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INSIGHT

Implementing the National Defense Industrial Strategy: Issues for Congress

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In January 2024, the Department of Defense (DOD) released its first-ever National Defense Industrial Strategy (NDIS), which identified and characterized four long-term priorities for the U.S. defense industrial base (DIB)—supply chain resilience, workforce readiness, flexible acquisition, and economic deterrence. It also discusses associated objectives, risks, and challenges (for a more detailed overview of the NDIS, see CRS Insight IN12310, *The 2024 National Defense Industrial Strategy: Issues for Congress*).

Since then, DOD has provided more information on its efforts to implement this strategy, including through the release of the unclassified NDIS Implementation Plan (NDIS-IP) in October 2024. Given Congress' role in resourcing, overseeing, and legislating for the defense industrial base, executive branch efforts to realize the NDIS raise several potential issues for congressional consideration.

DOD's Implementation Plan

The NDIS-IP constitutes DOD's most comprehensive articulation of its approach to NDIS implementation. The document "details the ongoing and planned actions taken by DOD to achieve the vision set forth in the NDIS and to address key challenges to the U.S. industrial base," and "prescribes the necessary steps to align future investments in industrial capacity and resilience across the Military Services and the Office of the Secretary of Defense." It also identifies certain attendant risks and mitigation measures (others will be characterized in a forthcoming classified annex).

Organizationally, the document is divided into two major parts: the first details six "cross-cutting implementation initiatives" intended to structure NDIS execution; the second describes broad investments in defense industrial capacity and resilience. Assistant Secretary of Defense for Industrial Base Policy (ASD (IBP)) Dr. Laura Taylor-Kale has stated that the NDIS-IP will be updated annually.

According to DOD, successful implementation depends on Departmental action as well as engagement from stakeholders in other parts of the federal government, the defense industry, and allied and partner nations. It would also require considerable resources—in the first part of the document, DOD assesses that at least $23 billion will be required to achieve the six implementation initiatives between fiscal year (FY) 2025 and FY2029 (see **Table 1)**, while in the second DOD identifies $38.4 billion of the FY2025

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President's Budget Request that would resource programs and investments supporting "immediate actions aligned to the NDIS" (see **Table 2**).

Implementation Initiatives

In the NDIS-IP, DOD identifies six implementation initiatives, with each initiative in turn relying on multiple lines of effort (LOEs) for its realization (see **Table 1**).

Table 1. NDIS-IP Implementation Initiatives

Estimated costs in millions of dollars

Implementation Initiative	LOE	Selected Objectives/Desired Outcomes	Responsible Organizations	Estimated Costs, FY2025-2029
Indo-Pacific Deterrence	Supplementing Key Munitions and Missiles	Increased critical munitions production, modernized Army depots, expansion of hypersonics vendor base	Department of the Army, OUSD (A&S)	$6,563
	Submarine Industrial Base	Increased operational availability, annual production of two *Virginia*-class SSNs and one *Columbia*-class SSBN	Department of the Navy	$9,327[a]
Production and Supply Chains	Assessing Supply Chain Risks and Vulnerabilities	Improved identification and prevention of sole-source dependence and foreign/insider threats, standardized security classification guidelines, improved tracking of military assets, reductions in qualification costs	Department of the Army, OUSD (A&S), OUSD (I&S)	$30
	Onshoring Critical Production Capacity	Improved policy on prohibited sourcing, increased domestic mining/processing of critical minerals, modernized infrastructure, workforce and process improvements	OUSD (P&R), OUSD (A&S), Department of the Army	None provided
	Industrial Cybersecurity	Adoption/refinement of Open Radio Access Network architecture, increased competitiveness of "5G industrial base," establishment of Cybersecurity Maturity Model Certification standards	DOD CIO, OUSD (R&E), OUSD (I&S)	None provided
	Adversarial Capital	Protection of defense-relevant small businesses from adversarial investments	OUSD (A&S), OUSD (R&E)	$36
	Stockpiling	Improved requirements planning for the National Defense Stockpile	OUSD (A&S)	None provided[b]
	Maritime Economic Deterrence	Protection of maritime supply chains from various threats	Department of the Navy	None provided
Allied and Partner Industrial Collaboration	Strengthening AUKUS	Increased cooperative activities, development of an Advanced Materials Critical Technology Area roadmap and strategy	OUSD (P), OUSD (I&S), OUSD (R&E)	None provided
	Co-development/ Co-production of Priority Systems	Broader industrial engagement with allies and partners (particularly Australia and the Nordic countries)	OUSD (A&S), OUSD (R&E)	$43

Implementation Initiative	LOE	Selected Objectives/Desired Outcomes	Responsible Organizations	Estimated Costs, FY2025-2029
	Facilitating International Industrial Collaboration	Reduced "bottlenecks" in the Foreign Military Sales process	OUSD (P), OUSD (A&S)	None provided
	Nuclear Modernization	Diversified supplier base with optimized manufacturing of reactive materials and safe handling of combustible metal powers	OUSD (R&E), OUSD (A&S), Department of the Air Force	None provided (classified)
Capabilities and Infrastructure Modernization	Organic Industrial Base	Enhanced machinery longevity and resilience, improved innovation, reduced maintenance costs and repair "downtime," increased productivity, lower long-term costs	Department of the Army, Department of the Air Force	$6,136
	Improving Maintenance, Repair, Overhaul, and Upgrade	Implementation of the Regional Sustainment Framework	OUSD (A&S)	None provided
	Replicator Initiative	Creation of a replicable process for fielding innovative capabilities in large quantities	Defense Innovation Unit, OUSD (R&E), OUSD (A&S)	$500[c]
New Capabilities Using Flexible Pathways	Rapid Defense Experimentation Reserve	Accelerated transition of joint systems/capabilities from prototypes to full production, improved alignment of experimentation with the Joint Warfighting Concept, and optimized use of innovation	OUSD (R&E)	$687
	Flexible Acquisition Pathways	Streamlined acquisition process	None provided	None provided
	Intellectual Property Coordination	Improved on-demand access to data (with necessary license rights), enhanced legal/regulatory authorities relating to intellectual property, adoption of modular open systems approaches	Defense Acquisition University, OUSD (A&S)	None provided
Intellectual Property and Data Analysis	Deliver Capabilities for Enterprise Business and Joint Warfighting Impact	"Culture of trust between government and industry, facilitated by interest-based approaches" to intellectual property, access to cross-functional resources/tools for intellectual property best practices	OUSD (A&S)	None provided
	Advance the Data, Analytics, and AI Ecosystem	Increased adoption of virtual modeling methodologies, increased adoption of open systems architecture, more draft legislation relating to acquisition reform	OUSD (A&S)	None provided
Total				$23,023

Source: DOD, NDIS-IP, October 2024, https://www.businessdefense.gov/docs/ndis/NDIS-Implementation-Plan-FY2025.pdf

Notes: OUSD (A&S)=Office of the Under Secretary of Defense for Acquisition and Sustainment; OUSD (I&S)=Office of the Under Secretary of Defense for Intelligence and Security; OUSD P&R=Office of the Under Secretary of Defense for Personnel and Readiness; OUSD (R&E)=Office of the Under Secretary of Defense for Research and Engineering; and OUSD (P)=Office of the Under Secretary of Defense for Policy.

a. Submarine industrial base costs do not include FY2029.

b. The NDIS-IP states that "$668k in additional annual funding for the board is anticipated, though this effort is still currently unfunded." DOD, NDIS-IP, p. 32.

c. Replicator total includes only funding requested in FY2025.

Capacity and Resilience Investments

Along with the six implementation initiatives described above, the NDIS-IP also provides an overview of what it characterizes as "programs and investments supporting immediate actions (in FY24 and FY25) aligned to the NDIS" (see **Table 2;** note that some programs and funding also appear in **Table 1**).

Table 2. DOD Investments in Defense Industrial Capacity and Resilience, FY2024-FY2025

in millions of dollars

Investment	Description	FY2024 (total enacted)	FY2025 (total requested)
Missiles and Munitions Production	Total program acquisition costs for missiles and munitions	$30,600	$29,800
Submarine Industrial Base (SIB) Investments	Funding that supports SIB-related supplier development, infrastructure development, workforce development, government oversight, and manufacturing technology improvements	$3,300	$4,000[a]
Title III of the Defense Production Act (DPA)	Statutory authority that allows the President to provide financial assistance and incentives to suppliers to expand defense-related production and supply	$919[b]	$393
Industrial Base Analysis and Sustainment (IBAS)	Program that invests in producing new capabilities and mitigating supply chain risks	$921	$1,099
Office of Strategic Capital (OSC)	Office that aims to "accelerate and scale private investment in critical supply chain technologies needed for national security," including through capital assistance	$80	$144
Rapid Integrated Scalable Enterprise (RISE)	Pilot program to assist small businesses in maturing technologies and facilitating insertion into acquisition programs[c]	-	$10
Accelerate the Procurement and Fielding of Innovative Technologies (APFIT)	Pilot program to fund small business and "non-traditional performer" projects' transition to operational use	$300	$400
Defense-wide Manufacturing Science and Technology (DMS&T)[d]	DOD-wide program to accelerate the transition of "innovation, inventions, scientific discoveries" into "equipment and capabilities" by improving manufacturing technology and processes	$885	$139
The Warstopper Program	Program managed by the Defense Logistics Agency (DLA) intended to "ensure the availability of DLA-managed consumable items where unavailability would hinder warfighting capabilities," including through the purchase of industrial equipment	$49[e]	$53
The Replicator Initiative	Defense Innovation Unit (DIU) program to accelerate the "delivery of innovative capabilities at speed and scale."	$500	$500

Investment	Description	FY2024 (total enacted)	FY2025 (total requested)
Chips/Microelectronics	DOD-led initiative to expand capacity and strengthen supply chain resilience for microelectronics via the Microelectronics Commons Program (which aims to accelerate microelectronics prototyping and transition) as well as Secure Enclave (which aims to bolster the domestic chip supply chain).	$1,900	$1,900
Total		$39,454[f]	$38,438[g]

Source: DOD, NDIS-IP, October 2024, https://www.businessdefense.gov/docs/ndis/NDIS-Implementation-Plan-FY2025.pdf. FY2024 and 2025 totals may be found in Figures 10 and 11 on p. 65, while individual investments are described on pp. 66-76.

Notes: Some of these investments are addressed in other CRS products, including: CRS In Focus IF11353, *Defense Primer: U.S. Precision-Guided Munitions*, CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, CRS Testimony TE10092, *Mission Critical: Restoring National Security as the Focus of Defense Production Act Reauthorization*, and CRS In Focus IF12611, *DOD Replicator Initiative: Background and Issues for Congress*.

a. This figure appears to be incorrectly cited as $3.3 billion in the NDIS-IP FY2025 PB Funding Request overview (NDIS-IP Figure 11).

b. This figure is cited as $929.1 million in the NDIS-IP FY2025 PB Funding Request overview (NDIS-IP Figure 11).

c. The RISE program is a successor to DOD's Rapid Innovation Fund (RIF).

d. Encompasses the Manufacturing Technology (ManTech) program and the Manufacturing Innovation Institutes (MIIs).

e. This figure appears to be incorrectly cited as $0.53 million in the NDIS-IP FY2025 PB Funding Request overview (NDIS-IP Figure 11).

f. Note that this total is approximately $30 million more than that provided for FY2024 in the NDIS-IP, a discrepancy attributable to the mistaken total for DPA Title III and Warstopper (refer to **Table Notes b** and **e** above).

g. Note that this total is approximately $700 million more than that provided for FY2025 in the NDIS-IP, a discrepancy attributable to the mistaken total for SIB investments (refer to **Table Note a** above).

Issues for Congress

Funding

As described above, DOD has provided partial estimates of the resources that may be necessary to successfully implement the NDIS: at least $23.02 billion over the next five fiscal years for the Implementation Initiatives, and $38.44 billion in this fiscal year for broader capacity and resilience investment. Some efforts appear in both of these figures—funding for the Replicator Initiative, for instance, is included both as part of an Implementation Initiative and as a capacity and resilience investment—although the precise extent of overlap is unclear. In addition, more than half of the Implementation Initiative LOEs lack associated cost estimates, meaning that the true costs may be significantly higher than the figure provided in the NDIS-IP. DOD has also stated that the NDIS and the NDIS-IP will not be fully reflected in the Department's budgeting until FY2026.

An issue for Congress is how much funding to provide for NDIS implementation, both in total and across particular appropriations titles and accounts. DOD has provided one potential blueprint, but Congress may consider whether other spending approaches might prove more effective in achieving NDIS objectives. Congress may also consider whether or not to require DOD to separately document its use of funds for NDIS implementation (for example, through a dedicated budget exhibit).

Authorities

In both the NDIS and the NDIS-IP, DOD has stated that new or modified authorities are necessary to accomplish its objectives. Although neither document provides specific proposals, the NDIS-IP identifies acquisition, industrial mobilization, and intellectual property rights as areas that may require statutory or regulatory changes.

An issue for Congress is which defense industrial authorities, if any, to create or modify. Congress may consider soliciting more detailed proposals from DOD, as well as more information on how the executive branch currently exercises its authorities. Congress may also consider directing or conducting its own assessments of the efficacy of major authorities such as the DPA, the Industrial Base Fund, multi-year procurement, and other transactions, as well as the provisions of the Federal Acquisition Regulation more generally.

Oversight

Given the importance of the defense industrial base to national security, Congress may choose to exercise dedicated and continuous oversight of executive branch implementation of the NDIS (for more information on the strategic role of the DIB, see CRS Report R47751, *The U.S. Defense Industrial Base: Background and Issues for Congress*). To inform its oversight activities, Congress may consider several potential questions for DOD, including:

- How is DOD incorporating the objectives and expectations of the NDIS and the NDIS-IP into its broader strategic and operational planning?
- How is DOD measuring the outcomes of NDIS-aligned actions and investments? How does DOD intend to provide the evidence it collects on this subject to Congress?
- Could intra-Departmental organizational or structural changes facilitate NDIS implementation? For example, are there issues coordinating NDIS actions among the military departments?

Author Information

Luke A. Nicastro
Analyst in U.S. Defense Infrastructure Policy

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