

Congress Passes Reconciliation Bill Offering Immediate Business Opportunities

On July 3, 2025, Congress passed the Fiscal Year (FY) 2025 budget reconciliation package, known as the "One Big Beautiful Bill Act" (OBBBA). This sweeping legislative package delivers unprecedented funding boosts to the Departments of Defense, Homeland Security, Energy, Transportation, and related agencies, advancing both urgent national security imperatives and long-term industrial capacity goals. With more than \$288 billion in new spending authorized for defense and homeland security programs alone, the legislation presents immediate and far-reaching opportunities for federal contractors, infrastructure developers, and technology companies.

The OBBBA represents not only a funding mechanism but also a strategic pivot toward modernization, deterrence and readiness, and domestic industrial resilience. Stakeholders should act swiftly to align capabilities with emerging federal procurement priorities, deepen agency relationships, and position for accelerated contracting timelines. The legislation's emergency supplemental structure and expedited implementation timeline suggest that early movers could capture disproportionate market share.

KEY DEFENSE FUNDING HIGHLIGHTS

Defense Spending Increase: \$156 Billion

The package authorizes \$156 billion for national defense spending, marking one of the largest mid-cycle supplemental increases in recent history. The funding prioritizes near-term readiness and modernization, while also addressing long-term supply chain vulnerabilities and capacity bottlenecks in the defense industrial base. All funds would carry a five-year period of availability, meaning that all funds could be obligated until September 30, 2029, and expended through FY2034. Congressional sources indicate this funding will be rapidly deployed, with priority areas including:

- **Naval Shipbuilding:** \$29.2 billion for US Navy shipbuilding and maritime infrastructure, targeting both the expansion of fleet capacity and the revitalization of domestic shipyards.
- **Supply Chains:** \$25.4 billion to fortify supply chains, particularly for critical minerals, advanced weapons systems, and domestic manufacturing.

- **Golden Dome Program:** \$24.4 billion to develop a layered missile defense system intended to integrate space-based sensors, directed energy interceptors, and kinetic systems to counter advanced missile threats from peer adversaries.
- **Military Readiness:** \$16.3 billion including funding for equipment modernization, force training, and sustainment.

HOMELAND SECURITY FUNDING HIGHLIGHTS

Homeland Security Funding Increase: \$132.6 Billion

The Department of Homeland Security (DHS) receives transformational funding that extends far beyond traditional border security measures, creating a comprehensive modernization program that will reshape national security infrastructure for the next decade. Congress provided \$132.6 billion for DHS, including \$64.7 billion for US Customs and Border Protection (CBP). The investments reflect a renewed federal emphasis on physical border security, digital surveillance capabilities, and operational support infrastructure. Key components include:

- **Enhanced Border Security Infrastructure:** \$46.6 billion for enhanced border infrastructure, including new physical barriers, high-resolution surveillance towers, autonomous sensor systems, cameras, and command-and-control nodes.
- **Screening and Surveillance Systems:** \$6.2 billion for screening and non-intrusive inspection (NII) technologies, including radiation detection, artificial intelligence-assisted threat identification, and portable scanning systems.
- **Coast Guard Improvements:** \$24.6 billion for the U.S. Coast Guard to use expedited processes to procure or acquire new vessels, technology, and other equipment, maintain existing systems, enhance operational resilience, and enhance infrastructure.

ENERGY, TRANSPORTATION, AND RELATED AGENCIES HIGHLIGHTS

The OBBBA provides significant funding opportunities for innovative industries across artificial intelligence, telecommunications, transportation, and commercial space. The Federal Aviation Administration (FAA) also receives massive funding increases to overhaul and improve existing technology and infrastructure.

- **Artificial Intelligence Partnerships:** \$150 million for the Energy Department's National Laboratories to partner with industry to curate and structure its data to make it useable for AI and machine-learning models as well as to help establish

science and engineering AI models using the curated data. These funds must be obligated by September 30, 2026.

- **Modernizing Air Traffic Control:** \$12.5 billion for the FAA to improve and replace air traffic control technology and infrastructure, including replacing telecommunications infrastructure, radar systems, and upgrade facilities.
- **NASA Programs and Commercial Space Partnerships:** \$10 billion for the National Aeronautics and Space Administration (NASA) to support moon and Mars-related programs, including telecommunications and rocket technologies as well as infrastructure improvements.
- **Restoring FCC Spectrum Auction Authority:** The Federal Communications Commission (FCC)'s authority to auction spectrum frequencies for commercial wireless communications is restored through FY2034 after lapsing in March 2023. The FCC must auction at least 300 megahertz of commercial spectrum, including 100 megahertz within two years, and an additional 500 megahertz of government spectrum must be identified and reallocated for commercial or shared use.

Next Steps

The reconciliation bill's structure creates distinct competitive advantages for organizations that can demonstrate rapid deployment capabilities, proven performance records, and innovative technological solutions. The emphasis on accelerated implementation timelines means that companies with existing security clearances, established government relationships, and scalable operational capacity are likely to capture disproportionate market share during the initial deployment phase.

Organizations seeking to capitalize on these opportunities must implement comprehensive business development strategies that address both immediate tactical requirements and long-term strategic positioning. Immediate actions should focus on gathering information about specific agency requirements and plans and internal capability assessments that identify both strengths and gaps requiring strategic partnerships.

* * *

Kasowitz's Government Affairs and Strategic Counsel Practice Group stands at the forefront of public policy advocacy, offering specialized legal, strategic, and policy advisory services at the critical intersection of law, business, and public policy. We support clients across industries in achieving their objectives through strategic government engagement, policy advocacy, and creative problem-solving. Our practice

leverages the firm's renowned litigation and transactional capabilities to provide comprehensive solutions for our clients' most complex challenges. Our bipartisan team brings together former senior government officials, policymakers, Congressional staff, and strategic advisors with extensive experience across local, state, and federal government levels.

For more information, please contact:

Clarine Nardi Riddle

Senior Counsel

cnriddle@kasowitz.com

Rachel Gorsky Bombach

Senior Policy Advisor

rgbombach@kasowitz.com

David Miller

Special Counsel

damiller@kasowitz.com