

# Congress of the United States

Washington, DC 20515

September, 6, 2023

Mr. Doug Beck  
Defense Innovation Unit  
U.S. Department of Defense  
1400 Defense Pentagon  
Washington, DC 20301

Dear Mr. Beck:

We write to you regarding the failure of the National Security Innovation Network's (NSIN) implementation of the Mission Accelerator Center (MAC) program for Fiscal Year (FY) 2023 in a manner consistent with Congressional intent. We are particularly concerned over NSIN's continued delays in implementing and awarding the FY 2023 funds appropriated by Congress for this program.

As background, a bipartisan, multi-state coalition in the House and Senate successfully advocated for the inclusion of an additional \$50 million in the Consolidated Appropriations Act, 2023 (P.L. 117-328) to establish a MAC national network within NSIN. The purpose of this new funding was to establish a novel public-private partnership; expand upon and scale the success of the Pacific Northwest MAC pilot site by establishing new regional co-location sites in Arizona, Ohio, Hawaii and Kansas to serve as the front door to defense innovation for DoD and non-traditional innovators. It was our understanding that NSIN would support the build of a robust program from these five MAC locations that leveraged their preexisting local and regional networks, which included ongoing relationships with Combatant Commands, DoD innovation offices and non-traditional problem solvers. Our goal is for the MACs to enhance current DoD technology acceleration capabilities, including facilitating access to DoD training and testing opportunities and additional access to public and private sources of funding.

Specifically, Congressional intent is clear that \$50 million added for MACs in FY 2023 is to be used exclusively to establish the regional MACs in the designated five states, which has been reiterated in several exchanges between the Senate and DoD:

- On November 2, 2022, we wrote a letter to Under Secretary Heidi Shyu to express our support and intent for FY23 funding level of \$50 million for the national MAC network.
- In February 2023, NSIN received the \$50 million from the DoD Comptroller.
- In March 2023, the Administration released its FY 2023 budget and affirmed that in FY 2023 it would be using the \$50 million “to continue supporting the Pacific Northwest Mission Acceleration Center pilot” and for “establishing new regional Mission Acceleration Centers (MACs) in Ohio, Hawaii, Arizona, and Kansas.”<sup>1</sup>
- In April 2023, NSIN provided a response to questions from Senate staff indicating that NSIN is currently in the process of obligating the funds utilizing an existing contract vehicle, which will be awarded for MACs in the initial five states. However, the response indicated establishing MACs in other locations.

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<sup>1</sup> [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget\\_justification/pdfs/03\\_RDT\\_and\\_E/OSD\\_PB2024.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2024/budget_justification/pdfs/03_RDT_and_E/OSD_PB2024.pdf)

• \$50 million in FY 2023 funding for Mission Acceleration Centers (MACs) to continue supporting the Pacific Northwest Mission Acceleration Center (MAC) pilot and expand program offerings by establishing new regional Mission Acceleration Centers (MACs) in Ohio, Hawaii, Arizona, and Kansas.

• The FY 2023 5 MACs across the country will give the DoD the opportunity to co-locate and collaborate with non-profits, academia, and a broad spectrum of private industry that includes entrepreneurs and venture capitalists that will accelerate the pace of innovation regarding the challenges facing the DoD: (1) Facilitate Collaborative Interaction with the DoD, Academia, and Venture Communities; (2) Broaden the National Security Industrial Base; and (3) Mature the Network.

• Continue to support the development of a national network of geographically dispersed and strategically located innovation defense ecosystems that enhances the National Security Innovation Network (NSIN) Regional Network Team activities.

- On May 5, 2023, NSIN briefed Senate staff that they had obligated \$29M of the \$50M on their FEDSIM-managed PMO contract vehicle; had prioritized the initial MAC sites in Arizona, Hawaii, Kansas, Ohio, and Washington; and had provided the requirements for those initial sites to the prime contractor. During the briefing, the Senate reiterated several times to NSIN that congressional intent for FY 2023 MACs was limited solely to scaling the pilot site and establishing the four new regional sites.

However, we are deeply concerned that after months of receiving assurances from NSIN, as of today, the four new co-location sites outlined in the Appropriations Act have not been established and awards have not been made to the five sites under the PMO contract vehicle. Moreover, the Pacific Northwest MAC pilot site in the State of Washington is being forced to reduce employees, eliminate DoD support and potentially close its doors because of NSIN's failure to execute the appropriated FY2023 funds.

We collectively acknowledge the need to drive disruption at scale and strongly support the implementation of a national MAC network to fulfill that goal, thereby adding an invaluable tool to support the warfighter and carry out the National Defense Strategy. Therefore, we believe it is critical that the awards for these sites in Arizona, Hawaii, Kansas, Ohio, and Washington be made before the end of fiscal year 2023.

Additionally, we understand that the Defense Innovation Unit (DIU) was realigned to the Secretary of Defense and is in the process of integrating DIU and NSIN functions. We are concerned with leadership and organizational changes that have occurred over the last year and their impact on the implementation of the MAC program.

All of this calls into question DIU's capacity to manage additional funding in FY 2024 appropriations and beyond. As we complete our work on the FY 2024 Defense appropriations bill, we request that you provide answers to the following questions:

1. The Office of the Under Secretary of Defense Comptroller set benchmarks for acquisition obligation and expenditure rates for any given fiscal year to facilitate Congressional oversight of budget execution and are used as an early warning for programmatic delay. According to these benchmarks<sup>2</sup>, as of September 2023, MAC should be 90% obligated (\$45 million) and 55% expended (\$27.5 million). Please provide your current FY 2023 budget execution plans, including apportionments, scope, spending plans and inform us when the Department is scheduled to award the funds to expand the MACs in the five sites in Washington, Arizona, Ohio, Hawaii, and Kansas?
2. On May 4<sup>th</sup>, 2023, NSIN leadership informed us that they obligated \$29 million of the \$50 million to the NSIN FEDSIM managed PMO contract vehicle. Why was only \$29 million of the \$50 million obligated? What is the total obligation to date? Please provide the Independent Government Cost Assessment (IGCE) and any other documentation used to support the current total obligation of funds.
3. We understand that in order to expend the obligated MAC funds managed by the PMO, NSIN must provide the consent to contract. We are aware the PMO has been in receipt of proposals since May 26, 2023. Why has DIU or NSIN not allowed the PMO to subcontract to any of the five identified locations?
4. Congress did not appropriate NSIN core funding above the Administration's budget request of \$22.028 million and the \$50 million appropriated for MAC may not be used for any purpose other than what is directed. Is DIU or NSIN planning to use any of the MAC allocated funds for

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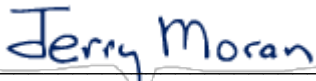
<sup>2</sup> OUSDC Acquisition Obligation and Expenditure Rates - [https://www.dau.edu/tools/Lists/DAUTools/Attachments/292/OSD%20\(C\)%20Color%20Rule-of-Thumb%20Acq%20Obligation%20and%20Expenditure%20Rates.pdf](https://www.dau.edu/tools/Lists/DAUTools/Attachments/292/OSD%20(C)%20Color%20Rule-of-Thumb%20Acq%20Obligation%20and%20Expenditure%20Rates.pdf)

appropriated for FY 2023 for purposes other than the funding for the five regional MAC locations?

5. We understand that NSIN and DIU officials are now in the process of identifying additional pilot sites and have not yet awarded funds for the five sites identified in the FY 2023 law. Does DIU intend to allocate the \$50 million appropriated by Congress for FY 2023 in equal awards of \$10 million to each of the five states? If not, what amount of the appropriated \$50 million will not be allocated to the five MACs identified in the FY2023 Justification Book, and why?

In conclusion, as Congress considers the final amounts for the FY 2024 Defense appropriations, it is critical that we receive answers to these questions and that awards for the five MAC established in the FY 2023 appropriations be made on or before September 30, 2023.

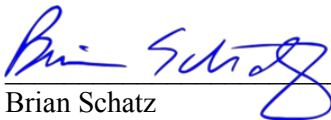
Sincerely,



Jerry Moran  
United States Senator



Sherrod Brown  
United States Senator



Brian Schatz  
United States Senator



Mazie Hirono  
United States Senator



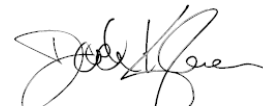
Kyrsten Sinema  
United States Senator



Mark Kelly  
United States Senator



Roger Marshall, M.D.  
United States Senator



Derek Kilmer  
Member of Congress



Ed Case  
Member of Congress



Jake LaTurner  
Member of Congress