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**Ladies & Gentlemen,**  
Below please find this week's edition of *Executive Insight Brief* from The Roosevelt Group.

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# Executive Insight Brief

September 29, 2023

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Homeland Security - Transportation & Infrastructure - Biotech & Healthcare - Climate & Development

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## Notable Headlines

- [Kevin McCarthy Wins Three, Loses One in Late-Night Spending Votes](#)
- [House narrowly clears Pentagon funding bill after Ukraine aid carve-out](#)
- [Takeaways from the second Republican presidential debate](#)
- [Cardin may track Menendez on Saudi pact, Turkey F-16s as panel chair](#)
- [U.S., China Talks Gather Momentum, Paving Way for Xi-Biden Summit](#)

**Worth reading:** [Drones Everywhere: How the Technological Revolution on Ukraine Battlefields Is Reshaping Modern Warfare](#)

## View From The Hill



While the DC workweek began quietly in observance of Yom Kippur, lawmakers quickly set about a mad scramble to avert a government shutdown. With current federal funding [set](#) to expire once the clock strikes midnight on Saturday, disagreement remains amongst various factions of the House Republican Conference, as well as between the House and Senate, over what a Continuing Resolution (CR) should look like and where topline numbers for full annual funding bills should end up.

On the Senate side, Majority Leader Chuck Schumer (D-NY) [released](#) a short-term, stopgap funding bill that would keep the government running at current levels for 45 days with the endorsement of Senate Republican Leader Mitch McConnell (R-KY). The Senate CR would maintain U.S. support for Ukraine—a major sticking point with some Senate and

House Republicans and the source of Senator Rand Paul's (R-KY) objection for expedited consideration of the bill. In a last-ditch effort to broaden appeal for Senate conservatives and the House GOP, Appropriations Vice Chair Susan Collins (R-ME) has been [leading](#) ongoing discussions with Senators Tom Tillis (R-NC), Kyrsten Sinema (I-AZ) and Lindsey Graham (R-SC) on an amendment to the CR to bolster border security.

House Republicans continue to [struggle](#) internally on agreement for a CR strategy and passing annual appropriations bills. House GOP Leadership did finally muster enough votes to pass full-year funding for the Departments of Defense, State, and Homeland Security, though the Agriculture Appropriations bill went down amidst moderate Republican opposition to language restricting access to abortion medication. Despite warnings by Speaker McCarthy that a shutdown would be a political loser for Republicans by playing directly into President Biden's hands, several hardline conservatives in the House vowed against supporting any CR, drastically increasing the likelihood of a federal government shutdown. The result of Speaker McCarthy's efforts to [pass](#) a CR before the Senate will be known Friday when he attempts to put a GOP-led CR up for a vote before the weekend. Some moderate Republicans also continue to threaten to work directly with House Democrats and force a vote on a "clean" CR via a parliamentary maneuver known as a discharge petition. [Looming](#) over all of this is the increasing likelihood of a formal challenge to McCarthy's speakership by members of the House Freedom Caucus.

After last week's bombshell [indictment](#) of Senator Bob Menendez (D-NJ), his wife, and three business associates, the senior senator from New Jersey [pleaded](#) "not guilty" in federal court on Wednesday. Despite more than half of his Democratic colleagues in the Senate calling on him to resign, Menendez instead blamed the indictment—his second rendezvous with federal corruption charges—on systemic racism against him as a leading Latino leader in Congress and vowed to remain in office. That said, he did agree to step down from his position as chairman of the Senate Foreign Relations Committee. Federal investigators allege in bribery and corruption charges that Menendez improperly used his position to influence foreign military sales and benefit foreign governments, including the Egyptian government. Agents [documented](#) the discovery of hundreds of thousands of dollars in cash and gold bars, as well as a luxury car, at Menendez's home.

The first official hearing of House Republicans' impeachment inquiry [kicked](#) off this week. The hearing, led by House Oversight Committee Chairman James Comer (R-KY), was publicly ridiculed by Democrats as a sideshow and privately castigated by Republicans as an embarrassingly inadequate launch.

## Aerospace & Defense

[Romania, Czech Republic advance F-35 acquisition plans \(Defense News\)](#)

Romania's Ministry of National Defence has announced it aims to sign a letter of acceptance in 2024 to buy 32 F-35 Lightning II fighters in the program's first phase, and subsequently secure a further 16 aircraft. The purchase, whose value is estimated at \$6.5 billion, will be based upon a government-to-government-type contract, the Romanian ministry said. Meanwhile, Czech defense leaders said this week they had secured Cabinet approval to buy 24 F-35s. Czech Prime Minister Petr Fiala said the first fighters are expected to be ready in 2029, with deliveries to be completed in 2035.

### [Anduril to hone Ghost drone autonomy under contract with Air Force](#)

#### [U.S. Navy Plans To Compete Production Of HALO Missile \(Aviation Week\)](#)

Multiple companies could win production contracts to build the high-speed, anti-ship cruise missile now being pursued by the U.S. Navy. The Navy plans to select one company for the engineering and manufacturing development (EMD) contract for the Hypersonic Air-launched Offensive Anti-Surface Weapon (HALO) program. But Navy officials want the ability to award the contracts to build the design to other companies, said Rear Adm. Stephen Tedford, program executive officer for unmanned systems and weapons (PEO U&W) in Naval Air Systems Command. The Navy has not decided whether the competition will be managed at the all-up round level or with subcomponents.

### [Navy stands up 'Disruptive Capabilities Office'](#)

#### [Pentagon declares second Nunn-McCurdy cost breach for F-15 electronic warfare kit \(Breaking Defense\)](#)

A new electronic warfare kit for the Boeing F-15 fighter jet incurred its second "significant" cost breach due to a decision to slash its procurement, according to a new Defense Department report. The breach was triggered specifically by the Air Force's decision to cut its planned purchase of Eagle Passive Active Warning Survivability System (EPAWSS) kits from 217 to just 99 to go on F-15E fighter jets, matching a planned downsizing of the fleet. That 118-kit reduction resulted in what's known as a Nunn-McCurdy breach, as the per-unit cost of the kits jumped since their overall price, including R&D, will be spread over fewer units. The Air Force further plans to use the kits on the newer F-15EX, but the service reduced that buy as well from 144 to 104 jets, which the Pentagon report says also drove the EPAWSS acquisition unit cost growth.

## Budget & Appropriations

### [Senate advances shutdown-averting bill as GOP discusses changes \(Politico\)](#)

The Senate voted Thursday to advance its bipartisan stopgap spending bill, though GOP senators are actively discussing changes to make the measure more palatable for House Republicans. The upper chamber voted 76-22 to proceed on the stopgap. Before the vote, Senate Majority Leader Chuck Schumer said another key procedural vote could be held Saturday, "if not sooner." But without consent from all 100 senators, the timing would all but guarantee that a shutdown kicks in Sunday before the Senate can vote on final passage of the bill, which would extend government funding through Nov. 17.

### [How Painful Could a Shutdown Be? That's Up to Biden](#)

### [US aid to Egypt under new scrutiny after Menendez indictment \(Roll Call\)](#)

The Justice Department's allegations that Sen. Bob Menendez for years abused his position as the Democratic leader of the Senate Foreign Relations Committee to illicitly benefit the Egyptian government are putting heightened scrutiny on the circumstances surrounding recent U.S. actions taken toward Cairo. The DOJ has accused Menendez, D-N.J., and his wife, Nadine Menendez, of accepting hundreds of thousands of dollars in bribes from three New Jersey businessmen in exchange for the senator, with help from his wife, using his position from 2018 to 2022 to benefit the Egyptian government, including on foreign military financing and foreign military sales. Menendez, New Jersey's senior senator, relinquished his position as Senate Foreign Relations chairman last week and pleaded not guilty to the charges in court on Wednesday.

### [Freedom Caucus presses McCarthy for answers before supporting stopgap](#)

### [Exemption given for Navy to build nuclear sub in stopgap funding bill \(Defense News\)](#)

Congress intends to give the Pentagon a carveout in a short-term funding bill that will allow the Navy to begin construction on a new ballistic missile submarine. Without that exemption, service leaders have expressed concern that congressional budget dysfunction could otherwise push the program behind schedule and create a nuclear

deterrence gap in the years ahead. The Senate's bipartisan stopgap funding bill includes a rare exemption that would allow the Navy to start building the second Columbia-class submarine before Congress passes a full Pentagon budget for fiscal 2024. A rival stopgap funding bill introduced by House Republicans also includes the Columbia-class carveout. It's unclear when Congress will pass the exemption into law, as unrelated issues threaten to spark a government shutdown at the end of the week.

## Advanced Technologies

### [NSA chief announces new AI Security Center, 'focal point' for AI use by government, defense industry \(Breaking Defense\)](#)

The National Security Agency is establishing what its director called an "AI Security Center" within the agency's Cybersecurity Collaboration Center in order to consolidate all of its artificial intelligence security-related efforts, the agency's head said. The need for the new entity was born out of a study recently completed by the NSA, which found that the agency needed to focus on AI security as adversaries are moving quickly to exploit vulnerabilities in US and allied AI systems. The new AI center will be housed in the NSA's Cybersecurity Collaboration Center.

### [White House to issue 'broad' executive order addressing AI risks and standards](#)

### [Palantir wins \\$250 million US Army AI research contract \(Defense News\)](#)

The Army awarded Palantir Technologies a contract worth as much as \$250 million to research and experiment with artificial intelligence and machine learning. The arrangement, announced by the Department of Defense on Sept. 26, runs through 2026. Exactly where work will be done and from where funding will be pulled will be determined with each order, it said. Interest in AI and ML in the defense world has exploded in recent years, with military officials lauding their potential battlefield applications and industry matching the energy.

## [From parts to hypersonics, Pentagon sees 3D printing as 'game changer'](#)

### [Rogue Space Systems gets Air Force funds to advance in-orbit servicing tech \(SpaceNews\)](#)

Rogue Space Systems, a three-year-old startup with plans for a fleet of small in-orbit servicing spacecraft, announced more U.S. government funding Sept. 27 to develop core technologies. The U.S. Air Force's SpaceWERX technology accelerator awarded the Gilford, New Hampshire-based venture two contracts in July to advance work on a more universally compatible cubesat dispenser and a magnetic system for stabilizing tumbling space objects. The 15-month, Phase 2 contracts are worth \$3 million in total, bringing its total government funding to more than \$7 million.

## **Military Installations & Communities**

### [Biden officials take grilling from House lawmakers over Space Command decision \(The Hill\)](#)

Top Biden administration officials on Thursday struggled to fend off accusations and incendiary questions from House lawmakers who accused them of poor decision making and political bias in establishing a headquarters for U.S. Space Command. During a House Armed Services Committee (HASC) hearing, lawmakers pummeled Air Force Secretary Frank Kendall and Gen. James Dickinson, the head of Space Command, for what they said was an attempt to punish Alabama by refusing to house Space Command in the state for political reasons. The officials defended the decision to keep Space Command in Colorado Springs, Colo., instead of transferring it to Huntsville, as originally planned, arguing it would maintain military readiness.

## [Where does your state rank in defense spending?](#)

### [Deplorable Condition of Military Barracks Sparks Outrage, Calls for Change on Capitol Hill \(Military.com\)](#)

Lawmakers vented their frustration Wednesday after a government watchdog report

detailed squalid living conditions in military barracks that included overflowing sewage, rampant mold, bed bug infestations and squatters. In the first public hearing of the House Armed Services Committee's recently launched military quality-of-life panel, both Republican and Democrat lawmakers blasted the findings of last week's Government Accountability Office report on barracks conditions as "deplorable," "unacceptable" and "appalling."

### [Decades Later, Closed Military Bases Remain a Toxic Menace](#)

#### [Bill would ease federal loan forgiveness process for troops, vets \(Military Times\)](#)

Troops and veterans would be able to more easily access a key federal loan forgiveness program under bipartisan legislation introduced in the Senate on Wednesday. The proposal centers around the Public Service Loan Forgiveness initiative, which can erase thousands of dollars on certain federal student loans for individuals who work in some public service posts. Lawmakers said part of the problem has been the lack of data sharing agreements between the Education and Defense Departments, preventing the federal agencies from quickly and easily discerning eligibility for loan forgiveness.

## **Homeland Security**

#### [Split privacy board urges big changes to Section 702 surveillance law \(Washington Post\)](#)

A key government privacy panel is urging strict new limits on a controversial surveillance tool due to expire later this year — though in a sign of how contentious the issue has become, the panel split 3-2 on the issue, with the two dissenting members of the group calling the recommendations “deeply flawed.” The 19 recommendations urged by a majority of the panel, as well as the internal disagreement, only underscore the difficulties the FBI and other supporters of the Section 702 program are facing in getting the law reauthorized. Critics call Section 702 a Constitution-violating, privacy-invading overreaction to the Sept. 11, 2001, terrorist attacks. Supporters call the program a lifesaving and essential part of the government's electronic security blanket against terrorism and espionage.

## [OIG Tells DHS to Improve Annual Monitoring of Major Acquisition Programs](#)

### [DHS biometrics management dinged by watchdogs \(Nextgov\)](#)

The Department of Homeland Security is being chided by oversight officials for its management and privacy practices around the use of biometrics like facial recognition. The department's Office of the Inspector General issued a report stating that DHS lacks an up-to-date strategic plan for managing biometrics as well as a policy for collecting and using such data. DHS houses the government's largest repository of biometrics in its Office of Biometric Identity Management. It has been working to update its 1990's-era system — the Automated Biometric Identification System, or IDENT — for years, although the effort has been plagued by delays and cost overruns.

## [US, Japan warn of China-backed hackers lurking in networking gear](#)

### [Chinese hackers nab 60,000 emails in State Department breach \(Politico\)](#)

Hackers linked to the Chinese government stole around 60,000 emails from the unclassified inboxes of 10 State Department employees as part of a high-profile hack earlier this summer, according to a readout from a Senate staff briefing on Wednesday. The new details of the previously known hacking incident, which also impacted Commerce Secretary Gina Raimondo, are likely to only exacerbate concerns on Capitol Hill about Chinese hacking efforts, which have ramped up this year.

## **Transportation & Infrastructure**

### [Congress 'frozen' as lawmakers hurtle toward FAA lapse \(Politico\)](#)

It's not just a broader government shutdown. By Sunday, the aviation system could also have almost all of its funding cut off if Congress can't stop squabbling. It's a crucial moment for the Federal Aviation Administration, which is faced with a possible lapse in its statutory authorization for the first time since 2011, as well as a possible gap in funding if the entire federal government shuts down this weekend. The funding cliff comes as the

powerful agency has been without a Senate-confirmed leader since April 2022, at a time when near-misses have spiked and air travel has surged.

[FAA closes investigation into Blue Origin rocket failure, requires 21 'corrective actions'](#)

[Global MRO Spend To Reach \\$139B By 2033, Alton Report Says \(Aviation Week\)](#)

Global spending on maintenance, repair and overhaul (MRO) will rise from \$112 billion in 2023 to \$139 billion by 2033, growing 2.2% annually, according to a new report by Alton Aviation Consultancy. Several factors will contribute to an annual MRO demand growth that exceeds historical rates, including higher material cost escalation, labor cost inflation, fewer-than-expected retirements, and a faster-than-expected traffic recovery that results in higher aircraft utilization. However, given significant production cuts by aircraft original equipment manufacturers (OEMs) in the past three years, Alton predicts that long-term growth will not be uniform across MRO segments.

[Report: U.S. Offshore Wind Ports Will Need \\$36B in Financing](#)

[Senators Warner, Kaine announce \\$10 million toward infrastructure job training \(WAVY.com\)](#)

U.S. senators Mark Warner and Tim Kaine announced \$10 million in federal funding to expand access to job training in Richmond and the Hampton Roads regions, according to a release. The funding was awarded through the Building Pathways to Infrastructure Jobs Grant Program created by the U.S. Department of Labor's Employment and Training Administration. The program provides funding for public-private partnerships to create job training programs for infrastructure-related fields. The funding will be awarded as follows: \$5 million for the Hampton Roads Workforce Council in Norfolk, and \$5 million for the Virginia Community College System.

## **Biotechnology & Healthcare**

### [Lawmakers look at data privacy in post-Dobbs world \(Roll Call\)](#)

Hawaii Sen. Mazie Hirono and California Rep. Sara Jacobs are part of a coalition of Democrats hoping to overhaul current privacy laws to give consumers more agency over their personal data, including the right to delete their information. Together they introduced companion bills in the House and Senate that would limit the retention, collection and disclosure of personal reproductive and sexual health data by entities that are not covered by HIPAA — a privacy law that applies only to health care providers, health plans and health care clearinghouses. The measure would allow individuals to bring civil action against regulated entities for privacy violations.

### [How a shutdown would impact key health care programs](#)

### [Federal employees will pay 7.7% more toward health premiums in 2024 \(Federal News Network\)](#)

Participants in the Federal Employees Health Benefits (FEHB) Program will see another sizable increase in their insurance costs in 2024, although it's not quite as high as the previous year. Starting in January, federal employees and retirees will pay an average of 7.7% more toward their health premiums, according to data the Office of Personnel Management released Wednesday. The announcement of the new premium rates comes ahead of the planned start of Open Season, which will run this year from Nov. 13 to Dec. 11. During Open Season, FEHB participants can make changes to their health, dental and vision enrollments for the upcoming benefit year, which starts Jan. 1.

### [Peace Corps Sued Over Mental Health Policy](#)

### [Prescriptions for popular diabetes and weight-loss drugs soared, but access is limited for some patients \(CNN\)](#)

As prescriptions for Ozempic soar, the drug and others like it are still reaching only a fraction of the population who could benefit from taking them — and the limited supply is disproportionately reaching White patients. The US Food and Drug Administration has approved two injectable semaglutide medications, which mimic the body's GLP-1 hormone to help with insulin production and signal the brain to reduce appetite. Ozempic was approved in 2017 for treatment of type 2 diabetes, and Wegovy was approved in 2021 for treatment of obesity.

## Climate & Development

### [\\$67 Billion of Rare Minerals Is Buried Under One of the World's Biggest Carbon Sinks \(WSJ\)](#)

The pace of the global transition to electric power depends on the future of a remote region in Canada known as the Ring of Fire. Located underneath a distant, swampy expanse of spruce forests and meandering rivers in Northern Ontario that is cut off from major roads, the Ring of Fire is seen by industry and government officials as one of the world's most important untapped sources of nickel, copper and cobalt—metals essential for making the batteries that power electric vehicles. But the precious commodities are buried under a vast ecosystem of peat bogs, known by local groups as “the breathing lands,” that hold more carbon per square foot than even the Amazon rainforest.

### [4 things to watch in Biden's offshore oil plan](#)

### [Shutdown could hinder infrastructure projects, permits \(E&E News\)](#)

Concerns are mounting over impacts of a possible federal government shutdown on critical infrastructure projects and permitting activities. The White House has confirmed that certain permitting work overseen by EPA and the Department of the Interior would be impacted if a freeze were to go on for any meaningful period of time. Even if a shutdown is momentary, the preparation involved for the possibility of such an event can drain resources and time. If the government were to freeze operations for weeks to months, experts and advocates argue the situation could spur problems for both public health and the economy.

### [US warns green transition raises ‘complex’ China security concerns](#)

### [For US Energy Storage, Record Growth Is Still a Slog \(InsideClimate\)](#)

The United States added a record amount of energy storage in the second quarter, but industry is not in a mood to celebrate. The growth, while substantial, would have been much greater if not for the many delays brought on by parts shortages and other issues. Also, the growth was mainly in utility-scale storage, while there was a decrease in home-

based projects. The projects are running late for many reasons, including difficulty obtaining parts, long waits to get approvals to connect to the grid and the need to revise financing because of rising costs.

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## Next Week's Hearings

### Armed Services Committees

House: None listed

Senate: None listed

### Appropriations Committees

House: None listed

Senate: Wednesday, October 4, 2023, 10:00 AM EDT: [Closed briefing on U.S. assistance to Ukrainian air defenses](#)

### Homeland Security Committees

House: None listed

Senate: None listed

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