



Defense Policy Update: Senate Armed Service Committee Releases FY 2026 National Defense Authorization Draft

Lewis-Burke Associates LLC – July 28, 2025

The Senate Armed Services Committee (SASC) voted 26-1 to advance the National Defense Authorization Act (NDAA) to the Senate floor on July 9, 2025, six days before the House Armed Services Committee (HASC) approved its version of the bill. Both chambers will move to approve their renditions of the bill before negotiations to reconcile the differences between the two versions will begin. The House is currently adjourned, and chamber approval from the Senate is unlikely to occur before Senators depart for August recess. Given the rapid approach of the end of the fiscal year coupled with the increased polarization in Congress over a myriad of issues including delayed appropriations, Lewis-Burke anticipates that, much like the last six years, a final version of the NDAA will not be released until close to the end of the calendar year.

The NDAA, which has been passed by Congress annually for the past 64 years, authorizes spending levels and policies related to the Department of Defense (DOD) and other national security and nuclear energy programs. As the NDAA is an authorization bill, it is ultimately up to the defense appropriations process to allocate funding to defense programs. The FY 2026 Senate NDAA is motivated by the threat from Iran, North Korea, China, and Iran and the need to innovate to address technological advances in modern warfare. The bill would authorize a national defense topline of \$914 billion, including \$879 billion in discretionary funding for DOD, which is \$30 billion higher than the HASC NDAA and the President's budget request (PBR). This is consistent with Chairman Wicker's [criticism](#) earlier this year of the President's proposed flat defense budget, despite the \$150 billion for defense in the reconciliation package.

The Senate NDAA would authorize a total of approximately \$150.5 billion for DOD's Research, Development, Testing and Evaluation (RDT&E) accounts, \$8.5 billion above what was proposed in the FY 2026 PBR, and \$10 billion higher than the FY 2025 enacted level. DOD's Science and Technology (S&T) accounts (basic research (6.1) applied research (6.2), and advanced technology development (6.3)) would be authorized at \$18.8 billion in total funding, roughly \$1 billion higher than the amount enacted in the FY 2025 NDAA and \$800 million more than this year's request, largely due to Congressional adds in applied research and advanced technology development accounts. The Congressional adds are different between the House and Senate versions of the bills indicating different priorities and likely lengthening negotiations between the House and Senate to finalize the bill.

Overall, the Senate bill mirrors some House NDAA priorities, such as updating the U.S. acquisition strategy, countering unmanned aerial systems, and formalizing the Golden Dome Initiative, although with more Congressional oversight. The Senate bill includes directive language on research related to biotechnology, experimentation and prototyping of unmanned vehicles, adoption of AI technologies, and cyber security capabilities. Notably, the report accompanying the Senate NDAA notes the importance of continued DOD funding to universities. The Senate bill focuses on improving efficiency by eliminating certain requirements on the Department and on defense contractors and includes more Congressional oversight over programs and activities compared to the House bill. The Senate bill would provide more support for foreign allies in

response to increased intensity of conflicts abroad including broader support for Taiwan and higher funding for the Ukraine Security Initiative relative to the House bill. Unlike the House draft, the Senate bill would eliminate statutory requirements related to diversity, equity and inclusion and would include more provisions limiting DOD-funded institutions of higher education engagement with certain foreign nations and entities.

Of selected research provisions in the bill, the FY 2026 NDAA would authorize the following relative to the PBR:

- Authorize \$112 million for Defense-wide Basic Research Initiatives, with \$30 million authorized for the Defense Established Program to Stimulate Competitive Research (DESPCoR) program and encouraging language on the value of DESPCoR to DOD.
- University Research Initiatives account across the Services would be authorized at the same levels proposed in the PBR, with the exception of the Navy which would see a \$5 million increase from the PBR for “Artificial Maritime Maneuvering (AMM) 2.0”. The Air Force would see \$94.1 million, the Navy would see \$72.3 million, the Army would see \$78.9 million, and Space Force would see \$14.5 million.
- Applied Research (6.2) would be authorized at a higher level relative to the PBR.
- The bill would authorize \$146 million for the NDEP program, in line with the PBR.
- The bill would authorize \$109.6 million for the Historically Black Colleges and Universities/Minority Institutions (HBCU/MIs) program, including a \$10 million increase for “efficient AI linguistics algorithmic development” within the HBCU/MI program.

Biotechnology/Defense Health

The bill recommends that the Department designate a senior official for biotechnology issues and establish a Biotechnology Management Office to “foster the development, acquisition, and sustainment of broad-based biotechnology capabilities for the Department.” Furthermore, the bill would require DOD to “develop a defense-wide strategy to enhance the use of biotechnology-developed and biotechnology-manufactured products.” More provisions related to biomanufacturing can be found below.

Regarding DOD health priorities, the bill highlights congressional interest in wound care and management. Further, the bill calls for a briefing on recommendations to amend clinical practice guidelines to treat combat wounds in future battlespaces; this briefing would include “a summary of any engagement with industry and academic medical institutions to support partnerships to address the wound care and management needs of servicemembers in future operational environments.” While the House NDAA highlighted Arctic operational capability as a priority, the Senate bill indicates further interest in infectious diseases and includes a provision that would require DOD to provide a strategic infectious disease medical research plan along with a proposed budget to complete its activities to HASC and SASC.

Quantum

Similar to the House bill, the Senate NDAA would authorize \$59.5 million in funding for defense-wide Quantum Applications. The committee notes their support for the Defense Advanced Research Projects Agency (DARPA) Quantum Benchmarking Initiative (QBI), and the progress that DARPA is making to identify industry partnerships to produce algorithms for computing applications. The committee also called on DARPA Director Stephen Winchell to ensure the benchmarking initiative comprehensively evaluates computing modes and budget restrictions that may limit the ability to mature the technology towards a utility-scale quantum computing system.

Elsewhere in the bill, the Committee directs the Assistant Secretary of Defense for Energy, Installations, and Environment to coordinate with the Strategic Environmental Research and Development Program (SERDP) and the Environmental Security Technology Certification Program (ESTCP) to brief the Armed Services Committees on the feasibility of quantum sensing technologies to detect, monitor, and mitigate PFAS at DOD sites.

Artificial Intelligence/Machine Learning (AI/ML)

Consistent with House NDAA language, Senate authorizers direct DOD to decisively integrate artificial intelligence into core operations. Both bills prioritize strengthening internal coordination and oversight, including the establishment of an *Artificial General Intelligence Steering Committee* that would be responsible for analyzing the current trajectory of AI models. The Senate bill provides \$7 million for Army AI/ML basic research, aligned with the FY 2026 PBR. As mentioned above, the bill also includes a \$5 million increase for Navy university research initiatives to support Artificial Intelligence Maritime Maneuvering (AIMM). The Senate bill also favors a more whole-of-government approach for AI, with particular focus on cyber deterrence. More specifically, the bill would:

- Mandate the creation of a Task Force on AI Sandbox Environment co-led by the Chief Digital and Artificial Intelligence Officer (CDAO) and Chief Information Officer (CIO). The purpose is to coordinate the development and deployment of secure sandbox environments to experiment with AI systems. Similarly, the House bill would direct the CDAO to report on efforts to expand AI infrastructure.
- Call for CDAO to develop a cross-functional team that would create a standardized framework for AI model assessment and oversight.
- Direct the Commander of the US Cyber Command (CYBERCOMM) to coordinate with senior DOD AI research officials to develop a roadmap for industry and academia to partner on “AI-enabled cyber capabilities for cyberspace operations.”
- Require CDAO, the Defense Advanced Research Projects Agency (DARPA), and the Defense Innovation Unit (DIU) to coordinate on the development of a roadmap to boost industry collaboration on AI-enabled cyber capabilities. The roadmap would outline a framework for public-private cooperation in offensive and defensive cyber operations.

Hypersonics / Golden Dome

The Senate NDAA would increase funding for the Army’s advanced component development and prototypes (6.4) budget for hypersonics. Most notably, the bill includes concerns about the progress made in developing low-cost hypersonic testing capabilities as an item of special interest. The committee would direct the Undersecretary of Defense for Research and Engineering (USD(R&E)) to develop a plan for implementing digital twin capabilities for hypersonic development and operational evaluation. The Undersecretary would also be required to brief Congress on the defense industrial base’s engagement with digital twins for hypersonic design.

Related to the Golden Dome initiative, the Senate NDAA would require annual briefings on the DOD’s missile defense system and formally establish a program manager to oversee the capability. Further provisions would recommend the program manager to accelerate the development of autonomous agents to protect against unmanned systems, and to formally test interceptors comprising the Golden Dome system. The committee also recommends the inclusion of directed energy weapons as a part of the Golden Dome system, with the goal of improving deterrents.

Space Force

The Senate bill encourages the procurement of existing space-based sensors, investments in directed energy capabilities, development of robotic satellite servicing, development of a commercial cis-lunar and deep space communications network and hyper spectral imaging utilization. Both the House and Senate bills encourage the Space Force to identify and engage with private sector launch providers to identify future needs for capabilities and infrastructure in the launch sector. Further, the bill recommends extending operations for the defense meteorological satellite program and would require the Secretary of the Air Force to provide a report to the Armed Services Committees by March 2026, to assess critical infrastructure needs.

Cybersecurity/Cyberspace

Much like their counterparts in the House, the SASC proposal would largely authorize cybersecurity research for DOD at levels consistent with both the Administration's budget request and FY2025 enacted levels. This includes all Army S&T cyber research, such as the Cyber Collaborative Research Alliance, as well as matching funds for C3I and Electronic Warfare Cyber within both applied research and advanced development research accounts.

The bill would recommend a significant increase to Defense-wide cyber applied research, specifically providing \$20 million for the University Consortium for Cybersecurity, a program originally authorized in the FY 2020 NDAA to advise the Secretary of Defense on Cybersecurity matters. SASC would also increase funds authorized for the Pacific Intelligence and Innovation Initiative (P3I), providing \$13 million in FY 2026, an \$8 million increase compared to funds Congress authorized in the FY 2025 NDAA for P3I.

Aside from research provisions, the Committee also used the annual authorization bill to emphasize further investment in the cyber workforce and the defense industrial base in order to reduce digital vulnerabilities. To this end, cyber provisions of relevance to Lewis-Burke clients include:

- A requirement for the Chief Information Officer (CIO) and the Assistant Secretary of Defense for Cyber Policy to develop a comprehensive cyber workforce strategy.
- An expansion of the Cyber Service Academy program and an additional \$22.9 million in authorization for the Office of the Secretary of Defense to extend eligibility to all qualified students, including first year students seeking both associate and bachelor's degrees.
- Consistent with guidance included in the July 23 White House [AI Action Plan](#), the Committee would appoint the Assistant Secretary of Defense for Cyber Policy to establish a public-private partnership to address "cybersecurity and physical security threats" to AI/ML systems.
- A requirement for the Chief Information Officer (CIO) and Office of Small Business Programs to report on a small business cybersecurity support strategy. The report would include resources for small businesses to prepare for cybersecurity maturity model certification (CMMC), which will be implemented for new contracts beginning in October 2025, and resources to align with existing cybersecurity frameworks at other agencies.
- Encouragement from the Committee to further activities to support partnerships between small business programs and academic institutions to "offer hands-on training in simulated environments, operational cyber range experience, and targeted coursework to develop cyber talent."

Foreign Influence and Research Security

The bill includes two notable research security provisions limiting institutions of higher education from engaging with certain nations or foreign entities. The report discusses concerns about post-employment of DOD-funded researchers. Similar to the House bill, the Senate bill expands research activities with Israel and includes several provisions limiting procurement of certain technologies from countries of concern. Notable provisions include:

- The bill would prohibit “covered institutions”, defined as institutions of higher education who perform research funded by the Department of Defense, from entering into certain contracts with specified foreign countries or entities of concern, unless granted a waiver. The prohibition would go into effect on January 1, 2027. Lewis-Burke will continue to monitor this provision.
- Like FY 2025 enacted legislation, the bill prohibits the Department from funding institutions of higher education which collaborate with academic institutions of concern or with anyone employed by such an institution. The Assistant Secretary of Defense for Science and Technology may waive the prohibition on a case-by-case basis.
- Similar to the House draft of the NDAA, the bill would extend and modify the United States-Israel Counter Unmanned Aerial Systems cooperation extending it through December 31, 2028, and authorize up to \$75 million for the cooperation; this is \$5 million more than what’s provided in the House bill. Additionally, unlike the House bill it would not expand activities under the cooperation.
- The bill would authorize \$15 million for U.S. Israel joint research and development for emerging technologies. No detail is provided about this program but the House bill included a provision that would establish an “emerging technology cooperation program” to work with Israel and other partner countries to conduct joint research and development activities on emerging technologies.
- The bill would authorize \$10 million for foreign comparative testing so that the Department can “examine foreign-developed artificial intelligence and machine learning capabilities.”

Innovation and Tech Transition

The Senate bill emphasizes the benefits of partnerships between private sector and academia to accelerate defense innovation. The bill calls for more coordination amongst existing defense innovation entities. Notable provisions for the academic and research community include:

- A directive for the Secretary of the Army to establish the “catalyst pathfinder program,” which would be a “soldier-inspired innovation program” that fosters collaboration between Army operational units, premier research universities, and small businesses to integrate soldiers into the early stages of the research and development process.
- Defense-wide, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program would receive the same level of funding as proposed in the PBR and House NDAA (\$5.4 million).
- The Senate bill would provide \$5 million for the Defense Innovation Unit (DIU) OnRamp Hub program. The House bill provides much more direction for DIU and would require DIU to brief HASC on plans to stand up two additional OnRamp Hubs in FY 2026, including the potential locations of those Hubs. Additionally, the House bill would provide statutory authority to DIU to establish domestic and regional outreach centers. The House bill would also direct DIU to report on geographic expansion plans generally.

- A call for the Secretary of Defense to compile a complete inventory of innovation-focused organizations and initiatives across DARPA, DIU, the Strategic Capabilities Office (SCO), and Office of the Undersecretary of Defense for Research and Engineering (OUSD (R&E)).

Supply Chain Resilience & Advanced Manufacturing

The bill would authorize increased investment in advanced manufacturing and research, including \$10 million for advanced materials science for manufacturing research and \$4 million for additive manufacturing for engineering components. The bill would also authorize the following increases for defense-wide manufacturing S&T:

- \$150 million for advanced manufacturing
- \$15 million for critical minerals RDT&E
- \$5 million for robotics enhancements for armaments manufacturing.

The bill especially underscores U.S. investments in biomanufacturing and authorizes a \$5 million increase for efforts, as well as would direct the Secretary of Defense to brief HASC and SASC on the feasibility and advisability of biomanufacturing in the Indo-Pacific. The bill would also require the Secretary of Defense to brief SASC on the progress of the BioMADE manufacturing institute, stating that “despite substantial federal funding, slow deployment of industry support risks placing the United States at a competitive disadvantage.”

Additionally, the bill would direct the Secretary of Defense to brief the Senate and/or Housed Armed Services Committees on a supply chain mapping strategy, pharmaceutical and genetic medicine supply chains, hypersonic materials, and “additive manufacturing methods, techniques, and processes for production and manufacturing of unmanned vessels.”

Provision on Facilities and Administrative Cost Rates

The bill would prohibit the department of defense from changing facilities and administrative cost rates on grants and contracts to institutions of higher education and non-profit organizations until the Secretary of Defense makes a certification to Congress. Due to the significance of this provision, Lewis-Burke included it in its entirety here:

“SEC. 226. PROHIBITION ON MODIFICATION OF INDIRECT COST RATES FOR INSTITUTIONS OF HIGHER EDUCATION AND NONPROFIT ORGANIZATIONS.

- (a) PROHIBITION.—The Secretary of Defense may not change or modify indirect cost rates (otherwise known as facilities and administration cost rates) for Department of Defense grants and contracts awarded to institutions of higher education and nonprofit organizations (as those terms are defined in part 200 of title 2, Code of Federal Regulations) until the Secretary makes the certification described under subsection (b).
- (b) CERTIFICATION.—A certification under this sub section is a certification to the congressional defense committees that the Department of Defense— (1) working with the extramural research community, including representatives from universities, university associations, independent research institutes, and private foundations, has developed an alternative indirect cost model that has— (A) reduced the indirect cost rate for all applicable institutions of higher education and nonprofit organizations (compared to indirect rates for fiscal year 2025); and (B) optimized payment of legitimate and essential indirect costs involved in conducting Department of Defense research to ensure transparency and

efficiency for Department of Defense-funded grants and contracts; and (2) established an implementation plan with adequate transition time to change budgeting and accounting processes for affected institutions of higher education and nonprofit organizations.”

Sources and Additional Information:

- The text of the Senate NDAA bill can be found [here](#).
- The text of the Senate NDAA report can be found [here](#).
- An executive summary of the Senate NDAA can be viewed [here](#).
- The press release for the Senate NDAA can be viewed [here](#).
- For more resources on the House NDAA, please visit the Committee website [here](#).