Sustaining Federal AI Adoption After Introductory Discounts End

Congress and the Administration should ensure agencies budget for successful AI capabilities as extraordinary introductory pricing phases out.

Over the last several years, the federal government has made meaningful progress in responsibly accelerating artificial intelligence acquisition and adoption. The Administration directed agencies to use AI to improve public services and government efficiency, while OMB established policy for governance, risk management, and responsible acquisition. GSA then converted that policy direction into practical market access through governmentwide offerings.[1,2,3]

That policy push was reinforced by unusually deep, time-limited discounts from major AI and cloud providers - effectively hyper-discounts layered on top of standard government pricing. GSA listed Claude Enterprise at $1 through August 2026, Gemini for Government at $0.47 through September 2026, and ChatGPT Enterprise at $1 through August 2026. Microsoft offered Microsoft 365 Copilot at no cost for up to 12 months for certain government customers, and AWS offered up to $1 billion in credits and savings tied to cloud adoption, modernization, training, and AI innovation.[3,4,5]

These arrangements were an on-ramp, not a permanent pricing model. They gave agencies a practical way to test tools, complete governance and security reviews, train employees, and identify productive use cases while the federal budget process caught up. GSA has reported discounts of up to 90 percent across widely used commercial software and services.[6]

The Pricing Transition Is Now a Budget Issue

Many of the most visible introductory offers will end or begin phasing out over the coming year. Agencies that adopted AI at nominal or deeply discounted prices will then face recurring costs for enterprise licenses, cloud capacity, cybersecurity, data engineering, training, and model usage. Those costs are justified when a capability improves productivity or mission performance, but they must be visible and funded.

The timing matters because federal budgeting is inherently prospective. Agencies develop funding requirements well before a fiscal year begins, and the President submits a budget to Congress months before the start of that year. Introductory discounts negotiated for new products and services after an agency has formulated and submitted to OMB its budget - or pricing that was too uncertain to estimate - may not be reflected in fiscal year 2027 funding or in subsequent operating plans. A continuing resolution or budget reduction would further constrain agencies' ability to absorb the full recurring price.

The result could be a contraction in federal AI use. Some agencies were cautious from the outset because they were uncertain how pilots would be funded after introductory offers ended. Without a planned transition, agencies may keep deployments small, postpone expansion, or discontinue tools that have demonstrated value simply because the budget did not anticipate the post-discount costs. Reported plans to move USAi from no-cost experimentation toward agency-funded sustainment in fiscal year 2027 illustrate the broader challenge.[10]

The Standard Should Be Value, Not Automatic Continuation

Not every AI pilot should continue. Agencies should end capabilities that do not solve a defined problem, cannot demonstrate measurable benefit, or create unacceptable security, privacy, or governance risk. AI should not receive special budget treatment merely because it is AI. The concern is narrower: productive capabilities should not be lost because post-discount costs now estimable could not be previously incorporated into the normal budget and appropriations process.

Agency AI inventories already show uses extending beyond experimentation, including acquisition analytics, identity verification and fraud detection, virtual assistants, cybersecurity threat detection, solicitation review, customer-experience analysis, and portfolio analysis. These are the kinds of mission-support and back-office functions where carefully governed AI can help a constrained federal workforce improve outcomes.[7]

What Congress and the Administration Should Do

1. Provide clear visibility into expiring discounts and full recurring prices. GSA and OMB should maintain a consolidated inventory of AI and cloud offer expiration dates, expected pricing step-ups, agency participation, and any graduated pricing options. Industry partners should provide agency customers with timely renewal estimates and anticipated consumption costs so decisions can be made before prices change.

2. Fund validated AI capabilities through regular appropriations and future budget requests. Agencies should identify successful deployments, estimate their full post-discount cost, and incorporate those requirements into fiscal year 2027 operating plans and future budget submissions. Congress should consider those validated requirements in full-year appropriations. Any CR anomaly or supplemental provision should be narrow, tied to a specific operational need, and used only when ordinary authorities are insufficient.

3. Require explicit continuation decisions based on results. Before renewal, agencies should identify the mission owner, problem being solved, number of users or transactions, security and governance status, expected full-price cost, and measurable benefit. Low-value uses should end. Productive uses should have a documented funding and acquisition strategy.

4. Preserve competition, portability, manageability, and practical off-ramps. Introductory pricing should not become a path to avoidable lock-in. OMB and GSA should continue emphasizing data protection, interoperability, model evaluation, competition, and the ability to migrate or terminate a capability when another solution offers better value. Procuring AI under a model-by-model provider approach forces each agency to independently solve integration, identity, security, data labeling, red teaming, API management, and billing for each provider it adopts. Such an approach unnecessarily multiplies cost and fragments oversight. Rather than managing a large number of model-specific relationships, agencies should be able to procure from a set of integrated AI platform providers that offer access to multiple models. This approach would allow agencies to apply common compliance, governance, security, and operational practices across many models under unified service levels and predictable, transparent billing, enabling constrained budgets to deliver substantially greater capability. Because the underlying workloads, containers, models, data, and frameworks remain portable, agencies gain these manageability benefits while reducing the risk of model or vendor lock-in and retaining the freedom to change models or infrastructure providers as mission needs and acquisition strategies evolve.

The federal government should be praised for creating momentum around responsible AI adoption. The next phase is less visible but equally important: ensuring that agencies can sustain successful capabilities after temporary pricing ends. Without transparent pricing and realistic funding, the diffusion of AI across government could shrink just as agencies begin to understand where it works. With disciplined evaluation, timely budget planning, and sufficient appropriations for proven uses, the government can move from discounted experimentation to durable, accountable AI adoption at scale.

Source Notes

1. OMB, M-25-21, 'Accelerating Federal Use of AI through Innovation, Governance, and Public Trust' (Apr. 3, 2025). Source
2. OMB, M-25-22, 'Driving Efficient Acquisition of Artificial Intelligence in Government' (Apr. 3, 2025). Source
3. GSA, 'Buy AI,' pricing, eligibility, and expiration dates. Source
4. GSA, Microsoft OneGov agreement (Sept. 2, 2025). Source
5. GSA, AWS OneGov agreement (Aug. 7, 2025). Source
6. GSA, 'End of Year OneGov Update' (Dec. 30, 2025). Source
7. GSA, '2025 GSA AI Use Cases.' Source
10. Nextgov/FCW, 'GSA to require agencies to pay for USAi after launching it as a free service' (Apr. 7, 2026). Source