

Holland & Knight Defense Situation Report: January 2025

A monthly roundup of defense policy news

Welcome back to Holland & Knight's monthly defense news update. We are pleased to bring you the latest in defense policy, regulatory updates and other significant developments. If you would like additional information on anything in this report, please reach out to the authors or members of Holland & Knight's [National Security & Defense Industry Sector Group](#).

LEGISLATIVE UPDATES

NDAA Updates

As covered in the [December 2024 Holland & Knight Defense Situation Report](#), on Dec. 23, 2024, President Joe Biden signed the fiscal year (FY) 2025 National Defense Authorization Act (NDAA) into law under [H.R. 5009](#). Notably, the topline funding level included in the compromise FY 2025 NDAA for the U.S. Department of Defense (DOD) is \$883.7 billion. With additional national defense authorizations outside of House and Senate Armed Services Committees (HASC and SASC, respectively) jurisdiction and other adjustments, the total topline authorization level is \$895 billion. This is in line with the 1 percent increase limits set by the Fiscal Responsibility Act (FRA) and equals the levels authorized under the House-passed version of the FY 2025 NDAA. Negotiators instead rejected the SASC's topline funding level of \$923.2 billion, which would have exceeded the FRA caps by \$28 billion.

The FY 2025 NDAA follows similar themes from recent years, placing emphasis on the further development of software and innovative technologies, creating supply chain resilience, modernizing the country's domestic industrial base and putting quality of life for service members and their families at the center of the legislation. An overview of the text is included in the [November 2024 Holland & Knight Defense Situation Report](#).

Though it's always a feat to pass the annual NDAA, members of Congress will soon turn their attention toward the FY 2026 NDAA. The HASC is expected to announce that it will begin accepting requests from its members in the next couple of months and will likely close its internal request process before the first quarter of 2025 ends. As such, HASC members will soon begin soliciting requests from stakeholders who want to influence the FY 2026 bill.

Should you or your organization have any questions on FY 2026 NDAA requests, please reach out to your *Holland & Knight Defense Situation Report* authors.

Appropriations Updates

The House and Senate have yet to reconcile differences between their two proposed spending bills from the 118th Congress. The House Appropriations Committee approved a topline of \$833 billion for only DOD programs, in line with the FRA's 1 percent increase limit, while the Senate Appropriations Committee, then under a Democratic majority last Congress, approved \$852 billion for the DOD.

In September 2024, Congress passed a continuing resolution (CR), which extended the current year's funding through Dec. 20, 2024. Before the end of the year, Congress had to pass another CR or risk a

government shutdown. After various proposals, both chambers of Congress passed a second CR of FY 2024 funding ([H.R. 10545](#)), which will expire on March 14, 2025.

Congressional leaders in both chambers and both parties are currently working to pass the final FY 2025 appropriations before the current CR expires. Expect the topline defense spending limit to mirror that which was passed in the FY 2025 NDAA.

Though bipartisan support will have to arise to pass the FY 2025 appropriations bills, a possible homeland defense reconciliation bill could stymie negotiations. Under the reconciliation process – which is a special legislative tool that allows major changes in budget policy with only one party's votes in favor – reports indicate that Republicans would like to pass up to \$100 billion in additional defense spending. As a result, Democrats, who have traditionally been in favor of equal defense and nondefense spending, may not agree to pass the annual FY 2025 appropriations bills as easily.

Committee Leadership

The HASC will again be led by Chair Mike Rogers (R-Ala.) and Ranking Member Adam Smith (D-Wash.). On Jan. 17, 2025, Chair Rogers and Ranking Member Smith announced the subcommittee rosters for the 119th Congress in the HASC. In addition to the subcommittee rosters, they also announced that Reps. Rob Wittman (R-Va.) and Don Davis (D-N.C.) will serve as vice chair and vice ranking member, respectively. Leadership of the HASC subcommittees will be:

- **Subcommittee on Tactical Air and Land Forces** – Chair Rob Wittman and Ranking Member Donald Norcross (D-N.J.)
- **Subcommittee on Seapower and Projection Forces** – Chair Trent Kelly (R-Miss.), Ranking Member Joe Courtney (D-Conn.)
- **Subcommittee on Strategic Forces** – Chair Scott DesJarlais (R-Tenn.), Ranking Member Seth Moulton (D-Mass.)
- **Subcommittee on Readiness** – Chair Jack Bergman (R-Mich.), Ranking Member John Garamendi (D-Calif.)
- **Subcommittee on Cyber, Information Technologies, and Innovation** – Chair Don Bacon (R-Neb.), Ranking Member Ro Khanna (D-Calif.)
- **Subcommittee on Intelligence and Special Operations** – Chair Ronny Jackson (R-Texas), Ranking Member Jason Crow (D-Colo.)
- **Subcommittee on Military Personnel** – Chair Pat Fallon (R-Texas), Ranking Member Chrissy Houlahan (D-Pa.)

With Republicans having gained a majority in the Senate, Sens. Roger Wicker (R-Miss.) and Jack Reed (D-R.I.) will assume positions of chair and ranking member, respectively. On Jan. 24, 2025, Sens. Wicker and Reed announced their SASC subcommittee assignments, which are:

- **Subcommittee on Airland** – Chair Kevin Cramer (R-N.D.), Ranking Member Mark Kelly (D-Ariz.)
- **Subcommittee on Cybersecurity** – Chair Mike Rounds (R-S.D.), Ranking Member Jacky Rosen (D-Nev.)
- **Subcommittee on Emerging Threats and Capabilities** – Chair Joni Ernst (R-Iowa), Ranking Member Elissa Slotkin (D-Mich.)

- **Subcommittee on Personnel** – Chair Tommy Tuberville (R-Ala.), Ranking Member Elizabeth Warren (D-Mass.)
- **Subcommittee on Readiness and Management Support** – Chair Dan Sullivan (R-Alaska), Ranking Member Mazie Hirono (D-Hawaii)
- **Subcommittee on Seapower** – Chair Rick Scott (R-Fla.), Ranking Member Tim Kaine (D-Va.)
- **Subcommittee on Strategic Forces** – Chair Deb Fischer (R-Neb.), Ranking Member Angus King (I-Maine)

With regard to the House Appropriations Committee and Subcommittee on Defense, leadership will be unchanged from the 118th Congress. Reps. Tom Cole (R-Okla.) and Rosa DeLauro (D-Conn.) will continue as chair and ranking member of the full committee, respectively, and Reps. Ken Calvert (R-Calif) and Betty McCollum (D-Minn.) will continue as Defense Spending Panel chair and ranking member, respectively.

Finally, on the Senate Appropriations Committee, Sens. Susan Collins (R-Maine) and Patty Murray (D-Wash.) will become chair and vice chair, respectively, while Sens. Mitch McConnell (R-Ky.) and Chris Coons (D-Del.) will be Subcommittee on Defense chair and ranking member, respectively.

SASC Hearing on Innovation and Acquisition Reform

The SASC held a [hearing](#) on Jan. 28, 2025, to discuss the future of defense innovation and acquisition reform. Three witnesses were invited to testify, including the former Assistant Secretary of the Navy for Research, Development and Acquisition, and two witnesses representing the defense industry. Committee members asked the witnesses for their insights and advice on ways to improve the public-private partnership and increase the speed at which the DOD develops and deploys new technologies to warfighters.

Testimony primarily centered around the shortfalls of the current technology fielding structure and ways that Congress and the DOD can work together to empower defense companies. Witnesses gave insight into the decision-making process of program managers and stressed that the U.S. is vulnerable to supply chain disruptions due to misguided priorities that have shifted the acquisition process over the years. However, each witness agreed that despite a lack of domestic manufacturing capabilities, innovation and talent are not lacking among the U.S. defense industry.

Chair Wicker urged a change to "the way the Pentagon does business." He emphasized that the U.S. government must "allow money to move as fast as technologies and threats change," which has not been true in recent years, he argued. Ranking Member Reed agreed that "the system is too slow, too rigid, and too outdated to keep pace with the changing world" but was more cautious in his approach toward scaling down regulation. Other committee members asked questions regarding workforce initiatives, small business programs and existing DOD programs. Overall, participating members of the committee and the three witnesses agreed that DOD reform is needed in order to maintain deterrence against China and other adversaries.

SASC Holds Hearing to Consider Nomination of the Army Secretary

On Jan. 31, 2025, the SASC held a [hearing](#) to consider President Donald Trump's nomination of Daniel Driscoll to be Secretary of the Army. Discussion focused on how Mr. Driscoll would increase U.S. Army recruiting, bolster the Army's defense industrial base and position the Army to respond to the evolving

threat landscape. While expressing the need for the Army to modernize its equipment, some committee members and Mr. Driscoll shared their desire to eliminate wasteful spending while also acknowledging that the Army needs to be able to project into the future. As such, Mr. Driscoll suggested maintaining some incumbent technologies while also letting the Army decide what it needs for its warfighters into the future.

EXECUTIVE AND DEPARTMENTAL UPDATES

Pete Hegseth Confirmed as Secretary of Defense

On Jan. 24, 2025, Pete Hegseth was confirmed by the Senate to be Secretary of Defense by a vote of 51-50, with Vice President JD Vance breaking the tie. Shortly after his confirmation, Secretary Hegseth released a ["Message to the Force"](#) that highlighted his three operational priorities: restoring a warrior ethos, rebuilding the military and bolstering deterrence. In the post, Secretary Hegseth noted that he will "work with allies and partners to deter aggression in the Indo-Pacific by Communist China, as well as supporting the President's priority to end wars responsibly and reorient to key threats." He also reaffirmed his dedication to prioritizing a merit-based system, a topic that controlled much of the discussion during his confirmation hearing when he was questioned on social policies.

President Trump's Iron Dome Executive Order

On Jan. 27, 2025, President Trump signed [Executive Order \(EO\) 14186](#) instructing the Defense Secretary and DOD to develop a next-generation missile defense shield or "Iron Dome." The Iron Dome is a defense system designed to combat aerial threats such as drones and various missiles. The order requires the Defense Secretary to prepare an architecture and implementation plan for developing and deploying a missile defense system that meets the capability requirements set forth in the order. The system must be designed to defeat missile attacks prior to launch and when in boost phase, as well as during the terminal phase. The order points out the advancement of adversary weapons systems and demands that the U.S. begin an overdue initiative to restore deterrence. The EO also directs a review of theater missile defense posture to defend U.S. troops deployed abroad and an increase in cooperation on missile defense technology development, capabilities and operations with partners and allies. View a [fact sheet](#) with additional information on the Iron Dome.

DOD Nominees

Since his election win, President Trump has nominated a number of members to his cabinet, senior DOD officials and the military services. DOD and military service nominations currently pending are:

- Stephen Feinberg, Deputy Defense Secretary
- Michael Duffey, Under Secretary of Defense for Acquisition and Sustainment
- Keith Bass, Assistant Secretary of Defense for Health Affairs
- Elbridge Colby, Under Secretary of Defense for Policy
- Emil Michael, Under Secretary of Defense for Research and Engineering
- Daniel Driscoll, U.S. Army Secretary
- John Phelan, U.S. Navy Secretary
- Troy Meink, U.S. Air Force Secretary
- Matthew Lohmeier, U.S. Air Force Under Secretary
- Anthony Tata, Under Secretary of Defense for Personnel and Readiness

- Bradley Hansell, Under Secretary of Defense for Intelligence and Security
- Robert Kadlec, Assistant Secretary of Defense for Nuclear, Chemical and Biological Defense
- Michael Jensen, Assistant Secretary of Defense for Special Operations and Low Intensity Conflict
- Dale Marks, Assistant Secretary of Defense for Energy, Installations, and Environment
- Earl Matthews, DOD General Counsel

Many of President Trump's nominees continue to face the nominations process into February.

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