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# THE GOVERNMENT CONTRACTOR<sup>®</sup>

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## ¶ 208 FEATURE COMMENT: Unleashing AI: What The New Federal Action Plan Means For Industry

On July 23, 2025, the White House released *Winning the AI Race: America's AI Action Plan* (the AI Action Plan). With nearly 100 policy actions, the AI Action Plan provides industry a comprehensive roadmap for the priorities the administration considers critical to harnessing artificial intelligence (AI) and ushering in “[a]n industrial revolution, an information revolution, and a renaissance—all at once.” Since then-President Biden’s Executive Order 14110, “Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence,” the Federal Government has made AI development and use a Government-wide priority and positioned it as a potential engine of change and growth.

The Trump Administration has maintained AI as a priority, pursuing it under principles and policies distinct from the Biden Administration. However, the importance of AI has only grown. In its first six months, the Trump Administration accelerated AI deployment in the Federal Government and issued a series of EOs culminating in the AI Action Plan. When considering recent activities such as the Department of Defense’s [recent contract ceiling increase](#) to expand deployment of an AI system that autonomously detects, tags, and tracks potential threats, the Department of Government Efficiency using [AI to identify and propose for elimination federal regulations](#), and the President’s April 23, 2025, EO to [integrate AI education into schools across the country](#), it’s apparent that AI is here to stay.

The shift from *safety-first AI* to *innovation-first AI* is reflected in the AI Action Plan, outlining how it intends to develop and apply AI across the Federal Government. While results remain to be seen, industry should pay close attention to the policy actions as they roll out. Understanding the context behind the AI Action Plan offers industry with a clearer picture of what to expect.

**Prioritizing Artificial Intelligence Under Biden’s Executive Order 14110**—A concerted Federal Government-wide approach to AI began with then-President Biden’s EO 14110, “Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence.” The Order prioritized a coordinated Federal Government-wide approach toward the advancement, development, and use of AI. As explained in our previous articles regarding EO 14110 and subsequent guidance issued by the Office of Management and Budget on AI procurement, which you can find [here](#) and [here](#), EO 14110 prioritized the safe and responsible development of AI. The EO directed agencies to develop AI safely, applying reliable, repeatable, and standardized “mechanisms to test, understand, and mitigate risks from these systems before they are put to

use.” The EO also required that AI be developed responsibly and committed to supporting American workers. The Order warned of the dangers of irresponsibly developing and deploying AI that “undermine rights, worsen job quality ..., lessen market competition,” and “deepens discrimination and bias, rather than improving quality of life.”

The foundation for developing and deploying AI under EO 14110 was short-lived. Upon taking office, one of President Trump’s first actions was to rescind a variety of EOs, “to restore common sense to the Federal Government and unleash the potential of the American citizen” and “repair[ing] our institutions and economy.” EO 14148, “Initial Rescissions of Harmful Executive Orders and Actions” at § 1 (Jan. 20, 2025). This included EO 14110. *Id.* at § 2(ggg). Despite rescinding EO 14110, AI remained a priority for the new administration, although its advancement and development would occur under different circumstances.

**Laying the Groundwork to Winning the AI Race**—Less than a week after rescinding EO 14110, on Jan. 23, 2025, the White House issued EO 14179, “Removing Barriers to American Leadership in Artificial Intelligence.” Signaling that AI remained a priority for the new administration, EO 14179 established a policy “to sustain and enhance America’s global dominance in AI to promote human flourishing, economic competitiveness, and national security.” The Order directed the elimination of “certain existing AI policies and directives that act as barriers to American AI innovation.” Perceiving any remnants of EO 14110 to be barriers, the Order directed agencies to review all policies, directives, regulations, orders, and other actions taken according to EO 14110 that may be inconsistent with the policy set forth at Section 2 of the Order, and take any and all appropriate action to “suspend, revise, or rescind such actions.”

Policies developed under EO 14110 emphasizing safe and responsible AI development were targeted for removal. On April 3, 2025, the OMB issued M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*, and M-25-22, *Driving Efficient Acquisition of Artificial Intelligence in Government*, to provide initial guidance to federal agencies on the advancement and

development of AI and to ensure it was consistent with the policy outlined in EO 14179. The OMB memorandums were clear that the advancement and deployment of AI was of the utmost importance for the administration, and that deregulation would accelerate AI’s maturation.

Under M-25-21, agencies were urged to adopt AI solutions while instructed to cut bureaucratic burdens to create policies for faster AI deployment. To accelerate the Federal Government’s use of AI, M-25-21 focused on three key priorities:

- (1) Removing barriers to innovation, including bureaucratic requirements that impede innovation, and fostering responsible adoption and development.
- (2) Empower AI leaders to accelerate responsible AI adoption by cutting down on bureaucratic bottlenecks and redefining AI governance as an enabler to effective and safe AI innovation.
- (3) Ensure AI works for the American people by implementing minimum risk management practices for “high-impact” AI, which consists of AI whose output serves as a principal basis for decisions or actions that have a legal, material, binding, or significant effect on rights or safety.

M-25-22 provides guidance for agencies to improve their AI acquisition capabilities and to ensure such acquisitions are consistent with EO 14179. M-25-22 directed agencies to apply the following best practices when procuring AI: (1) procure AI through a competitive American AI marketplace that minimizes risk of vendor lock-in; (2) ensure the procured AI system performs as intended and delivers consistent results; and (3) utilize a fully integrated procurement team to address potential risks and leverage best practices available from other agencies. M-25-22 also imposed a domestic preference requirement that agencies procure American-developed and -produced AI products and services to the maximum extent. Building off its sister memorandum that sought to accelerate AI development and application, M-25-22 signaled the administration’s desire for a domestic AI market from which agencies procured AI-enabled systems.

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When the AI Action Plan was released on July 23, 2025, the administration also issued two AI-related EOs to further implement its priorities. EO 14319, “Preventing Woke AI in the Federal Government” (July 23, 2025), directed federal agencies to procure only Large Language Models (LLMs) that comply with the EO. LLMs, such as ChatGPT, are generative AI models trained on large, diverse data sets to enable the model to generate natural-language responses to user prompts. Pursuant to EO 14319, federal agencies were to procure LLMs from contractors when those LLMs were developed per the two “Unbiased AI Principles”: Truth-seeking; and Ideological Neutrality. Under the EO, an LLM is “truthful” when it responds, “to user prompts seeking factual information or analysis ... prioritize[ing] historical accuracy, scientific inquiry, and objectivity.” EO 14319 at § 3(a). Ideological Neutrality requires the LLM to “be neutral, nonpartisan tools that do not manipulate responses in favor of ideological dogmas such as DEI.” Id. at § 3(b).

The administration also issued EO 14320, “Promoting the Export of the American AI Technology Stack” (July 23, 2025), to “preserve and extend American leadership in AI and decrease international dependence on AI technologies developed by our adversaries.” EO 14320 at § 2. Consistent with EO 14179’s policy of sustaining and enhancing U.S. global AI dominance, EO 14320 directs the Department of Commerce to establish and implement an American AI Exports Program “to support the development and deployment of United States full-stack AI export packages.” EO 14320 at § 3. Through diplomatic channels, the Order also tasked the Economic Diplomacy Action Group, chaired by the secretary of state, with “developing and executing a unified Federal Government strategy to promote the export of American AI technologies and standards.” Id. at § 4(c)(i). The Order also tasked the secretary of state with aligning technical, financial, and diplomatic resources to accelerate deployment of priority AI export packages under the program. Id. at § 4(c)(ii).

**America’s AI Action Plan**—The AI Action Plan recognizes AI’s potential to usher in “a golden age of human flourishing, economic competitiveness, and national security.” To accelerate innovation and

rapidly harness AI, the Action Plan includes nearly 100 policy actions federal agencies are to implement “to win the AI race and achieve global AI dominance.” These policy actions reside under one of three pillars: (1) accelerating AI innovation; (2) building America’s AI infrastructure and restoring American semiconductor manufacturing; and (3) AI diplomacy and security. Cutting across all three pillars are the principles that AI policies should prioritize American workers, AI systems must be free from ideological bias, and safeguarding AI systems from misuse or theft.

Industry should note these policy actions as indicators of shifting strategies and potential opportunities as the Government advances AI use. One policy action places further emphasis on the consolidation of procurements through the General Services Administration. Complementing the [March 20, 2025 EO to consolidate procurements](#), the AI Action Plan directs the creation of an AI toolbox, managed by the GSA to foster “uniformity across the Federal enterprise to the greatest extent practicable” and allowing “any Federal agency to easily choose among multiple models” while having the “flexibility to customize models to their own ends.”

This approach offers a potentially common baseline for AI procurement across the Federal Government. Although the AI Action Plan echoes Biden-era directives for agencies to share their AI code, models, and data to facilitate re-use and collaboration, the policy action intends to accomplish this as a centralized toolbox and provides a consolidated “marketplace” from which agencies can leverage existing assets, rather than reinventing the wheel.

However, industry should review their AI procurements to ensure proprietary algorithms and software do not unwittingly end up in this AI toolbox. Contractors should work with legal counsel to confirm data rights and protect proprietary information. A careful review of the operative data rights clauses and terms is critical.

The Defense Industrial Base (DIB) should note several policy actions from the Department of Defense which may offer significant opportunities.

To drive AI adoption within the DOD, the AI Action Plan recommends the following policy actions:

- Establish an AI & Autonomous Systems Virtual Proving Ground at the DOD, beginning with scoping the technical, geographic, security, and resourcing requirements necessary for such a facility.
- Develop a streamlined process within the DOD for classifying, evaluating, and optimizing workflows across major operational and support functions, to identify and prioritize workflows for AI automation. When a workflow is successfully automated, DoD should transition it permanently to the AI-based implementation as quickly as practicable.
- Prioritize DOD-led agreements with cloud service providers, operators of computing infrastructure, and other relevant private sector entities to secure priority access to computing resources during national emergencies, ensuring the DOD can fully leverage these technologies in a significant conflict.

The establishment of an AI & Autonomous Systems Virtual Proving Ground offers the DOD and defense contractors a venue to propose, demonstrate, and evaluate AI capabilities for potential warfighter use. The virtual proving ground also complements the DOD's 2023 AI Strategy by creating a pathway for showcasing and assessing AI capabilities as part of its adoption and deployment strategy. When coupled with the third DOD-specific policy action, the AI Action Plan represents a catalyst to drive AI assessment and deployment within the DOD to meet mission priorities.

Unlike the Biden Administration's approach to AI, the AI Action Plan prioritizes accelerated AI innovation and development over ensuring AI development and deployment occur in a responsible manner that advances equity and civil rights. Although the AI Action Plan notes that AI datasets are to maintain "respect for individual rights and ensur[e] civil liberties, privacy, and confidentiality protections," the AI Action Plan deviates from EO 14110 by directing "the National Institute of Standards and Technology (NIST) [to] revise the NIST AI Risk Management Framework to eliminate ref-

erences to misinformation, Diversity, Equity, and Inclusion, and climate change" and to "[u]pdate Federal procurement guidelines to ensure that the government only contracts with frontier large language model developers who ensure that their systems are objective and free from top-down ideological bias." Eliminating misinformation from NIST's AI Risk Management Framework may be at odds with the Identifying Outputs of Generative Adversarial Networks Act, which directed NIST to support research and standards to "examine the function and outputs of" and identify "research opportunities with the private sector ... to detect the function and outputs of generative adversarial networks or other technologies that synthesize or manipulate content [i.e., deep fakes]." See 15 USCA § 9203(a)–(b).

Although it remains to be seen how an LLM will be assessed for compliance, companies selling AI to federal agencies will need to ensure their systems are objective and free from top-down ideological bias. Industry should consider this a signal that AI systems should be designed to be neutral to remain eligible for federal contracts and opportunities, including export programs under EO 14320.

With future development of federal procurement guidelines expected under the AI Action Plan, companies can expect that these requirements will be layered in federal contracting, including potentially certifying that their AI systems are "ideologically neutral." For companies offering AI products and services through federal contracts, now is the time to establish compliance documentation and implement sufficient guardrails to demonstrate that neutrality safeguards are in place before procurement guidelines, including potential certification requirements, take effect under the policy action.

As with any advanced technology, the AI Action Plan also recognizes that opportunities for mischief and misuse exist. To address potential vulnerabilities and exploits, the AI Action Plan also directs NIST to partner with AI and cybersecurity industries to "ensure AI is included in the establishment of standards, response frameworks, best-practices, and technical capabilities (e.g., fly-away kits) of incident response teams" and for the



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Cybersecurity and Infrastructure Security Agency to modify its “Cybersecurity Incident & Vulnerability Response Playbooks to incorporate considerations for AI systems and to include requirements for Chief Information Security Officers to consult with Chief AI Officers, Senior Agency Officials for Privacy, [the Center for AI Standards and Innovation at the Department of Commerce], and other agency officials as appropriate.” The AI Action Plan’s recognition that AI adds a new dimension in cybersecurity offers industry a role in shaping NIST standards and best practices, as well as potential access to resources for risk assessment and threat detection. At a minimum, it lays the groundwork for a uniform approach to AI-related cybersecurity vulnerabilities and risks.

Although the policy actions’ outcomes are uncertain, the AI Action Plan is clear: AI is to be innovated, developed, and deployed to both replace and augment Federal Government operations and American society. The Plan prioritizes American AI supremacy and global dominance and seeks to deregulate and prescribe approaches that are the

least restrictive toward AI’s development and maturation. Companies should take heed of the AI Action Plan’s policy actions and review their internal governance processes and risk procedures to ensure they align with the priorities espoused in the AI Action Plan while anticipating potential shifts in federal priorities. Business, technical, compliance, and legal should coordinate closely in this rapidly evolving environment, as the Plan signals ongoing changes while AI deployment grows and matures in the Federal Government.



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