



## NDIA's Impact on the FY25 NDAA

The Fiscal Year 2025 National Defense Authorization Act (NDAA) authorized critical resources that support our warfighters, deters great power competitors, and makes investments and acquisition reforms towards building a more modern, diverse, and resilient U.S. defense industrial base (DIB). The FY2025 NDAA saw an increase in topline spending for DoD of \$8.5 billion, from \$841.4 billion in FY24 to \$849.9 billion in FY25, with increases in pay for servicemembers and additional investments in research and procurement with an eye towards near-peer conflicts. **This document highlights sections NDIA successfully advocated for or against in support of our membership and the larger U.S. DIB.**

### Restoring Industrial Powerhouses

#### *Provisions Included in the Final Legislation*

NDIA supported sections in both the House and Senate versions of the NDAA to modify the Truth in Negotiations Act (TINA) to reduce requirements, remove burdens, and shorten the procurement process and allow the government to reduce negotiation times for both primes and their subcontractors and suppliers. These sections, House sections 811 and 812, and Senate section 825, became sections 814, 815, and 863, respectively, in the conference version. These provisions extend commerciality, apply recent price history to TINA requirements, and extend a program that streamlines innovative acquisitions and projects.

NDIA also supported sections related to general contracting, in particular, Senate sections 821 and 822, which limited fixed-price contracts for low-rate initial production and allowed for appeals of unilateral definization, respectively. These sections were both included in the conference version as sections 802 and 803.

To lessen the burden of building infrastructure for handling classified information, NDIA supported House section 865 and Senate section 1547, which called for the creation of a pilot program for shared classified infrastructure for contractors. This was included in the signed version of the bill and allows for 'coworking' spaces so that smaller contractors are able to more competitively compete for classified work.

NDIA supported House section 312, which extended the prohibition passed in the FY24 NDAA on disclosure of greenhouse gas emissions. This section was included, sparing industry from the burdensome requirements to disclose greenhouse gas emissions.

NDIA also supported Senate section 1501 over House section 1604, which focused on the Space Contractor Responsibility Watchlist. While ultimately the House version was adopted, many of NDIA's concerns were addressed in the conference version.



### ***Provisions Excluded from the Final Legislation***

NDIA opposed House sections 809D and 813, which would have, respectively, created a review panel on contract pricing oversight and eliminated the late cost data submission defense. 809D would have led to additional bureaucratic interference in contracting and 813 would have placed an additional burden on contractors and did not conform with the complex reality of defense contracting.

NDIA opposed House section 227, which would have required disclosures for individuals performing R&D projects for the Department of Defense. This simply would have presented an additional burden for industry.

## **Resilient Supply Chains**

### ***Provisions Included in the Final Legislation***

To mitigate possible compliance risk, NDIA supported House section 847, which focused on providing incentives and tools for supply chain illumination. This section was included in the final text. Supply chain illumination will allow industry to make informed decisions and develop supplier relationships to shift away from adversarial-dominated supply chains in an intelligent and effective manner.

Additionally, while a prohibition on procuring semiconductors from companies that supply Huawei was included in the final text, additional time was granted for compliance, and a waiver process was created. This allows for industry to continue to support warfighter readiness while complying with DoD regulations.

### ***Provisions Excluded from the Final Legislation***

Other proposed supply chain restrictions, which would have placed significant burden on industry, particularly around “Buy American” provisions on strategic materials, were not included in the final text. While NDIA supports the spirit of these measures, additional time is required to ensure that supply chains are not disrupted at the expense of readiness and lethality.

## **Advancing DoD Digital Modernization and Transformation**

### ***Provisions Included in the Final Legislation***

NDIA supported House section 1522, which creates reciprocity in reviewed cloud systems and applications, cutting down on red tape and redundancy. This provision, which remained denoted as section 1522 in the conference version, reduced the timeline for reciprocal software standards by 90 days and added a reporting requirement to ensure that the provision is being acted upon.



***Provisions Excluded from the Final Legislation***

NDIA opposed Senate section 828, which would have required contractors to provide access to proprietary information and intellectual property (IP). This would have threatened the careful balance between DoD needs and industry's protection of IP.