

# How to navigate federal funding in the current administration

US Forensic & Integrity Services

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## Introduction

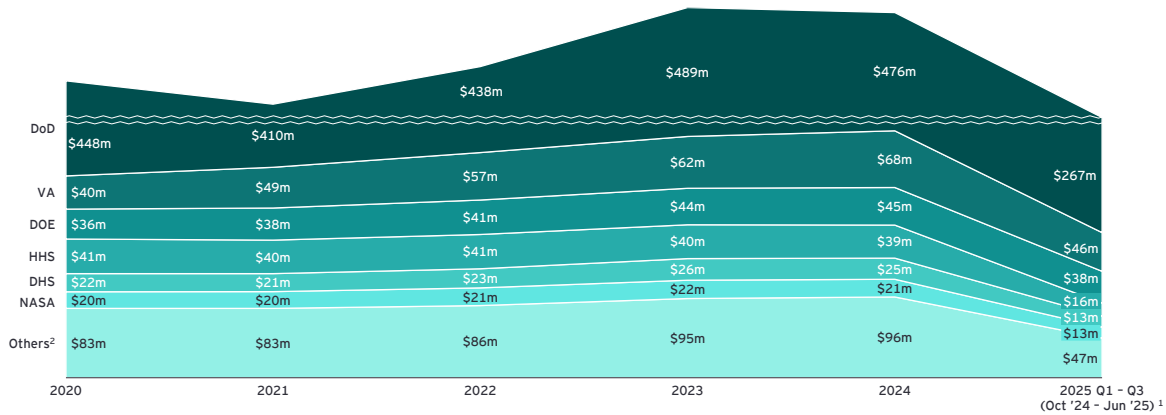
As the US federal government transitions to the current administration, organizations are confronted with a landscape marked by new priorities and modes of operation. These changes are altering the dynamics of federal funding and presenting a unique opportunity for businesses to reassess their strategies and align with new government objectives. Understanding the intricacies of federal funding is essential for organizations aiming to thrive in this evolving environment.

## The importance of federal funding and key sectors

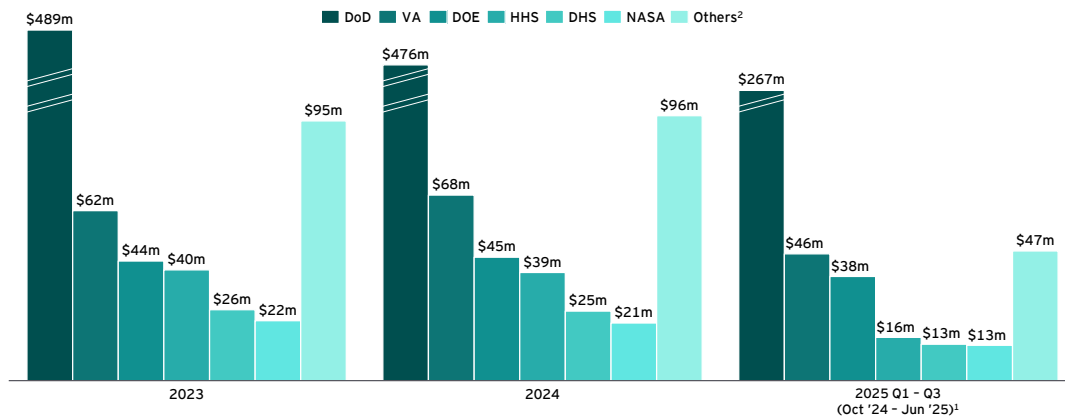
Federal funding remains a vital resource for organizations across various sectors, but the landscape is evolving under the current administration. New policies, deregulation, restructuring and shifting federal agency priorities present both challenges and opportunities. For instance, the Federal Acquisition Regulation (FAR) overhaul eliminates outdated rules, simplifies the regulatory framework and streamlines the acquisition process by removing anti-competitive barriers, thereby fostering entrepreneurship and innovation. Executive orders such as America First are expected to increase funding for key agencies, including the Department of Defense (DoD), Department of Homeland Security (DHS) and Department of Justice (DOJ), while the Department of Energy (DOE), Department of Health and Human Services (HHS), and the Environmental Protection Agency (EPA) face reorganization, funding reductions and new priorities. Notably, while the initiatives for clean energy and electric vehicles will be deprioritized, new opportunities for US energy dominance and independence are emerging, especially in the nuclear field.

The spending data for the first quarter of the current administration aligns with expectations. While largely maintaining FY24 levels, funding has increased for the DoD, DHS, Veterans Affairs (VA) and Federal Aviation Administration (FAA) compared to FY24. Additionally, the DoD has gained flexibility to initiate new projects with the removal of the "No new starts" provision for defense contracts. Conversely, funding has decreased for the US Agency for International Development (USAID), federal buildings managed by the General Services Administration (GSA) and EPA assistance awards. This includes the rescission of \$20.2 billion in Internal Revenue Service (IRS) funds from the 2022 tax and climate law and the discontinuation of earmarked projects from FY24.

As we look ahead, it is essential to reassess past spending patterns and align strategies with the current administration's focus areas to capitalize on emerging funding opportunities.



**Figure 1:** Federal contract spending by agency in \$m (FY2020 - FY2025<sup>1</sup>): the federal government has spent ~\$4.05b on federal contracts for FY20-25<sup>1</sup> of which the top 10 agencies contribute ~93%. Note: The total value of assistance awards for the period from FY20 to FY25<sup>1</sup> is above \$6.8t.



**Figure 2:** Federal contract spending by agency in \$m (FY2023 - FY2025<sup>1</sup>): the federal government has spent ~\$2b on federal contracts for FY23-25<sup>1</sup> of which the top 10 agencies contribute ~93%. Note: The total value of assistance awards for FY23, FY24, and FY25<sup>1</sup> is above \$3.2t.

In the energy and transportation sectors, total federal spending surpassed \$54.5b, with organizations such as the DOE and the Department of Transportation (DOT) playing pivotal roles in funding initiatives aimed at energy technologies and related infrastructure. The information technology, data and cybersecurity sectors also saw significant investment, exceeding \$80.8b, driven by agencies such as the DoD, VA and DHS.

Furthermore, the facilities and construction sector received over \$132.7b, with major federal customers, including the VA, DoD, DOE and DHS, focusing on improved building practices and innovative construction technologies.

Current technological priorities include artificial intelligence (AI) and quantum information sciences (QIS). AI initiatives aim to maximize existing investments and facilitate rapid deployment by providing access to IT infrastructure and quality data, as well as accelerating the development, testing and maintenance of AI applications. QIS initiatives focus on research and development investments, with the goals of strengthening national security, promoting economic growth through public-private partnerships, creating jobs and enhancing educational initiatives. Strategic coordination across federal agencies involves identifying key research areas and setting priorities for the quantum research community. The DoD continues to lead in government funding, focusing on streamlining the acquisition process and implementing IT reforms, including accelerating advanced technologies like AI, hypersonics and cyber warfare.

## Key steps for navigating federal funding

To thrive in the realm of federal funding, organizations should focus on aligning government areas of interest with critical-path technologies and capabilities. This involves developing strong relationships to introduce their technology, services or products to government stakeholders, crafting compelling proposals and ensuring successful implementation and delivery. Compliance and strategic considerations should be integrated throughout this entire lifecycle. Additionally, exploring opportunities for non-dilutive funding is crucial. Organizations that grasp the dynamics of federal funding and align their strategies with government priorities can secure financial support without sacrificing equity. Below, we outline the key steps and strategies for effectively navigating this complex terrain.

<sup>1</sup> Fiscal year 2025 is ongoing - data shown covers Q1 - Q3 (Oct 2024 - Jun 2025).

<sup>2</sup> Others include USDA, DOS, Treas, DOJ, DOT, GSA, USAID, DOC, DOI, ED, DOL, EPA and 75 other agencies.

## Conduct a comprehensive market opportunity assessment

- ✓ Begin with a clear evaluation of the market to understand how your organization's offerings align with government needs. This includes defining the total addressable and obtainable market, mapping technologies and services to relevant government priorities, quantifying government requirements and establishing internal business goals to align with strategic objectives.

## Develop a strategic capture methodology

- ✓ Align your business strategy with specific government funding opportunities by engaging with relevant agencies and stakeholders to understand their requirements while also creating tailored capture strategies and compliance checklists to enhance proposal effectiveness.

## Capture awards and verify compliance

- ✓ After defining your strategy, focus on establishing a governance structure to support compliance, developing necessary controls and processes for post-award execution, generating detailed proposals that meet compliance requirements, managing post-award reporting and requirements, monitoring program progress against objectives, responding to agency requests and preparing for government audits and oversight activities.

## Strategic partnership role

- As organizations navigate this complex environment, they must be agile and adaptable, ready to pivot their strategies in response to shifting government priorities. The following points are important for organizations as they navigate this transition. Understanding the challenges involved is crucial, and having a partner with experience in federal business development can be beneficial. It's important to consider how to effectively navigate the complexities of government funding, particularly in the realm of meeting government regulatory requirements and compliance standards. Success in this arena requires more than just knowledge of available funds; it demands a comprehensive approach that aligns with the administration's evolving priorities, funding mechanisms and requirements.
- For organizations aiming to grow their federal business, several key considerations should be taken into account. Developing tailored strategies that align with the rapidly evolving market is essential. Organizations should focus on positioning themselves as trusted partners to the government, which can enhance their chances of securing funding.
- Understanding contracts and assistance awards is important for gaining a holistic view of federal funding. It is beneficial to have knowledge of various programs and objectives, including technology funding and initiatives aimed at fostering business growth. By considering broader themes of federal investment, organizations can identify diverse funding streams that align with their capabilities and strategic goals, thus expanding their opportunities beyond conventional funding definitions.
- In today's fast-changing technological landscape, aligning innovative solutions with government initiatives is vital. Organizations should seek to understand the applications of technology within federal programs. Exploring technology alignment and matching services can help connect cutting-edge solutions with relevant government initiatives, facilitating engagement with federal funding opportunities. By recognizing the intersection of technology and federal funding, organizations can enhance their competitive advantage and position themselves effectively within their fields.

## Conclusion: embracing opportunities in a new era

The transition to the current administration presents both challenges and opportunities for organizations engaged in federal funding. By leveraging the experience of Ernst & Young LLP and adopting a holistic approach, businesses can navigate this complex landscape effectively. As we move forward, it is imperative for organizations to align their strategies with government priorities, unlocking new avenues for growth and innovation in the federal marketplace. In doing so, they can not only survive but thrive in this new era of federal funding, capitalizing on the billions of dollars available to support their initiatives across key sectors.

## Resources:

- Bloomberg Government (BGOV): A subscription service providing comprehensive information and analytics for professionals engaged with the government, serving as an all-in-one public affairs platform.
- GovWin IQ from Deltek: Provides comprehensive market intelligence to boost public-sector sales and offers quality resources like reports, blogs and events.
- USASpending.gov: A public platform providing detailed data and visualizations on U.S. federal spending, including awards, loans, and contracts by agency, recipient, and fiscal year.

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