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Ronald L. Johnston, Arnold & Porter, Editor-in-Chief

## Agentic AI in Government Innovation: A Race Without a Referee

By Frances M. Green and Bryan Hahm

As of February 2026, the United States federal government<sup>1</sup> maintains active vendor arrangements or pilot programs with frontier large language model (LLM) providers and enterprise software vendors. These arrangements reflect a clear trend by which federal branches and agencies are matching the pace of private-sector actors in rapidly adopting agentic and generative AI tools and systems. What is less clear is how existing oversight, procurement, and accountability frameworks are adapting to that shift.

### THE U.S. GOVERNMENT STREAMLINES AI ADOPTION

In December 2022, the U.S. government implemented the FedRAMP Authorization Act,<sup>2</sup> formalizing FedRAMP as a statutory mechanism to accelerate security assessments for cloud-based technology partnerships. FedRAMP is a “Government-wide program that provides a standardized, reusable approach to security

assessment and authorization for cloud computing products and services that process unclassified information used by agencies.”<sup>3</sup>

In July 2024, FedRAMP’s policy memo was updated to focus on “rapidly increasing the size of the FedRAMP Marketplace by evolving new FedRAMP authorization paths, streamlining processes through automation, and encouraging government-wide adoption of commercial cloud services.”<sup>4</sup> As such, and in tandem with express White House Directives,<sup>5</sup> there has been a robust adoption of AI and AI-adjacent solutions.

FedRAMP’s evolution reduces procurement friction at the administrative level and centralizes determinations about risk, reliability, and security before agencies even understand the guardrails or outer limits of proposed use.

### THE LARGEST PLAYERS ARE FIRST IN LINE

In August 2025, Anthropic provided the following statement: “Today we are removing barriers to government AI adoption by offering Claude for Enterprise and Claude for Government to all three branches of government, including federal civilian executive branch

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The authors, attorneys with Epstein Becker & Green, P.C., may be contacted at [fgreen@ebglaw.com](mailto:fgreen@ebglaw.com) and [bhahm@ebglaw.com](mailto:bhahm@ebglaw.com), respectively.

agencies, as well as legislative and judiciary branches of government, for \$1.<sup>76</sup> Per the U.S. General Services Administration, the deal allows the government to use the “transformative power of AI to modernize operations, improve decision-making, and deliver better results for taxpayers.”<sup>77</sup> OpenAI<sup>8</sup> and Gemini<sup>9</sup> inked similar agreements which offer ChatGPT Enterprise and Gemini for Government, respectively, for government use. The nominal pricing and dedicated private-sector tech-support has guaranteed rapid adoption of these tools.

Months earlier, in July 2025, Anthropic was awarded a \$200 million two-year prototype transaction agreement with the Chief Digital and Artificial Intelligence Office (CDAO) of the U.S. Department of Defense (DOD)—shortly thereafter renamed the Department of War (DOW).<sup>10</sup> The purpose of that partnership was to “identify where frontier AI can deliver the most impact”; “anticipate and mitigate potential adversarial [] AI” threats; and “accelerate responsible AI adoption across the defense enterprise.”<sup>11</sup> Most importantly, Anthropic committed themselves to “responsible AI deployment, including rigorous safety testing, collaborative governance development, and strict usage policies.”<sup>12</sup>

In January 2026, the U.S. General Services Administration announced an agreement with Broadcom to “provid[e] federal agencies with highly discounted access to a suite of modern enterprise software solutions from Broadcom’s VMware portfolio.” This suite includes discounted access to “secure, scalable, and AI-ready applications” and other advanced cybersecurity capabilities.<sup>13</sup>

Through FedRAMP, AI adoption is rapidly being authorized at the procurement stage and then integrated across federal program and agency levels. Implementation is rapid and robust rather than incremental. This shift raises important questions regarding the federal use and applications of AI:

- Should government be the primary party defining appropriate use of a technology?
- Should private companies contractually exclude specific uses of their products?
- Should compliance guardrails be negotiated from organization to organization?
- Should compliance guardrails be tailored to specific agency missions?

## TIMELY DISAGREEMENTS IN DEPLOYMENT

The DOW’s recently minted \$200 million relationship with Anthropic highlights the extraordinary importance of discussing private versus public oversight in AI deployment. A January 29, 2026, *Reuters* report describes an escalating dispute between the DOD and Anthropic over governance guardrails. As described above, Anthropic negotiated contractual guardrails to the DOW’s use of its AI suite. Those safeguards were written to prevent, amongst other things, its AI systems from being used for autonomous weapons targeting or domestic surveillance without meaningful human oversight. Pentagon officials resisted these limitations, arguing that military deployment decisions are the domain of U.S. law and agency authority rather than private policy.<sup>14</sup>

By February 14, 2026, the disagreement reached a head, with AXIOS reporting that the Pentagon “is considering severing its relationship with Anthropic over the AI firm’s insistence on maintaining some limitations on how the military uses its models.”<sup>15</sup> The Pentagon finds that a relationship requiring case-by-case review of its application of AI tools to be unworkable.

Regardless of how negotiations between Anthropic and the federal government land,<sup>16</sup> LLM-vendor relationships with the U.S. government—broadly—are not likely in jeopardy. The future of government processes is undeniably agentic; and the leading LLM-vendors are already integrated into multiple federal agencies, projects, and workflows. Counselors and business leaders must digest this fact as AI transitions from headline news to quiet ubiquity.

## WHAT THE GOVERNMENT’S AI SPRINT MEANS FOR PRIVATE-SECTOR COUNSEL

The federal government’s enthusiastic embrace of AI is reshaping the operating environment for every private-sector organization that contracts with, is regulated by, or competes alongside federal agencies.

As such, private-sector counsel must be aware of evolving negotiations between frontier AI providers and federal agencies. These negotiations will establish de facto norms for responsible AI use. The Anthropic-DOW dispute over autonomous targeting and surveillance guardrails is a docile preview of the issues that will eventually become part and parcel of private-sector negotiations.

Similarly, private-sector clients must take care in engaging appropriately savvy counsel as they operate across multiple federal touchpoints as contractors, as regulated entities, and as downstream users of government-adopted AI platforms.

## Notes

1. <https://www.anthropic.com/news/offering-expanded-claude-access-across-all-three-branches-of-government>.
2. 44 U.S.C. §§ 3607–3616.
3. <https://www.fedramp.gov/20x/>.
4. <https://www.fedramp.gov/20x/>.
5. <https://www.whitehouse.gov/presidential-actions/2025/12/eliminating-state-law-obstruction-of-national-artificial-intelligence-policy/>.
6. <https://www.anthropic.com/news/offering-expanded-claude-access-across-all-three-branches-of-government>.
7. <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-strikes-onegov-deal-with-anthropic-08122025>.
8. <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-announces-new-partnership-with-openai-delivering-deep-discount-to-chatgpt-08062025>.
9. <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-google-announce-gemini-onegov-agreement-08212025>.
10. <https://www.war.gov/News/News-Stories/Article/Article/4295826/trump-renames-dod-to-department-of-war/>.
11. <https://www.anthropic.com/news/anthropic-and-the-department-of-defense-to-advance-responsible-ai-in-defense-operations>.
12. <https://www.anthropic.com/news/anthropic-and-the-department-of-defense-to-advance-responsible-ai-in-defense-operations>.
13. <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-and-broadcom-onegov-agreement-saves-taxpayer-dollars-01212026>.
14. <https://www.reuters.com/business/pentagon-clashes-with-anthropic-over-military-ai-use-2026-01-29/>.
15. <https://www.axios.com/2026/02/15/claude-pentagon-anthropic-contract-maduro>.
16. Anthropic filed a lawsuit in the U.S. District Court for the Northern District of California against the Department of War and other government agencies on March 9, 2026.

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