

SECURING THE SUPPLY CHAIN: THE DEFENSE PRODUCTION ACT IN FOCUS

FIELD HEARING

BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT
FINANCE, AND INTERNATIONAL
FINANCIAL INSTITUTIONS
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS
FIRST SESSION

AUGUST 13, 2025

Serial No. 119–36

Printed for the use of the Committee on Financial Services



www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

61–503 PDF

WASHINGTON : 2026

HOUSE COMMITTEE ON FINANCIAL SERVICES

FRENCH HILL, Arkansas, *Chairman*

BILL HUIZENGA, Michigan, <i>Vice Chairman</i>	MAXINE WATERS, California, <i>Ranking Member</i>
FRANK D. LUCAS, Oklahoma	SYLVIA R. GARCIA, Texas, <i>Vice Ranking Member</i>
PETE SESSIONS, Texas	NYDIA M. VELÁZQUEZ, New York
ANN WAGNER, Missouri	BRAD SHERMAN, California
ANDY BARR, Kentucky	GREGORY W. MEEKS, New York
ROGER WILLIAMS, Texas	DAVID SCOTT, Georgia
TOM EMMER, Minnesota	STEPHEN F. LYNCH, Massachusetts
BARRY LOUDERMILK, Georgia	AL GREEN, Texas
WARREN DAVIDSON, Ohio	EMANUEL CLEAVER, Missouri
JOHN W. ROSE, Tennessee	JAMES A. HIMES, Connecticut
BRYAN STEIL, Wisconsin	BILL FOSTER, Illinois
WILLIAM R. TIMMONS, IV, South Carolina	JOYCE BEATTY, Ohio
MARLIN STUTZMAN, Indiana	JUAN VARGAS, California
RALPH NORMAN, South Carolina	JOSH GOTTHEIMER, New Jersey
DANIEL MEUSER, Pennsylvania	VICENTE GONZALEZ, Texas
YOUNG KIM, California	SEAN CASTEN, Illinois
BYRON DONALDS, Florida	AYANNA PRESSLEY, Massachusetts
ANDREW R. GARBARINO, New York	RASHIDA TLAIB, Michigan
SCOTT FITZGERALD, Wisconsin	RITCHIE TORRES, New York
MIKE FLOOD, Nebraska	NIKEMA WILLIAMS, Georgia
MICHAEL LAWLER, New York	BRITTANY PETTERSEN, Colorado
MONICA DE LA CRUZ, Texas	CLEO FIELDS, Louisiana
ANDREW OGLES, Tennessee	JANELLE BYNUM, Oregon
ZACHARY NUNN, Iowa	SAM LICCARDO, California
LISA McCLAIN, Michigan	
MARIA SALAZAR, Florida	
TROY DOWNING, Montana	
MIKE HARIDOPOLOS, Florida	
TIM MOORE, North Carolina	

Ben Johnson, *Staff Director*

SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE, AND INTERNATIONAL FINANCIAL INSTITUTIONS

WARREN DAVIDSON, Ohio, *Chairman*

ZACHARY NUNN, Iowa, <i>Vice Chairman</i>	JOYCE BEATTY, Ohio, <i>Ranking Member</i>
FRANK D. LUCAS, Oklahoma	JOSH GOTTHEIMER, New Jersey
PETE SESSIONS, Texas	JUAN VARGAS, California
ANDY BARR, Kentucky	BILL FOSTER, Illinois
ROGER WILLIAMS, Texas	VICENTE GONZALEZ, Texas
YOUNG KIM, California	RITCHIE TORRES, New York
ANDREW OGLES, Tennessee	SEAN CASTEN, Illinois
LISA McCLAIN, Michigan	SAM LICCARDO, California
MARIA SALAZAR, Florida	

C O N T E N T S

Wednesday, August 13, 2025

OPENING STATEMENTS

	Page
Hon. Warren Davidson, Chairman of the Subcommittee on National Security, Illicit Finance and International Financial Institutions, a U.S. Representative from Ohio	1

STATEMENTS

Hon. French Hill, Chairman of the Committee on Financial Services, a U.S. Representative from Arkansas	2
--	---

WITNESSES

PANEL ONE

Mr. Jeffrey W. Frankston, Acting Deputy Assistant Secretary of Defense for Industrial Base Resilience, Office of Assistant Secretary of Defense for Industrial Base Policy, Department Of Defense (DOD)	3
Prepared Statement	6
Dr. Charles D. Ormsby, Acting Director, Materials and Manufacturing Directorate, Air Force Research Laboratory, Wright-Patterson Air Force Base	9
Prepared Statement	11

PANEL TWO

Mr. Robert Faxon, Chairman of the Board, Consolidated Boring Inc.	27
Prepared Statement	30
Mr. Gordon Follin, Chief Product Officer, Beehive Industries	34
Prepared Statement	36

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

President Trump's Critical Minerals Executive Order	56
---	----

SECURING THE SUPPLY CHAIN: THE DEFENSE PRODUCTION ACT IN FOCUS

Wednesday, August 13, 2025

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT
FINANCE, AND INTERNATIONAL FINANCIAL INSTITUTIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:59 a.m., at the National Museum of the Air Force, Wright-Patterson Air Force Base, 1100 Spaatz Street, Dayton, Ohio 45433, Hon. Warren Davidson [chairman of the subcommittee] presiding.

Present: Representatives Davidson, Hill, Huizenga, and Moore.

Chairman DAVIDSON. The Subcommittee on National Security, Illicit Finance, and International Finance Institutions will come to order.

Without objection, the chairman is authorized to declare a recess of the committee at any time.

Today's hearing is titled, "Securing the Supply Chain: The Defense Production Act in Focus."

Without objection, all members will have 5 legislative days within which to submit extraneous materials for inclusion in the record.

I now recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. WARREN DAVIDSON, CHAIRMAN OF THE SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE AND INTERNATIONAL FINANCIAL INSTITUTIONS, A U.S. REPRESENTATIVE FROM OHIO

Good morning, and welcome to today's National Security Subcommittee hearing, "Securing the Supply Chain: The Defense Production Act in Focus," which is devoted to evaluating the Defense Production Act ahead of its expiration in September. This year, this subcommittee has had a June hearing and a July briefing that provided a fundamental overview of DPA for Members of Congress. We convene here today at Wright-Patterson Air Force Base because of its significance in implementing DPA's Title III through Wright-Patt's hosting of Major Air Force commands involved in defense acquisition. This ensures that Title III-funded capabilities are integrated into operational systems, affects the base's sustainment activities, and enhances its ability to address national industrial base vulnerabilities.

My colleagues and I are grateful for the opportunity to address the critical role of Wright-Patterson Air Force Base in executing DPA's Title III authorities and the urgent need to modernize and

enhance these powers to strengthen our national security. We will feature two panels, the first offering military officials' perspective on the current DPA functionality, and the second panel incorporating feedback from civilian defense contractors from our region on today's procurement landscape.

Enacted in 1950 during the Korean War, the Department of Defense (DPA) was designed to secure America's industrial base for national emergencies, prioritizing domestic production over foreign reliance. Today, as our dependence on foreign critical materials—semiconductors, rare earth minerals, pharmaceuticals—grows, the DPA's importance is undeniable. However, from 2018 to 2024, there has been a significant change in the pace of some of the Title III activity. The coronavirus disease 2019 (COVID-19) pandemic exposed a reactive posture, proving that waiting for a crisis results in a delayed response and not always well thought out. Modernizing DPA demands a proactive approach to bolster domestic capabilities.

Wright-Patt is central to addressing these challenges. Through the Air Force Research Lab's Executive Agent Program Office, Wright-Patt manages Title III projects to expand manufacturing capacity for advanced materials, but also for older technologies. Nevertheless, limitations persist. Streamlining the DPA process could enable faster agreements and expand flexible contracting. Increasing funding flexibility would allow Wright-Patt to prioritize emerging technologies as well as improving existing supply chains. Reauthorizing DPA offers a chance to reset and realign its authorities with today's threats. By enhancing Wright-Patt's role through simplified procurement, expanded funding, and proactive collaboration, we can rebuild a more resilient industrial base. I urge this committee to reconsider the Defense Production Act and the opportunity we have before us to modernize it.

I will now yield my time, and I will recognize the chairman of the full committee, French Hill, for 1 minute.

STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Chairman HILL. Thank you, Mr. Chairman. It is great to be here in your home State of Ohio and here at Wright-Patterson with our colleagues.

America is navigating one of the most dangerous and complex global threat environments in recent history. Our adversaries are accelerating innovation, scaling production, and heavily investing in their national defense capabilities. It is critical that America keeps pace and expands our dominance as the leader in the free world. That requires not just military might, but economic resilience, financial agility, and industrial strength. During today's field hearing, we will explore ways to use the Defense Production Act to secure supply chains and strengthen our domestic industrial base, while ensuring that our Federal agencies have the tools they need to meet 21st century threats. The DPA needs to be anchored in its strategic goals embedded in the Truman administration, but be modernized, reorganized, and focused for these 21st-century chal-

lenges. I thank Chairman Davidson for his leadership on our subcommittee and look forward to today's discussion. I yield back.

Chairman DAVIDSON. Thanks, Chairman Hill. Today, we will divide our witnesses into two panels. For the first panel, we welcome the testimony of Mr. Jeffrey Frankston, the acting deputy assistant secretary of defense for industrial base resilience at the Office of the Assistant Secretary of Defense for Industrial Base Policy; also, Dr. Charles Ormsby, acting director of the Materials and Manufacturing Directorate at the Air Force Research Laboratory. We thank you both for taking time to be here. You will each be recognized for 5 minutes to give an oral presentation of your testimony.

Without objection, your written statements will be made part of the record.

Mr. Frankston, you are now recognized for 5 minutes for your oral statement.

STATEMENT OF MR. JEFFREY W. FRANKSTON, ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INDUSTRIAL BASE RESILIENCE, OFFICE OF ASSISTANT SECRETARY OF DEFENSE FOR INDUSTRIAL BASE POLICY, DEPARTMENT OF DEFENSE (DOD)

Mr. FRANKSTON. Thank you, sir. Chairman Hill, Vice Committee Chairman Huizenga, Subcommittee Chairman Davidson, Representative Moore, good morning. Thank you for the opportunity to speak with you today on the critical role the Defense Production Act plays in ensuring the United States maintains the industrial strength needed to support the interim national defense strategic guidance and sustain its competitive edge. It is an honor to speak to you, for this aviation geek, in this facility to talk about the industrial base and building back to where we need to be.

Unlike some of the airplanes in this facility, the DPA is not a cold war relic. It is a vital statutory tool, one that enables the Department to identify and respond to industrial shortfalls, reinforce supply chain integrity and resilience, and accelerate production in support of urgent operational needs. In an era where geopolitical competition is intensifying, particularly from China, industrial capacity remains a key determinant of our deterrence. We continue to see challenges that test our industrial resilience, and we have seen renewed cyberattacks targeting U.S. aerospace and shipbuilding firms, expanded Chinese restrictions on exports of critical minerals, and mounting cost pressures on cross-defense manufacturing. Our shipyards are overburdened. Our munition suppliers are operating at maximum throughput but are still falling short of surge demands. These challenges are cumulative and compounding, and they demand more than reactive procurement. They require flexibility and coordination between government and industry, and the DPA provides that and more.

Revitalizing the defense industrial base is foundational to restoring deterrents and rebuilding our military. Under this administration's leadership, we are executing a deliberate, data-driven strategy to rebuild U.S. defense production capacity and shore up domestic supply chains. We are leveraging key authorities, like DPA Title III, to address fragile nodes across priority sectors, like munitions and strategic critical minerals. We have reduced barriers to

entry to expand participation in the defense industrial base for small businesses and nontraditional vendors. Through other transactional authorities, flexible acquisition vehicles, and improved acquisition guidance, we are fostering competition and accelerating innovation. These vehicles offer a unique ability to scale the Department's effort to foster competition and collaboration between the government, traditional businesses, and nontraditional vendors. Efforts like this are about more than improving industrial capacity. They are part and parcel to ensure a resilient, responsive, and adequately distributed defense complex, capable of meeting both wartime demands and maintaining a credible military posture that effectively deters our adversaries.

The DOD uses the DPA every day in our mission to safeguard vital U.S. national interests. Title I authorize the President to require industry to accept and prioritize contracts and orders to promote the national defense. We leverage Title I authorities for priority capabilities, including long-range fires, integrated missile defense, and replenishment of critical munitions. We are taking active steps to continue to improve the Defense Priorities and Allocation System, including clearer onboarding guidance for new suppliers, rapid internal approval processes, and streamlined compliance mechanisms for small and mid-size vendors. Title III is a force multiplier where market dynamics alone are insufficient to ensure our domestic industrial base has the capabilities we need for national defense.

In fiscal years 2020 through 2024, approximately \$2.8 billion was awarded to 194 projects under this program. So far in Fiscal Year 2025, the program has made awards totaling more than \$500 million, and these investments are complemented by \$88 million in total recipient cost shares since the beginning of the fiscal year. These investments, just a sample, go toward restoring critical chemical production, expanding domestic manufacturing for solid rocket motors, establishing secure supply chains for strategic and critical minerals and materials, and in concert with our allies and partners. These investments are also designed to improve economic viability where sustained demand is critical to maintaining a healthy market and resilient industrial base.

Title VII is a key enabler of investment screening and supply chain protection. The Department co-leads approximately 6 percent of all Committee on Foreign Investment of the United States, or CFIUS, reviews and has referred more than 75 non-notified transactions just in the past year. These authorities allow us to identify and prevent adversarial capital from gaining control over sensitive production pathways. The recent expansion of CFIUS review over more real estate sites is a good first step, but we need to build on this foundation. The Department strongly supports full reauthorization of the DPA.

Let me close by underscoring that deterrence is built long before the potential for conflict emerges. It is built in our factories, on our shop floors, and in the continuity of our supply chains. The DPA is how we turn strategic priorities into industrial reality. It is how we ensure our warfighters are not waiting for parts, materials, or readiness itself. I look forward to your questions and continued collaboration in this shared mission.

[The prepared statement of Mr. Frankston follows:]

**Opening Statement for Mr. Jeffrey Frankston
Acting Deputy Assistant Secretary for Industrial Base Resilience**

**House Financial Services Committee Field Hearing
“Securing the Supply Chain: The Defense Production Act in Focus”**

1000, Wednesday, August 13, 2025

Chairman Hill, Ranking Member Waters, and Members of the Committee -- Good morning.

Thank you for the opportunity to speak with you today on the critical role the Defense Production Act (DPA) plays in ensuring the United States maintains the industrial strength needed to support the interim National Defense Strategic Guidance and sustain its competitive edge. The DPA is not a Cold War relic. It is a vital statutory tool, one that enables the Department to (1) identify and respond to industrial shortfalls, (2) reinforce supply chain integrity and resilience, and (3) accelerate production in support of urgent operational needs.

In an era where geopolitical competition is intensifying, particularly from China, industrial capacity remains a determinant of deterrence. We continue to see challenges that test our industrial resilience. We have seen renewed cyberattacks targeting U.S. aerospace and shipbuilding firms, expanded Chinese restrictions on exports of critical minerals, and mounting cost pressures across defense manufacturing. Our shipyards are overburdened. Our munitions suppliers are operating at maximum throughput but still falling short of surge demands.

These disruptions are cumulative and compounding, and they demand more than reactive procurement. They require flexibility and coordination between government and industry. The DPA provides that and more.

Revitalizing the defense industrial base (DIB) is foundational to restoring deterrence and rebuilding our military. Under President Trump and Secretary Hegseth’s leadership, we are executing a deliberate, data-driven strategy to rebuild U.S. defense production capacity and shore up domestic supply chains.

We are leveraging key authorities such as Title III of the DPA to address fragile nodes across priority sectors – like munitions and strategic and critical minerals.

We have reduced barriers to entry to expand participation in the DIB for small businesses and non-traditional vendors. Through Other Transaction Authorities (OTAs), the Commercial Solutions Opening process, and improved acquisition guidance, we are fostering competition and accelerating innovation. These vehicles offer a unique ability to scale the Department's efforts to foster competition and collaboration between the government, traditional businesses, and non-traditional vendors.

Efforts like this are about more than improving industrial capacity – they are part and parcel of ensuring a resilient, responsive, and adequately distributed defense complex capable of both meeting wartime demands and maintaining a credible military posture that effectively deters adversaries.

The DoD uses the DPA every day in our mission to safeguard vital U.S. national interests.

Title I authorizes the President to require industry to accept and prioritize contracts and orders to promote the national defense. The Department leverages Title I authorities for priority capabilities, including for long-range fires, integrated missile defense, and replenishment of critical munitions. We are taking active steps to continue to improve the Defense Priorities and Allocations System, including clearer onboarding guidance for new suppliers, rapid internal approval processes, and streamlined compliance mechanisms for small and mid-sized vendors.

Title III is a force-multiplier where market dynamics alone are insufficient to ensure our domestic industrial base has the capabilities we need for national defense. In fiscal years 2020-2024, approximately \$2.8 billion was awarded to 194 projects under this program. So far in fiscal year 2025, the program has made awards totaling more than \$336 million. These investments are complemented by \$88 million in total recipient cost shares since the beginning of the fiscal year. They are restoring critical chemical production, expanding domestic manufacturing for solid rocket motors, and establishing secure supply chains for strategic and critical minerals and materials through allied partnerships, among many other outcomes. These investments are also designed to improve economic viability, where sustained demand is critical to maintaining a healthy market and resilient industrial base.

Title VII is a key enabler of investment screening and supply chain protection. In terms of screening for foreign adversary investments or benefits, the Department co-leads approximately 60% of all Committee on Foreign Investment in the United States

(CFIUS) reviews and has referred to more than 75 non-notified transactions in the past year. These authorities allow us to identify and prevent adversarial capital from gaining control over sensitive production pathways. The recent expansion of CFIUS review over more real estate sites is a good first step, but we need to build on this foundation. In parallel, we are piloting voluntary agreements that integrate real-time cybersecurity threat intelligence into supplier risk profiles—ensuring that industrial vulnerabilities are mitigated before they reach production lines.

The Department strongly supports full reauthorization of the DPA.

Let me close by underscoring that deterrence is built long before the potential for conflict emerges. It is built in our factories, on our shop floors, and in the continuity of our supply chains. The DPA is how we turn strategic priorities into industrial reality. It is how we ensure that our warfighters are not waiting—for parts, for materials, or for readiness itself.

We appreciate the Committee's leadership and its longstanding commitment to ensuring that industrial strength is national strength. Your support for DPA reauthorization is critical to ensure our collaboration with the Military Services and industry gives our forces the DIB we need to deter, fight, and win. I look forward to your questions and to continued collaboration in this shared mission.

Chairman DAVIDSON. Thank you, Mr. Frankston. Dr. Ormsby, you are now recognized for 5 minutes for your oral statement.

**STATEMENT OF DR. CHARLES D. ORMSBY, ACTING DIRECTOR,
MATERIALS AND MANUFACTURING DIRECTORATE, AIR
FORCE RESEARCH LABORATORY, WRIGHT-PATTERSON AIR
FORCE BASE**

Mr. ORMSBY. Subcommittee Chairman Davidson, Committee Chairman Hill, Vice Chairman Huizenga, and Representative Moore, good morning. Thank you for the opportunity to testify today. I am happy to speak regarding the Defense Production Act Title III program. I will discuss the Executive Agent Program Office, our role, our history, and the status in executing the Defense Production Act Title III.

I serve as the acting director of the Materials and Manufacturing Directorate within the Air Force Research Laboratory headquartered here at Wright-Patterson Air Force Base, and in this position, I lead the Defense Production Act Title III Executive Agent Program Office. The Executive Agent Program Office is staffed by a multidisciplinary team, including program managers, scientists, engineers, national environmental policy experts, purchase agreements specialists, financial managers, and other subject matter experts required to execute often complex and unique projects. The Executive Agent Program Office is central to the practical execution of Defense Production Act Title III investments for the Department of Defense.

While the Executive Agent Program Office manages the operational and technical aspects, the projects are authorized and funded by the Office of the Under Secretary of Defense for Acquisition and Sustainment. Specifically, the Manufacturing Capability Expansion and Investment Prioritization Directorate within Industrial Based Policy is responsible for the Title III program and its funding. This organizational structure indicates a clear division of labor, with Industrial Based Policy providing the strategic guidance and financial oversight, and Materials and Manufacturing Directorate that I represent serving as the primary technical and execution arm. I am pleased to have Mr. Jeffrey Frankston, acting deputy assistant secretary for industrial base resilience, joining me today.

The Executive Agent Program Office initiates project solicitations through a funding opportunity announcement. We issued a hybrid funding opportunity announcement in July 2019, which allows for both unsolicited input from industry and government-initiated calls for specific proposals addressing vetted requirements. We are also executing other transactions using a Washington Headquarters Services procurement vehicle. We are executing 109 technical investment agreements from the funding opportunity announcement. Additionally, we are processing one other transaction prototype award that will include project management support, and we are providing purchase agreements, agreement officer representative, and project management support for additional other transactions to be awarded by the Washington Headquarters Services. The Executive Agent Program Office executes from six funds, including core Title III dollars, Coronavirus Aid, Relief, and Economic Secu-

rity Act (CARES) Act supplemental, Ukraine supplemental, Inflation Reduction Act supplemental, Indo-Pacific Security supplemental, and Israel Security supplemental. These funds have varying structures. For some funds, obligation and expenditures have no expiration dates. For others, there are expiration dates stated.

The Executive Agent Program Office's diverse staff of engineers and scientists are proud to provide critical technical depth for assessing industrial-based capabilities and ensuring investments achieve a resilient defense industrial base. Notably, recent examples include a project that significantly improved production of gallium nitride monolithic microwave integrated circuits, achieving a threefold yield improvement at a 76-percent cost reduction. Another project expanded domestic nickel production, identifying the purist nickel in the United States and perhaps globally. The purity was so good, examples were placed in the Smithsonian just last week. Our expertise extends to managing projects across critical chemicals, critical minerals and materials, hypersonics, radiation-hardened microelectronics, castings and forgings, and energy storage and battery value chains.

The Executive Agent Program Office employs over 60 government civilians and contractors to support the program in full-time and part-time positions. Executive Agent Program Office personnel benefit from a strategic understanding of their technical fields that extends to science and technology projects they support outside of the Title III program. This enables our team to initiate materials and manufacturing technology programs of great value to the Department of Defense. The Materials and Manufacturing Directorate through the Executive Agent Program Office takes pride in our 33 years securing the defense industrial base for our Nation. I thank you for the opportunity to testify today, and I look forward to your questions.

[The prepared statement of Mr. Ormsby follows:]

**PAIRS CASE2025-C-0753
TESTIMONY
OF
DR. CHARLES D. ORMSBY
ACTING DIRECTOR, AIR FORCE RESEARCH LABORATORY
MATERIALS AND MANUFACTURING DIVISION

BEFORE
THE

HOUSE FINANCIAL SERVICES COMMITTEE, SUBCOMMITTEE ON
NATIONAL SECURITY, ILLICIT FINANCE, AND INTERNATIONAL
FINANCIAL INSTITUTIONS

U.S. HOUSE OF REPRESENTATIVES
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

“EXECUTIVE AGENT PROGRAM OFFICE SUPPORT TO DEFENSE
PRODUCTION ACT TITLE III”**

August 13, 2025

Good morning, Committee Chairman Hill, Vice Chairman Huizenga, Subcommittee Chairman Davidson, and Representative Moore. Thank you for inviting me to testify today. I am happy to testify regarding the Defense Production Act Title III program. I will discuss the Executive Agent Program Office's role, history, and status in executing the Defense Production Act Title III. I serve as the acting Director of the Materials and Manufacturing Directorate within the Air Force Research Laboratory, headquartered at Wright-Patterson Air Force Base (AFB), Ohio. In this position, I lead the Defense Production Act Title III Executive Agent Program Office.

The Secretary of Defense formally designated the Secretary of the Air Force as Department of Defense Executive Agent for the Defense Production Act Title III program. The Air Force's dedicated Title III Program Office, known as the Executive Agent Program Office, resides within the Air Force Research Laboratory

Materials and Manufacturing Directorate. This Executive Agent Program Office is staffed by a multidisciplinary team including program managers, scientists, engineers, National Environmental Policy Act specialists, purchase agreement specialists, financial managers, and other subject matter experts required to execute often complex, unique projects.³

The Executive Agent Program Office is central to the practical execution of Defense Production Act Title III investments for the Department of Defense. While the Executive Agent Program Office manages the operational and technical aspects, the projects are authorized and funded by the Office of the Undersecretary of Defense for Acquisition and Sustainment.¹ Specifically, the Manufacturing, Capability Expansion and Investment Prioritization Directorate within Industrial Base Policy is responsible for the Title III program and its funding.⁵ This organizational structure indicates a clear division of labor, with Industrial Base Policy providing strategic guidance and financial oversight, and the Materials and Manufacturing Directorate serving as the primary technical and execution arm. I am pleased to have Mr. Jeffrey Frankston, Acting Deputy Assistant Secretary for Industrial Base Resilience, joining me as a co-witness today.

The Executive Agent Program Office initiates project solicitations through a Funding Opportunity Announcement.² We issued a “hybrid” Funding Opportunity Announcement in July 2019, allowing for both unsolicited white papers from industry and government-initiated “Calls” for specific proposals addressing vetted requirements.⁷ We are also executing Other Transactions using a Washington Headquarters Services procurement vehicle. We are executing 109 Technology Investment Agreements from the Funding Opportunity Announcement. Additionally, we are processing one Other Transaction Prototype award that will include project management support, and we are providing a Purchase Agreement – Agreements Officer Representative and project management support for additional Other Transactions to be awarded by Washington Headquarters Services.

The Executive Agent Program Office executes from six funds including core Title III dollars, CARES Act Supplemental funds, Ukraine Supplemental funds, Inflation Reduction Act funds, Indo-Pacific Security Supplemental fund and Israel Security Supplemental funds. These funds have varying structures; for some

funds, obligation and expenditure have no expiration dates, but for other funds, expiration dates are stated.

The Executive Agent Program Office's diverse staff of engineers and scientists are proud to provide critical technical depth for assessing industrial base capabilities and ensuring investments achieve a resilient Defense Industrial Base. Notable recent examples include a project that significantly improved production of gallium nitride monolithic microwave integrated circuits, achieving a threefold yield improvement and a 76% cost reduction.⁶ Another project expanded domestic nickel production, identifying the purest mined nickel in the United States and perhaps globally. The purity was so good, examples were placed in the Smithsonian just last week.

Our expertise extends to managing projects across critical chemicals, hypersonics, radiation-hardened microelectronics, critical minerals and materials, castings and forgings, and energy storage and battery value chains.⁴ The Executive Agent Program Office employs over 60 government civilians and contractors to support the program in full-time or part-time positions. Executive Agent Program Office personnel benefit from a strategic understanding of their technical fields that extends to science and technology projects they support outside of Title III. This enables our team to initiate materials and manufacturing technology programs of great value to the Department of the Defense. The Materials and Manufacturing Directorate, through the Executive Agent Program Office, takes pride in our 33 years securing the defense industrial base for our nation. I thank you for the opportunity to testify today, and I look forward to your questions.

Works cited

1. Defense Production Act, Title III Program (50 USC App. § 2091 et seq.), accessed August 1, 2025, <https://www.ndtahq.com/wp-content/uploads/2020/05/Defense-Production-Act-Title-III-Overview.pdf>
2. The Defense Production Act Title III.docx - DAU, accessed August 1, 2025, <https://www.dau.edu/sites/default/files/Migrated/CopDocuments/The%20Defense%20Production%20Act%20Title%20III.docx>
3. DEFENSE PRODUCTION ACT TITLE III – Air Force Research ..., accessed August 1, 2025, <https://afresearchlab.com/technology/successstories/defense-production-act-title-iii/>
4. Defense Production Act Purchases (Defense Production ActP) - Justification Book, accessed August 1, 2025, https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2025/budget_justification/pdfs/02_Procurement/PROC_Defense-Production-ActP_PB_2025.pdf
5. Capturing Industrial Base from the DoD | Insights | Holland & Knight, accessed August 1, 2025, <https://www.hklaw.com/en/insights/publications/2024/03/capturing-industrial-base-from-the-dod>
6. Defense Production Act Title III Project Results in Improved Technologies for Communication, Imaging and Sensor Systems - Wright-Patterson Air Force Base, accessed August 1, 2025, <https://www.wpafb.af.mil/News/Article-Display/Article/819308/defense-production-act-title-iii-project-results-in-improved-technologies-for-c/>
7. Air Force contracting process enhanced with new hybrid Funding Opportunity Announcement > WIN The FUTURE > Article Display, accessed August 1, 2025, <https://www.afrl.af.mil/News/Article-Display/Article/2339513/air-force-contracting-process-enhanced-with-new-hybrid-funding-opportunity-anno/>

Chairman DAVIDSON. Thank you, Dr. Ormsby. We will now turn to number of questions, and so I will recognize myself for 5 minutes.

Mr. Frankston, you highlighted, really, the three titles that are functional, and just by structure—Title I, Title III, and Title VII—that will tell you it has undergone some revisions. For the most part, it has been deletions and not additions over the years: Title I for simplicity and prioritization, Title III for investments, and Title VII for screening. I wonder if you could highlight, particularly, maybe a cost-share example, of how you are deploying capital to address a DPA priority for the supply chain and how that works. How do you screen for it? How do you decide to make the investment? How does that work out? You highlighted \$88 million that you are deploying in the market, maybe one of those projects that is addressing a critical shortage.

Mr. FRANKSTON. Sir, thank you very much for the question. The DPA gives us flexibility to attack a number of different key priority areas. One of those that we have been focusing on intently of late is critical and strategic minerals and materials, given some of the supply chain challenges that have been highlighted due to Chinese export restrictions and controls. We have recently put out a couple of projects just in the last few weeks, but previously to those, we have a number of projects where we give just a little bit of dollars with DPA, and that comes to a cost share either from a private equity or venture capital for those projects. A lot of times we are just signaling to the company to show that we have a sustained interest in this priority, capability, or mineral in this particular case, and that is what these companies need for their own investments, or to get outside banking help to sustain their critical mineral production.

Chairman DAVIDSON. Yes, thank you for that, and you highlight critical minerals, and, obviously, that is a shortage for the country. It is a crisis, not just for the defense supply chain, but maybe more broadly. Given that this is the first time we are updating DPA post-COVID, maybe you could talk about some of the other areas that you look at in terms of prioritization or investment in healthcare or pharmaceuticals, other sectors that maybe are on your radar screen.

Mr. FRANKSTON. Thank you. Our current priorities, are critical minerals missiles and munitions, are at the top of our list. There are many other sectors where we have critical shortfalls in our defense industrial base. Minerals and materials are at the basis and the fundamental nature of everything that we do. If we do not have a particular mineral, it does not matter if we have 95 percent of all the other ones for a particular weapons system, we are still short because of that requirement, and so that has our direct key focus and attention.

Missiles and munitions are our direct way to project force and enable capability, and so we have challenges, be it to meet the needs that our Nation demands for the conflicts and the adversaries that we may face; and so, we are deploying our capital, deploying DPA to get after key shortfalls, to expand capacity ahead of a conflict so that we are not short once the balloon goes up.

Chairman DAVIDSON. Yes, thank you. I mean, it is an adaptation of a different quote, but you go to war with the supply chain you have, not the one you wish you had, right? Dr. Ormsby, you have highlighted both cutting-edge technology and then more mature technologies, like castings and forgings, and I wonder if you could highlight in your work how you balance those needs to really meet the national security threats that we need to address.

Mr. ORMSBY. Yes, sir. Thank you for the question. I would say that, first off, it is absolutely a partnership with Mr. Frankston. He sets the priorities. We execute the programs. So, he sets the balance of the portfolio, but we do have a number of projects in the last several years that have focused on castings and forgings for Navy applications, for Air Force applications, as well, as I said, balance across microelectronics needs, hypersonics needs, you name it, really set by the priorities coming out of the Office of the Secretary of Defense (OSD). Then we go out and work with the industry partners to actually execute the programs.

Chairman DAVIDSON. Yes, thank you, and not only is Wright-Patt central to the capability to run procurement and the Materials Command, the cutting-edge procurement at Air Force Research Laboratory (AFRL), you also have capability at threat assessment, and so it was nice to bring some colleagues in and highlight the capabilities here at Wright-Patt. Again, thanks to the team for hosting. I will yield my time and now recognize Chairman Hill. Mr. French Hill is the chairman of the full committee and represents an area of Little Rock, Arkansas.

Chairman HILL. Thanks to both of you for being with us today, and greetings from Little Rock Air Force Base and the 19th Air Wing in Little Rock to everybody here at Wright-Patt. Mr. Frankston, let me start with you. Looking at Title I, just on the priority setting, I am a business guy, so I am going to ask a pretty obvious question, which is, if everything gets a priority rating, what is a priority?

Mr. FRANKSTON. It is a great question, sir. Thank you very much for the opportunity to answer. We spend a lot of time working with the services, hearing from industry about the prioritization matrix. All DOD orders are generally given a higher priority just to compete against civilian markets to ensure that we get the weapons and the capabilities that we need, but we work daily with our services and our industry counterparts to be responsive when an issue is raised, when there is a conflict on a particular prioritization. That in and of itself, giving it a priority rating, does not solve the issue if there is still a challenge in the supply chain itself. That is where DPA Title III and the other authorities that we have to go resource that supply chain come in, but we will flag it and raise it for attention, and these have our highest priority to be responsive when a bottleneck is raised.

Chairman HILL. Does that mean that you really have a super priority system? Should the advisory council—for example, you set DOD priorities, but you have a different grade that is a step above that one, there is a bottleneck, and it is a DPA priority and make that distinction, so that instead of 2.5 million priorities over the last 5 years, there are fewer that are directly related to the specific benefits of Title III, for example?

Mr. FRANKSTON. Sir, there are two ways we approach this. One is we have something called the DX rating. It does not actually stand for anything, but that is our highest priority systems, and so there a handful of those, because to your point, there are only so many silver bullets that you could spend from a prioritization but these are given to our most sensitive, critical/urgent capabilities, and so they do have a little bit of a step above the rest. Alternatively, we also have within Title I something called special priorities allocations where we work down at the lower component level, where we find that there is a bottleneck or a key widget or item that is a chokepoint in supporting multiple programs. We can work to prioritize that, work with the services, work with industry, and then, if necessary, given a capacity shortfall or other challenge, we then would deploy DPA Title III to help.

Chairman HILL. In Title III, if you look back over the past 5 years, it has been very active. What is the civil service and contractor breakdown in your chain of command?

Mr. FRANKSTON. We have a very small, but highly skilled and empowered team. I only have a handful of people on our side, and it is similar, I would think, with AFRL. I have one DPA Title III manager. I have a couple other civilians that are assisting. I have one The Defense Priorities and Allocations System (DPAS), so our prioritization manager. We have several billets that we are trying to fill, and then we have a handful of contractors behind that. With the support from the Congress and our administration leadership, we have support to expand that, but it is necessary to manage the breadth and scope of both the program and then the challenge in front of us.

Chairman HILL. Given the pressure on the supply chain from the current conflicts around the world you have talked about in your opening statements, and then this existential threat to reshore or friend shore our strategic needs that are so competitive, how many additional staff do you think you need that would accelerate the application processing? What is the right speed for the application processing?

Mr. FRANKSTON. Thank you for the question, Chairman. We feel that at least two more civilians for each of the programs and titles would be useful. We are conscious of not becoming a large staff that adds bureaucracy to the process, but a couple of trained, skilled civilians. Luckily, we have support for our leadership to move out on this and then with some requisite contractor support. Then also, we rely on the partnership with our services, like AFRL, but then all the other military services who are helping us evaluate, assess, and ensure that when we make an investment or plan to make an investment, that there is a receiving end of that investment, whether through an industry partner or a program office, to ensure that investment is worthwhile.

Chairman HILL. Good. Thank you, Mr. Chairman. I will yield back and look forward to the second round.

Chairman DAVIDSON. Thank you, Mr. Hill. I now recognize the vice chairman of the full committee, Mr. Huizenga, who represents Western Michigan.

Mr. HUIZENGA. Thank you both, Chairman Davidson and Chairman Hill. I appreciate the opportunity to be down here. I actually

represent the Battle Creek International Guard facility up in Battle Creek. We had a briefing earlier with someone from the 110th Air Wing, and I just want to say thank you and extend my gratitude to them. They operate the MQ-1s and 9s out of Battle Creek, and obviously, that is part of the portfolio that we are talking about here. I want to try to touch on a couple of things. It might seem a little disjointed but based on some experience that we had previously going through reworking of CFIUS, I would like to know more about, specifically from Mr. Frankston, how your operations fit into that CFIUS operation and that review.

Mr. FRANKSTON. Thank you for the question, Vice Chairman. CFIUS is managed by one of our sister offices, so it is still within the umbrella of our Industrial Based Policy Office. We collaborate with them daily. The CFIUS reviews, they have the lead on how they work with the Department of Commerce and the other inter-agencies that review each of these potential cases, but a lot of that is informed by, where an adversary or a foreign partner may want to make an investment, we need to be aware of that as we are targeting our own supply chains, too. It helps us to know where China or another adversary is trying to gain leverage against a key shortfall that we may have or something else so there is a constant exchange of data.

Mr. HUIZENGA. Typically, that had been in manufacturing space previously. Now we have sort of expanded it into strategic locations, correct?

Mr. FRANKSTON. Yes, sir.

Mr. HUIZENGA. Which is literally the review of land and acquisitions. That might be outside of either a technical ability or some sort of manufacturing ability, correct?

Mr. FRANKSTON. That is correct, sir, yes.

Mr. HUIZENGA. Okay, and is it appropriate, in your view?

Mr. FRANKSTON. Yes, it absolutely has a direct bearing where our adversaries are. So, that land that might be next to a base or that might be next to an industrial facility may just be an opportunity for espionage or a different—

Mr. HUIZENGA. Probably not just sheer coincidence that the Chinese are interested in picking up land next to a facility, yes.

Mr. FRANKSTON. Correct. Yes.

Mr. HUIZENGA. Okay. I am going to track over to Dr. Ormsby here a little bit because I think this is something that, as we have gone through discussions of DPA previously, kind of famously, at least in Michigan, there was discussion when we saw the shortfall in ventilators, for example, during COVID and the supply being cut off by China. There was discussion of implementing DPA to compel our manufacturers to go into that specific manufacturing. Ford, is my recollection, actually voluntarily stepped up and changed some of their production to be able to fulfill that, but that is outside of the traditional role of DPA and certainly what you have been talking about with these core VI funds, the Title III dollars. I am more interested in how you see how the CARES Act supplemental funds, how the Inflation Reduction Act funds fit into that. Then we see the foreign policy side of this with Ukraine supplemental, the Indo-Pacific security supplemental, and the Israel security supplemental funds. Explain to everybody that might be watching this, and cer-

tainly for us up here, where you see these different funds and how they fit. You had mentioned there are expiration dates on those, if you could outline that.

Mr. ORMSBY. Yes. Thank you for the question, Vice Chairman. I think a lot of that really does go to Mr. Frankston where we are setting the priorities within the legal authorities that we get and the funding authorities that we get, and then in our office, we execute the priorities, basically, so I would say the various funds do apply to needs that we have. As we look at replenishing munitions, replenishing stocks, it does help. The expiration date issue that you bring up can be a bit of an execution hindrance for us, to be honest with you, in that, especially as we get large-dollar infusions coming in, and I do not want to say unplanned, but maybe not expected well in advance, right, with restrictions on how you can use them. Then we have to fairly rapidly come up with a strategy, and we have to get those funds on agreements and issued, which causes us to have to do some prioritization of who we are working with, when we are working with them with our limited staff.

Mr. HUIZENGA. My time has expired, but I look forward to exploring that a bit more in maybe a second round, so I yield back.

Chairman DAVIDSON. We will have a second round. I now recognize the gentleman from North Carolina, Mr. Moore, who is also the former speaker of the House of the State of North Carolina's House of Representatives.

Mr. MOORE. Thank you, Mr. Chairman, and thank you for hosting us here. This has been an incredible visit, and this is an absolutely amazing facility and amazing base. I will tell you, with the continued consolidation of our domestic industrial base, it seems, to me, more important than ever to recognize and support the critical role of our existing industry. Back home in North Carolina, for example, we have a lot of companies that contribute greatly to the supply chain when it comes to national defense. In Shelby, which is actually my home county, we actually have one of the very few copper smelting and refining facilities in the United States. There is talk about the availability of rare earth minerals, but you also have to have the capability to produce those, and so they actually have a facility that produces 100 percent of pure copper from copper scrap. The Department of Defense, of course, has identified high-purity copper as a strategic metal essential to our national security.

Dr. Ormsby, with copper being DOD's second most utilized material, which China, though, currently controls, as I understand, 50 percent of the global smelting capacity, what are the national security consequences when our domestic smelting and refining capabilities lack behind those of our global competitors?

Mr. ORMSBY. Sir, thank you for the question. I think you are hitting on the critical issue, honestly, that Mr. Frankston brought up early on about the priority for critical chemicals, critical minerals, critical materials. We are seeing a number of issues exactly like the one that you bring up in our supply chains, particularly down very far into the supply chains, often at levels below where our prime contractors would even recognize that there is an issue, that they cannot get that specific material that is necessary for our weapons systems. That is where the priority on the critical chemicals, min-

erals, materials really play into our strategy here and where we are investing because it is a big issue for the Department.

Mr. MOORE. How would export restrictions by other nations affect the ability to refine and produce copper in the United States?

Mr. ORMSBY. Sir, it is obviously a major issue for us, and to the point, it is not just about getting the materials that we need. It is also about being able to process them, right, and that is why we have such a priority on this investment.

Mr. MOORE. Let us say if another nation were to manipulate global prices, what actions could the DOD take to safeguard domestic manufacturing?

Mr. ORMSBY. Sir, thank you for the question. Would you like to take it, or would you like me to answer, sir?

Mr. FRANKSTON. Thank you very much. I am happy to help. Dr. Ormsby noted, as it is not just at the mine itself. It is not just at the processing itself. It is across the entire supply chain for our critical minerals and materials, and China has absolutely been manipulating the market, has been placing export controls, and so that is one of the reasons why we have placed such a high priority. It is why one of the earliest executive orders from this administration was on critical minerals. It is why we have a Presidential determination waiver to be able to use DPA for critical minerals and materials across the entire supply chain so that we can rebuild or reinforce our domestic capability and capacity. For the mines itself and where these minerals come out of the earth, geography matters. Some of this is just not always available in the United States, and so that is why it is leveraging key partners and allies that we can utilize, certainly at the mine level, but then build the processing and the supply chain capabilities internal to the United States.

Mr. MOORE. To that point, even beyond metals, I think it is equally important that we be able to identify, for example, and be able to source textiles. You do not think of textiles a lot of time when you are just talking about national defense, but the ability to have the proper uniforms, the proper material for our fighting men and women is critical. Of course, the Berry Amendment requires the DOD to procure textile and clothing products made with nearly 100 percent U.S. content. It ensures a stable domestic supply chain that will protect us from other nations that seek to manipulate it. I guess this is kind of a softball question here, but how important is maintaining an independent domestic textile supply chain improving resiliency in the event of a near peer conflict? Either of you want to take it is fine.

Mr. FRANKSTON. Thank you for the question. It is absolutely critical. It is not just in clothing. Those textiles and materials go into our weapon systems themselves, too, so we need to have that domestic capability.

Mr. MOORE. We are very proud in North Carolina to have a significant production capacity of textiles. I will not start to fight about being the home of flight since we are in Ohio right now, but we do have some textiles.

Chairman DAVIDSON. I thank the gentleman. We will go ahead and start our second round for this panel, to be more precise, so I recognize myself for 5 minutes.

Talking about flight, they do have some beautiful real estate in North Carolina, but we do have the engineers here in Ohio.

[Laughter.]

[Cross talking.]

Mr. MOORE. I knew it was going to go there, Mr. Chairman, but I did start it.

Chairman DAVIDSON. It is here in the birthplace of aviation. Now, the dialog with Mr. Huizenga really, I think, highlights the coordination necessary across multiple Federal agencies. Of course, on Article VII or Title VII, when you are looking at CFIUS, for example, threat assessments, things like that, it is important. In Title I, I think Chairman Hill highlighted that if you have 100 priorities, you really have zero priorities. Picking up with the dialog with Mr. Ormsby, how is the collaboration across agencies going within Title III and when you think about multiple Federal agencies, there are times where the Federal Emergency Management Agency (FEMA) is really the lead coordinator, so what is the overall office doing to kind of coordinate kind of across agencies? Mr. Frankston.

Mr. FRANKSTON. All right. Thank you very much for the question. There is a monthly working group that FEMA hosts for all of the Federal agencies that have DPA authorities. DOD happens to have the vast majority of actual DOD appropriation for DPA, but we work hand in hand with our partners. When we have challenges or areas that occur or incidents that occur that cross into one of our other interagency partners, we have a fantastic working relationship where we can reach out to someone like Energy or Transportation to identify opportunities to collaborate. This can be strengthened. We could work at an even higher level, at the executive level, more collaboratively, but again, we work across the interagency. I will add, in particular, on DPA Title I, Commerce has the lead role, and we have a phenomenal working relationship with Commerce. When we get a prioritization, when we need their help and request, we turn that quick ourselves, and they are turning it back even quicker to us, so it is a really, really strong relationship.

Chairman DAVIDSON. Yes, thank you, and I guess it also highlights the importance of how Congress appropriates money, and Dr. Ormsby, you highlighted several buckets that you are actively managing. When you think about not just the appropriations and the status quo that we have, not just in DPA, but in the procurement, one of the things that DPA does at times is sort of bridge the gap between status quo thinking, and a lot of times the supply chain functions at least adequately for the status quo. The real question is when you have those moments of crisis where you have to surge, how resilient is the supply chain? How important is it to maybe use some of what we are learning from DPA to look at the rest of the procurement process or be able to waive even our own procurement process? I think just to illustrate SpaceX out there gave us deep space launch capability that we were for a while depending on Russia. Atlas is still under development using status quo, traditional procurement operations. At a certain level, the supply chain arbitrage was really part of the success story there. How do we make this better?

Mr. ORMSBY. Yes, Chairman Davidson. Thank you for the question. I think you are hitting on a key issue that we have right now. These authorities can really help us to address supply chain issues, but I believe Mr. Frankston said earlier what we really need to get to, and to your point earlier, if you go to war with the supply chain you have, we need to be more proactive and looking forward, right, because we have already identified a number of strategic problems in our supply chain where we need to address those issues. These authorities have been very helpful to us in doing that. I think they are just part of the puzzle, to be honest with you.

There are a number of other tools that we have also from our science and technology portfolios to other investment opportunities, but I believe we need a whole-of-Nation approach, honestly, that looks at everything that we have to be able to start to proactively prepare for a surge. What we saw during COVID as the fund jumped up significantly in importance in number of projects, number of dollars in invested, et cetera. We mobilized very quickly. It was an all-hands-on-deck kind of effort, and we have a number of lessons learned in how we have organized now that we have continued to try to be more effective and efficient in identifying issues and setting priorities, but I believe we have to keep that going into the future.

Chairman DAVIDSON. Yes, thank you both. My time has expired, and I now recognize Chairman Hill for 5 minutes.

Chairman HILL. Mr. Davidson, thank you, and I do recognize that Ohio is the birthplace of aviation, but the actual aviation took place in North Carolina at Kitty Hawk, I think, and University of Michigan, their nautical engineering program was started by people who were connected with the Wrights. So, all the States here, we are all in good stead by being here at the birthplace of aviation.

Mr. Frankston, the current industrial base, does it have surge capacity? Where are we the weakest in our defense industrial base? Going back to my earlier point that we have wars underway with supply chain constraints, and we have strategic supply chain supply constraints, so down at the Pentagon, what worries you the most about surge capacity?

Mr. FRANKSTON. Thank you for the question, sir. I am a naval historian and analyst by education and trade, and Navy shipbuilding and ship repair capacity, we made some very interesting decisions from the peace dividend at the end of the cold war, and we have a much-reduced capacity for ship repair and ship construction. This has been a priority of this administration through the maritime dominance EO and other critical areas that our office is supporting. As Dr. Ormsby mentioned, there have been a number of investments in castings and forgings. We have workforce training programs to expand because that is something I will also emphasize. For as much as we have the actual facilities and the equipment challenges and we need to expand capacity, we need the people that need to be hired and retained in these industries, and have good, high-paying, quality, high-skilled jobs and be there when we need to surge.

Chairman HILL. Proud to be on a very, very cold winter day at Newport News last year to see the USS Arkansas christened, our newest fast attack sub. Proud to have her name back on a ship in

the fleet. Dr. Ormsby, Title III grants: as someone responsible for executing that big picture strategy, do you receive feedback from businesses about how well mass production is working under Title III? Just a practical feedback question.

Mr. ORMSBY. Yes, Chairman Hill. Thank you for the question. We do. What we really get from industry a lot, because they do recognize that we execute a lot of the projects, is those white papers and those recommendations of places where they see need for investment, where they are having issues in their supply chains, and we facilitate them getting in touch with Mr. Frankston's office to actually make proposals, either through the other transactions or through our open funding opportunity announcement.

Chairman HILL. That is good. How does the Research Lab's ManTech program sort of bridge the gap between early stage innovation and scalable industrial capacity? I see this as a constant complaint in Congress is breaking into the supply chain, which the President is taking action on, which I am fully supportive of, but once in the supply chain, if you are an early stage development company, how you can scale up. Tell me about your bridging there.

Mr. ORMSBY. Yes, sir. Thank you for that question. That is a nice tie between our science and technology investments, which are a different appropriation that I also control, where we can invest with our industrial-based partners to develop manufacturing processes to either get faster production, lower cost, or to develop a domestic source for production if one does not exist, for things, in my case, that are important to the Department of Space and Air Force. There is a MANTECH program in every service so that you can take the cookie cutter to the other services. Once we can develop that initial manufacturing process, then frequently, we see a need to now scale it, and that is where the Title III authorities really come to play and help to now get you to the full scale that we need.

Chairman HILL. You think those are working effectively? If you could change one thing, what would it be?

Mr. ORMSBY. I believe those are working effectively, yes. I could give you a couple of anecdotal examples where I see them working, if you would like—

Chairman HILL. Yes, that would be helpful.

Mr. ORMSBY [continuing]. but I do not want to take your time.

Chairman HILL. Thank you. That would be helpful.

Chairman HILL. I yield back, Mr. Chairman.

Chairman DAVIDSON. Thank you, Mr. Hill. I now recognize the vice chairman, Mr. Huizenga, for 5 minutes.

Mr. HUIZENGA. Thank you, Mr. Chairman. Let us go back and unpack the six sorts of funds that we have. We have Title III, which I think is self-explanatory. We then have what I would say maybe are conflict-related supplementals—Indo-Pacific, Israel, and Ukraine—and then we have—I am not sure quite what category to put this in—CARES Act and the Individual Retirement Account (IRA). Dr. Ormsby had said there were some lessons learned from COVID. We can get into those, but I really want to know each one of those various buckets of funding, what do they cover? What are they being used for?

Mr. FRANKSTON. Thank you for the question. We have a number of similar but different funding priorities within each of those buck-

ets of money. The Ukraine and Israel supplementals, much of that went toward our missiles and munitions productions where we found that when we tried to surge some of the key weapon systems that, in support of those conflicts, the dollars went to those, whether through solid rocket motors or castings and forgings——

Mr. HUIZENGA. To expand capacity?

Mr. FRANKSTON. Yes, sir, but generally, to expand capacity, just when we knew that we were not able to ramp as much as we needed to base on the numbers that we needed for our own needs, and then what we were providing overseas.

Mr. HUIZENGA. How about Indo-Pacific?

Mr. FRANKSTON. Same thing. Some different munitions, different types, but, generally, the same areas. We have shortfalls across munitions, which is where each of those funds were targeting.

Mr. HUIZENGA. Okay. How about CARES and IRA? What was that money used for?

Mr. FRANKSTON. CARES. This was before my time——

Mr. HUIZENGA. I understand.

Mr. FRANKSTON [continuing]. but a lot of it went toward——

Mr. HUIZENGA. Not all of us up here supported necessarily all those expansions, so I am just trying to figure out what the expiration dates might be on that. Is there a need to be continuing parts or those programs at all?

Mr. FRANKSTON. I would be happy to get you some additional details for the record on the specifics on the timeline for the rest of the money, and the expirations, and where it is going to, sir.

Mr. HUIZENGA. Okay.

Mr. HUIZENGA. Do you have any examples of what CARES or IRA was used for?

Mr. FRANKSTON. Sure. Some of it went to ventilators. Some of it went to needles, syringes, protective equipment, a lot of just medical——

Mr. HUIZENGA. Basically, where we were seeing a shortfall in supply chain.

Mr. FRANKSTON. Correct. Yes, sir.

Mr. HUIZENGA. Okay. Title III, I think, was self-explanatory. I want to touch on, remaining couple of minutes here, on chips and production. Obviously, as you were saying, the critical minerals and then the missiles and munitions were sort of the focus. You do not have missiles and munitions if you do not have chips. You do not have chips unless you have critical minerals; so, explain to me how that might factor into what we are doing here.

Mr. FRANKSTON. Thank you for the question. Microelectronics and chips are essential to just about every weapon system that we have and make. There have been a number of investments within DPA, but then as Dr. Ormsby was mentioning, in some of the other funds that are out there and then some of the service investment themselves have made in this, there have been several programs that were being used to resource both large-scale chip production and then some of the more niche microchips for some of the more explicit weapon systems and some of the more exquisite capabilities that we have. There is still a lot of work to go so that we can continue to onshore——

Mr. HUIZENG. Because we are not there yet, right, in our production capability. That was part of these various previous buckets that we were talking about. We were talking about shortfall because we had sent off a lot of our weapons systems, but then it also seems that we have some gaps that need to get filled, correct? Is DPA trying to fill those specifically when it comes to chips production vis-a-vis what we see production here in the United States versus what is produced overseas?

Mr. FRANKSTON. Yes, sir, and it ranges across the supply chain, too, just because, whether it is the actual foundry, or the production of the wafer itself, or the mineral, as you mentioned, that goes into it. We need to secure both the supply, not just of the raw material, but the processing, much of which went to China over the last 30 years; and so, there is a concerted effort to bring back not just the material, the mineral itself, but where that chip is being manufactured in all aspects of the supply chain.

Mr. HUIZENG. Finally, you are part of any CFIUS review of that, correct?

Mr. FRANKSTON. I am not personally part of the CFIUS—

Mr. HUIZENG. But CFIUS is part of that review.

Mr. FRANKSTON. Yes, sir.

Mr. HUIZENG. Okay. I will maybe reserve my question about where we are currently on CFIUS review, the H20s and other chip capabilities and some recent announcements as to where those are being shipped. My time has expired, but we will continue this later. Thank you. I yield back.

Chairman DAVIDSON. Thank you. Mr. Moore from North Carolina is now recognized for 5 minutes.

Mr. MOORE. Thank you, Mr. Chairman. I wanted to follow up with Mr. Frankston about the discussion about the shipbuilding. One of our colleagues, Representative Jen Kiggans from Virginia, was one of the members that, frankly, brought me up to speed on the fact of how far behind we are, particularly China, in terms of the production of ships between the two nations. What is the administration looking at to ramp that up? Like, what is the short-term plan and what is the long-term plan to facilitate that?

Mr. FRANKSTON. I appreciate the question on shipbuilding. This is an area of deep concern and passion to me. The maritime dominance Executive Order (EO)—I do not recall the date that it came out—was one of the longest ones ever written due to where we are on shipbuilding and the state of shipbuilding; so, it is looking across the board, not just for defense requirements, but then also on the commercial side. There are weekly meetings across each of the aspects of that executive order, working for commercial shipbuilding, working for U.S. military shipbuilding, the Military Sealift Command, the Maritime Administration through the Department of Transportation. All of that is critical because it is the same limited industrial base supporting each of those components, so that when we work together to go target a pump or a valve manufacturer, it does not matter if that is going to be at a company that is supporting a commercial vendor right now. That valve or pump that is so far down the supply chain could easily turn to build capacity for U.S. shipbuilding. There are a number of different efforts, both within our Presidential budget and what we build into

our process, looking to expand our shipbuilding capability and capacity because this administration recognizes that we have a particular challenge to match what China has ramped up with their own capacity.

Mr. MOORE. In terms of what Congress can do, obviously money in terms of appropriation, but in addition to that, are there regulatory matters? Are there other things that Congress can do that could help facilitate this process?

Mr. FRANKSTON. I would be happy to get back a formal response for the record on some of those recommendations, sir.

Mr. MOORE. All right.

Mr. MOORE. Mr. Huizenga asked you a question, I think, similarly along the same lines, but the question had to do with IRA and CARES. Have you been able to go through and look at some of the procurement and find some areas where funds can be repurposed? Perhaps funds are going to areas that are not as critical. Were you able to repurpose that in some of the other areas where we do see some shortfall, at least in the immediate timeframe?

Mr. FRANKSTON. We continue to look for opportunities on where our funding has been aligned, whether from a previous priority that may have changed based on real-world events. We are always looking at our portfolio to support not just where we see things, but where our leadership is directing us; so, we have some very strong internal guidance from our Department of Defense leadership on their key priorities. Critical minerals and missiles and munitions are two at the top, and so we are looking across our resourcing areas because, again, you cannot build a missile, a fighter plane, a jet, a tank, a ship if you do not have the raw materials, the raw minerals nor, if you do not have the weapons to actually use from that platform.

Mr. MOORE. All right. Dr. Ormsby, would you like to respond to that same question as well, sir?

Mr. ORMSBY. Yes, sir. Thank you. I appreciate the question. I would simply add, not only reevaluating the priorities and continually looking at the portfolio, but then there are also times when, for various reasons, we start down a path of making an award, and in the end, the company does not agree to the terms, they change their business strategy, our priorities change, what have you. Then that gives us another opportunity as well to then redeploy those funds for a different priority.

Mr. MOORE. What I would ask is that, as you supply further responses as appropriate, provide advice for Congress in terms of ways to streamline the process or to improve efficiency. One thing this Congress has worked very hard on, as well as the administration, is improving government efficiency, getting rid of waste, just trying to cut through the bureaucracy. If there are things that would require congressional action that would, I do not know, get rid of some of the shackles that are slowing the ability to be more nimble and respond, particularly as other nations take very rapid actions, please let us know that because I am certainly interested, and I think probably most of my colleagues are as well. With that, I yield back, Mr. Chairman.

Chairman DAVIDSON. I thank our witnesses. I really appreciate your testimony today, and we will pause for a bit as we switch to our second panel. Thank you very much.

Mr. ORMSBY. Thank you very much.

Mr. FRANKSTON. Thank you.

[Pause.]

Chairman DAVIDSON. All right. The Committee on National Security, Illicit Finance, and International Finance Institutions will come to order.

Thanks again to our first panel of witnesses, and so now I would like to welcome our second panel of witnesses. First, Mr. Robert Faxon is the chairman of the Board at Consolidated Boring Inc., and Mr. Gordon Follin is the chief product officer at Beehive Industries. We thank you both for taking time to be here, and you will each be recognized for 5 minutes to give an oral presentation of your testimony.

Without objection, your written statements will be made part of the record.

Mr. Faxon, you are now recognized for 5 minutes for your oral statement.

**STATEMENT OF MR. ROBERT FAXON, CHAIRMAN OF THE
BOARD, CONSOLIDATED BORING INC.**

Mr. FAXON. Thank you, Chairman Hill, Chairman Davidson, and members of the subcommittee. Thank you for the opportunity to testify today. My name is Robert Faxon, Chairman of the Board for Consolidated Boring Incorporated, a company formed in 2021 from the acquisition of Faxon Machining in Cincinnati, Ohio, and a division of ATI, now called American Flowform Machining in Billerica, Massachusetts. These two companies represent almost 100 years of combined manufacturing. My testimony represents the most accurate and truthful representation of the current situation that I can offer based on my personal interactions with both government industry and is totally of my own opinion. It may or may not represent the balance of the Consolidated Boring Inc. (CBI) team.

I bring over 47 years of hands-on manufacturing experience, including over 25 years specifically in the defense industry, starting at the age of 13, working part time in family business in Cincinnati. Faxon Machining, located in Cincinnati, Ohio, operates a 185,000-square-foot facility manufacturing warheads and precision components for critical defense programs, such as the GBU-57 Massive Ordnance Penetrator, for which we produced 7 of the 14 30,000-pound bunker buster bombs used in the Iranian nuclear facility strike, BLU-137 2,000-pound bunker busters, the GMLRS unitary warhead. Faxon Machining played a key role in the BLU-136 Next Generation Area Attack Weapon Program from concept and development all the way through full-rate production as a prime contractor for the U.S. Air Force. The company is also advancing modernization efforts in artillery production with plans for a state-of-art facility, capable of vertically integrated manufacturing, producing up to 450,000 modular artillery shells annually to support evolving military requirements. Faxon Machining supports major defense contractors, including General Dynamics, Ap-

plied Research Associates, Inc. (ARA), Lockheed Martin, Northrop Grumman, U.S. Government, and many others.

American Flowform Machining, based in Billerica, Massachusetts, operates a 65,000-foot facility focused on manufacture of large-diameter steel rocket motor cases, many smaller rocket motor cases. Over 1 million rocket motor cases have been produced in this facility since its inception. The American Flowform and Machining (AFM) supplies parts for missile systems, including stage one Mk 72 rocket motor case for the SM-3 and SM-6 missiles, Stinger tow rocket motors, and is launching production of rocket motor cases for a system like the ground launch SDB-1 for Andrell. AFM also has been contacted to produce Mk 104 and GMT Patriot rocket motor cases. Additionally, AFM supports programs such as Zuni Mk 22 mine clearing systems, just to name a few. We are actively engaged in innovative companies to support projects like Golden Dome and Iron Dome.

National Security, Defense, Industrial-Based Challenges. The demand for large steel rocket motors, especially those 13 inches and larger in diameter, is growing rapidly due to today's evolving geopolitical environment. For example, the combined demand for the Mk 72, Mk 104, and GMT Patriot cases is approximately 3,000 units annually, far exceeding current AFM capacity of 350 to 400 large rocket motor cases. AFM is uniquely positioned to address this shortage with a proposed vertically integrated rocket motor case factory capable of producing 3,000 cases per year. The facility will strengthen supply chain resilience by internalizing all manufacturing processes and steps, reducing dependence on external suppliers and supporting surge capacity during times of crisis. The new factory would create roughly 300 skilled manufacturing jobs in Massachusetts that generate significant cost savings for the government. Additionally, this factory would play a key role in supporting current future defense programs, including the administration's proposed Golden Dome initiative.

Experience with Title III Funding and Recommendations. AFM has worked closely with the Defense Production Act Title III Office during its efforts to secure funding for this factory expansion and has submitted a Title III funding request for a new facility. While the potential impact is significant, the process from application to award has proven lengthy and complex, which can be discouraging for smaller companies to pursue these opportunities. This delay risks leaving critical defense manufacturing capacity unmet amid urgent national security needs.

To address this, I recommend a multiyear predictable funding and streamlined application process to reduce uncertainty and incentivize timely project starts. If industry is being asked to move at the speed of war, then our partners, being the U.S. Government, will also have to move at the speed of war. While the primary focus of this funding is the defense industrial base, it is equally important to support and strengthen the broader industrial base, including commercial and non-DOD manufacturers, so that these companies remain financially viable in the marketplace and can rapidly pivot to defense production if needed. This approach not only enhances national security but also promotes reshoring high-skilled

jobs and ensures a more resilient and competitive manufacturing ecosystem overall.

Conclusion. The investment reforms I have described are vital to securing our Nation's defense and industrial-based manufacturing future. With the right support, Consolidated Boring Incorporated, through its operating companies, Faxon Machining and AFM, stands ready to deliver the critical capabilities our military requires, and respectfully requests that Title III submission already accepted, but not yet funded, be funded not only for the original amount, but also for the additional amount necessary to meet current demands. This is not only important for our company, but the entire defense industrial base. These efforts can take years to complete under normal circumstances. Several of the key pieces of equipment necessary for the Rocket Motor Factory will need to be manufactured from the ground up, design built, tested, run off, and installed, and, in some cases, will take well over 2 years to complete before additional production can begin. If anything were to occur that impedes a normal operating environment, these timelines could stretch even further, potentially delaying completion by several years.

The stakes are too high to risk such delays. Failure to act now could leave the United States without sufficient rocket motor production capacity to sustain a prolonged or high-intensity conflict, placing both our national security and our warfighters at unacceptable risk. We must act now to be responsible stewards in meeting the known and immediate needs our military leaders have clearly challenged us with in order to properly support our warfighters and our allies. Thank you for your time. I look forward to your questions.

[The prepared statement of Mr. Faxon follows:]



Introduction

Chairman Davidson, Ranking Member Beatty, and members of the Subcommittee, the opportunity to address the committee is appreciated. Robert T. Faxon, Chairman of the Board for Consolidated Boring Inc. (CBI), is providing this testimony. The speaker has over 47 years of manufacturing experience, particularly in the defense sector. Through this work, the speaker has contributed to the development of weapons systems, including the Guided Missile Long Range System (G.M.L.R.S.) Unitary Warhead, BLU-137 penetrator, BLU-111 500# penetrator and the BLU-136 Next Generation Area Attack Weapon (NGAAW) and several others. He remains firmly committed to supporting the American Warfighter and our Allies by providing the most capable and cost-effective weapon systems possible.

CBI, including its subsidiaries Faxon Machining Inc. in Cincinnati, Ohio, and American Flowform and Machining (AFM) in Billerica, Massachusetts, is a key contributor to national defense programs. Faxon Machining Inc. manufactures warheads and components for programs such as the GBU-57 - Massive Ordnance Penetrator (MOP) used in the Iranian strike and several components for the GMLRS mobile rocket system such as the unitary warhead. Since 2005 Faxon Machining has produced almost 40,000 G.M.L.R.S Unitary warheads. It is also a prime contractor for the US Government, producing the BLU-136 NGAAW and has played key roles in developing new programs like the BLU-137 2,000# Bunker Buster Bomb. AFM supplies the stage-1 MK-72 rocket motor case for the SM-3 and SM-6 missiles. AFM also manufactures and supplies Stinger missile rocket motors, TOW rocket motors as well as many others. Furthermore, AFM is launching rocket motor case production for the ground launch SDB-1 rocket motor case for Anduril and has been asked to manufacture the MK-104 and GEM-T Patriot Rocket motor cases in addition to its current production programs.

This testimony will highlight the urgent need for increased capacity in the production of large (13" and larger diameter) steel rocket motor cases, emphasizing the vital role of Title III funding in modernizing and expanding the defense industry by supporting companies like AFM. Although C.B.I. has been aggressive in investing in capital equipment, the financial ability of C.B.I. does not come close to meeting the urgency and scope of these demanding times. AFM's readiness for investment to secure this critical capacity for national defense will also be demonstrated. Additionally, Faxon Machining Inc.'s initiatives to establish a modern and vertically integrated facility to meet the nation's demand for modular artillery shells will be addressed. While the requested investment for both efforts is substantial, it is less than the potential cost of not having these necessary missiles and artillery in a time of national need.

The Urgent Demand for Large Rocket Motor Cases

The current geopolitical climate and evolving warfare have placed immense pressure on the defense industrial base, particularly regarding the production of critical components like large rocket motor cases. The nation's ability to maintain a strong deterrent and respond effectively to threats depends on the capacity and resilience of manufacturing capabilities. Although C.B.I. maintains an aggressive internal capital investment plan, it is unable to meet the ever-increasing demand without external funding.

- The demand for the MK-72 stage one rocket motor case, a critical component for both the SM-3 and SM-6 missiles, needs to reach 100 units per month while the current capacity is around 25-30 units per month. This increased demand alone would almost consume the entire initial capacity of the proposed vertically integrated

rocket motor case factory (RWP-KIN-24-02), designed for 110 cases per month with a funding level of \$86 million.

- The additional requirement for the MK-104 rocket motor case necessitates another 100 cases per month.
- When factoring in the needs for the GEM-T Patriot PAC-2 missile, the current combined annual demand for these three critical cases rises to approximately 3,000 cases per year. This breaks down to roughly 1,200 for the MK-72, 1,200 or more for the MK-104, and 300-600 for the GEM-T.
- This represents a critical annual demand of 2,700 to 3,300 large diameter rocket motor cases for known programs alone.

These figures do not encompass the demands for new missile systems currently under development, nor the hundreds of cases per year required for potential programs that are currently being developed that will utilize 10", 13", and 17" diameter cases.

The Critical Shortage and AFM's Unique Solution

AFM's current capacity for large diameter rocket motor cases is 350-400 annually. This demonstrates that C.B.I. being a primary and key supplier for the MK-72 case cannot support a fraction of the required increase in quantity, presenting a significant vulnerability to national security. U.S. Government Accountability Office (GAO) notes that the DPA ensures the supply of products critical to national defense.

AFM, located in Billerica, Massachusetts, believes that it is uniquely positioned and willing to expand its capacity faster than any other company in the industry. AFM proposes a vertically integrated rocket motor case factory capable of producing approximately 3,000 cases per year.

- This facility would not only meet the current demand of 2,700 to 3,300 cases annually but would also potentially generate revenue to self-fund the additional capacity needed for new programs and other potential demands. The initial funding would launch the new 300,000 to 500,000 square foot facility and would serve as the base to add additional needed capacity as it arises.
- Vertical integration is vital to ensuring supply chain resilience. By bringing key manufacturing processes in-house, AFM minimizes its reliance on external suppliers, safeguarding production against disruptions and increasing its ability to surge production in times of crisis. This allows the existing supply base to support other companies in their needs, strengthening the entire defense industrial ecosystem.
- This proposed factory represents a significant national security investment, and a comparatively small one when considering the vital importance of having these components available. The current estimated cost to achieve a 3,000 large diameter rocket motor case per year capacity for a totally vertically integrated facility is \$186 million. The only additional need would be raw material that could be purchased and consumed with buffer stock to ensure continuous production even in surge scenarios.
- This investment offers a compelling return. The factory has the potential to save the government approximately \$20 million per year at full rate production by being more efficient with internal processing of the entire case. With a full production level of 3,000 cases per year, and assuming the government purchases 3,000 rockets of the various platforms, the total cost would be somewhere in excess of \$9 billion annually. This suggests a long-term return on investment of approximately 10 years at full production for the investment in the factory. But more importantly, this would be a responsible path to gaining the capacity to support this area of critical manufacturing for such strategically important programs such as our Golden Dome.
- Beyond financial benefits, this factory would initially create approximately 300 high-paying skilled jobs in New Hampshire, strengthening the domestic manufacturing workforce and contributing to economic growth. Creating this highly skilled workforce will take time and needs to be started as soon as possible.
- Furthermore, AFM is actively collaborating with innovative rocket motor manufacturers such as Anduril, X-Bow, Ursa Major and others, expanding its reach and expertise in emerging technologies. AFM is also working with various companies that will be supporting Golden Dome and Iron Dome initiatives. Several of the systems this factory would significantly increase capacity on are also key components of the proposed Golden Dome project the current administration is proposing. This factory would play a key role in several of the key components in that system.

AFM's Experience with Title III Funding

American Flowform and Machining (AFM) has worked closely with the Title III office during the funding process for its new rocket motor case factory. This partnership has highlighted the critical need for stable, multi-year funding to support rapid capacity expansion amid constantly evolving steel rocket motor case requirements driven by today's geopolitical challenges. A sustained and committed demand for the products to support the effort in launching the facility would also be needed.

However, the time from submission to award can be very long, which discourages potential applicants. This delay creates uncertainty, leading many to believe funding may not materialize and thus is not worth the effort to pursue. Despite these challenges, AFM is ready to deliver vital manufacturing capabilities once funded. The one certainty is that the longer it takes to start the process, the longer it will take to complete it and have the necessary capacity. With today's urgency, it is critical to launch projects more quickly.

Faxon Machining Inc. and the Modernization of Artillery Shell Production

Faxon Machining Inc. has proposed creating a modern, state-of-the-art factory to produce modular artillery shells, recognizing the broader needs of the defense industrial base. This modernization is designed to meet present and future demands, ensuring a steady supply of these essential components. This investment of between \$80 and \$100m will enhance efficiency and precision in production and contribute to the strength and readiness of military forces. This facility will also support the rapid development and fielding for newly designed modular artillery rounds to meet the ever-changing needs of the modern battlefield. Funding for this program can be achieved with a combination of Title 3 funding and production contracts for needed items for a 5-year minimum term at guaranteed volumes. The capacity will range from 150,000 units per year, totally vertically integrated, to a capacity of 450,000 units per year by utilizing the non-traditional industrial base located near the main factory in times of need. This method of manufacturing would serve as a model for American manufacturing to emulate to successfully reshore critical production. The Artillery factory would be a model of leveraging highly automated operations, and an extremely high return for each direct labor hour worked to increase the odds of hiring and retaining a highly talented and committed work force in a short amount of time to support the launch of the facility. Creating a modern and highly capital-intensive facility is the most likely way to achieve the productivity mentioned. This method of manufacturing will not be applicable to all manufacturing, but this product is a good fit for the "Factory of the future" being proposed.

Improving the Defense Production Act Process

The DPA's effectiveness can be enhanced through improvements to the funding and implementation processes.

- **Sustainable and Predictable Funding:** Funding for critical projects must be provided for the entire duration of the project, not on a year-to-year basis. A multi-year DPA authorization for the AFM factory would provide the necessary stability to invest in long-lead-time equipment and infrastructure, allowing for faster and more efficient capacity expansion. The current uncertainty around annual appropriations creates delays and hampers the industrial base's ability to respond quickly to national needs. The lack of confidence in out-year funding minimizes greatly the appetite for starting the process due to unfunded future financial liabilities the company may be responsible for if funding is not continued. It seems that recently there are different Governmental agencies that share the increased capacity needs and coordinating the funding from these various agencies may result in a more rapid launching of various title 3 efforts.
- **Streamlined Processes:** Exploring ways to streamline DPA application and approval processes while maintaining necessary oversight is recommended. This could include clear guidelines, readily accessible resources for industry partners, and potentially a more consolidated point of contact for DPA-related inquiries. The conference Board suggests that clarifying the DPA as an emergency versus routine policy tool could be considered during reauthorization.
- Although funding related to this activity primarily supports the defense industrial base, there are broader opportunities to strengthen the overall industrial base. By enhancing commercial manufacturing capabilities, companies would be less financially dependent on defense budgets and better positioned to pivot quickly to defense production if needed similar to the factory conversions during World War II. Funding from these programs would empower smaller, more agile, and innovative companies to develop advanced technical

capabilities they might not achieve independently. A stronger, more competitive industrial base supports reshoring efforts driven by tariffs and presidential initiatives, fosters commercial commerce, creates a talented workforce, and ensures that machinery and facilities are readily available to support a rapid defense mobilization. As the saying goes, "If it ain't on the floor, it ain't in the war." Acquiring, installing, and staffing the high-tech equipment required for today's competitive markets takes months or even years, underscoring the importance of sustained investment and readiness. Although there are incremental capacity gains that can be achieved in months that will help support the current demand, the real capacity increase for the rocket motor case factory will take 3-4 years to realize in whole.

The investments requested today are not merely about boosting production; they are about securing national defense for the future and supporting the American Warfighter and our Allies. By investing strategically in critical manufacturing capabilities and improving the mechanisms of the Defense Production Act, the industrial base can be empowered to meet the evolving demands of a complex global landscape. The Subcommittee is urged to consider these recommendations and support the vital initiatives of Consolidated Boring Inc. Thank you.

Robert T. Faxon
Chairman of the Board
Consolidated Boring Inc.

Chairman DAVIDSON. Thank you, Mr. Faxon. Mr. Follin, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF MR. GORDON FOLLIN, CHIEF PRODUCT OFFICER, BEEHIVE INDUSTRIES

Mr. FOLLIN. All right. Thank you, Chairman Davidson, Chairman Hill, and distinguished members of the committee, including Representatives Huizenga and Moore. I appreciate the opportunity to speak with you today on the critical role that the Defense Production Act has in strengthening our Nation's defense. I am Gordie Follin, and I am the chief product officer of Beehive Industries. At Beehive, we are a U.S.-based manufacturing company with over 300 employees at locations in Denver, Knoxville, and also in Cincinnati. In fact, we just opened an expanded facility down in Loveland, about 30 miles south of here, last week. So it is great to be with you today. We specialize in additive manufacturing of jet engines for un-crewed weapon systems, counter-UAS platforms, and drones. Beehive's mission is powering American defense, and we are all in on helping the United States and allied nations replenish their weapons stockpiles, which have been depleted over the last decades by global conflicts.

Let me provide just a little example to put this challenge in context. Every month, Russia bombards Ukraine with over 700 drones, launched in swarms of hundreds at a time, wreaking havoc across the country. The Ukraine, to defend itself, relies on advanced missile defense systems, like the Iron Dome and the Patriot systems provided by the United States and its allies. These systems work great, but there are two big problems. First of all, the Russian drones come from Iran, they cost about \$50,000 a piece, and they can make 6,000-plus a year. The projectiles used in the Ukraine systems to shoot them down cost between \$1 and \$4 million apiece, and right now, we can only make about 2,000 a year. So the problem one, is it currently costs the Ukraine about 50 times more to defend itself than it costs Russia to attack it. That is the opposite of deterrence. Problem number two is, even if Ukraine could afford it, Russia is able to send 3 times more things at it than they can shoot down, right? There are definitely disadvantages in this conflict.

This is just one example. Future examples could include, in the not so distant future, a U.S. conflict with China, which would face a similar challenge, and traditional manufacturing processes cannot solve these problems. The Department of Defense estimates that to rebuild stockpiles with existing systems would take more than 13 years and \$430 billion, which is time and money we just do not have, but additive manufacturing can help solve that challenge by designing engines in a new way to fully leverage the potential additive. We see engines that are 25 percent more efficient, less than half the cost. They can be developed, tested, and fielded in one-quarter of the time. They can be scaled up to produce more than 10,000 engines a year in less than 3 years, at less than 20 percent of the cost of scaling conventional supply chains. By printing jet engines domestically from raw powder, we eliminate the risk of foreign-sourced components disrupting supply of these critical systems. The Defense Production Act, and especially Title III,

is essential in making this possible. Without it, scaling complex, capital-intensive manufacturing processes like ours is extremely risky.

Beehive has benefited or will benefit in four ways from DPA Title III. First of all, it allows us to respond rapidly to new threats. The traditional acquisition process can take 3-plus years to go from a good idea that we know we need to do to actually starting. With DPA, you can start in less than a year, so it is a great tool for that. It also provides preemptive investment, which allows us to invest in developing new products and scaling production capacity ahead of demand. Like you said, when you go to war, you go to war with the supply chain you have, not the supply chain you want. It gives you a way to build that supply chain in advance. It also creates capital security for companies like ours that are privately funded by extending our financial runway, and also, it signals DOD's commitment, which encourages future private investment. That is really key for companies like ours. It also secures access to critical materials, like high-temperature metals, which Beehive relies on to make its products.

To maximize the benefit and effectiveness of Title III, Beehive, we have four recommendations for the committee. One, preserve and clarify Title III authority to support innovation that delivers capability at scale, also called prototype-to-production transitions. This is how we get capabilities to the field faster with lower cost and risk. Our second recommendation is tailor Title III programs for agile, advanced manufacturers. Make it more accessible to non-traditional defense companies by streamlining contracts through Other Transaction Authorities (OTAs), adjusting cost-share requirements, things like that. Recommendation three is continuing to strengthen domestic supply chains for high-temperature alloys, nickel, super alloys, and titanium. I think we have talked about that quite a bit today. Good progress, just need to continue. Those inputs are vulnerable to geopolitical risk, yet essential to products like propulsion. The final recommendation aligns Title III efforts with allied industrial-based initiatives, especially the North Atlantic Treaty Organization (NATO) and Australia, United Kingdom, and United States (AUKUS).

One great thing about additive manufacturing is it allows flexible distributed manufacturing, but it can only happen if there are standardization and coordination across nations. In summary, the Defense Production Act is the government's most important tool for rapidly responding to defense needs in times of crisis to protect our country and secure our future. Beehive urges the committee to act decisively in reauthorizing and modernizing this essential law. Beehive Industries stands ready to partner with the Department of Defense, our allies, and this committee to confront these new challenges and ensure our warfighters have the tools and technologies they need when they need them. Thank you, and I welcome your questions.

[The prepared statement of Mr. Follin follows:]

Testimony of Beehive Industries

Gordie Follin, Chief Product Officer

Submitted to the House Financial Services Committee

Field Hearing: "Securing the Supply Chain: The Defense Production Act in Focus"

August 13, 2025 | Dayton, OH

Written Testimony

Chairman Davidson, Chairman Hill, and distinguished Members of the Committee - including Representatives Huizenga, Moore, and Ogles - thank you for the opportunity to testify on the critical role of the Defense Production Act (DPA) in strengthening our nation's defense industrial base.

My name is Gordie Follin, and I serve as the Chief Product Officer at Beehive Industries. With just over 300 employees and four locations in the United States, including a new research and development center in Loveland, Ohio, we are a U.S.-based advanced manufacturing company specializing in additive manufacturing of turbine engines for uncrewed weapons systems, counter uncrewed systems, and drones.

We are proud to be part of a new generation of agile, high-precision manufacturers answering the urgent call to replenish U.S. and allied weapons stockpiles, which have been severely strained by ongoing conflicts in Ukraine, the Indo-Pacific, and the Middle East.

Traditional manufacturing timelines are not suited to this level of demand. Additive manufacturing enables us to drastically reduce lead times through new processes to develop, test, evaluate, and finalize parts and systems; offer regional manufacturing distribution; and deliver superior performance-to-cost ratios - all of which are critical in rapidly-evolving combat environments.

Furthermore, additive manufacturing is critical to U.S. national security, particularly in the production of weapons systems, as it enhances supply chain integrity and reduces reliance on foreign components. At Beehive Industries, we print jet engines from powder. By enabling domestic production of complex parts, this technology minimizes the risk of incorporating materials or components from adversarial nations, such as China, into U.S. munitions. This ensures greater control over quality, security, and reliability, safeguarding sensitive defense systems from potential vulnerabilities or sabotage while supporting a resilient, self-sufficient industrial base essential for national defense.

[Beehive Industries](#)

The DPA, especially Title III, enables companies like ours to move swiftly and decisively when the industrial base must surge to meet urgent national security needs.

The Strategic Context: Diminishing Stockpiles, Growing Threats

The U.S. defense posture is being tested by extraordinary global demand for precision-guided munitions, propulsion systems, and autonomous platforms. Many of these systems require the use of turbine engines to provide the capability necessary to counter enemy threats. These systems are being deployed faster than they can be replenished and resupply timelines that are measured in years, not months, put our national readiness at risk.

Traditional defense contractors or new entrants relying on traditional manufacturing processes alone cannot meet this demand. That's where Beehive Industries and other advanced additive manufacturers are playing a transformative role to leap ahead of the threat.

Beehive's Mission: Delivering Turbine Engines Faster and More Affordably

Beehive Industries uses additive manufacturing to produce compact turbine engines that power loitering munitions, drones, and missile systems. Our innovations will yield the following:

- **Eliminating Supply Chain Bottlenecks** - By producing 90% additively manufactured turbine engines, Beehive reduces lead times from years to months while decreasing reliance on fragile supply chains.
- **Unleashing Innovation Without Bureaucratic Delays** - Traditional material qualification processes are slowing innovation. We must have the courage to modernize acceptance criteria for AM materials, ensuring faster adoption in critical defense programs.
- **Accelerating Production** - Traditionally manufactured turbine engines rely on castings and that can take years to procure. Beehive's AM approach eliminates the need for castings and compresses production cycles by more than 50%, ensuring warfighters receive advanced propulsion systems dramatically faster than ever before.
- **Strengthening the U.S. Defense Base** - By leveraging advanced manufacturing, Beehive's U.S.-based, vertically integrated supply chain adds incremental capacity to the defense industrial base preventing cannibalization of current capacity and ensuring propulsion technologies are domestically sourced.

[Beehive Industries](#)

- Reducing Costs & Enhancing Readiness - Beehive's engines lower fuel consumption, rapidly scale to replenish depleted stocks, and mitigate supply chain risks, directly enhancing DOD budget efficiency and operational security.
- Ensuring Supply Chain Integrity - By utilizing additive manufacturing, Beehive can domestically produce components for critical weapons systems, mitigating against the integration of parts from adversarial nations like China, thereby enhancing the security and reliability of our munitions.

Through design innovation and digital engineering, we're closing the gap between urgent operational needs and production capacity.

DPA: The Tool That Unlocks Industrial Agility

The Defense Production Act, particularly Title III, has been essential to supporting the expansion of U.S. defense innovation. Without its authorities, including loan guarantees, purchase commitments, and advance funding, the risks of scaling complex, capital-intensive manufacturing would be prohibitive for most small and nontraditional businesses.

Some of the ways the DPA supports, and must continue to support, our mission include:

- Preemptive investment - enabling prototype development and the scaling of facilities in anticipation of demand. Additive manufacturing is accelerating our ability to scale, lower cost, and improve performance for turbine engines. Our innovation model takes proven technologies, like turbine engines, and makes them better and faster.
- Capital acceleration - reducing dependence on risk-averse private capital. Strategic DPA investments in companies backed by venture or private equity funding can extend financial runway while also signaling the DoD's commitment to innovation, encouraging ongoing private-sector participation.
- Supply chain assurance - securing access to rare alloys and high-temperature materials critical to propulsion. In 2020, DPA Title III supported U.S.-based suppliers of rare earth elements used in magnets. More recently, in 2025, the Department of Defense has awarded Title III funds to expand domestic production of scandium, tungsten, graphite, and neodymium - all critical to aerospace, magnetics, and propulsion systems. As a downstream manufacturer, Beehive Industries relies on the availability of these critical materials.

DPA investments upstream are essential to our ability to deliver at scale. The momentum behind these recent Title III awards demonstrates the law's continued relevance - not only for legacy supply chains, but for the next generation of defense manufacturing.

Policy Recommendations for the Committee's Consideration

The Defense Production Act is the government's most important statutory tool for shaping and scaling the defense industrial base in times of crisis. Letting it lapse would delay investments in munitions, critical materials, and propulsion systems already under strain. Timely reauthorization that strikes a balance between modernizing the law and providing necessary flexibility to implementing agencies to address their specific requirements is vital to support emerging technologies and processes while reaffirming the U.S. commitment to supply chain resilience and allied readiness.

1. Preserve and clarify Title III authority to support prototype-to-production transitions

Title III should explicitly support prototype development when directly tied to scaling production. Beehive's transition from design to production ready propulsion systems involves mission-critical prototyping, not speculative R&D. Current interpretations can unnecessarily restrict support to only post-prototype phases.

Clarifying that Title III can support these early phases will ensure that advanced manufacturers can deliver systems faster, with lower risk and cost. This is not an academic need - it's a national security imperative.

2. Tailor Title III programs to support agile, advanced manufacturers

While Title III has benefited traditional defense contractors, it must be more accessible to digitally-enabled, non-traditional manufacturers. Beehive's additive manufacturing model allows rapid iteration, but federal acquisition timelines, cost-share requirements, and contracting practices are often misaligned with this pace.

We recommend the following:

- Use of accelerated contracting tools, including OTAs (Other Transaction Authority);
- Flexible cost-sharing structures for growth-stage firms; and,

[Beehive Industries](#)

- Targeted outreach and technical assistance for small to mid-sized manufacturers.

3. Strengthen domestic supply chains for high-temperature alloys and materials for critical turbine components

Additive manufacturing depends on high-performance materials like nickel superalloys, titanium, and neodymium (critical for magnets). Many of these inputs are vulnerable to geopolitical risk and domestic underinvestment. Title III should prioritize domestic sourcing and production of materials essential to turbine engine manufacturing and other critical systems.

4. Encourage alignment between Title III and allied industrial base initiatives

We urge Congress to enable Title III-funded projects to be interoperable with NATO and AUKUS standards. Additive manufacturing platforms allow flexible, distributed manufacturing - but standardization and alliance coordination are key to operational effectiveness.

Recommended actions include the following:

- Promote international standards alignment where appropriate;
- Explore co-investment models with trusted allies; and,
- Facilitate secure technology-sharing for joint production capabilities.

DPA as a Force Multiplier for National Security

The United States cannot maintain global technological superiority - or sustain prolonged industrial competition - without tools like the DPA to catalyze innovation and domestic production.

The Defense Production Act, enacted in 1950 to meet the urgent demands of the Korean War, remains a cornerstone of our nation's ability to ignite its industrial might in times of need. It is a modern, strategic instrument to mobilize responsive, distributed, high-performance manufacturing. From scaling missile production to ensuring critical supplies like baby formulas reach those who need them most, the DPA has proven its versatility and enduring value. Today, as we face new and complex challenges, Beehive Industries stands ready to partner with the Department of Defense, our allies, and this Committee to strengthen the U.S. industrial base and ensure that our warfighters have the tools, technologies, and resources they need, when they need them, to protect our nation and secure our future.

[Beehive Industries](#)

Beehive's experience shows that advanced manufacturing can help close the supply-demand gap for critical defense systems - faster, more affordably, and with greater flexibility.

We urge the Committee to act decisively in reauthorizing and modernizing this essential law.

Thank you for the opportunity to share our perspective. I welcome your questions.

Chairman DAVIDSON. Thank you both. We will now turn to member questions. I recognize myself for 5 minutes.

You both highlighted the need to surge capacity, and, Mr. Faxon, you have certainly been part of that supply chain over the last few years as we have surged things to various areas, Ukraine in particular, with munitions. I wonder if you could highlight how you could use capabilities that are in DPA to possibly refine and provide a bridge for capabilities with the existing kind of status quo acquisition programs. If you look at arsenals or other programs, how do you use the private sector to provide surge capacity, and how can DPA help us do that?

Mr. FAXON. That is a good question. Thank you. One of the concepts that we had is, really, if you look at the defense industrial base, it was undermined by the commercial industrial base. All of our factories that made sewing machines made 45s in World War II, so there was a conversion of the commercial industrial base to the defense industrial base. Now we are focused very intensely on the industrial base, which is fine—I understand—on this committee, but if we were to invest in a facility to increase defense industrial base, if we added funding to increase commercial and a modern technology-driven, cost-effective factory of the future, that commercial aspect not only offsets financial requirements for that facility to maintain its solvency, but it also can be converted back to defense if necessary and if the defense gets good and everything gets better, then you take the defense and you convert it back over into the commercial industry. This supports our reshoring efforts that the tariffs the current administration is pushing. It develops the commercial industrial base so that this is the seed for private investment to grow that commercial sector.

I think focusing strictly on defense has limitations, and I think that the financial obligations later are going to be the word “sustainment.” They are going to have their hands out for sustainment in these facilities. If we build a factory such as the artillery factory that we propose, it will serve as a model for any other component—it could be aircraft, it could be automotive, it could go in a washing machine—but the automation necessary takes funding to develop. It is a bleeding edge. Following it will be a leading edge. So, DPA funding to support a known requirement, such as modular artillery components, not your standard 795 deforge, but your modular artillery rounds, that manufacturing technology, we would open our doors and have competitors and other industries come in and view it and duplicate that mentality and put that into other commercial applications. That is how DPA funding could set a tone for a commercial base.

Chairman DAVIDSON. Yes, thank you for highlighting that. You look at the capability, flexible factories and the adaptive nature of some of the technology you guys are employing on your factory floors, really, is the tip of the iceberg in terms of what is possible, and if we can incorporate that with our approach here, I really think we can respond to the times we are in. Mr. Follin, you highlighted how Title III helps you turn around a project faster. Instead of 3 years, you can do it in the first year. How does that cost-sharing approach not just attract companies like Beehive or other private-sector operators, but also the suppliers of capital, whether

that is banks or venture or other sources of capital, to have the confidence that this has got scalability?

Mr. FOLLIN. Yes. Banks and other investors are trying to evaluate companies for risk in order to make investments, and the cost of that investment depends on the perceived risk of the company. I would say, when there is government investment in projects, it has a double benefit. One is it reduces the amount of capital you need to raise, and second of all, it shows alignment with government priorities and pull from the government for the products that you are manufacturing, and so it reduces the perceived risk of the company. Therefore, you are able to raise capital more quickly at a lower interest rate and have better runway for the company in the future.

Chairman DAVIDSON. Yes. It is one thing, though, to send a demand signal. I mean, clearly the government wants these things, so why is not demand enough? Why do taxpayers need to provide seed capital to certain sectors, and then how do you strike the balance between that and just turn it into a planned economy where you have some central planner picking winners and losers? How do you get that right?

Mr. FOLLIN. Yes. I think the defense industrial base has been through cycles, and we hear about forecasted ramps in production demand, but these are very, very expensive systems to ramp up for, right? You are talking about tens or hundreds of millions of dollars of investment; so, private industry will naturally want to wait until the signal is here to start investing because, essentially, they are borrowing that money until the demand arrives, and sometimes it does not arrive. I think, basically, this allows us to go out, make those investments, secure that, and not have to carry the risk of those investments actually getting put into full production at the timing expected.

Chairman DAVIDSON. Yes, Thank you. We will have a second panel, but I will yield my time and recognize the chairman of the full committee, Mr. Hill.

Chairman HILL. Thanks, Chairman Davidson. Mr. Faxon, just continuing that same theme, you made some comments in your prepared statement about multiyear and sustained funding. Those were comments that you made, and then the speed of war. Mr. Moore and I were at a meeting earlier this week out in Wyoming where that topic came up with some Silicon Valley presenters, that they were very impressed with the Trump Administration's approach to this issue, which is, we are going to start working. We are not going to talk about it. We are going to take action and being a much more action-oriented administration, but you have to balance that with the comments Mr. Davidson just made about things that we need in the supply chain ramp-up so that it is not government directing things that maybe do not have long-term viability.

How do you balance all that? I just want to let you continue your conversation you were having with Mr. Davidson. You have 47 years of manufacturing experience, so what does DPA need to have changed in either the statute or its policy to balance that?

Mr. FAXON. Thank you for the question. The components of that are actually built by several of the questions that already came up.

What is the requirement of private investment versus DPA funding? How do those go together? What is the longevity? What is the risk? Quite honestly, if you look at normal business growth, if you are double digit on a compound annual growth rate (CAGR), you are doing really well at 10 percent. We are asked to quadruple in a year, so these ramp-up cycles are not conducive to your typical business growth. As a matter of fact, if you tried to do that in a normal manufacturing business, and I am not talking about a high tech or something like that, but in hardcore manufacturing, high-capital businesses. If you go to the bank and say I am going to quadruple in a year, I think they would rip up your application and throw you out, so these ramp-up rates are a key component.

The industrial base of it, when we look at what the longevity is, how long will you commit to how many rockets you want to buy? We do not really have that, and we do not make this back in a year or two. In fact, our investment in the factory, because of vertical integration and cost savings, offers approximately a 10-percent per-unit cost reduction. If you really looked at a business cycle of ROI for what we are asking for of the government, at that pace, would be paid back in 10 years on cost reductions of purchased products; so, financial feasibility is not just welfare, give me money, and I am leaving. It is, I am going to give it back to you.

Now, if the government does not require that quantity over that period of time, you do not get your return on investment, that is true, but you are the one asking for it. I do not go broke because the bank wants me to answer for it when I am not really the one who is demanding the product; so, that circle of debt, longevity, and flexibility with the commercial viability, I cannot emphasize that enough. Leading-edge technology, whether it is software, hardware, physical presses, or technology, is, in most cases, transferable, and when we are going to reshore things, we are not going to do it at twice the cost. We are going to have to be competitive to make that successful no matter what anybody says. They say buy American, but there is a price tag associated. We have to be more competitive. We can take these specific demands, put them in a true ROI, and if it does or does not pan out, we still lead engineering and manufacturing to a higher level and a higher capability level.

Chairman HILL. Can I get you to break that down and use a practical example? You cited in your testimony, for example, that normal production of motor cases was 350 to 400 or something like that, but the demand was 3,000.

Mr. FAXON. Yes.

Chairman HILL. So, talk practicality here. To get up to a 3,000 motor-case run rate, what kind of investment had to be made, and over how many months did it take to achieve that, just to use that practical example you referenced in your testimony.

Mr. FAXON. High level, our original was around the \$80 million investment for 1,300, which is roughly 110 per month. When you look at the scalability for that, you want to start with a greenfield for the efficiency and the long-term return. You do not want to put a band-aid on something you currently have.

Chairman HILL. Yes. Yes.

Mr. FAXON. You go ground up. The facilitation in the first year is pretty much non-return on quantity. There are minor input improvements. In years 1 to 2, certain pieces of equipment can be acquired. We take our original capacity and supplement that within year 1 to 2. That helps significantly. In year 2, most equipment is on the floor and gets evaluated and run off in year 2 to 3, so you have a small incremental step in year 1 to 2. Year zero to one is not really a high return. Year 3 is where you really see your highest return, and that is where you consolidate all the equipment. These machines, in some cases, will take weeks and months to move and years to get, so what you do not want to do is incrementally fund four small steps and not get to where you want to be.

What we are offering and what I think needs to happen with companies like ours, because I am familiar with them, great company. We are offering a national asset. We are offering something for the next 30 years, not 4. This is not a 5-year investment. This is setting a tone and a departure from typical manufacturing. We are not going to win if we keep doing what we have done. If we buy what we had 10 years ago and it lasted 20 more, this world does not stay still for 30 years.

Chairman HILL. Thank you. We will continue this discussion. I yield back.

Chairman DAVIDSON. Thank you, Chairman. I now recognize the vice chairman of the full committee, Mr. Huizenga, for 5 minutes.

Mr. HUIZENGA. Thank you, Mr. Chairman. You are going to hear a central theme on this, and I leaned over to Chairman Davidson when he finished, and I said that is virtually exactly what I had written down as my question. I was just going to use slightly less pejorative language when it comes to central planning, but I think a lot of the question/concern/feedback that, I think, not just from colleagues, but from taxpayers that we hear, which is, why are we making these investments into an industry that is not needed? You cannot predict war, right? You cannot predict mass war or a conflict like what is happening in Russia and Ukraine. Mr. Faxon, you did a phenomenal job explaining it from your perspective on what was sort of the ramp-up and the need. Mr. Follin, I would like you to maybe expand on that or give us your take as well. I mean, you talked about perceived risk, that, really, in a way, the government funding might be that bell cow, as some might say, right? Others are going to follow that. They are going to view that as a lead. Oftentimes, though, when we are doing our appropriations, we want to see end-of-fiscal-year production. We have a much different timeline than you might have.

I am really curious, do you believe that the programs that we have, one, allow you to build the capacity for not just for an immediate, but for long term. How do we maintain that? Two, do you have the flexibility to innovate and explore within those programs? You know, one of sort of the central themes of a truly free market is the ability to fail and learn from that failure. We do not like that when we are sending taxpayer dollars, we do not want to see failures, but are there enough places where you can take lessons learned and apply it so that we do have a stabilized production base?

Mr. FOLLIN. Yes, thank you for that question. It is a great question. I will start with the last piece first. In terms of the ability to fail, I think when you use DPA Title III dollars to support development, then it allows the government to partner with industry as they are developing the product as we are understanding what are the risks and challenges that it takes to bring that product into full production and then we can kind of navigate that together as we learn and come up with solutions to solve problems that invariably come up through the development phase. I think DPA allows us to partner in that phase versus if we were doing it on our own dollars, we would be trying to figure it out on our own, and sometimes the government can have solutions or resources they can bring to bear to also help in those situations.

Mr. HUIZENGA. Yes. Let me interrupt you super quickly on that. I mean, this is called the Defense Production Act, so I think that makes a lot of sense to people when it is defense related. Are we focused enough on the DPA right now? Is it really into that defense mode, or have we wandered away from that from that core objective?

Mr. FOLLIN. Yes. My personal experience is primarily with DPA for defense, so I cannot comment necessarily on the percentage of funding that they make outside of defense. I would say that my experience so far is that it is focused on the priorities of the administration, of the DOD. In our case, like, we are working on these critical munitions that I think we have heard talked about as a priority from the other folks in their earlier testimony. I feel like it is focused on areas that are important. Could it be improved? I am sure it could.

What I would say is in terms of—does the funding support ramping up to actually support the rates, what happens if volume changes, how fast can you change. I will say one of the advantages of additive is it can ramp up very quickly. It does not require, like, big, mega foundries in order to scale it up. You are basically buying things that look like inkjet printers, right? They are bigger, they are more industrial, but they look kind of like that. In terms of timing, in 15 months we can double production. Right now, we have the ability to make about 2,000 engines a year, and in 15 months, we will ramp that up to be close to 5,000, and then another 15 months after that, we could be ready to support close to 10,000, which is what we have been given by the DOD as a target. Again, you compare that to 100 years of manufacturing things conventionally, and we can make 2,000 a year, right? It is really promising, I think, what it can offer.

The other advantage of additive is it is easy to distribute. What that means is, once you have a design and once you have kind of validated how to manufacture it, there are 3D printers all over the world, right? In a time where you need a surge, we can take the design, we could export it to a DOD facility or another industrial facility, and they could make the design from our design just by putting it on their printer. It is a pretty automated process. You do not need a lot of specialized labor to do that, so it is pretty easily scalable. The other big advantage is that a lot of conventional manufacturing requires very bespoke, expensive, long-lead tooling, right, in order to make a part. The 3D printer does not care what

it is printing. It can print keychains 1 day and print gen engines the next day. It does not care, right? It does not have a memory. It is not targeted for anything specifically.

The other advantage of that is as priorities for the DOD change, we can change what that capacity is being used for, right? Beehive has picked this mission because this is a big priority for the DOD, and we think it is probably the area where additive manufacturing is most fertile, but as priorities change the capacity could change with the priorities to support what is being needed. Thank you.

Chairman DAVIDSON. Yes. Thank you. I would like to recognize Mr. Moore from North Carolina for 5 minutes.

Mr. MOORE. Thank you, Mr. Chairman. One of the things that I have heard from folks is that they feel like the way the procurement process is set up, and you all alluded to this in your comments, really is geared toward large companies as opposed to small-and medium-sized businesses. If I think about it, probably no better example than, really, here in Dayton, when I think of a small business. I mean, two guys in a bicycle shop are what led to the birth of aviation, I mean, and that is the story of American ingenuity. If you look at how small-and medium-sized businesses can be more nimble, and agile, and dealing with market changes and other things, obviously capitalization and financing is the challenge, and, Mr. Faxon, you mentioned it earlier.

I just wonder, any suggestions, as guys who are in the trenches, of ways that the process can be improved in terms of the procurement and ways to really take advantage of this amazing, uniquely American thing that we have in terms of the small-and medium-sized business. I think, frankly, that is one of the advantages we have over China and other places. Any suggestions on how we change that to fully utilize that, and you both are welcome to respond.

Mr. FOLLIN. Yes. Thank you for that. I think a couple of things. I referred to this in my testimony as well. I think the first is FAR—15 contracts can be very complex, lots of flow-down requirements. It requires, in some places, a lot of systems to be put in place before you can start. It can really slow down the process. I think using OTAs wherever possible is much more small-business friendly. I think in our experience so far that has been the case, but it is not always the case, so I would say continue to do that. The other big one is, if there is a way to reduce cost share, I think it absolutely makes sense. You want companies to have skin in the game as well, right? We do not want them just to be gambling with government dollars, but right now, I think, on average, Beehive's cost share on its programs is between 50 and 80 percent, right, and so, again, these are still large investments. I mean, Beehive has invested over \$300 million to date. There are not a lot of companies that can do that, not a lot of small businesses that can raise \$300 million to put ourselves in the position we are in. From my perspective, those are the two big ones.

Also, I think for a new small business, the process is pretty complex, and so maybe a little more support navigating the process early on would be good as well just to make sure that the flow-down of the requirements and the expectations are clear. Those would be my suggestions. Thank you.

Mr. MOORE. Mr. Faxon.

Mr. FAXON. I think from a bureaucratic standpoint, I would not have any really strong input. What I would think is there are a lot of people out there that, if the DPA committee did a search for key capabilities and targeted the mid-to small-size businesses, get out and go see them. Take people with enough authority and understanding to make an evaluation on the spot. Give them a checkbook. Give them authority. Get in front of the people. Have a discussion. Evaluate them quickly face to face. Size up the companies. See what they can do. Ask them. Bring them into the fold. Go see them. I think that would be my encouragement to it. It is not a meeting that we would all leave here and go to our different worlds. Go see them. Solicit them. Bring them in. Show them the path to be able to do what they want. There are many Americans out there today that are highly talented that will work 12-, 15-hour days if given the chance and the avenue. I think going out to see them, eye to eye, that would be my suggestion.

Mr. MOORE. In terms of doing that, so a small company develops, for example, the prototype. Mr. Follin, you mentioned about the 3D printing that can be done, but it sounds like maybe the capitalization to take that prototype, which is needed, into full ramp production. All right. What are you seeing that is working along those lines right now, and where do you see where there are still the shortcomings, specifically at that level?

Mr. FOLLIN. Yes. In our specific case, I think DPA and OSD, we are very creative in finding a way to support what we are trying to do. Typically, Title III dollars really for capacity expansion, so it is infrastructure. In our case, you would buy printers. You would buy computer numerical control (CNC) machines or whatever. One of the things that I thought was a really great innovation was looking at, hey, current suppliers cannot meet capacity, so part of expanding capacity is we have to develop a new option, right? It included dollars for actual R&D so we can develop an option that then we can scale. In our case, about 70 percent of the funds were for actually working on the innovation and getting it ready to take to production. The other 30 percent was for capacity, right? I think that is a nice change from the status quo and something that should continue, I think.

Mr. MOORE. I yield back.

Mr. DAVIDSON. Thank you, Mr. Moore. Look, Mr. Faxon, when you were speaking earlier, I recalled a conversation with my banker at one point, who said, "Did you ever think about growing more slowly and maybe playing more golf or whatever?" It was growing a little too fast for the taste of the bankers and, frankly, for the taste of the bank regulators who wanted to start treating my line of credit as if I was using 100 percent of it. Mr. Follin, you highlight the amount of capital raise you have been able to do. It is a lot easier to raise capital for something new and sexy that could turn into a giant market someday than for old technology. As promising as additive manufacturing is and capability, it still cannot do everything that you can do with a cast part, and certainly, getting the hardness and capability out of forgings, that is old, not-so-sexy tech. How do you raise the capital for things like that, and how important is it that DPA or other means do it? Because the

private sector market has plenty of demand for castings, forgings, injection-molded parts, or metal-stamped parts, but if we lose that capability, which, largely, at scale, we have already, we do not have surge capacity in our country. Maybe if you guys could highlight and touch on that.

Mr. FOLLIN. Sure. I mean, in a missile, only a small part of it is printable, right? I think to the point made earlier, if you are missing one part from a system, then you do not have the system, right? I think it is not a one-size-fits-all approach. I think you have to look at kind of holistically across the whole system where the bottlenecks are and how can you address those bottlenecks. Our view is, like, additive manufacturing does play a key role, but it is not the only one, and there are other areas that are going to need support as well. Businesses like Mr. Faxon's, right, make a part of the weapon as well, and it is not additively manufactured, for the most part. It has got conventional manufacturing, but those things also have to be ramped up in order to support the ultimate final demand.

Chairman DAVIDSON. Thank you.

Mr. FAXON. I think something I would add is, when we talk about the defense industrial base, there is really a broad variety of technologies. I am incredibly impressed with the capability of additives. We are not going to make a 30,000-pound bunker buster bomb through additive. That is not on next week's agenda, but what is important is to say what companies can fit what roles. There are companies like Boeing and Northrop. If you want a fighter plane, do not talk to me, but if you talk about subcomponent and component level, and it is block and tackle, needs to be done, takes a lot of hours, equipment, it is just work, then you can go to these other places. I think if you really want to increase the capacity, you have to define where the requirements of the work scope are. We do not make satellites, we do not communicate with laser beams, but what we do is we make metal parts. If you can allocate some of that capacity to this mid-level small business, they will bleed for you. They will be dying to get that business. Now, that leaves capacity and other things for the more technical things that the larger companies really are good at, so I think that it is important to differentiate what the work scope is. It is not all the same.

Chairman DAVIDSON. Thank you both. I recognize Chairman Hill.

Chairman HILL. Thank you, Chairman. I wanted to follow up, Mr. Follin, on some of your testimony. You made reference to accelerating contracting tools. Could you elaborate on that?

Mr. FOLLIN. Yes. I think the primary comment is OTA contracts, other transactional authorities, give more flexibility in terms of terms and conditions, and also like—

Chairman HILL. Can you give us an example? Just compare one, non-using that to using it.

Mr. FOLLIN. Yes. For example, there are two primary ways to do contracting for defense. One would be, like, through a FAR 15 contract, which requires much more detail in how you plan to allocate costs, much more detail in how you roll up costs. You have to have cost accounting audits performed on various components. For a small business, especially a small business that is not in production yet, being able to provide, like, validated cost for something

that is not invented yet becomes extremely difficult, right? OTAs allow you to use, like, engineering estimates, best judgment. You still have to substantiate it. I mean, it is still competitively bid, so, nobody is taking advantage of the government, but it gives more flexibility when you do not have that background or you are making something that has not been made before.

Chairman HILL. Another piece of your testimony I thought was interesting, I do think we have to have critical elements made here, particularly in the defense arena. I have also been someone who if it is made in other places that are allies of the United States, I think that is good. It might be a risk. For example, no one questions the extraordinary manufacturing capability and invention, hard work, dynamism in South Korea or Japan, but as a supply chain, if we were in a Pacific conflict, that would be not the ideal location. This idea of friendshoring, I think, is important to collaborate and spread that out, benefits the entire allied nations in case of a global conflict, whether it is in Europe or Canada or the United States or in Asia.

Tell me a little bit about alignment. You make your point about the allied industrial base, so the work your two companies are doing and the designs you take, those would be, as you say, duplicable in your particular case at Beehive, in those other industrial bases. Is that right, and what do we need to be doing differently in DPA to reflect that?

Mr. FOLLIN. Yes. I think what I am referring to in my testimony is really around, like, having, like, common standards so that if you are trying to offshore a design, if we are going to take our design and send it to Australia, as an example, for them to manufacture. I mean, the closer the systems are together. Like, we use a certain kind of printer. If they use the same kind of printer, then the design is directly transferrable. If they are using a different kind of printer, then there is a lot more development.

Chairman HILL. Do you think Mr. Frankston is doing that? Is he doing a good job of that over at DOD? You think that, inside particularly the Five Eyes countries but our principal partners, is that the standard that we try to do that, or not?

Mr. FOLLIN. It is hard for me to say from my seat. I do not have full visibility of it. I would say that my experience so far, it is not obvious that it is true.

Chairman HILL. Okay, but it is an area we could collaborate on, ask questions about how to improve.

Mr. FOLLIN. Absolutely, yes. That is right.

Chairman HILL. I thank you. I yield back, Mr. Chairman.

Chairman DAVIDSON. Thank you, Chairman. I recognize the vice chairman of the full committee, Mr. Huizenga.

Mr. HUIZENG. Thank you, and I am going to actually kind of continue where the chair was going with this a little bit. Three of us up here have a side gig of being on the Foreign Affairs Committee as well, and I had actually been the author of the AUKUS submarine authorization and we have seen some pushback on that because of a capability—or, I am sorry, not capability—a capacity issue. I think it was Mr. Follin who had talked about sort of the four recommendations that you and Beehive had. We have kind of gone over the support, the reauthorization of Title III. We talked

a little bit about more agile non-defense manufacturers being able to qualify. It seems like we are heading down that road of number four, the allied initiatives, how we align with those, and if you need to expand, either one of you expand on that. I also want to go visit what I think was your number three recommendation talking about high-temp alloys being needed and so, touch on number four with our allies, but then how do we then address this need for the high-temp alloys?

Mr. FOLLIN. Yes. Thank you. Yes, I think the places where the alignment makes sense are; Do we have the same materials available at the partner nations, right? The process for how you manufacture these things does require some commonality, so if the alloys are a similar composition or preferably the same composition, meet the same specs, that helps the process a lot. Also, like I said before, the infrastructure, like different machines, will require different programming, different interfaces, and so having some understanding of what that looks like at each location would enable you to be able to distribute the manufacturing much, much faster, and then there is still some specialized labor. At the end of the day, you have to assemble these bits and pieces into an engine, and that takes some time. So, if you can plan these things in advance and kind of manage it as a program, then when you actually need to flip the switch, you get there a whole lot faster. That is really what I am referring to.

Mr. HUIZENGA. Do we have current alignment?

Mr. FOLLIN. I think it is yet to be determined, from my perspective. I think—

Mr. HUIZENGA. How come? What needs to happen for you to determine that we have—

Mr. FOLLIN. Yes. Again, my experience is limited just to Beehive's experience, I would say, but I think we are pre-production, and so maybe we are not at the point, yet where that would start to happen. I will say we have a contract with the Air Force. Part of that contract is to do an external production demonstration where we are going to take our design and send it to a third party and have them manufacture it. So, that would be a U.S. party to start, so I think that is the first step in that direction. Ultimately, I think it would be, hey, if we want to really take advantage of this, I will not call it forward deployment, but, like, distributed logistics, distributed manufacturing. Then the next step would be to pull in these friendly nations and do a similar process, right, just to anticipate the problems in advance. I think we have not done it because the process is not there yet. We are probably a year away from being there, right, so it is something to think about for the future.

Mr. HUIZENGA. How do we address this need for high-temp alloys?

Mr. FAXON. Yes. I would say the number one problem we see is things like titanium. Most of the world's titanium comes from Russia and China, unfortunately, and titanium is a really common alloy in aerospace products. It is pretty high-temperature capable. It is lightweight, and so, there are North American titanium suppliers that are able to grow. I think investing more in those North American suppliers to scale up and be able to provide those mate-

rials is essential. Also, Canada has sources of titanium. There are other friendly nations. I think in the past they have not been developed because there was a global supply and it was not needed, but I think it is one of the big challenges we face.

I think Representative Moore, he talked about how in North Carolina, there is, like, one of the only copper smelting plants left in the country. There is an element called rhenium, which does not exist in nature. The only way you can get it is from the smelting of copper. Rhenium is really what is, like, the secret ingredient in a turbine blade, which is the most critical component of a jet engine. So, I think things like that, like, how do we invest in those sources so that we can do it independently. I think some of the politics change. Some of the countries that we are competitive with now, we were not as competitive with 20 years ago and it was not a problem, but we have backed ourselves into a corner on a couple of these materials like titanium and rhenium.

Mr. HUIZENGA. We have maybe over 10?

Mr. FOLLIN. Yes, maybe so.

Mr. HUIZENGA. Mr. Faxon, you have 10 seconds.

Mr. FAXON. Okay. If I could add one thing, our solution for this is not nearly as sexy, and everyone who says "just in time" is going to hate this. What we propose in the DPA funding is not only for the equipment, but for buffer stock of material because the lead time is months in some cases. If we put a beautiful factory together and do not have material, we are going to twiddle our thumbs; so, our issue was, DPA funding, no business wants to hold 6 months of inventory, but if we are going to build a factory in a crisis mode, we better have material on the floor. So, that one-time buffer to feed out of and feed into would be my suggestion because we do not have the versatility of some of the things, but we would build buffer stock, and DPA funding would be key for that. Thank you.

Mr. HUIZENGA. I yield back.

Chairman DAVIDSON. Good stuff. Thank you. I now recognize for the final set of questions, Mr. Moore from North Carolina.

Mr. MOORE. Thank you, Mr. Chairman. Actually, I do not have any questions. These two witnesses have done an amazing job addressing, I think, the questions of the members. I just would offer up to either of the gentlemen, if there was something you wanted to say in response to any questions you did not get a chance to do, I am going to allow either of you to use my time to do so.

Mr. FOLLIN. Honestly, I do not have any questions back for you. This is my first experience doing a congressional hearing. It was an honor to be able to be with you guys today and understand a little bit of how the process works. Like I said, I mean, our experience at Beehive is relatively limited, to date. We have not had a Title III contract yet. We are actually in the process of negotiating it now, but I would say, overall, our experience with the process has been great. AFRL has been helpful, the Air Force has been helpful, OSD has been helpful, so just glad to contribute and help where we can. Thank you.

Mr. MOORE. Mr. Faxon?

Mr. FAXON. I would second that. It is a pleasure to be here. It is an honor to be here today. Thank you for the invitation. I appreciate the chance to verbalize and share some of the thoughts that

we have every day in our factory, and I appreciate your time and your commitment to hear that. I would say if there was one word I could use, it is urgency. Do not overestimate capability because you open a checkbook. It may not buy time, so urgency is my message today. Thank you.

Chairman HILL. Would the gentleman yield?

Mr. MOORE. Absolutely.

Chairman HILL. Just curious about the stockpile comment you raised; I thought it was quite a good one and have your own micro-parochial interests on stockpiles. I think it would be good, Mr. Chairman, if we got DOD to send us, if it is classified or unclassified, an analysis of U.S. stockpiles and these critical minerals. Mr. Faxon, you want to comment on stockpiles a little further, and I will yield back to my friend after your answer.

Mr. FAXON. Yes, because we speak about materials, and that could go from the base alloys. It could be a titanium sponge to make titanium. It could be nickel-based alloys for high-temperature alloys. We can talk about the micro elements of mining, but we can also talk about stockpiles of raw material. Before we can machine it, we may have to go through processes, such as forging, rolling mills, et cetera. When we talk about lead time, there is a wide variety of saying, hey, we have material, but that does not mean it is ready to go into a factory; so, these multi-month lead times and some of these constraints, like a forging house or a casting facility, these all have to be considered. The reality and our push is to be vertically integrated so we were not dependent on outside services to be able to meet your needs, and that material in that stockpile is really counterintuitive to typical business practice. We do not want material sitting too much.

In this case, because of urgency of timing, I think it is a smart use of funds to buy that time and feed out of it. Once you do it one time, you do not have to do it twice. The buffer remains. It is first in/first out. You have to buy it once, though, and that is where the DPA funds could be very handy.

Chairman DAVIDSON. I want to thank my colleagues. I want to thank our witnesses. I thank the staff that did all the work both in the House, but here at Wright-Patterson Air Force Base and out at the DOD. Really nice to do a field hearing and bring this out in the community. I think it is a great way to highlight the capabilities, really, from around the country, but, in particular, again, right here in the heart of it all, in Ohio, and the great capabilities at Wright-Patterson Air Force Base and our own supply chain, but we have a huge challenge. It is great to see that we are talking about a whole-of-Nation approach to it and also with our allies.

Without objection, all members will have 5 legislative days to submit additional written questions to the chairman. The questions will be forwarded to the witnesses for their response. Witnesses, if you get them, please respond no later than September 17.

[The information referred to can be found in the appendix.]

Chairman DAVIDSON. The hearing now is adjourned.

[Whereupon, at 11:52 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

Presidential Documents

Executive Order 14241 of March 20, 2025**Immediate Measures To Increase American Mineral Production**

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, it is hereby ordered:

Section 1. Purpose. The United States possesses vast mineral resources that can create jobs, fuel prosperity, and significantly reduce our reliance on foreign nations. Transportation, infrastructure, defense capabilities, and the next generation of technology rely upon a secure, predictable, and affordable supply of minerals. The United States was once the world's largest producer of lucrative minerals, but overbearing Federal regulation has eroded our Nation's mineral production. Our national and economic security are now acutely threatened by our reliance upon hostile foreign powers' mineral production. It is imperative for our national security that the United States take immediate action to facilitate domestic mineral production to the maximum possible extent.

Sec. 2. Definitions. For the purposes of this order:

(a) "Mineral" means a critical mineral, as defined by 30 U.S.C. 1606(a)(3), as well as uranium, copper, potash, gold, and any other element, compound or material as determined by the Chair of the National Energy Dominance Council (NEDC).

(b) "Mineral production" means the mining, processing, refining, and smelting of minerals, and the production of processed critical minerals and other derivative products.

(c) The term "processed minerals" refers to minerals that have undergone the activities that occur after mineral ore is extracted from a mine up through its conversion into a metal, metal powder, or a master alloy. These activities specifically occur beginning from the point at which ores are converted into oxide concentrates, separated into oxides, and converted into metals, metal powders, and master alloys.

(d) The term "derivative products" includes all goods that incorporate processed minerals as inputs. These goods include semi-finished goods (such as semiconductor wafers, anodes, and cathodes) as well as final products (such as permanent magnets, motors, electric vehicles, batteries, smartphones, microprocessors, radar systems, wind turbines and their components, and advanced optical devices).

Sec. 3. Priority Projects. (a) Within 10 days of the date of this order, the head of each executive department and agency (agency) involved in the permitting of mineral production in the United States shall provide to the Chair of the NEDC a list of all mineral production projects for which a plan of operations, a permit application, or other application for approval has been submitted to such agency. Within 10 days of the submission of such lists, the head of each such agency shall, in coordination with the Chair of the NEDC, identify priority projects that can be immediately approved or for which permits can be immediately issued, and take all necessary or appropriate actions within the agency's authority to expedite and issue the relevant permits or approvals.

(b) Within 15 days of the date of this order, the Chair of the NEDC, in consultation with the heads of relevant agencies, shall submit to the

Executive Director of the Permitting Council mineral production projects to be considered as transparency projects on the Permitting Dashboard established under section 41003 of title 41 of the Fixing America's Surface Transportation Act, Public Law 114–94, 129 Stat. 1748. Within 15 days of receiving the submission, the Executive Director shall publish any projects selected and establish schedules for expedited review.

(c) The Chair of the NEDC, in consultation with relevant agencies, shall issue a request for information to solicit industry feedback on regulatory bottlenecks and other recommended strategies for expediting domestic mineral production.

Sec. 4. *Mining Act of 1872.* Within 30 days of the date of this order, the Chair of the NEDC and the Director of the Office of Legislative Affairs shall jointly prepare and submit recommendations to the President for the Congress to clarify the treatment of waste rock, tailings, and mine waste disposal under the Mining Act of 1872.

Sec. 5. *Land Use for Mineral Projects.* (a) Within 10 days of the date of this order, the Secretary of the Interior shall identify and provide the Assistant to the President for Economic Policy and the Assistant to the President for National Security Affairs with a list of all Federal lands known to hold mineral deposits and reserves. The Secretary of the Interior shall prioritize mineral production and mining related purposes as the primary land uses in these areas, consistent with applicable law. Land use plans under the Federal Land Policy and Management Act shall provide for mineral production and ancillary uses, and be amended or revised as necessary, to support the intent of this order.

(b) Within 30 days of the date of this order, the Secretary of Defense, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Energy shall identify as many sites as possible on Federal land managed by their respective agencies that may be suitable for leasing or development pursuant to 10 U.S.C. 2667, 42 U.S.C. 7256, or other applicable authorities, for the construction and operation of private commercial mineral production enterprises and provide such list to the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, and the Chair of the NEDC. The Secretary of Defense, the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Energy shall prioritize including sites on such lists on which mineral production projects could be fully permitted and operational as soon as possible and have the greatest potential effect on robustness of the domestic mineral supply chain.

(c) The Secretary of Defense and the Secretary of Energy shall enter into extended use leases as authorized by 10 U.S.C. 2667 or by 42 U.S.C. 7256(a) respectively, or using any other authority they deem appropriate, with private entities to advance the installation of commercial mineral production enterprises on the lands identified pursuant to subsection (b) of this section. The installation of such commercial mineral production enterprises may be accomplished through development and construction or via modification of existing structures to be compatible with commercial requirements.

(d) Within 30 days of the date of this order, the Secretary of Defense and the Secretary of Energy shall coordinate with the Secretary of Agriculture, the Administrator of the Small Business Administration, and the head of any other agency that provides or can provide loans, capital assistance, technical assistance, and working capital to domestic mineral production project sponsors to ensure that all private parties who enter into lease and commercial agreements under subsection (c) of this section can utilize as many favorable terms and conditions as are available under public assistance programs for these purposes, consistent with applicable law.

Sec. 6. *Accelerating Private and Public Capital Investment.* (a) The Secretary of Defense shall utilize the National Security Capital Forum to facilitate

the introduction of entities to pair private capital with commercially viable domestic mineral production projects to the maximum possible extent.

(b) To address the national emergency declared pursuant to Executive Order 14156 of January 20, 2025 (Declaring a National Energy Emergency), I hereby waive the requirements of 50 U.S.C. 4533(a)(1) through (a)(6). By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, I hereby delegate to the Secretary of Defense the authority of the President conferred by section 303 of the Defense Production Act (DPA) (50 U.S.C. 4533). The Secretary of Defense may use the authority under section 303 of the DPA, in consultation with the Secretary of the Interior, the Secretary of Energy, the Chair of the NEDC, and the heads of other agencies as the Secretary of Defense deems appropriate, for the domestic production and facilitation of strategic resources the Secretary of Defense deems necessary or appropriate to advance domestic mineral production in the United States. Further, within 30 days of the date of this order, the Secretary of Defense shall add mineral production as a priority industrial capability development area for the Industrial Base Analysis and Sustainment Program.

(c) Agencies that are empowered to make loans, loan guarantees, grants, equity investments, or to conclude offtake agreements to advance national security in securing vital mineral supply chains, both domestically and abroad, shall, to the extent permitted by law, take steps to rescind any policies that require an applicant to complete and submit to the agency as part of an application for such funds the disclosures that are required by Regulation S–K part 1300.

(d) To address the national emergency declared pursuant to Executive Order 14156, I hereby waive the requirements of 50 U.S.C. 4531(d)(1)(a)(ii), 4332(d)(1)(B), and 4533(a)(1) through (a)(6). By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, I hereby delegate to the Chief Executive Officer (CEO) of the United States International Development Finance Corporation (DFC) the authority of the President conferred by sections 301, 302, and 303 of the DPA (50 U.S.C. 4531, 4532, and 4533), and the authority to implement the DPA in 50 U.S.C. 4554, 4555, 4556, and 4560. The CEO of the DFC may use the authority under sections 301, 302 and 303 of the DPA, in consultation with the Secretary of Defense, the Secretary of the Interior, the Secretary of Energy, the Chair of the NEDC, and the heads of other agencies as the CEO deems appropriate, for the domestic production and facilitation of strategic resources the CEO deems necessary or appropriate to advance mineral production. The loan authority delegated by this order is limited to loans that create, maintain, protect, expand, or restore domestic mineral production. Loans, loan guarantees, and political risk insurance extended using the authority delegated by this subsection shall be made in accordance with the principles and guidelines outlined in the Office of Management and Budget (OMB) Circular A–11 and OMB Circular A–129, in each case subject to such exceptions as the Director of OMB grants, and the Federal Credit Reform Act of 1990, as amended (2 U.S.C. 661 *et seq.*). The CEO of the DFC, in coordination with the Director of OMB, shall adopt appropriate rules and regulations as may be necessary to implement this order in coordination with the Assistant to the President for Economic Policy.

(e) Within 30 days of the date of this order, the CEO of the DFC and the Secretary of Defense shall develop and propose a plan to the Assistant to the President for National Security Affairs for the DFC to use Department of Defense investment authorities (including the DPA) and the Department of Defense Office of Strategic Capital to establish a dedicated mineral and mineral production fund for domestic investments executed by the DFC. Any such fund shall be implemented pursuant to such plan only after approval by each of the Secretary of Defense, the CEO of the DFC, and the Assistant to the President for National Security Affairs. Pursuant to

the reimbursement authorities in the Economy Act, the Secretary of Defense shall transfer to the DFC any appropriated funds from the Defense Production Act Fund or from the Office of Strategic Capital necessary to reimburse the DFC in connection with its services performed on behalf of and in coordination with the Department of Defense to implement subsection (d) of this section and this subsection. In connection with such reimbursements, the Secretary of Defense shall direct the Under Secretary of Defense (Comptroller) to defer to the credit and underwriting policies of the DFC with respect to the use of such funds by the DFC.

(f) Within 30 days of the date of this order, the President of the Export-Import Bank shall release recommended program guidance for the use of mineral and mineral production financing tools authorized under the Supply Chain Resiliency Initiative to secure United States offtake of global raw mineral feedstock for domestic minerals processing, as well as under the Make More in America Initiative to support domestic mineral production.

(g) Within 30 days of the date of this order, the Assistant Secretary of Defense for Industrial Base Policy shall convene buyers of minerals and work towards an announced request for bids to supply the minerals.

(h) Within 45 days of the date of this order, the Administrator of the Small Business Administration shall prepare and submit through the Assistant to the President for Economic Policy recommendations for legislation to enhance private-public capital activities to support financings to domestic small businesses engaged in mineral production. The Administrator of the Small Business Administration shall further take steps to promulgate such regulations, rules, and guidance as the Administrator determines are necessary or appropriate for such purposes.

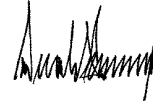
Sec. 7. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



THE WHITE HOUSE,
Washington, March 20, 2025.

[PR Doc. 2023-05212
Filed 3-24-25; 8:45 am]
Billing code 3395-P4-P