

## Wright, Michelle

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**From:** The Roosevelt Group <cferrari@rooseveltdc.com>  
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July 12, 2024

Headlines - Aerospace & Defense - Budget & Economy - Advanced Tech - Military Installations & Communities -  
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### Notable Headlines

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- [FDIC nominee promises 'complete overhaul' of agency culture](#)
- [Exclusive: US and Germany foiled Russian plot to assassinate CEO of arms manufacturer sending weapons to Ukraine](#)

Worth reading: [Key takeaways from Biden's news conference: Insistence on staying in the race and flubbed names](#)

### View From The Hill



The House Appropriations Committee [continued](#) to churn through fiscal year (FY) 2025 spending bills this week, while Senate Appropriators [announced](#) a bipartisan agreement to add billions of dollars in additional funding, including \$21 billion in new defense spending. This comes as a relief to defense hawks, as the House funding measures have kept in line with the strict spending limits of the *Fiscal Responsibility Act*. In an [embarrassment](#) for GOP leadership, the FY25 funding bill to fund the legislative branch failed on the floor, after a handful of Republicans joined with Democrats to oppose the bill. The House also [passed](#) a bill that would prohibit non-citizens from voting in federal elections, which is already a federal offence, while Rep. Alexandria Ocasio Cortez (D-NY) [introduced](#) articles of impeachment for Supreme Court Justices Samuel Alito and Clarence Thomas over ethics controversies.

With the NATO summit being held in Washington this week, Capitol Hill played [host](#) to a number of foreign leaders, including British Prime Minister Sir Keir Starmer, Canadian Prime Minister Justin Trudeau, and German Chancellor Olaf Sholz. The high profile gathering of NATO leaders is widely expected to be the reason more democrats have held their fire towards President Biden's candidacy, meaning there may be many more defections upon conclusion of the summit.

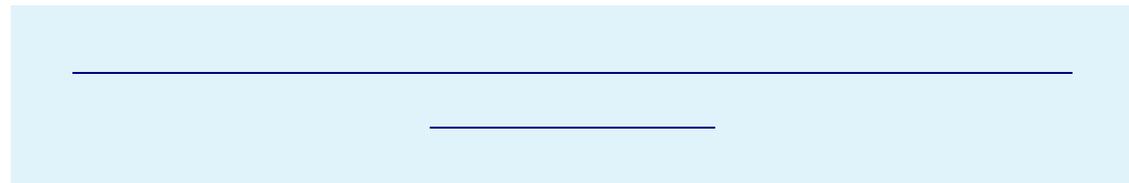
Former Senator James Inhofe (R-OK) [passed](#) away at 89 this week following a recent stroke. A staunch social conservative, Inhofe served in both the House and Senate, totaling 36 years in Congress.

## Aerospace & Defense

[Meet the Air Force's secretive long-range drone that flies for days \(Defense One\)](#)

The Ultra Long-Endurance Tactical Reconnaissance Aircraft (ULTRA) was operating in the

shadows until May, when U.S. Central Command revealed that the drone was deployed in the Middle East. Photos were released of the autonomous surveillance drone station at a base in the UAE. Drone maker DZYNE Technologies and the Air Force Research Laboratory developed the aircraft privately, as the USAF felt it could not buy this kind of technology from industry leaders when it began the program. The crafts were bought within the DoD's small business innovation research program (SBIR), and the FY25 budget requested \$35 million for 4 additional drones. The glider-style aircraft can fly for 80 hours without refueling and carry up to 400 pounds. The ULTRA costs less than the legacy surveillance aircraft, the General Atomics MQ-9 Reaper, which the USAF views as too expensive at \$30 million each, and too vulnerable following the shooting down of multiple Reapers in the past year.



#### [Defense Innovation Unit should expand across US, lawmakers say \(Defense News\)](#)

The Senate Armed Services Committee included a provision for the Defense Innovation Unit (DIU) to increase its American footprint in the FY2025 defense spending bill. The DIU would have to create a road map to show how it plans to expand across the U.S. and deepen its relationships with DoD laboratories, university research centers, and other innovation hubs across the country. The DIU was established by the Pentagon in 2015 to take advantage of the technology coming out of Silicon Valley, and now works closely with a range of tech companies, especially those based in California. This year, the organization opened new hubs in Kansas, Ohio, Arizona, Hawaii and Washington. The DoD has been looking for applications of fast-improving commercial technology in its aerospace, cybersecurity, and other defense initiatives, and the increased focus on the DIU will allow them to pursue corporate relationships while improving the Department's own research capabilities.

## Budget & Economy

#### [Key senators agree on spending levels for FY25 \(Defense News\)](#)

Under an agreement between top Democratic and Republican lawmakers on the Senate Appropriations Committee, the Senate has announced it will pursue a 3.4% spending increase for defense and a 2.7% increase for non defense programs. This bipartisan spending agreement will provide an additional \$13.5 billion in emergency funding for nondefense programs, and an additional \$21 billion for defense programs than last year's

spending agreement between President Joe Biden, and then Speaker Kevin McCarthy. In the Republican-led House, spending has been more conservative: while allowing for a 1% increase for defense, the chamber has made significant cuts - roughly 6% - to nondefense industries. Although the Senate trails behind the House, which has already passed four out of twelve spending bills so far, the bills have been highly controversial, and garnered veto threats from Democratic opposition and the White House alike. Given these partisan differences, It is anticipated that a variety of stopgap spending bills will be needed to keep the federal government fully operational, and that no spending bills will reach final passage until November.

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### [Key takeaways from the June jobs report \(CNN\)](#)

The US economy added 206,000 jobs in June, a slight decrease from a May tally of 215,000 added jobs. The largest batch of job gains occurred in the public sector - an additional 70,000 jobs, with local governments contributing up to 34,100 jobs to that tally. However, this public sector increase was not enough to curb rising unemployment. An increase of 0.1% points brought unemployment to 4.1% - the first time since November of 2021 that the jobless rate was over 4%. According to Gus Faucher, a Chief Economist for PNC's Financial Services Group, the Federal Reserve might actually look positively on this slight decrease in jobs: given that inflation rates are at a 23 year high, the slowing of job growth and wage growth is thought to reduce "inflationary pressures coming from the labor market" which would in turn "support Fed rate cuts towards the end of this year."

## Advanced Technologies

### [Navy tests using drones for medical supply deliveries during RIMPAC \(Defense News\)](#)

During the Rim of the Pacific training exercise last month, the Navy assessed the possibility of using unmanned aerial systems (UAS) to deliver critical supplies to the destroyer USS Curtis Wilbur, according to Navy officials Monday. While supplies are typically delivered to Navy vessels by manned aircraft, such assets are expensive and facing manning shortages, shortfalls which can be rectified by the use of drones. Cmdr. Yilei Liu, the commanding officer of the Curtis Wilbur, in talking about the experiment, stated, "The Navy continues to drive rapid experimentation and implementation of new technologies. While easy to configure and ready to deploy, it is vital to evaluate these technologies in different environmental conditions to define and scope the operating envelopes of these highly capable platforms." The Navy conducted flight tests using the

Skyways V2.6 Unmanned Aerial System and the PteroDynamics X-P4 Unmanned Aerial System, testing six drones from June 19 through June 24, as a part of the Just In Time Delivery logistics program with the Naval Air Warfare Center Aircraft Division. Liu, in her statement, said that she believes that the integration of autonomous platforms will define the future of combat operations, providing defense and offensive capabilities in a contested environment, with maximum efficiency and minimal risk to personnel.

### [DARPA wants to use AI to find new rare minerals](#)

#### [Pentagon wants to make AI acceleration initiative a long term fixture \(Defense News\)](#)

Three years after Deputy Secretary of Defense Kathleen Hicks announced the AI and Data Acceleration (ADA) Initiative, the Pentagon has begun drafting a long term plan for the future. The initiative, announced in May 2021, was set forth to use experimentation and exercises to help combatant commands apply digital tools to operational concepts like joint all-domain command and control and other key functions. As a part of this effort, the DOD placed teams of data scientists and coders into each of the combatant commands to assess digital readiness and provide feedback as to where investment should be made to accelerate progress, an effort which the DOD's chief digital and AI officer, Radha Plumb, said was widely successful. In a conversation with reporters at CENTCOM, Plumb stated that the program has been extremely valuable for the DOD and they're now working to transform this effort into a long term model. The initial funding for the ADA ends this fiscal year, and the Pentagon has already requested \$14 million in its fiscal 25 budget, to extend the program through 2029 while it determines what a longer-term model would look like. Plumb stated that she's already in the early stages of developing that plan, as she traveled to CENTCOM to meet with their ADA team and assess their fit and utilization within the program. At CENTCOM, the ADA team is well integrated into the command and has already created multiple AI and data tools, tools for which the Chief Digital and AI Office (CDAO) can help provide the necessary authorizations to scale more broadly to all ADA teams, according to Plumb. While the CDAO recently announced a new approach to scaling AI and digital tools, the Open Data and Applications Government-owned Interoperable Repositories construct, (Open DAGIR), the ADA teams are still faced with a significant roadblock in the accessibility of digital tools: data access. The DOD has been struggling with automating and centralizing data, but Plumb believes having the ADA identify where the bottlenecks are will help the CDAO know where to focus their efforts and devote more resources.

## Military Installations & Communities

### [Balfour Beatty Communities Appoints New Military Housing Operational Leadership \(Business Wire\)](#)

Balfour Beatty has announced that it has named Starla Miller as senior vice president of military housing operations, and Alison Birney as senior vice president of military housing facilities management. In a statement, Chuck Parker, EVP of military housing said that Miller and Birney's leadership will "play a critical role in supporting the organization as we continue to advance our We Care compliance culture with employees, partners, and residents". Miller, a 17-year veteran of the military housing sector, will have "full oversight of Balfour Beatty Communities' military housing property management operations, including resident relations, asset performance and leasing activities. Birney has 28 years of experience in multifamily facilities and operations management, including 13 years in the military housing sector, and will lead the facilities management function for Balfour Beatty Communities' military housing portfolio.

### [VA Dropping Mandatory Overtime for Most Claims Processors as Work Proceeds at Faster Clip](#)

### [Lawmakers call for Pentagon to address "poor" military housing conditions \(The Hill\)](#)

A bipartisan group of lawmakers have called for the Defense Department to address "poor living conditions" at military houses for service members and their families. A letter to Defense Secretary Lloyd Austin from Democratic Senators Elizabeth Warren (Mass), Tim Kaine (Va), Jon Ossoff (Ga), as well as representatives Sara Jacobs (D-Calif), Ro Khanna (D-Calif), and Delegate James Moylan (R-Guam) stated that the military's deals with private companies has failed service members and their families. This concern comes despite the fact that lawmakers have taken steps to address the issue, such as The 2025 National Defense Authorization Act including an increase to the basic allowance for housing. Congress is concerned that the actions taken so far do not go far enough in addressing the issue. A GAO report from last year found that thousands of service members are living below standards, and the Defense Department reported that there were 4,588 reports of mold in privatized housing from the Air and Space Forces. In their letter, lawmakers cited a Project on Government Oversight report that found service members that have been living in poor conditions have struggled to get issues fixed due to restrictive contracts with private companies, and that service members can also be trapped by a federal enclave that prevents them from suing the companies. The group wrote "All

these factors combine to create a nightmarish military housing experience for service members and their families”.

## Homeland Security

### [US, allies take down Kremlin-backed AI Bot Farm \(nextgov\)](#)

The FBI and international partners dismantled a disinformation operation carried out by a bot farm used by Kremlin spin doctors to spread misinformation within the U.S. and abroad. The AI-powered campaign sought to spread propaganda to influence public opinion. The FBI, with partners, “took down two websites and around 1,000 accounts on the X social media platform.” The bot farm operation began in “2022 through software creation by an unnamed individual who worked as the deputy editor-in-chief of the state-run Russian organization RT”. The software can create fake online personas that, combined with AI, can generate realistic-sounding campaigns. The takedown of the bot farm marks a significant step toward clamping down on Russian information operations as the U.S. fights against disinformation campaigns aimed at influencing the upcoming election.

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### [Defense Innovation Unit project makes supercomputers more accessible \(c4isrnet\)](#)

The companies Rescale and Parallel Works partnered with DoD’s High-Performance Computing Modernization Program to work on making decision-making tools enabled by supercomputers accessible across the department. Through DIU efforts, the companies were able to demonstrate that they could provide computing tools on the cloud that would eliminate the need to have access to a physical computer to perform high-performance computing. Rescale’s chief operating officer, Matt McKee, said in an interview that “cloud-based computing platforms have played a key role in the private sectors, which have used these tools to reduce engineering cycle times for new product releases significantly.” These new capabilities have the potential to shift how the DoD can develop new systems over the foreseeable future.

## Transportation & Infrastructure

### [Boeing to plead guilty to criminal fraud charge stemming from 737 Max crashes \(CNBC\)](#)

This week, Boeing has agreed to plead guilty to criminal fraud charges tied to two fatal 737 Max crashes in 2018 and 2019. The company will face a fine of \$243.6 million, with half of the initial \$487 million proposed being covered by fines Boeing has already paid in a related suit. While the case still needs a judge's approval, Boeing status as a felon would cause issues for its government sales - 32% of Boeing's revenue last year came from its defense, space, and security department. Boeing will have to invest an additional \$455 million into compliance and safety programs and install a monitor to oversee compliance for a three year probationary period. In May, the Justice Department stated that Boeing had violated a 2021 settlement that required it to pay over \$2.5 billion under a deferred prosecution agreement about a criminal conspiracy to hide 737 Max software from regulators. The agreement protected Boeing from further prosecution until now. The families of the crash victims do not want the plea deal to be accepted, as they feel it unfairly protects Boeing from the full consequences of the crashes.

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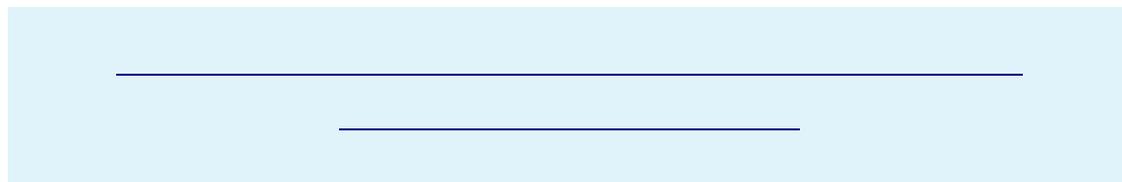
### [Biden, Texas Officials Spar Over Beryl Response as Power Outages Persist \(Wall Street Journal\)](#)

Over 1.5 million in Texas are still without power after Hurricane Beryl's landfall on Monday as a Category 1 storm. Houston-area residents are flocking to cooling centers amid a week-long heat wave as President Biden and Texas Lieutenant Gov. Dan Patrick try to direct relief efforts. Texas Governor Greg Abbott is in Asia for a work trip, and has left direction of the state to Lt. Gov. Patrick, who issued disaster declarations for 81 counties before the storm made landfall. The Texas state government also requested state of emergency funding from the federal government, which Biden approved on Tuesday. Patrick has blamed Biden and a Texan utility company, CenterPoint Energy, for the continued outages. In a statement, President Biden said FEMA would bring generators, as lack of power amid extreme heat was a top concern. Residents and critics have taken the extreme weather in Texas as a clear sign of the climate change that the state government is ignoring, but many in the Houston area have little to do but go out of town or wait for the power infrastructure to be repaired.

**Biotechnology & Healthcare**

[Middlemen have outsized influence on US drug prices, FTC says \(Reuters\)](#)

Pharmacy benefit managers (PBMs) are exercising outsized influence over prescription drug prices due to the consolidation of pharmacies and health insurance companies through years of dealmaking. PBMs act as the middlemen between drug companies and consumers through their responsibilities, such as creating lists of medications covered by insurance. The FTC argues that the three most prominent middlemen have been using their power to enrich themselves at the expense of smaller pharmacies and consumers. They can profit by inflating drug costs and “squeezing Main Street pharmacies.” These three PBMs are UnitedHealth Group Inc’s Optum unit, CVS Health Corp’s CVC Caremark, and Cigna Corp’s Express Scripts. The FTC published a report outlining findings of PBM actions that the mentioned PBMs have denounced and called incomplete.



[Atlas of proteins reveals inner workings of cells \(ScienceDaily\)](#)

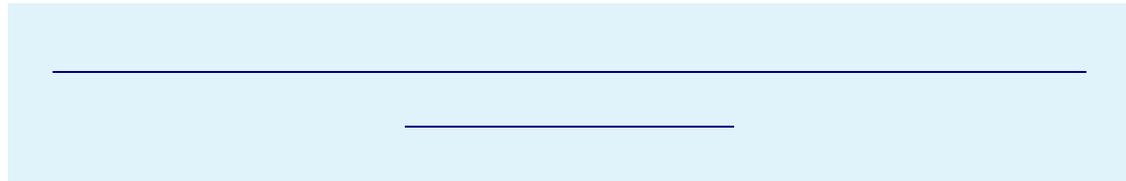
Scientists at the University of Cambridge have developed a tool for searching for the origins of diseases related to abnormal protein behaviors, such as dementia and several cancers. The atlas created has allowed researchers to find new proteins responsible for critical bodily functions inside cells. The researchers used the power of IA to combine data that found proteins present in the model cell never observed before. They show this tool's potential to discover more about the biological roles and formation of condensates.

**Climate & Development**

[Republicans urge the reversal of landmark ruling in Montana climate change lawsuit by young plaintiffs \(AP\)](#)

Attorneys for Republican officials are pressing the Montana Supreme Court to overturn a climate ruling that said the state was violating resident’s constitutional right to a clean environment by allowing oil, gas, and coal projects without regard for global warming. This goes back to a ruling from a state district judge last year in what was considered a “breakthrough in attempts by young environmentalists... to use courts to leverage action on climate change”. Attorneys for the officials argue that greenhouse gasses from Montana are miniscule on a global scale, and that state law prohibits the denial of fossil-fuel projects based on carbon dioxide emissions. The State Supreme Court took the case under

advisement, the decision will very likely be final because the US Supreme Court is unlikely to dive into the state laws at issue. If the lower court's ruling stands, it could push Montana to adopt policies that are more protective to the environment. It could also possibly influence future climate litigation in other states like Massachusetts, Pennsylvania, and New York, which also have state constitutional protections for the environment similar to Montana.



### [Climate Change included in new federal flood risk standards \(Axios\)](#)

As Texas attempts to recover from hurricane Beryl, the Biden administration has unveiled new flood risk standards in order to try and waterproof public infrastructure. A key goal of the new standard is to avoid rebuilding infrastructure in the same locations that leave them vulnerable to future weather events. Federal agencies will be required to incorporate current and future flood risks into their decision making when funding projects. Previous standards excluded climate change trends, assuming that climate is stationary, and that the best way to evaluate risk was through past events. The new standard will hopefully put an end to the repeat loss cycles of flooding, increasing safety and at the same time saving money. However, the standard may be vulnerable to challenges through the courts. In the recent Chevron deference decision in which the Supreme Court significantly restricted agencies' abilities to interpret unclear statutes based on their in house expertise. The revision of flood risk management was originally ordered by President Obama, this new standard shows that the federal government is still racing to catch up to increasing climate impacts.



## Next Week's Hearings

### **Armed Service Committee:**

**House:** NONE

**Senate:** NONE

**Appropriations Committee:**

**House:** NONE

**Senate:** NONE

**Homeland Security Committee:**

**House:** NONE

**Senate:** NONE



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