bills of Materials across Department acquisition pathways, including the OTA pathway and Software Acquisition Pathway. The report must assess the value of Bills of Materials data for supply chain risk management and whether existing systems are adequate to house Bills of Materials information for in-service weapon system components. (pg. 1297)

**Sec. 1842: Comptroller General assessment on improving weapon systems and technology procurement**

Directs an assessment of how the Department can improve weapon system and technology procurement, evaluating acquisition workforce negotiating skills, contractor performance accountability mechanisms, data rights strategies, industrial base monitoring, and supply chain risk reduction effectiveness. (pg. 1315)

## Prioritizing Sufficient and Stable Budgets

**Sec. 809: Procurement of initial spares**

Requires contracting officers make a written determination that sufficient funds have been programmed for initial spares before awarding a post-Milestone C contract for a major defense acquisition program end item. (pg. 631)

**Sec. 1892: Major system cost growth oversight**

Shortens Nunn-McCurdy breach notification to 30 days after a triggering unit cost report, requires designation of individual end items exceeding \$500M in life-cycle costs within an MDAP as major subprograms for reporting purposes, and mandates that operations and support costs be tracked over the full program life cycle. In critical cost growth situations, the Secretary may not delegate the required continuation certification, and termination deliberations must now include structured options to maximize value from already-obligated funds. (pg. 1357)

**Sec. 1839: Multiyear procurement authority for certain munitions**

Authorizes multiyear procurement contracts of up to 7 years in FY27 for 13 priority munitions systems. (pg. 1305)

**Sec. 1840: Multiyear procurement authority for platforms and components systems**

Mirrors Section 1839 for 18 additional systems. Cost justification may be based on either anticipated savings or the need for industrial base stability—broadening the rationale beyond cost savings alone. (pg. 1309)

## Advancing DoD Digital Modernization and Transformation

**Sec. 824: Requirement for modular open system approach and modifications to rights in technical data**

Mandates MOSA and adjusts technical data rights to increase competition and interoperability. Directs greater openness in contracting solicitation and modifies technical data and IP rights to permit greater government access to drive competition and improve interoperability. (pg. 651)

**Sec. 861: Reform of technical data and software rights to support competition, sustainment, and readiness**

Establishes government purpose rights as the default for technical data and software delivered under Department contracts, shifting the burden to contractors to justify more restrictive rights claims; improperly marked critical readiness items are automatically deemed government purpose rights. (pg. 731)

**Sec. 862: Intellectual property ombudsman; voluntary expert mediation for certain intellectual property matters**

Establishes a senior IP Ombudsman to provide confidential, neutral guidance on contractor IP disputes. Establishes a voluntary expert mediation process through a 3-member panel that can recommend compelled data access for critical readiness needs in limited government-initiated cases. (pg. 735)

**Sec. 863: Expansion of reverse engineering authority for prototype projects**

Removes obsolescence-related constraints from authorizing reverse engineering for prototype projects. (pg. 753)

**Sec. 864: Clarifications to sustainment planning requirements for covered systems**

Requires life-cycle sustainment plans include an IP management plan securing maintenance and overhaul data rights before Milestone B. Requires solicitations for covered systems include sustainment-related technical data and license rights requirements. (pg. 754)

**Sec. 865: Software accountability improvements over lifecycles**

Requires a software sustainment framework for life-cycle sustainment plans. Directs product support managers and portfolio acquisition executives to maximize software-enabled and consumption-based solutions. (pg. 755)

**Sec. 866: Assessment of a pay-to-print program**

Requires assessment of additive manufacturing (“pay-to-print”) models. Evaluates feasibility for on-demand production and supply chain resilience. (pg. 757)

**Sec. 1507: Federal contractor vulnerability disclosure policy**

Requires a review of FAR requirements for contractor cybersecurity vulnerability disclosure. (pg. 1075)

**Sec. 1522: Requirement for guidance and prohibition on use of artificial intelligence of certain artificial intelligence companies**

Directs the creation of guidance in the identification of covered artificial intelligence companies and the process for exclusion and removal of artificial intelligence developed by such companies. (pg. 1084)

**Sec. 1834: Report and implementation of plan for advanced manufacturing for certain critical readiness items of supply**

Amends FY26 NDAA Sec. 1842 to require the submission of the advanced manufacturing plan for critical readiness supply items. A working group must develop solutions capable of ramping production within 24 months, and DLA must annotate the No Bid Solicitation List to flag critical readiness items. (pg. 1301)

**Sec. 1835: Additional guidance related to advanced manufacturing**

Amends the FY2026 NDAA's advanced manufacturing policy review guidance to add a new element: risk-based policies and best practices preventing the dissemination of information or capabilities that would enable China, Russia, Iran, or North Korea to influence U.S. parts production, along with a preference for secure domestic advanced manufacturing processes. (pg. 1302)

**Sec. 1836: Modifications to advanced manufacturing policy review and guidance**

Advances the Department's advanced manufacturing policy review guidance deadline to February 28, 2027, and adds new required methodologies for common part numbering system for advanced manufacturing materials and parts and for qualification testing of small-run critical parts. (pg. 1303)

## Small Business Interests

### **Sec. 829: Codification of program for negotiation of comprehensive small business subcontracting plans**

Converts the Department's comprehensive small business subcontracting plan program from a pilot test into permanent statute, available to all service acquisition executives and Defense Agency heads, with enhanced reporting on subcontracting goals and awards. (pg. 677)

### **Sec. 1871: Exception to contract price requirement relating to use of test and evaluation installations by commercial entities**

Amends 10 U.S.C. § 4175 to allow contracts with small businesses or nontraditional defense contractors (receiving \$50M or less in Department contracts) to include below-full-cost reimbursement provisions for use of Major Range and Test Facility Installations, provided the activities are certified to involve a promising low-TRL concept, offer significant long-term benefit to the Department, and will not displace existing programs of record. (pg. 1333)

### **Sec. 1872: Amendments to the procurement technical assistance cooperative agreement program**

Amends 10 U.S.C. § 4952 to designate PTAP assistance as "confidential" and raises cooperative agreement funding caps from \$1.5M to \$2M for standard agreements and \$750K to \$1M for small/rural organizations. Establishes a new Secretary-level waiver authority subject to 30-day Congressional notification. (pg. 1335)

### **Sec. 1873: Pilot program on digital engineering and advanced manufacturing to address no-bid solicitations**

Establishes a five-year DLA pilot program to identify critical readiness parts on the No Bid Solicitation List that have received no responsive offers for at least 18 months and match them with capable small businesses using digital engineering, additive manufacturing, or reverse engineering. (pg. 1336)

### **Sec. 1874: Pilot program to improve participation by small business concerns in certain Department of Defense contracts**

Establishes a pilot program increasing small business access to Department contracts in AI, cybersecurity, quantum technologies, autonomous systems, and related dual-use domains, using streamlined pathways including commercial solutions openings and simplified proposals coordinated with Department innovation organizations. (pg. 1340)

### **Sec. 1875: Guidance to ensure protection of covered information during covered preaward engagements**

Requires formal processes providing timely guidance to small businesses and nontraditional defense contractors on protecting classified, controlled unclassified, export-controlled, and other sensitive information during preaward engagements—including RFIs, broad agency announcements, and prototype discussions. (pg. 1341)

## Emerging Technologies and Domains

### **Sec. 251: Policy to guide the development and acquisition of quantum computing systems for the Department of Defense**

Requires policy guidance concerning the acquisition and development of quantum computing, with the establishment of a program for validating systems before acquisition by the Department and ensuring the development and acquisition of systems are consistent with the findings of the Quantum Benchmarking Initiative of the Defense Advanced Research Projects Agency. (pg. 146)

### **Sec. 834: Portfolio-based acquisition of autonomous capability**

Establishes an "Autonomy Integration Account" to accelerate software-enabled autonomous mission capabilities into unmanned systems, requiring Department-wide standards for GPS/comms-denied operation, MOSA compliance, and a preference for commercially validated solutions at TRL 7 or higher. (pg. 688)

## **Sec. 836: Requirements for certain unmanned surface vessels to be manufactured in the United States**

Requires the Navy prioritize Medium Unmanned Surface Vessel contract offers that assure domestic supply chains and U.S.-based manufacturing unless . Non-assuring offerors are eligible only upon certification that no domestic alternative exists. (pg. 697)

## **Sec. 1021: Requirements relating to unmanned surface vessels**

Requires the Navy deliver a report to Congress before the delivery of unmanned surface vessels, showing that the vessel has developed concepts of operation and concepts of employment in at least one of certain combat functions. Requires a strategy on the implementation of USVs in the future force design of the Navy. (pg. 820)

## **Sec. 1601: Reorganization of acquisition responsibilities of the Space Force**

Dissolves the Space Development Agency and absorbs its responsibilities into the Space Force under the portfolio acquisition executive for missile warning and tracking. Dissolves the Space Rapid Capabilities Office. (pg. 1100)

## **Sec. 1863: Reforms relating to Army organic industrial base**

Adds 10 U.S.C. § 2477 directing the modernization Army organic industrial base depots through an updated governance structure clarifying authorities between Army Materiel Command and the Assistant Secretary for Acquisition, Logistics, and Technology, and a new resourcing model aimed at reducing production costs and improving commercial competitiveness. Workload decreases exceeding 10% at any covered depot relative to five years prior are prohibited without 30-day advance Congressional notification. (pg. 1318)

## **Modernizing Defense Trade and Technology Cooperation**

### **Sec. 1234: Poland defense industrial cooperation program**

Directs the creation of a program to expand cooperation between the DIBs of the U.S. and Poland to reduce barriers to co-production and enhance bilateral cooperation. Directs the establishment of an annual industry roundtable with U.S. and Polish defense companies to improve cooperation and engagement. (pg. 1004)

### **Sec. 1817: Integration of demand for foreign military sales into industrial base planning**

Requires the incorporation of projected FMS demand into all industrial base assessments, munitions production plans, major program sustainment plans, and production rate decisions. (pg. 1296)

## **Restoring Industrial Readiness Powerhouses**

### **Sec. 131: Limitation on construction of Battleship pending certification on technology readiness levels**

Requires the Navy to certify that the weapon systems planned for the lead ship in the Battleship program are at a sufficient mature technology readiness level before entering a contract for construction. (pg. 50)

### **Sec. 323: Establishment of Civil Reserve Industrial Base**

Creates a program to enhance the responsiveness of sustainment and repair facilities for military operations by leveraging covered commercial facilities to ensure availability of logistics and surge capacity. (pg. 183)

### **Sec. 867: Prioritizing maintenance, repair, and overhaul for readiness**

Directs the Department conduct regular readiness assessments of major systems and correct deficiencies through root-cause analysis and corrective action plans. Prioritizes sustainment issues using existing contracts or alternative sourcing and use of IP tools to remove barriers to maintenance and readiness. (pg. 760)



**Sec. 1012: Requirement for procurement of components for naval vessels from manufacturers in national technology and industrial base**

Expands domestic sourcing requirements in shipbuilding to include auxiliary equipment, propulsion system components, and shipboard cranes. (pg. 800)

**Sec. 1016: Additional measures for Navy strategy for investment in and support for the maritime industrial base**

Adds measures to the Navy's maritime industrial base strategy concerning the submarine industrial base's capacity to support production of Columbia and Virginia-class submarines, determining the total cost of investments needed to enhance the surface ship industrial base, mechanisms for coordinating entities with the Department for the maritime industrial base, and conducting an analysis of the capacity for the Department to oversee investments into the maritime industrial base and where there may be capacity gaps. (pg. 809)

**Sec. 1018: Contracting reform for surface ship maintenance, repair, and overhaul**

Adds IDIQ contracts for the maintenance, repair, and overhaul for covered vessels for the life cycle of vessels. Requires a report prior to entering such a contract detailing the determination of covered vessels under such a contract, identification of part availability and supply chain capacity, assessment of facilities, a cost baseline, and identification of risks, and establish oversight mechanisms concerning contractor performance, schedule adherence, cost performance, effects on the industrial base, and effects on fleet readiness. (pg. 811)

**Sec. 1024: Pilot program on use of additive and advanced manufacturing to support naval shipbuilding**

Establishes a program to expand the use of additive and advanced manufacturing technologies to alleviate supply chain constraints, production delays, and part shortages. A pilot program will focus on three classes of vessels and prioritize components and parts that have demonstrated constraints. (pg. 829)

**Sec. 1026: Strategy for distributed shipbuilding**

Directs the Navy to create a strategy to increase distributed shipbuilding. (pg. 833)

**Sec. 1831: Clarification of eligible uses of Defense Industrial Base Fund**

Amends 10 U.S.C. § 4817(g)(1) to clarify that the Defense Industrial Base Fund may support private-sector drydock and ship repair infrastructure and new shipbuilding construction. Adds advanced microelectronics packaging—including substrates, interposers, and heterogeneous integration—as a new eligible category. (pg. 1298)

**Sec. 1837: Enhanced domestic content requirement for shipbuilding programs**

Eliminates the existing exception that allowed domestic content requirements to be waived during the active construction phase of a shipbuilding program, meaning domestic content mandates now apply throughout the entire lifecycle of covered shipbuilding programs without a construction-phase carveout. (pg. 1304)

**Sec. 1841: Managing and mitigating risks in major munitions programs**

Requires the Secretary to consider alternative designs and low-cost, mass-produced munitions when meeting requirements across major munitions programs. A qualifying low-cost alternative is producible at twice the current annual capacity and at least 25% lower unit cost than the existing munition. (pg. 1313)

**Sec. 1862: Authority to write off capital expenditures for certain depots of Department of Defense**

Adds 10 U.S.C. § 2471 authorizing the Department to write off depreciated costs or debts associated with capital at a covered depot that no longer generates revenue due to a government-directed mission change. (pg. 1317)



**Sec. 1865: Temporary authority for use of operation and maintenance funds to provide training for certain employees performing services or work funded by working-capital funds**

Grants the Department temporary authority to use operations and maintenance funds to pay training costs for prevailing rate employees whose work is otherwise funded through working-capital fund accounts. This closes a structural gap that had prevented O&M appropriations from covering depot-level worker training. (pg. 1324)

**Sec. 1866: Demonstration and prototyping program for qualification of organic industrial base as alternate source for manufacture of casts and forged components for legacy aircraft**

Establishes an Organic Industrial Base Qualification Program for Castings and Forgings for Legacy Aircraft to qualify government depots as alternate manufacturers of cast and forged components for legacy aircraft through accreditation, test article production, and limited reserve stock manufacturing. Required public-private partnerships with original aircraft manufacturers must support technical data analysis enactment. (pg. 1325)

**Sec. 1881: Skills-based requirements for Department of Defense contractor personnel.**

Adds 10 U.S.C. § 3245 to prohibit the Department from imposing minimum education degree requirements on contractor personnel unless the contracting officer provides written justification for why a degree requirement is necessary. Requires a DFARS revision that implements and encourages alternatives (skills assessments, work experience, and professional certifications). Section 813 of the FY2001 NDAA is repealed. (pg. 1345)

**Sec. 1883: Workforce development initiatives to support mining of critical minerals**

Requires the integration of mining industry workforce development into the Department's broader DIB workforce programs using existing DPA Title III and 10 U.S.C. § 4817 authorities, including grants to accredited mining schools, scholarships, apprenticeships, and industry-driven experiential learning aligned with defense critical mineral requirements, and an assessment of whether prime awardees of critical mineral production awards should be required to participate in mining workforce development. (pg. 1350)

**Sec. 3530: Enhancing United States maritime workforce**

Requires Presidential proposals to implement recommendations put forth in the Maritime Action Plan concerning the development of the maritime work force. (pg. 1525)

**Sec. 3531: Enhancing United States shipyards and shipbuilding**

Requires Presidential proposals to implement the recommendations of the Maritime Action Plan concerning the improvement of shipyards including blending federal and private resources for durable shipyards and simplifying requirements for programs providing assistance or financing for shipyards or shipbuilding. (pg. 1527)

**Sec. 3603: Assessment of the use of commercial best practices for Navy shipbuilding**

Requires an assessment of practices used in commercial maritime construction and repair to identify opportunities for their use in defense and advanced technologies that can improve fleet readiness. (pg. 1530)

**Sec. 3605: Assessment on maritime infrastructure readiness**

Requires a report on the resources needed to ensure readiness in infrastructure improvements to support domestic and foreign commerce. (pg. 1537)

**Reinforcing Resilient Supply Chains**

**Sec. 825: Modifications to requirements relating to long-term concessions agreements with certain retailers**

Narrows the waiver authority for long-term retail concessions agreements involving potentially adversary-linked retailers, requiring both a vital-welfare finding and a no-alternatives finding. (pg. 669)



**Sec. 871: Enhancement to defense supply chain resilience and secondary source qualification**

Streamlines and consolidates the approval authority for applications for Source Approval Requests by the manufacturer of record under section 865 of the FY25 NDAA. (pg. 765)

**Sec. 875: Limitation on availability of funds for purchase of photovoltaic cells, modules, or inverters from foreign entities of concern**

Prohibits FY27 funds from being used to contract for photovoltaic cells, modules, or inverters manufactured by a foreign entity of concern. A waiver is available only if no alternative exists, no national security risk is present, and Congress is notified in advance. Exemptions apply to third-party financing arrangements, assets enhancing combat capability one year post-enactment, and intelligence or electronic warfare testing purposes. (pg. 777)

**Sec. 1413: Critical minerals traceability pilot program**

Establishes a pilot program within DLA to develop and evaluate traceability systems for essential materials for the purpose of improving the ability to mobilize and allocate materials and improve Department-wide implementation of traceability requirements for defense-critical supply chains. (pg. 1047)

**Sec. 1801: Requirements for information relating to supply chain risk**

Amends 10 U.S.C. § 3252 to require supply chain risk-based procurement decisions include specific conclusions of the underlying risk assessment, evidence considered, and alternatives evaluated. Adds procedural protections for domestic sources and non-FOCI entities, requiring agency notification and 30 days for response before taking a covered procurement action—with an exception for imminent national security threats. (pg. 1187)

**Sec. 1804: Changes with respect to the Federal Acquisition Security Council**

Restructures the FASC under 41 U.S.C. § 1322 by relocating it within the Executive Office of the President, expanding membership to include dual representatives from DNI, DoD, DHS, DOJ, and Commerce, and establishing new defined terms—"source of concern," "covered source of concern," "recommended order," and "designated order"—that broaden the FASC's authority to act against foreign adversary-linked suppliers. Also expands the definition of "covered article" to include operational technology. (pg. 1221)

**Sec. 1805: Modifications to strategy to eliminate sourcing of computer displays from certain nations**

Adds binding certification milestones to the FY26 NDAA's existing computer display elimination strategy: the Secretary must certify to Congress by June 30, 2027 that implementation has begun, and by January 1, 2030 that the Department has fully eliminated reliance on covered nations for computer displays. (pg. 1254)

**Sec. 1810: Defense Supply Chain Intelligence and Risk Response Program**

Establishes a "Defense Supply Chain Intelligence and Risk Response Program" within Industrial Base Policy, using AI and advanced data analytics for multi-tier supply chain mapping, foreign entity identification, and disruption modeling across the defense industrial base. A common risk framework must be developed across the Department and contractors. (pg. 1269)

**Sec. 1811: Identification of supply chain dependencies**

Requires annual unclassified reports assessing the extent of biotechnology equipment and service supply chains in DoD transactions over \$10M that contain critical supply dependencies from covered foreign entities. (pg. 1275)

**Sec. 1812: Federal Acquisition Security Council exclusion orders for Chinese military company designees**

Requires a written referral to the FASC within 90 days of adding any entity to the Chinese Military Company (CMC) List, recommending a government-wide exclusion order. Removal from the CMC List does not automatically rescind an existing exclusion order, and existing CMC List entities without current exclusion orders must be referred within 90 days of enactment. (pg. 1278)

**Sec. 1813: Domestic preference in the procurement of professional services**

Requires DFARS revision to establish a preference for U.S. companies in procuring professional services, and requiring documentation of any decision to waive the preference. The preference does not override AbilityOne, Javits-Wagner-O'Day, or Small Business Act preferences. (pg. 1281)

**Sec. 1814: Prohibition on the use of Chinese-manufactured optical fiber by the Department of Defense**

Prohibits the Department from procuring optical fiber or cable produced by Chinese-government-controlled entities for use in Department networks or communications systems, with limited case-by-case waivers requiring Congressional notification. The Department must also formally recommend that the FASC evaluate Chinese optical fiber suppliers for potential exclusion orders to assess exposure. (pg. 1285)

## Critical Minerals and Materials

**Sec. 827: Acquisition thresholds for certain materials**

Establishes a \$250,000 small-purchase exception for specialty metals and critical materials sourcing restrictions, and a \$10,000 exception for printed circuit board restrictions, both with anti-splitting provisions and periodic Consumer Price Index-based adjustment authority. (pg. 672)

**Sec. 832: Preference for recycled strategic and critical materials**

Adds a sourcing preference tier for strategic and critical materials recovered from electronic waste recycling, alongside existing domestic and allied-nation production preferences. (pg. 684)

**Sec. 873: Pilot program for domestic antimony and copper production for defense applications**

Establishes a pilot program to recover antimony and copper as byproducts of domestic mineral production, including process evaluation, scale-up planning, and production of qualified antimony material. (pg. 772)

**Sec. 1802: Oversight of specialty metals procurements under exception relating to agreements with foreign governments**

Caps the value of specialty metals acquired under the foreign government reciprocal procurement exception at 30% of the Department's total specialty metal procurement in any fiscal year, with annual certification of compliance and a national security waiver subject to Congressional notification. (pg. 1193)

**Sec. 1803: Critical materials: tiered sourcing restrictions and requirements**

Rewrites 10 U.S.C. § 4872 to establish a tiered framework prohibiting the Department from procuring covered critical materials from adversary nations at any contract tier, with narrow exceptions for recycled materials and certain COTS items. A new supplier qualification process establishes domestic and allied-nation alternative sources, with department-wide recognition of qualification results and centralized recordkeeping. (pg. 1196)

**Sec. 1806: Extension of Comptroller General assessments and reports on compliance with procurement requirements relating to rare earth elements and strategic and critical materials**

Extends the sunset on Comptroller General compliance assessments of rare earth and critical material procurement requirements to twelve years after enactment of the FY27 NDAA. Also expands each assessment's scope to include any recommendations the Comptroller General considers appropriate. (pg. 1255)

**Sec. 1808: Analysis and report on sourcing of certain items**

Directs the analysis of sourcing options for approximately 30 categories of strategically critical items—including rare earth elements, semiconductors, printed circuit boards, magnets, tungsten, gallium, optical fiber, and graphene—and recommend actions such as sourcing restrictions, domestic investment, stockpiling, and recycling. Repeals FY21 NDAA's Section 849, consolidating these requirements. (pg. 1258)



**Sec. 1815: Report on primary aluminum sector industrial base assessment**

Directs the immediate transmission of DCMA's April 9, 2025, "Primary Aluminum Sector Industrial Base Assessment Report" and a briefing on U.S. aluminum production capacity, import reliance, results of the DLA's "Aluminum Wargame," extrusion capability gaps, and potential mitigation options. *(pg. 1289)*

**Sec. 1833: Development and application of alternative material sources**

Amends the Defense Modernization Account authority (10 U.S.C. § 3136(d)) to permit its use for developing alternative material sources through reverse engineering, re-engineering, and advanced manufacturing. Also amends life-cycle sustainment plan requirements (10 U.S.C. § 4324(b)(1)(C)) to mandate that these alternative methods be explicitly considered in each covered system's sustainment planning. *(pg. 1300)*