

# OMG: WHAT IF...?

## NDIA PROGRAM MANAGEMENT SYSTEMS COMMITTEE

ALAN CHVOTKIN, ESQ.  
EXECUTIVE VICE PRESIDENT AND  
COUNSEL  
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# The Politics of the Moment

- In the House, it's first and foremost all about my primary!
- Toxic environment for compromise within House and Senate (and between House and Senate) growing; jockeying for limited public relations advantage
- Number of departing House and Senate members (and the dreams of others) complicates grounds for compromise

# WHAT ABOUT THE DEFENSE BUDGET?

- FY 12 enacted at Budget Control Act [BCA] levels (including OCO funding); sequester triggered Jan 2, 2013 if not changed
- DoD already made significant program cuts
- President's FY 13 budget submitted at BCA levels with additional program cuts
- House-passed Budget Resolution reduces top line FY 13 BCA levels but increases DoD allocation; adopts plan for alternative to sequestration. House Appropriations Committee follows House budget resolution plan
- Senate Appropriations adheres to all BCA-passed levels; has no pending sequestration alternative
- President's advisors threaten veto if BCA deviations; FY 13 Continuing Resolution likely for most agencies through post-election period

# ARMED SERVICES COMMITTEES MARKUPS

- HASC subcommittees finished; full committee started
  - Top line authorization level at House Budget Resolution level; restores personnel, programs and O&M levels
  - No major acquisition policy provisions adopted at subcommittees; often offered at full committee
  - House rules may permit rapid passage of reported NDAA even with controversial levels and provisions
- SASC starts next week; Memorial Day is target to finish
  - Top line authorization likely at BCA levels; will likely follow President's budget and major program outlines for both hardware and services
  - No solid insight into specific acquisition policy provisions
  - Senate rules add to uncertainty of any Senate consideration of reported NDAA

# Other Key Legislative Actions

- Cybersecurity
  - House passed 4-bill package
  - Senate stalled on basic starting points
- Transparency
  - House passed DATA Act
  - House and Senate approve restrictions on conferences (GSA and others)
- Enhance small business contracting
- Greater use of suspension/debarment
- Role of Contractors
  - Contingency Contracting (McCaskill)
  - Executive Compensation
  - Commercial item definitions

# Key Regulatory Issues

- Counterfeit parts/supply chain visibility
- Compliance requirements
- Contractor Business Systems/DCAA issues
- Labor law compliance
- Contracting action limitations
  - Navy’s 4/4 “tripwire” memo
  - OMB’s Mythbusters II memo
- Conflicts of Interest (OCI and PCI)

# Some Other Issues To Watch

- “Incorporation by reference” requirements for regulations
- Fallout from GSA conference revelations – legislative or regulatory restrictions on government participation/attendance with industry
- Contracting for innovation/“value” or for LPTA

# What should companies do?

- Aggressively address internal costs across the enterprise
- Reaffirm your compliance posture (including in the supply chain)
- Refine “market” value propositions – identify key innovation and quality differentiators
- Know what you (and your competitors) have; past performance record is critical
- Proactively prepare for reductions and for change



# QUESTIONS?

Alan Chvotkin, Esq.

Executive Vice President and Counsel

(703) 875-8059

[chvotkin@pscouncil.org](mailto:chvotkin@pscouncil.org)

[www.pscouncil.org](http://www.pscouncil.org)