

Driving Efficient Acquisition of Artificial Intelligence in Government

Memorandum For The Heads Of Executive Departments And Agencies

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None

Executive Order 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government*, 1 charges Federal agencies with using safe and secure artificial intelligence (AI) in innovative ways to improve government efficiency and mission effectiveness. In carrying out this direction, agencies must procure effective and trustworthy AI capabilities in a timely and cost-effective manner. Consistent with the Advancing American AI Act,² Executive Order 14179, *Removing Barriers to American Leadership in Artificial Intelligence*,³ and Office of Management and Budget (OMB) Memorandum M-25-21, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*, this memorandum provides guidance to agencies to improve their ability to acquire AI responsibly. This memorandum rescinds and replaces OMB Memorandum M-24-18, *Advancing the Responsible Acquisition of Artificial Intelligence in Government*. To that end, there are three grounding themes that drive this memorandum's requirements:

- Ensuring the Government and the Public Benefit from a Competitive American AI Marketplace. Competition in the marketplace enables the government to acquire the best solutions at lower cost to the taxpayer. As agencies seek to accelerate the adoption of AI-enabled services, they must pay careful attention to vendor sourcing, data portability, and long-term interoperability⁴ to avoid significant and costly dependencies on a single vendor. The government must communicate clear and specific requirements that make it easy for vendors to offer state-of-the-art AI capabilities to support efficient and effective public services.
- Safeguarding Taxpayer Dollars by Tracking AI Performance and Managing Risk. AI presents a tremendous opportunity to improve government efficiency and effectiveness. To achieve this promise, agencies must ensure that the AI systems they procure are fit for purpose and deliver consistent results that preserve public trust in the manner outlined in Executive Order 13960.
- Promoting Effective AI Acquisition with Cross-Functional Engagement. Robust collaboration is a foundational principle of the Executive Branch's acquisition process and remains critical for surfacing potential issues sooner rather than later to avoid obstacles and risks in procuring new technology, such as AI. The novel challenges that AI introduces require agile engagement from agency officials with varied expertise to fully address during acquisition.

None

The Advancing American AI Act ("the Act") directs OMB to develop an initial means by which to ensure that contracts for the acquisition of an AI system or service align with the guidance required by the AI in Government Act of 2020, which was updated in OMB Memorandum M-25-21, and to advance the aims identified in section 7224(d)(l) of the Act. This memorandum does not supersede, and should be considered in concert with, other more general Federal policies that apply to the acquisition of AI. Agencies must comply with all applicable OMB policies and coordinate compliance across their components with all appropriate officials. Agency officials retain their existing authorities and responsibilities established in other laws and policies.

1. Covered Agencies. Except as specifically noted, this memorandum applies to all agencies defined in 44 U.S.C. § 3502(1). As noted in the relevant sections, some requirements in this memorandum apply only to Chief Financial Officers Act (CFO Act) agencies, as identified in 31 U.S.C. § 901 (b). The requirements in this memorandum do not apply to elements of the Intelligence Community, as defined in 50 U.S.C. § 3003.
2. Covered AI. This memorandum provides requirements and recommendations that, as described in more detail below, apply to AI systems or services that are acquired by or on behalf of covered agencies.

The term AI system, as used in the Act and this memorandum, includes data systems, software, applications, tools, or utilities "established primarily for the purpose of researching, developing, or implementing artificial intelligence technology,"⁶ as well as data systems, software, applications, tools, or utilities where an AI capability "is integrated into another system or agency business process, operational activity, or technology system."⁷ The term excludes, however, "any common commercial product within which artificial intelligence is embedded, such as a word processor or map navigation system."

None

In addition to the actions described in Section 4 below, this memorandum directs agencies to:

1. Update Agency Policies. Within 270 days of the issuance of this memorandum, agencies must revisit, and update where necessary, existing internal procedures on acquisition to comply with the requirements of this memorandum and ensure the agency's use of the acquired AI will conform to OMB Memorandum M-25-21. At a minimum, agencies must update internal procedures on acquisition to enable relevant agency officials to:
 1. Review planned acquisitions involving an AI system or service and provide any feedback on AI performance and risk management practices as necessary, consistent with guidance in Section 4 of this memorandum;
 2. Convene a cross-functional team of relevant agency officials to include in the coordination and decision-making processes associated with the acquisition, as discussed in Section 4(a)(i) of this memorandum;
 3. Ensure use of appropriate contract terms for intellectual property (IP) rights, in alignment with paragraph (d) below.
2. Maximize the Use of American-Made AI. Executive Order 14179 recognizes the importance of American AI development to promote human flourishing, economic competitiveness, and national security. Consistent with applicable law, it is the policy of the United States to buy American and to maximize the use of AI products and services that are developed and produced in the United States.