



Manufacturing Capability Expansion & Investment Prioritization (MCEIP) Overview

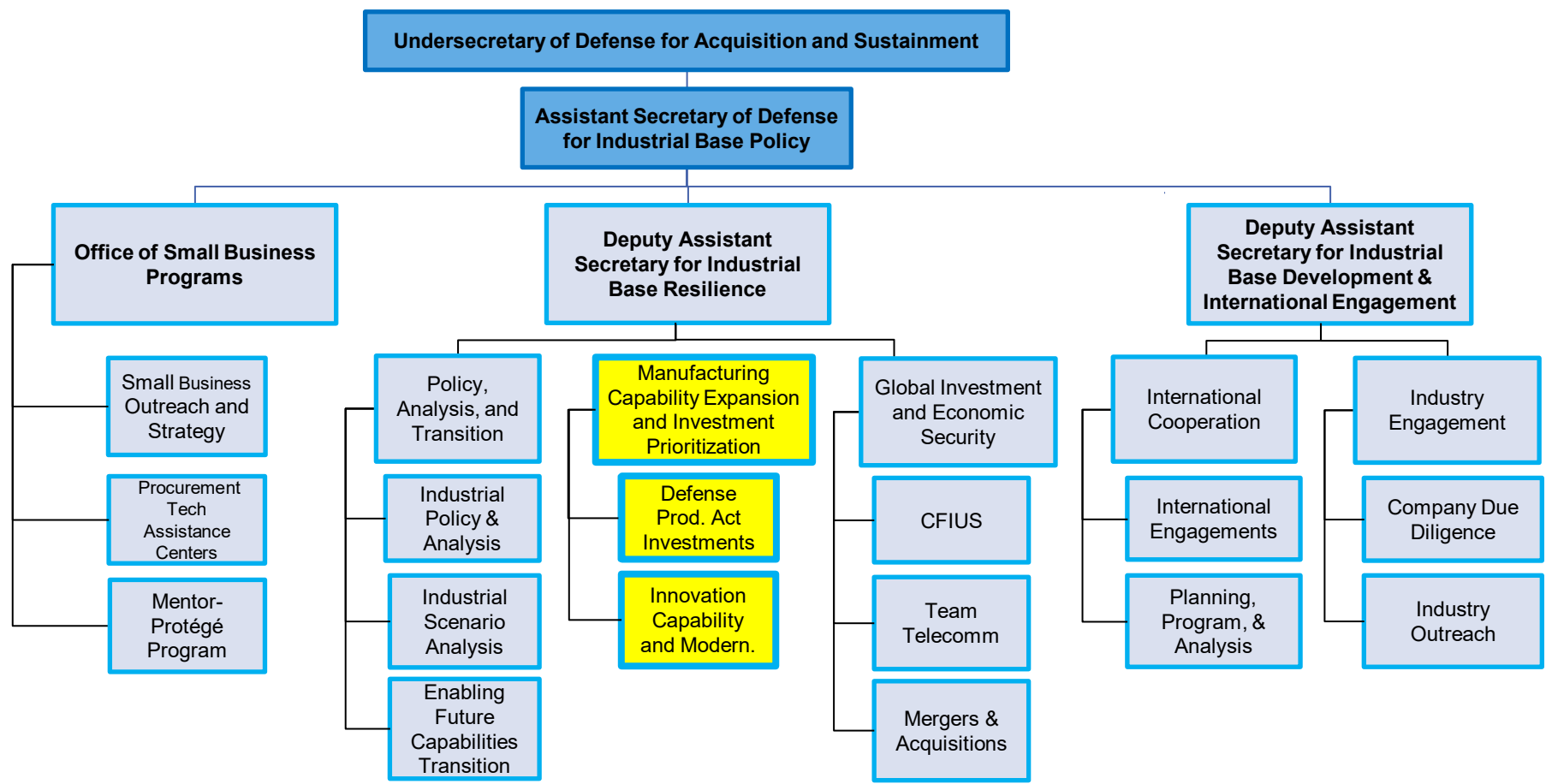


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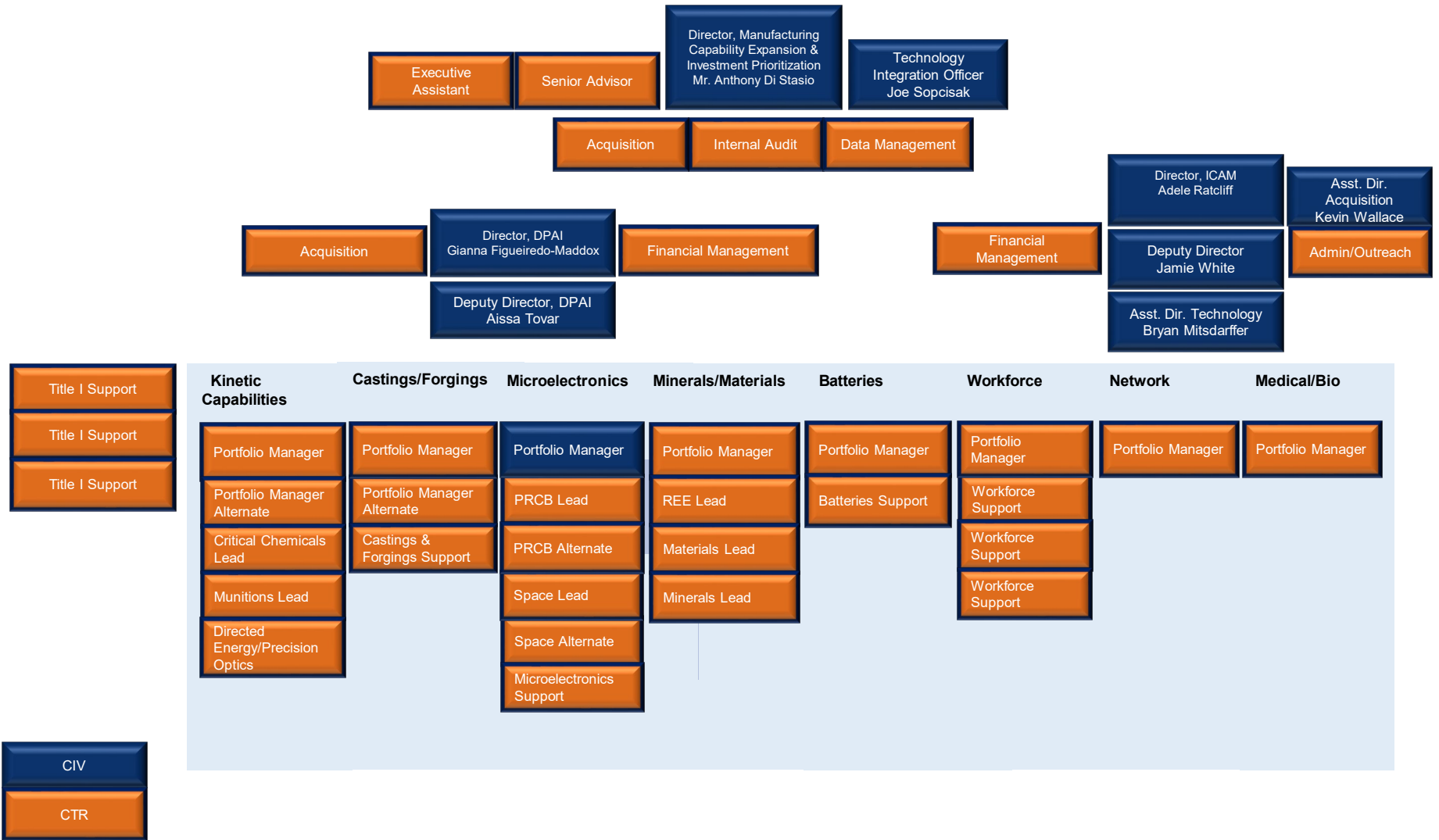
DoD Industrial Base Policy

ASD(IBP) coordinates DoD strategy for the defense industrial base (DIB).





MCEIP Organization Chart





Manufacturing Capability Expansion and Investment Prioritization



- **Incentivizes the creation, expansion and/or preservation of domestic industrial manufacturing capabilities and materials needed to meet national and homeland security requirements**
- **Manufacturing Capability Expansion and Investment Prioritization (MCEIP) is comprised of two portfolios: Innovation Capability and Modernization (ICAM) and Defense Production Act Investments (DPAI)**
 - Together these portfolios provide **complementary** flexible authorities to incentivize and strengthen the Defense Industrial Base
- **The ICAM portfolio oversees the execution of the Industrial Base Analysis and Sustainment (IBAS) authorities**
 - IBAS authorities are leveraged to improve the readiness and competitiveness of the domestic industrial base by establishing high-priority domestic capabilities for new supply chains needed for national security and mitigating exposure to global supply chain risks
- **The DPAI portfolio oversees the execution of Defense Production Act (DPA) Title I and Title III authorities**
 - The purpose of DPA Title I is to ensure the timely availability of industrial resources to meet national defense and emergency preparedness requirements through the Defense Priorities and Allocations System (DPAS)
 - DPA Title III is an investment authority committed to ensuring resilient, robust domestic supply chains in order to reduce reliance on foreign manufacturing and correct domestic shortfalls in the defense industrial base



Defense Production Act (40 U.S.C. 4501 et seq.)



PE: 0902199D8Z

- The Defense Production Act (DPA) authorizes the **President** to **ensure the availability of U.S. and Canadian industry for U.S. defense, essential civilian, and homeland security requirements**.
- The **House Committee on Financial Services** and the **Senate Committee on Banking, Housing, and Urban Affairs** have jurisdiction over DPA.

DPA Authorities

Title I	Title III	Title VII
Priorities and Allocations	Expansion of Productive Capacity and Supply	General Provisions
<ul style="list-style-type: none"> • Prioritize Federal contracts over all other orders • Control distribution of scarce materials within the civilian economy • Allocate scarce materials against Federal or private contracts • Prevent hoarding of scarce materials 	<ul style="list-style-type: none"> • Incentives to develop, maintain, modernize, and expand production capacity or critical technologies: <ul style="list-style-type: none"> - Loans/ loan guarantees - Purchases/ purchase commitments - Grants and subsidies 	<ul style="list-style-type: none"> • Mandatory survey authority of any U.S.-registered business entity • Anti-trust immunity for industry, to develop and implement national emergency preparedness plans • Committee on Foreign Investment in the U.S. (CFIUS) • Civilian Executive Reserve, called into Federal service during a national emergency



DPA Title III Authorities and Priority Areas



PE: 0902199D8Z

Authorities

Loan Guarantees §301 (50 U.S.C. 4531)	Loans §302 (50 U.S.C. 4532)	Purchase Commitments §303 (50 U.S.C. 4533)	Purchases §303 (50 U.S.C. 4533)
<ul style="list-style-type: none"> • May be extended when credit is not available to the loan applicant under reasonable terms and conditions sufficient to finance the activity • Prospective earning power of the loan applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed 	<ul style="list-style-type: none"> • May be extended when private financing is beyond the risk of the commercial market • Projected earnings following the loan are sufficient to cover repayment costs 	<ul style="list-style-type: none"> • Create a guaranteed demand to reduce risks for industry to make their own investments 	<ul style="list-style-type: none"> • Provide direct subsidies to companies to assist in establishing production capabilities including: <ul style="list-style-type: none"> – Purchase and installation of production equipment in privately owned or Government owned facilities – Engineering support to improve quality and yield of production facilities – Sample quantities for process validation and customer qualification testing

Priority Areas

§303 (50 U.S.C. 4533)

Sustain Critical Production	Commercialize Research and Development Efforts	Scale Emerging Technologies
“To create, maintain, protect, expand, or restore domestic industrial capabilities essential for National Defense”	“From Government sponsored research and development to commercial applications” and “from commercial research and development to National Defense”	“For the increased use of emerging technologies in security program applications and the rapid transition of emerging technologies”



Innovation Capability and Modernization (ICAM)



PE: 06072108DZ

Building the “Next Generation of the Arsenal of Democracy” through execution of the IBAS Program

Mission: Strengthen the competitive posture of the U.S. Defense Industrial Base (DIB) in the era of great powers and global competition

Vision: A modern industrial base that fortifies traditional DIB capabilities and forges emerging sectors to respond at will to national security requirements

Priorities:

- **Prepare the defense industrial workforce** – Promote, elevate, and accelerate industrial talent pipelines
- **Ready the modern DIB** – Advance and sustain traditional defense manufacturing sectors
- **Prepare for the future** – Identify, attract, and cultivate emerging defense sectors
- **Assess and shape the risk** – Mitigate supply chain vulnerabilities within the global DIB
- **Build and strengthen partnerships** – across the global DIB

Statutorily Based

10 U.S. Code § 4817. Industrial Base Fund – IBAS Authorities

1. to support the monitoring and assessment of the industrial base
2. to address critical issues in the industrial base relating to urgent operational needs;
3. to support efforts to expand the industrial base; and
4. to address supply chain vulnerabilities.

These authorities can be used to enhance domestic and allied supply chains.



MCEIP Integrated Microelectronics Roadmap



Awarded Efforts: Obligation (Fully or Partially) Occurred

Planned Efforts: Not Awarded to Date

Targeted Investment Areas	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Radiation-Hardened and Strategic Radiation Hardened Microelectronics	\$117.0M - Global Foundries 45nm Silicon-on-Insulator Technology Transfer						
	\$168.0M - Honeywell (FY18 Start) Strategic Rad Hard Trusted Microelectronics Foundry						
	\$39.6M - BAE 45/14nm Production & Qualification						
	\$1.8M - Skywater Readout Integrated Circuit Foundry						
	\$20.9M - Defense Electronics Consortium / Lead Free						
	\$10.0M Copper Solder Columns						
	\$5.0M - Integrated Optical Chips/Components						
	\$15.0M - Infrared Detectors/Components						
Printed Circuit Boards / Advanced Packaging	\$16.0M - 45nm Silicon-on-Insulator Qualification						
	\$40.0M - Field Programmable Gate Arrays Rad-Hard						
	\$20.4M - Silicon Interposer						
	\$9.847M \$517M - Secure Packaging						
	\$156.1M - Advanced Packaging						
DoD Microelectronics Design and Management	\$66.6M - Printed Circuit Boards						
	\$750K \$100.0M - Enterprise Parts Management System						
	\$735.0M - Microelectronics Design Ecosystem Digital Eng / Cloud Compute						
Other Microelectronics Projects	\$1.9M - Control Vision Advanced Optical Characterization						
	\$36.1M - eMagin Organic Light-Emitting Diode						
	\$4.0M - Frequency Selective Limiters						
	\$7.9M - Ruggedized Transceivers						

* Reflects FY24 PBR