

FY 2014 Federal Budget Request: Challenges and Opportunities

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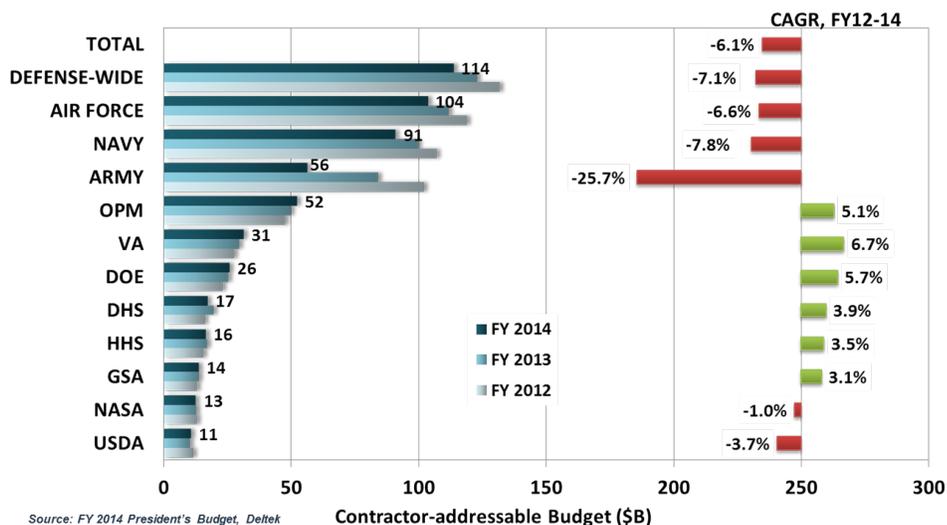
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Although two months late in delivery, the president's FY2014 Budget Request continues promotion of administrative priorities while proposing cuts and savings to trim the deficit. Deltek's newly released report, **FY 2014 Federal Budget Request: Challenges and Opportunities**, analyzes the spending priorities, policy plans and information technology trends and initiatives in the FY2014 budget request.

The Obama Administration is requesting \$3.8 trillion for FY2014. The budget focuses on jobs creation and economic growth to strengthen the American middle class. [Deltek's report](#) examines patterns in the \$1.2 trillion discretionary budget, as well as the \$82 billion information technology budget, including market trends, drivers, and contractor-addressable spending.

Using a well-honed methodology for gleaning the contractor-addressable portion of federal spending, Deltek calculates projected expenditures for FY2014 for ten different federal product/services market segments.

FY2014 Budget Request – Contractor-Addressable



The chart above shows the contractor-addressable portion of funding across federal agencies, as well as compound annual growth rate for each from FY2012 to FY2014. Nearly all of GSA's budget authority is under "Spending Authority from Offsetting Collections, Discretionary" to provide GSA the authority to fund its operations using funds collected from sources other than appropriations, primarily service fees.

Should the budget pass as written, Deltek estimates the contractor-addressable portion of IT spending for FY2014 to be \$106 billion, which includes traditional IT spending captured in the Exhibit 53, as well as IT spending not typically captured in Exhibit 53 reporting, such as in embedded weapons systems.

Additionally, Deltek predicts contractor-addressable federal spending on architecture, engineering, and construction services will reach \$27.7 billion in FY2014. Aerospace and defense spending will reach \$149 billion. And operations and maintenance spending will reach \$80.6 billion.

The budget request and Deltek's research reveals the following in regards to the different market segments:

- **Information Technology:** IT priorities are largely the same as the past 2 years, including shifting from an asset to a service mindset, infrastructure and data center consolidation, and continued transition to cloud computing.
- **Architecture, Engineering & Construction:** Expect a continued shift in funding from major to minor construction, including deferred maintenance, especially in civilian agencies.
- **Aerospace & Defense:** Despite budget constraints, DoD is focused on protecting investments that support the new defense strategy, and the war drawdown continues to impact spending on ground systems and mission support equipment.

As the federal government strives to reduce the deficit and decrease spending, finding contracting areas of opportunity becomes increasingly difficult. The request provides insight into the administration's priorities, however the eventual enacted budget is somewhat of a wildcard. Don't expect appropriations to conclude prior to Oct. 1, continuing resolutions are likely to prevail.

For more information on Deltek's report **FY 2014 Federal Budget Request: Challenges and Opportunities** see the GovWin IQ website at www.govwin.com.