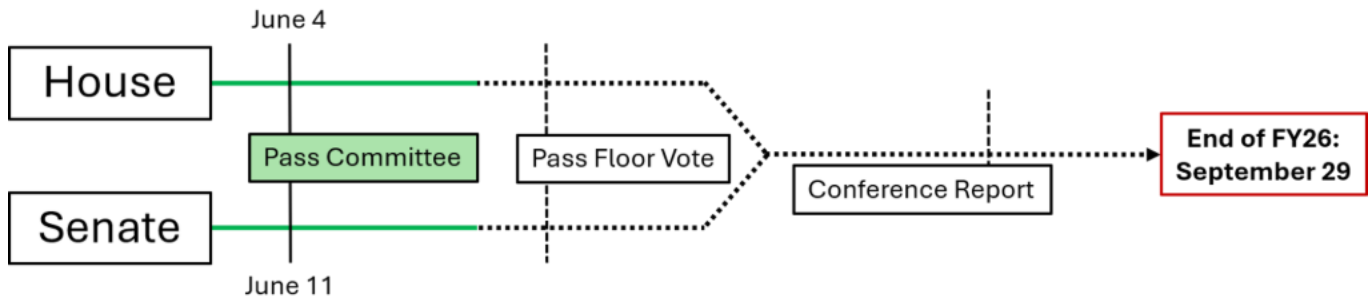


FY27 NDAA Highlights: SASC Markup

This document highlights sections from the Senate-passed version of the Fiscal Year (FY) 2027 National Defense Authorization Act (NDAA) relevant to the defense industrial base (DIB). The sections are categorized by the corresponding Strategic Pillars identified in NDIA's Vital Signs Report, or other categories. Each item includes the page number of where it is located within SASC's NDAA bill.

FY27 NDAA Timeline:



Synergistic Partnerships, Novel Approaches, and Flexible Pathways

Sec. 814: Limitations on the centralized commercial item capability

Limits centralized commercial item capability funds until the Department certifies it has fully implemented FY26 NDAA acquisition reforms, including in the DFARS, and issues stricter approval guidelines for non-commercial determinations for emerging technologies. (pg. 541)

Sec. 817: Other transaction authority reporting

Requires any project carried out by the Department using other transaction authority be reported in the same manner as other Department expenditures for inclusion in the searchable public website established by the Federal Funding Accountability and Transparency Act of 2006 (FFATA). (pg. 551)

Sec. 821: Reporting of price increases

Requires contractors to report major price increases to the Department for cost-plus contracts awarded without competition. Requires the Department to record contractor noncompliance in the Federal Awardee Performance and Integrity Information System (FAPIIS). (pg. 557)

Sec. 822: Late submission of cost and pricing data as invalid defense to contract price reductions for defective cost or pricing data

Establishes that cost and pricing data that is submitted late cannot be used as a defense against a government claim that the price was defective. (pg. 559)

Sec. 842: Assessing and addressing risk related to adversarial capital

Requires the designation of an office within Industrial Base Policy with primary responsibility for identifying, assessing, monitoring, and mitigating risks related to adversarial capital in the DIB. (pg. 581)



Sec. 873: Repeal of amendments providing for submission by subcontract offeror of recent price history in satisfaction of cost or pricing data requirements

Repeals an amendment that allowed subcontractors to satisfy cost and pricing data requirements with recent price history. Restores standard that subcontractors must provide full cost or pricing data when required. (pg. 622)

Sec. 902: Extension of pilot program on capital assistance of Office of Strategic Capital

Extends the capital assistance pilot program from ending in 2028 to 2038. (pg. 655)

Sec. 1054: Modifications to authorities of Industrial Base Fund

Limits the Industrial Base Fund from making equity investments. (pg. 805)

Prioritizing Sufficient and Stable Budgets

Sec. 803: Report on multiyear procurement

Requires the Department to submit an exhibit of eligible programs for multiyear procurements along with the President's annual budget request. (pg. 500)

Sec. 813: Limitations on certain missile contracts or other agreements

Tightens oversight of Department contract management by threatening to limit funds for major missile program contracts that include provisions allowing the Department to control how the contractor uses internal resources or manages personnel. Prohibits the Department from modifying contracts to help with cost overruns, delays, and performance problems. (pg. 538)

Sec. 1003: Expansion of requirements for submittal to Congress of reports and justification books

Strengthens congressional oversight through stricter requirements on the reporting of unfunded priorities of the services and the combatant commands. (pg. 732)

Advancing DoD Digital Modernization and Transformation

Sec. 802: Limitation on availability of funds pending report on and revisions of software acquisition pathway implementation

Limits the availability of funds of the Under Secretary for Acquisition and Sustainment pending a report on the implementation of the memo titled "Directing Modern Software Acquisition to Maximize Lethality". (pg. 499)

Sec. 804: Modifications to technical data rights

Amends 10 USC § 3771(b) to expand default government purpose rights to include detailed manufacturing and process data for the purposes of operations, maintenance, installation, and training under certain urgent and emergency conditions and requires contractors establish clear and convincing evidence for applying restrictive rights markings to technical data, computer software, and computer software documentation. (pg. 502)

Sec. 832: Expansion of reverse engineering authority for prototype projects

Expands use cases for using other transaction authority for reverse engineering projects. (pg. 563)

Sec. 1637: Ensuring competition in artificial intelligence procurement

Requires a competitive process for procurement of advanced computing systems, artificial intelligence, cloud computing, data infrastructure, or foundation models and a DFARS update ensuring government-furnished data is not disclosed without proper authorization. (pg. 1254)



Small Business Concerns

Sec. 862: APEX Accelerator funding

Increases funding for APEX Accelerators, providing technical procurement assistance to small businesses. (pg. 616)

Sec. 863: Test program for negotiation of comprehensive small business subcontracting plans

Extends a test program for negotiation of comprehensive small business subcontracting plans to 2037. (pg. 617)

Sec. 1626: Cybersecurity Maturity Model Certification assessment grants for small businesses and new entrants

Establishes a grant program for small businesses and new entrants to offset CMMC assessment costs. (pg. 1212)

Emerging Technologies and Domains

Sec. 837: Limitation on availability of funds pending information on the small unmanned aircraft system industrial base

Limits funds pending a report on the small unmanned aircraft system industrial base. (pg. 570)

Sec. 838: Energetics industrial base roadmap

Requires a roadmap for the future desired state for the energetics industrial base. (pg. 571)

Sec. 847: Promoting the United States drone industrial base

Expands the components covered by the FY20 NDAA's covered foreign country drone prohibition to include batteries, battery systems, motors, electronic speed controllers, and subcomponents and raw materials in covered systems sourced from covered foreign entities. (pg. 601)

Sec. 882: Prohibition for defense contractors providing sensitive information related to synthetic biology to foreign entities of concern

Prohibits any entity that works with the Department under a federally awarded vehicle from providing a digital sequence of synthetic DNA or RNA or other synthetic protein designed by humans or artificial intelligence systems to a foreign entity of concern. (pg. 640)

917: Establishment of United States Robotic and Autonomous Systems Command

Creates the United States Robotic and Autonomous Systems Command (RASCOM), a new Combatant Command for all functions relating to robotic and autonomous systems, including interoperability and operational employment through other combatant commands. (pg. 695)

Sec. 1044: Drone posture review

Requires a posture review of all unmanned systems, including gaps in capabilities and vulnerabilities. (pg. 781)

Sec. 1507: Acquisition of space-based tactical data capability

Maximizes the competition in the space industrial base by ensuring that space acquisitions employ procedures that maximize competition and ensures that space-based tactical data will be procured from open competition. (pg. 1096)



Sec. 1509: Flexibility for Department of Air Force to implement acquisition structure for optimal support of new portfolio acquisition executive system within Space Force

Repeals previous language to allow for reorganization of the Space Force acquisition entities for adherence to the new portfolio acquisition executive (PAE) system. (pg. 1102)

Sec. 1538: Improvements to air and missile defense acquisition

Requires an assessment and strategy to cooperate with specified foreign partners to integrate air and missile defense systems and implement an interceptor acquisition strategy. Entities that have not previously held a prime or subprime contract with the Department are prioritized. (pg. 1138)

Modernizing Defense Trade and Technology Cooperation

Sec. 811: Consolidation and rationalization of restrictions on procurement from certain foreign countries

Establishes a consolidated list of procurement restrictions on foreign entities. (pg. 524)

Sec. 820: Improving transparency of foreign influence on Department of Defense contractors

Lowers the threshold for foreign ownership, control, or influence (FOCI) reporting requirements from \$5M to \$500,000. (pg. 557)

Sec. 845: Report on the feasibility and advisability of establishing a strategic partnership on defense industrial priorities between the United States and Israel

Requires a report and a plan for a partnership between the U.S. and Israel to enhance market opportunities for U.S. and Israeli defense technology companies, among other purposes. (pg. 596)

Restoring Industrial Readiness Powerhouses

Sec. 801: Multi-year procurement for certain munitions

Authorizes multi-year procurement for certain critical munitions systems, including products, services, and logistics support associated critical to each missile system. (pg. 494)

Sec. 815: Limitations relating to capital distributions for defense contractors

Prohibits defense contractors from purchasing equity securities listed on a national securities exchange or paying dividends or any other capital distribution with respect to the equity securities of said contractor. Permits the Secretary to waive this limitation for contractors who agree to a defense investment plan, detailing contractor expenditures directly related to increasing production capacity or capability. (pg. 544)

Sec. 833: Competition requirement for certain munitions

Requires second sources for solid rocket motors (SRM) of certain munitions. Requires a briefing on Multi Year Procurement contract negotiations between the Department, critical munitions producers, and SRM providers; and the Department pursues to incentivize munitions subcontractors to maintain elevated production levels to meet overall munitions needs. (pg. 563)

Sec. 872: Limitation on availability of funds pending implementation of certain requirements relating to munitions

Limits funds pending a report on critical munitions stockpiles required to fight simultaneous conflicts in different theaters and a plan to implement critical munitions requirements to fight simultaneous conflicts in the next budget cycle. (pg. 621)



Sec. 1014: Development of industrial base for distributed submarine and surface vessel shipbuilding

Requires a Navy plan to expand cooperation with universities and educational institutions to scale workforce development to support distributed submarine and surface vessel shipbuilding. (pg. 745)

Sec. 1019: Construction of vessels in foreign shipyards

Allows the foreign construction of up to two covered class vessels in if concurrent investments in the domestic maritime industrial base ensure future vessels are built in the U.S. (pg. 754)

Reinforcing Resilient Supply Chains

Sec. 812: Requirements for information relating to supply chain risk

Clarifies that supply chain risk determination authority shall only be invoked to protect critical defense systems from adversary exploitation, not contract disputes. (pg. 535)

Sec. 831: Establishment of the Supply Chain Risk Management Integration Cell

Requires the establishment of a Supply Chain Risk Management Cell within the Office of the Assistant Secretary of Defense for Industrial Base Policy. (pg. 560)

Sec. 839: Supply chain, capability, and capacity study of high-demand items in the textile industrial base

Requires a federally funded research and development center assessment of the textile industrial base providing uniform items to the military services. (pg. 572)

Sec. 841: Cross-functional team for the textile industrial base

Requires a cross functional team for the textile industrial base and an ensuing pilot program to revitalize supply chains in the domestic textile industrial base. (pg. 579)

Sec. 843: Modifications to requirement for public reporting of Chinese military companies operating in the United States

Strengthens the Department's authority to designate Chinese Military Companies by expanding definitions related to ownership, control, military-civil fusion, defense-industrial support, and supplier relationships. (pg. 587)

Sec. 844: Amendments to requirements pertaining to printed circuit boards

Expands restrictions and sourcing requirements for printed circuit boards to cover key upstream materials, including copper clad laminate, copper foil, and glass fiber materials. (pg. 595)

Sec. 846: Prohibition on the use of Chinese-manufactured optical fiber by the Department of Defense

Prohibits the Department from procuring, obtaining, or using optical fiber and optical fiber cable that are produced, manufactured, or assembled by the People's Republic of China. (pg. 599)

Sec. 875: Enhancement of defense supply chain resilience and secondary source qualification

Creates an expedited source qualification process for non-critical defense parts, establishes qualification criteria and review timelines, authorizes expedited approval based on third-party engineering certification, and provides contracting incentives for manufacturers that deliver complete technical data packages with Government Purpose Rights. (pg. 623)

Sec. 880: Prohibition on modems or routers acquisitions involving entities owned or controlled by China

Prohibits the Department acquisition of modems or routers from China. (pg. 636)



Sec. 881: Prohibition on television acquisitions involving entities owned or controlled by China

Prohibits the Department acquisition of televisions from China. (pg. 638)

Sec. 883: Reporting on contractor operations related to China

Requires contractors performing on Major Defense Acquisition Programs to disclose the entity's operations related to China. (pg. 642)

Critical Minerals

Sec. 834: Analyses of certain activities for action to address sourcing and industrial capacity

Requires the review of boron carbide, copper foil, synthetic diamond, and silicon carbide to develop appropriate actions to maintain access to critical components and materials. (pg. 565)

Sec. 836. Report on domestic nonavailability determinations granted for critical materials

Requires a report on the issuance of domestic nonavailability determinations for strategic and critical materials. (pg. 569)

Sec. 848. Pilot program for domestic antimony and copper production for defense applications

Requires a pilot program supporting the recovery of antimony and copper as byproducts of mineral production in the U.S. (pg. 602)

Sec. 1051: Authority for equity investments by Office of Strategic Capital

Grants the Office of Strategic Capital the ability to make equity investments in matters concerning critical minerals, materials, chemicals, and batteries. (pg. 793)

Sec. 1091: Assessment of Department of Defense phosphate supply chain vulnerabilities; related land exchange authorization

Requires an assessment of the vulnerabilities in the Department's phosphate supply chain, including the reliance of the DIB on foreign-sourced phosphate and risks to national security posed by import dependence. (pg. 909)

Sec. 1411: Amendments to Strategic and Critical Materials Stock Piling Act

Amends language to place authority with the Secretary of Defense rather than the President. (pg. 1081)

Sec. 1412: Pilot program on public-private partnerships for recycling strategic and critical materials

Establishes a pilot program for the recycling of strategic and critical minerals, with recovery from end-of-life equipment, electronics, and other items that the Secretary deems appropriate. (pg. 1085)

Sec. 1413: Inclusion of recovery and recycling of strategic and critical materials in national emergency planning assumptions for National Defense Stockpile

Adds the recycling and recovery of critical materials to the national emergency planning needs for the National Defense Stockpile. (pg. 1088)