

July 7, 2020

The Honorable Russell Vought
Acting Director
U. S. Office of Management and Budget
725 17th Street, N. W.
Washington, D. C. 20503

Dear Director Vought:

Our companies are proud of the important role we play in supporting the aerospace and defense industry's more than 2 million American workers. After the federal government designated defense production an essential activity at the onset of the COVID-19 crisis, we took unprecedented steps to keep our production lines operating, our supply chains online, and our workforce safe. However, maintaining production in the midst of a life-threatening pandemic comes with costs that are not incurred in the course of normal operations. We applaud the President and his team for making defense a priority throughout his Administration and urge your continued commitment and support for emergency supplemental appropriations as requested by the Department of Defense (DOD) to fund section 3610 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other additional costs related to the pandemic.

As you know, this legislation allows the DOD to reimburse contractors for payment associated with the preservation of workforces prevented from working due to COVID-19 facility closures or other restrictions. However, it did not appropriate the funds needed to make these reimbursements. While the DOD may be able to use other appropriated funds to reimburse contractors, the cost for 3610 expenses is well beyond its ability to fund without significantly jeopardizing ongoing modernization efforts required to fully implement the National Defense Strategy.

Section 3610 workforce costs are just one category of COVID-19 impacts on industry. Other COVID-19 costs include travel restrictions, international and domestic facility closures, social distancing within facilities, the purchase of personal protective equipment (PPE), sterilization costs associated with supply chain disruptions, and requests for equitable adjustment (REA) claims. As with the previously discussed 3610 funding, the DOD does not have the funds to cover these costs.

The Defense Industrial Base workforce, and more critically our vast national subcontractor supply chain, are not able to absorb these significant costs. Without additional funding, the resolution of claims will need to be funded from existing DOD budget topline resources for FY20-22. If the magnitude of these costs is even close to the department's estimate, this would cause significant reductions to DOD procurement and Research, Development, Test, and Evaluation (RDTE) accounts and inadvertently curtail DOD modernization efforts, thwarting its ability to meet the challenges and threats associated with great power competition. This would

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create a ripple effect throughout the defense industrial base, leading to less investment in new technologies and significant job losses in pivotal states just as we are trying to recover from the pandemic.

The Senate is expected to consider the next COVID-19 response bill in the coming weeks. We urge you to support an emergency supplemental request for these costs in time for Senate consideration of the COVID-19 response bill.

This issue is of the highest urgency. We applaud the Administration for making defense a priority and welcome the opportunity to speak with you about the criticality of this funding to the defense industrial base and our workforce and respectfully request your support for the DOD's request for emergency supplemental funding for these requirements as soon as possible.

Sincerely,



Tom Arseneault, CEO, BAE Systems, Inc.



William Brown, CEO, L3Harris Technologies



Leanne Caret, CEO, Boeing Defense



Scott Donnelly, CEO, Textron Inc



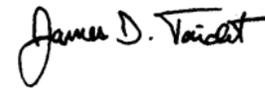
Greg Hayes, CEO, Raytheon Technologies



Phebe Novakovic, CEO, General Dynamics



Mike Petters, CEO, Huntington Ingalls Industries



James Taiclet, CEO, Lockheed Martin Corporation