ML STRATEGIES

AI Implications in Senate and House Committees' Versions of FY 2026 NDAA, and the Pentagon Awards Four AI Contracts Up to $200 Million Each - AI: The Washington Report

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VIEWPOINT TOPICS

- Artificial Intelligence
- AI: The Washington Report

- On July 9, the Senate Armed Services Committee (SASC) voted 26-1 to advance the National Defense Authorization Act (NDAA) for **Fiscal Year (FY) 2026** to the Senate floor. The Senate version of the NDAA includes a comprehensive strategy to secure, oversee, and coordinate AI development across the Department of Defense, with an emphasis on cybersecurity, allied coordination, and the creation of oversight and innovation structures.
- In the House, the House Armed Services Committee voted 55-2, on July 15, to pass **its non-identical version** of the FY 2026 National Defense Authorization Act (NDAA).
- The House version of the NDAA includes operational measures to accelerate AI adoption, such as surveys of military applications, and integration of autonomy-enabling software.
- Separately, on July 14, the Defense Department's Chief Digital and Artificial Intelligence Office (CDAO) announced the award of contracts to four leading US artificial intelligence developers. Each contract has a ceiling of $200 million and is intended "to accelerate Department of Defense (DoD) adoption of advanced AI capabilities to address critical national security challenges."

AI Implications in the Senate and House Committees Defense Bill for FY 2026

On July 9, the Senate Armed Services Committee (SASC) voted 26-1 to advance the National Defense Authorization Act (NDAA) for **Fiscal Year (FY) 2026** to the Senate floor. The $925 billion defense policy and funding bill, whose **full text**was released on July 16, includes several provisions aimed at formalizing how the Department of Defense (DoD) "develops, secures and oversees AI models." The NDAA represents a rare instance of bipartisan consensus.

The Senate Committee's NDAA places AI at the center of cybersecurity and cyber deterrence efforts. It includes a "comprehensive cybersecurity and physical security framework for artificial intelligence and machine learning technologies procured by the Department of Defense." The bill also calls for the creation of "a cross-functional team (CFT) for artificial intelligence (AI) model management, oversight, and assessment", and the establishment of cyber-innovation "sandbox" environments to test technologies in secure, real-world settings.

Ranking member on the SASC, Senator Jack Reed (D-RI), specifically emphasized that the bill "expands DoD's artificial intelligence (AI) resources and establishes new DoD authorities to coordinate AI initiatives among US allies and partners."

In the House, the House Armed Services Committee voted 55-2, on July 15, to pass **its non-identical version** of the FY 2026 National Defense Authorization Act (NDAA), authorizing a total of $882.6 billion in national defense funding.

The House version includes a measure mandating the Department of Defense (DoD) "to conduct a survey of AI capabilities for potential use in exercises or operations" with the goal of improving "the accuracy of military targeting, to include locating, identifying, and analyzing such targets to minimize collateral damage and civilian harm." The bill requires the DoD to brief the House Armed Services Committee on the results of this survey by April 1, 2026.

In addition, the House bill also directs the Pentagon to recommend how it can "accelerate the integration of autonomy-enabling software into programs and projects of the Department" through middle-tier

acquisition programs. During the markup session, the House Committee also added a “subcommittee print” from the cyber and innovation panel with provisions to create an AI software bill of materials at the DoD.

While the Senate version emphasizes long-term strategic coordination of AI across government and allied partners, the House bill focuses more on accelerating operational adoption and transparency of AI tools within the Department of Defense.

Despite the overwhelming Committee vote, the Senate bill should not be considered close to final. Once the Senate schedules the FY 2026 NDAA for floor consideration, senators may offer amendments, either under a unanimous consent agreement or through a cloture process.

There is no indicated date for when the House will just adopt the bill that clears the Senate. As a consequence, there will be a conference procedure, followed by votes in both the Senate and House on what comes out of the conference.

Pentagon Awards Four AI Contracts Up to $200 Million Each

On July 14, the Defense Department’s Chief Digital and Artificial Intelligence Office (CDAO) **announced** the award of contracts to four leading US artificial intelligence developers. Each contract has a ceiling of $200 million and is intended “to accelerate Department of Defense (DoD) adoption of advanced AI capabilities to address critical national security challenges.”

“Leveraging commercially available solutions into an integrated capabilities approach will accelerate the use of advanced AI as part of our Joint mission essential tasks in our warfighting domain as well as intelligence, business, and enterprise information systems,” said Doug Matty, the head of the CDAO.

These awards reflect the federal government’s growing emphasis on rapidly investing in and deploying AI technologies across federal agencies and for defense operations. They also continue to highlight the expanding role of AI in public sector operations, as **we’ve previously covered**.

In response to these developments, the House Armed Services Committee has adopted an en bloc amendment during its NDAA markup, titled “Department of Defense Frontier-AI Contract Awards”, introduced by Rep. Sara Jacobs (D-CA). This provision directs “the Secretary of Defense, in coordination with the Under Secretary of Defense for Acquisition and Sustainment, to provide a briefing to the House Armed Services Committee not later than January 1, 2026,” detailing the scope and objectives of these procurement actions.

We will continue to monitor, analyze, and report on developments in AI policies, including the forthcoming AI Action Plan, which is reportedly due by July 22, 2025.

Authors

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