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To: Rick Dwyer
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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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The Roosevelt Group will pause the Executive Insight Brief next week for the Holiday Season and will return January 3, 2025.

Notable Headlines



- **Trump ramps up EU trade war threat unless bloc buys American oil and gas**
- **Biden carried out the highest level of deportations since 2014, new report says**
- **New US Space Force jammers aim to disrupt China's SATCOM signals**
- **FAA temporarily bans drones in parts of New Jersey, New York adds flight restrictions**
- **All aboard: High-Speed rail aims to win over reluctant Republicans**

View From The Hill



One of Washington's favorite holiday traditions took center stage this week: end-of-year drama over government funding. At the outset, Speaker Mike Johnson (R-LA) appeared poised to easily pass a Continuing Resolution (CR) through mid-March of next year. However, once the bill was released to lawmakers and the public, trouble began brewing over other provisions contained within the so-called "Christmas Tree" of a bill. While it was always expected the CR would include an extension of agriculture aid and disaster relief for hurricane impacted states in the southeast, Johnson added "ornaments" to gain democratic support in the form of a free trade provision for Haiti and a full federal funding to rebuild the collapsed Francis Scott Key Bridge in Baltimore. With a razor slim majority, Johnson knew he would need to depend on support from House Democrats to pass the bill out of the House, given that some House Republicans virtually always oppose stopgap spending measures.

The **anger** across the GOP Conference was immediate and spread like wildfire, with everyone from conservatives to moderates expressing frustration over various parts of both the bill itself and the process of putting it together. Then, much to the frustration of House leadership, Elon Musk came out strongly against the bill, setting off a wave of MAGA-fury at the measure, which also included a cost-of-living adjustment (pay increase) for lawmakers. The final nail in the coffin came when President-elect Trump and Vice President-elect Vance issued a joint statement **slamming** the CR and calling on Congress to raise the debt-ceiling before the end of the year—a previously undiscussed move. All of

this occurs within the speaker's tenuous hold on the gavel, which will require near-unanimous support across his conference, as well as Trump.

Sent scrambling back to the drawing board, the House GOP [unveiled](#) a new plan Thursday afternoon—with Trump's support—that included a two-year suspension of the debt limit, a CR through March, a one year extension of the current farm bill, and the original \$110 billion disaster aid package negotiated with House Democrats. Rep. Hakeem Jeffries (D-NY), House Democratic Leader, announced his caucus would not support the measure, calling the new effort “laughable.”

Johnson first put the bill on the floor for a vote under suspension of the rules, which would require a two-thirds majority to pass. However, that effort failed miserably due to opposition from all but two House Democrats and several dozen republicans voting against the measure. The strong opposition from so many of his own Members stopped the speaker from taking the bill to the Rules Committee, which, if passed under a rule, would require only a simple majority vote on the House floor. House GOP leadership was, again, forced back to the negotiating table with their own party colleagues, with some Members speculating that the route forward would include a “clean” CR with either a reduced or eliminated debt-ceiling suspension. Johnson is in a bind, and it remains unclear what he will be able to pass, if anything. But what will outgoing Senate Majority Leader Chuck Schumer (D-NY) do once the House sends something—anything—to the upper chamber? We aren't sure yet.

A government shut down is a near forgone conclusion unless Republicans are able to negotiate an outcome that gathers all Republican support or some Democratic support in the next several hours. That is unlikely leading to what will be a shutdown starting tomorrow. The length of the shutdown is unclear since Elon Musk and Donald Trump's actions have boxed in House Republican Leadership.

On the bright side, the Senate [granted](#) final passage to the annual *National Defense Authorization Act* this week, sending the important annual defense policy bill to President Biden's desk over objections from some democrats over transgender youth healthcare restrictions placed in the bill by the House GOP. Senators on both sides of the aisle are publicly [calling](#) to be allowed to view the FBI's vetting report on Defense Secretary nominee Pete Hegseth, something typically reserved only for the Chairman and Ranking Member of the relevant committee of jurisdiction. Hegseth has, of course, come under public scrutiny over allegations of sexual assault and mismanagement of veterans nonprofits with which he was previously affiliated.

After losing the contest to lead democrats on the House Oversight Committee, firebrand progressive Rep. Alexandria Ocasio Cortez (D-NY) received [encouragement](#) from an unlikely source—Donald Trump. Though her progressive brand of politics is often the source of vehement disagreement with her republican colleagues, AOC is widely known across Capitol Hill to have friendly professional relationships on both sides of the aisle. Former Speaker Nancy Pelosi (D-CA) suffered a broken hip after falling on some stairs while on a bipartisan congressional delegation in Luxembourg to commemorate the 80th anniversary of the Battle of the Bulge. She was given a hip replacement at the U.S. military hospital in Germany before returning home. Discussing the incident back in Washington, House Foreign Affairs Committee Chairman Michael McCaul (R-TX) said that after falling, the 84-year old Pelosi still managed—with his help—to pose for a photograph of the delegation before being taken for medical treatment. Said photo can be seen [here](#).

Pentagon News



On Wednesday, the Department of Defense released a [182-page report](#), as required by Congress, detailing China's military and security developments. The report includes both classified and declassified findings and highlights how China is strengthening its military in the context of the Great Power Competition. One key revelation is that Beijing spends 40% to 90% more on defense than it officially reports, with total estimated spending for 2024 reaching approximately \$330 billion. For comparison, the United States spent about \$1.99 trillion on national defense in FY24, maintaining its position as the world's top spender.

The report notes that China's publicly announced defense budget does not account for all its military expenditures, prompting analysts to use alternative methods to assess its total spending. A major focus of the report is China's rapid expansion of its nuclear stockpile. In the last year, the Pentagon estimates China has surpassed 600 operational nuclear warheads, with projections indicating this number will exceed 1,000 by 2030. As the report stops in 2030, many predict that the PRC will continue modernizing their nuclear forces after that.

China adheres to a "no first use" nuclear policy, pledging to use nuclear weapons only for defensive purposes to deter large-scale retaliation. However, the report highlights significant advancements in China's nuclear capabilities, including the development of more intercontinental ballistic missiles (ICBMs) with enhanced survivability. Additionally, there is evidence of China exploring a new type of conventional ICBM capable of reaching targets in Hawaii, Alaska, and the continental United States.

The report also details a rise in corruption within the People’s Liberation Army (PLA), along with China’s efforts to curtail that corruption. Xi Jinping has made stamping out corruption a focal point of his tenure, and the investigations last year resulted in the removal of 15 high-ranking military and defense industry leaders, including the PRC Defense Minister Li Shangfu. Based on the people and parts of the PLA that were affected, the corruption could relate to major military construction projects as well as research development and acquisition programs.

In DoD budget news, Air Force Secretary Frank Kendall said this week that the “[Air Force cannot pay for the Space Force](#)” and moving forward the Pentagon should fund the Space Force separately from the Air Force to ensure both receive sufficient budgets. If this does not occur the Air Force will be forced to split hairs every budget cycle across the future years defense program to pay for competing programs.

He continued saying, “I have made some moves there on the margins, but not dramatic ones. I think that needs to be considered in the context of the overall DoD budget.” While this may be the thought of Kendall, Congressional authorizers slashed the Space Force’s procurement budget by 11% in the FY2025 NDAA. If this cut is reflected in final appropriations, with the FY2025 budget still under consideration by Congress, it would limit progress the Space Force can make to absorb needed capabilities, including automation and artificial intelligence.

Kendall expressed these concerns to President-elect Trump’s transition team in a meeting this week and stressed the importance of creating a more established role for the Space Force. Kendall also said he and his team are leaving behind a draft budget for the incoming Trump team to start with, but stresses it ultimately will be up to them how defense funds are allocated.

Next Week's Hearings



Armed Services Committee:

House: NONE

Senate: NONE

Appropriations Committee:

House: NONE

Senate: NONE

Homeland Security Committee:

House: NONE

Senate: NONE



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