

growthlab<sup>7</sup>

# ELECTION 2024

AN IMPACT REPORT



# An Extremely Tight Race

As we approach the final month of another consequential election year, the U.S. presidential race is in full swing. For government contractors, particularly those in marketing and communications, the results of the upcoming election will play a critical role in shaping business opportunities for years to come. Whether it's policy initiatives or shifts in agency leadership, the decisions made by the next president will directly affect the direction of federal contracts, spending priorities, and overall market conditions.

With an extremely tight race between Vice President Kamala Harris and former President Donald Trump, the stakes are high. The winner will set the political agenda, influencing which programs are prioritized across all federal agencies. In particular, appointees in key leadership positions could impact how quickly contracts are awarded and how effectively agencies pursue long-term projects, especially if vacancies linger post-election.

As we've seen in recent years, the political landscape remains unpredictable. Regardless of the outcome on Election Day, government contractors need to be agile, planning for potential shifts in policy while preparing to capitalize on new opportunities.

In this 2024 special report from GrowthLab, we explore how the current political climate could affect federal marketing communications contracts. Rather than forecasting specific outcomes, we review historical data and trends to provide insights on where the market might be headed after November. Our aim is to help firms in the federal space navigate the uncertainty and position themselves for success over the next four years.



MORE UNCERTAINTY AHEAD

# Setting the Stage

For the 2020 election, we noted that it was shaping up to be one of the closest and most expensive in U.S. history. The 2024 election is no different, continuing that trend. For marketing communications firms working with federal agencies, this presents both opportunities and challenges as campaigns intensify their efforts to mobilize voters, promote debates, and amplify their messages across various media channels.

At the time of this report, Vice President Kamala Harris and former President Donald Trump are locked in a tight race, with polling data showing an extremely narrow margin between the two candidates. This election cycle has already proven to be highly unusual. After winning the Democratic

primary, President Joe Biden withdrew from the race, leaving Vice President Harris to secure the nomination. On the other side, Trump's campaign has been marred by two assassination attempts, events unprecedented in decades. Meanwhile, a series of catastrophic weather events have displaced thousands and further complicated an already turbulent election season.

The electorate remains deeply divided, and the outcome is expected to hinge on seven key battleground states, where polls show a virtual tie within the margins of error. In our 2020 report, we cautiously predicted a Biden victory. This time, however, the race is too close to call.

## *Methodology*

Our analysis of agency prime contracting spending focuses on contracts under three NAICS codes (541810 - Advertising Agencies; 541820 - Public Relations Agencies; and 541613 - Marketing Consulting Services). For comparison and extrapolation, we examined spending trends over a six-year period spanning the Trump and Biden administrations.

These include the last three years of Trump's term (2018-2020) and the first three years of Biden's presidency (2021-2023). We've noted a continual increase in spending across these NAICS codes. Over the course of our research, we reviewed 157 departments and agencies across the federal government.

# Scenario One: Trump Wins

From trade wars to impeachment hearings, Trump's first term was marked by drama, confusion, and sweeping policy changes. If re-elected, we can expect more of the same, though perhaps with less legislative activity if Democrats manage to capture the House in November. Current projections suggest Republicans could narrowly retake the Senate but may lose control of the House, leading to a likely flood of Executive Orders and an equal number of legal battles if the legislative gridlock intensifies.

If Trump secures a second non-consecutive term, his administration will likely revive many of the policies that defined his first presidency, with a sharpened focus on immigration, national security, and deregulation. He has promised deep cuts to regulatory agencies such as the EPA and Department of Education, signaling a continued effort to reduce the size of the federal government.

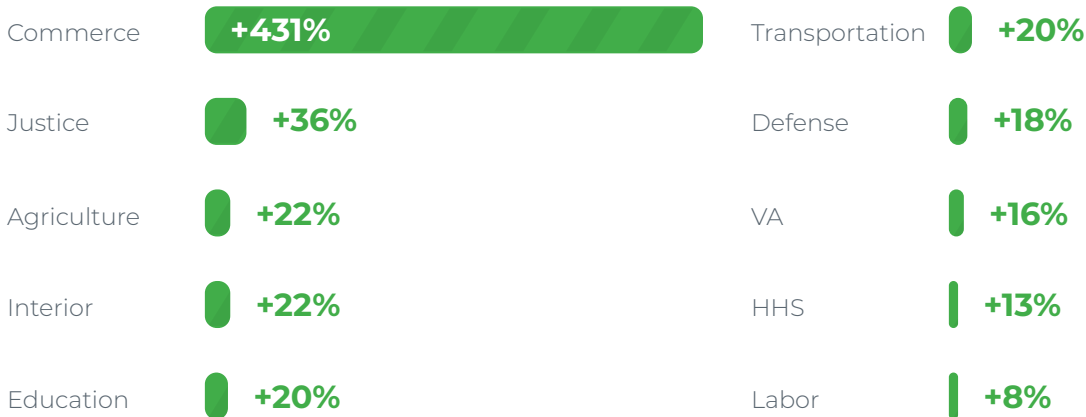
A LOOK BACK

# Trump's First Term

## By the Numbers: What Went Up?

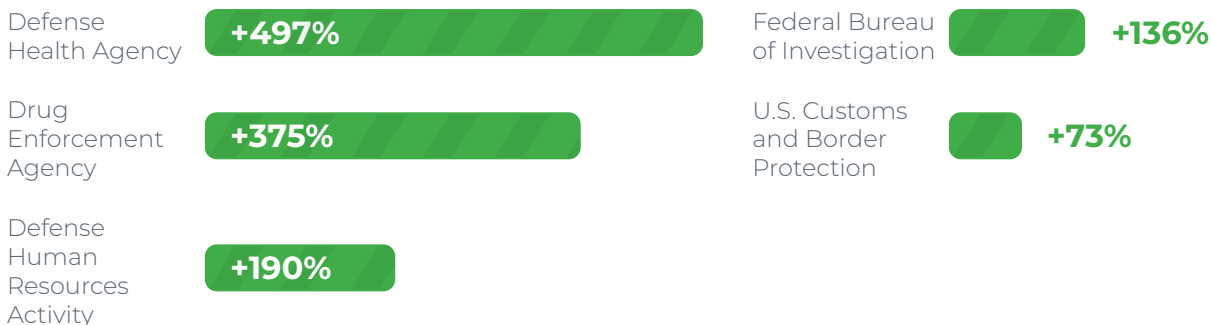
All but four executive departments increased spending on marketing communications services after Trump took office. The Department of Commerce saw the biggest jump, thanks largely to advertising contracts related to the Census 2020 campaign, while Housing and Urban Development spending was cut by more than half. The Department of Energy, Department of the Treasury, and Department of Homeland Security experienced more modest declines.

Outside of the executive departments, the SBA also spent notably more under Trump than under Obama, to the tune of 111%, though no agency has accelerated spending over the past several years quite like the Executive Office of the President. The \$708k spent by Trump's EOP represented a fraction of total government expenditures related to marketing communications, but it was a 3,048% increase from the \$23k spent under Obama.



Spending patterns at the agency level tended to reflect the changing directives of many major departments and agencies under President Trump, though this isn't always the case. Growth in spending within the CBP, for example,

represented a continuation of an Obama-era trend that continued under President Biden and we would certainly expect to see that continue to trend upward.





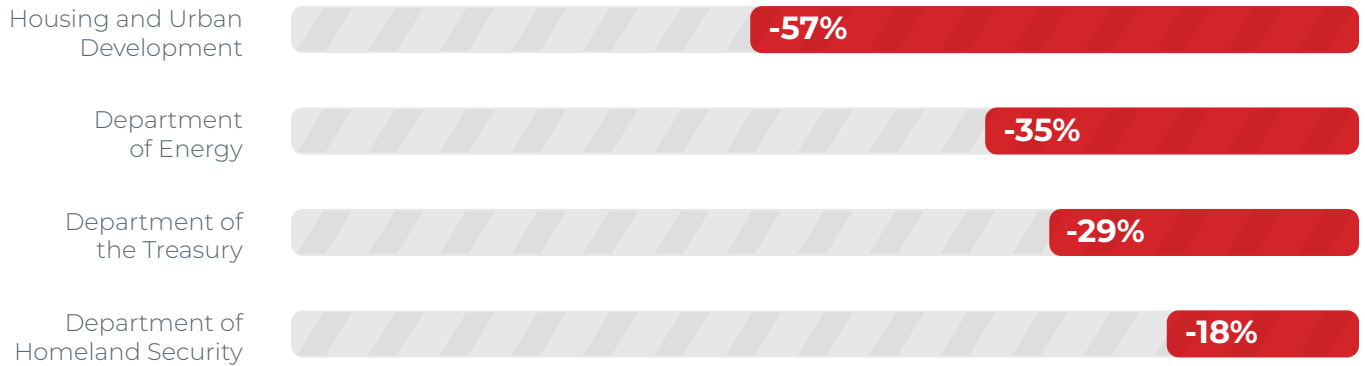
A LOOK BACK

# Trump's First Term

## By the Numbers: What Went Down?

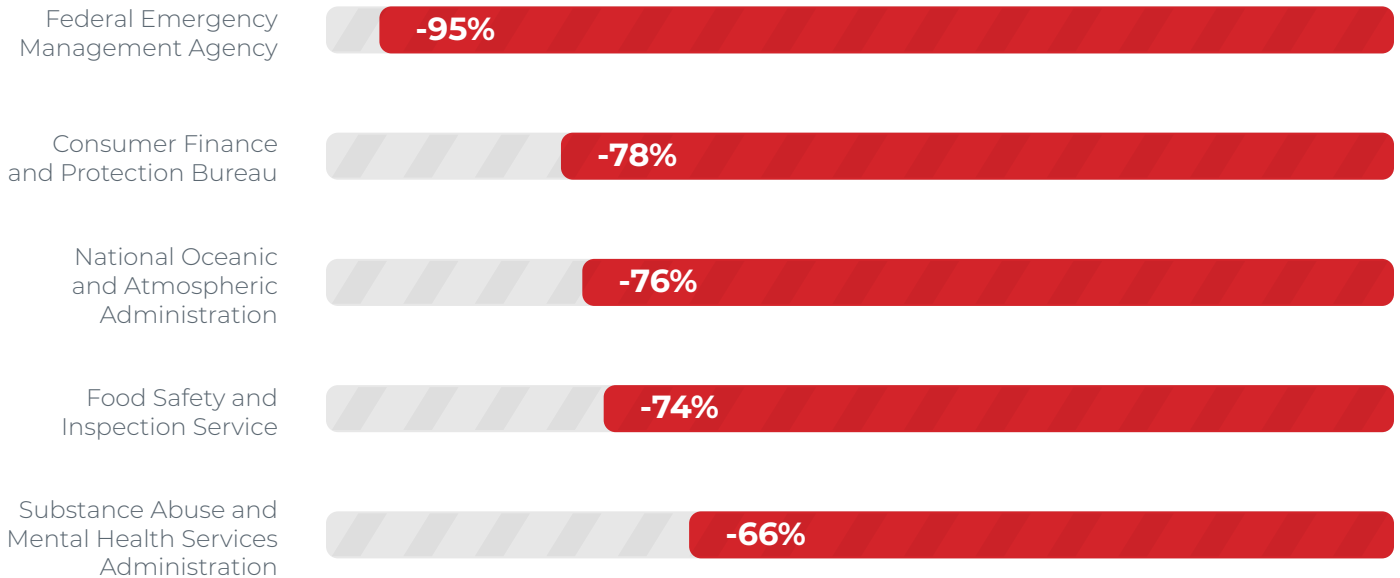
These executive departments significantly dialed back spending on marketing communications services during

Trump's first term, as federal funds were redirected elsewhere.



Trump worked to consolidate a number of smaller agencies within the above departments (and eliminate others entirely). These agencies reversed this negative spending

trend under Biden, and Trump would probably decrease funding again in a second term:





A LOOK BACK

# Trump's First Term

As he did previously, within hours of being sworn in for his second term, Donald Trump would likely move swiftly to undo much of the work of his predecessor, Joe Biden. He has already signaled his intent to target regulatory agencies like the EPA, which could once again face a halt to contract and grant awards, similar to what occurred during his first term. In the months that follow, we would expect a renewed push to slash funding for climate-change research and energy-related restrictions, while ramping up defense spending and border security efforts. Trump has promised to issue executive orders aimed at further deregulation, reducing the size of the federal workforce, and simplifying the government contracting process to favor private sector growth.

For marketing communications firms, a second Trump term could mean a continuation of an easier-to-navigate bureaucratic system, but one with fewer opportunities due to reduced agency budgets in non-defense sectors. While contract funds awarded by government agencies under Biden grew steadily across the board, this growth could be throttled in areas not aligned with Trump's priorities, such as the environment, education, labor, housing, and public health. Many firms will need to pivot toward securing work in sectors like border security, military recruitment, and economic revitalization, though competition for contracts in these areas will be fierce because there are only so many contracts in those areas to go around. Although opportunities may shrink in areas like education, healthcare, and environmental protection, marketing communications firms aligned with Trump's key initiatives could find growth in these more focused sectors over the next four years.



A LOOK FORWARD

# Winning During a Trump Presidency

Government spending on marketing communications services has remained steady across recent administrations, but during Trump's first term, more of that spending flowed through fewer agencies. Budgets at the DOD, VA, and DHS expanded significantly, while nearly every regulatory agency saw sharp reductions in funding.

If Trump wins a second term, this pattern is likely to continue. The larger contractors will benefit the most, and competition for contracts will become even more intense. Trump's previous budget proposals offered insight into his fiscal priorities. Trump's earlier budgets sought to reduce overall federal spending by \$1.6 trillion over a decade. Much of that reduction would come from cutting funds to regulatory agencies like the EPA and FDA, and to departments involved in diplomacy, such as the State Department and USAID, alongside an 8% decrease in education spending.

However, other agencies would likely see budget increases under Trump. NASA could receive a significant boost to further its moon missions, while the VA might experience an increase in funding to address veteran suicide and opioid addiction. Spending on defense, nuclear capabilities, and border security could also ramp up.

Under Trump's first term, we saw a number of small marketing communications companies in the federal market contract in size. We would expect this to an even greater degree if Trump is elected to a second term.

There are only so many contracts in military recruitment, DHS, and VA, and large businesses dominate a lot of that space. Many of the small marketing communications firms which are positioned well in the Federal civilian space could see steep cuts in funding. To remain competitive, companies of all sizes must be prepared to adapt to the shifting priorities and increased competition that would define a second Trump administration.



SCENARIO ONE: TRUMP WINS

# The Bottom Line

Trump has proposed incredibly substantial reforms to federal agency operations in an attempt to curtail government spending and shrink the Federal government. Based on his first term and the even more drastic measures that he has proposed in a second term, the marketing communications landscape could have a dramatic shift.

In this scenario with budgets to numerous agencies being slashed and the government contracting in size, federal market opportunities will shrink dramatically. A smaller number of federal contractors will see large jumps in revenue and we will also see a number of marketing communications firms being forced to exit the space.



*Wikimedia Commons*

# Scenario Two: Harris Wins

Whereas Trump would work to dismantle much of the Biden administration's policies over the past four years, a Kamala Harris presidency would likely focus on expanding many of Biden's initiatives. Harris has signaled a commitment to advancing the Biden administration's priorities, such as climate action, healthcare reform, and social equity. While she staked out much more progressive positions in the 2020 Democratic primary, her previous history and her current position points more towards the middle.

Harris, like Biden and Trump, is a known commodity in many ways. As the sitting vice president, she would inherit many of the same challenges Biden faced when he took office, particularly in rebuilding institutions and addressing issues like healthcare inequity, climate change, immigration, and income inequality. However, there are additional challenges such as a potential regional war in the Middle East and escalating tensions with China. A hypothesis about what's to come under a Harris administration begins with what she's already supported during her time as Vice President.

A LOOK BACK

# Clues from the Biden Years

When Biden took office in 2021, the economic outlook was extremely challenging. The COVID-19 pandemic had wreaked havoc on the economy, prompting the Biden administration to implement a series of stimulus measures, including the \$1.9 trillion American Rescue Plan aimed at accelerating recovery. This plan, much like the Obama-era American Recovery and Reinvestment Act (ARRA), emphasized job creation, support for small businesses, and direct relief to Americans. Biden continued to advocate for “Buy American” provisions, expanding on this idea with initiatives to increase federal spending on U.S.-based products and services to stimulate domestic manufacturing and supply chains.

This influx of funding along with other factors did create significant inflation, prompting the Federal Reserve to institute interest rate hikes to slow inflation. These rate hikes slowed the white hot government contractor M&A market since borrowing money became more expensive. There is still interest in acquisition in the marketing communications market, but it seems more measured.

During Biden's term, federal spending on marketing communications increased significantly, and marketing communications firms saw increased funding in both the defense and civilian sectors. Much like his former boss, Obama, Biden aimed to restore oversight of federal contractors, particularly in labor practices. His administration introduced or reinstated several pro-labor regulations, including executive orders on minimum wage and worker protections for federal contractors. It's safe to assume that Harris would continue on that track.



*Wikimedia Commons*

A LOOK FORWARD

# Winning During a Harris Presidency

## By the Numbers: What Went up under Biden?

Looking back over spend during Biden's term was surprising looking at the numbers. Funding over fiscal years 2021, 2022, and 2023 compared to fiscal years 2018, 2019, and 2020 increased 42% in NAICS codes 541613, 541810, and 541820. If the funding for Census 2020 is excluded, that number jumps to 67%.

That increase was not all in the civilian space, either - defense spending went up significantly as well. *This does not count the nearly \$1bn COVID-19 campaign led by Fors Marsh since it ran though NAICS code 511199.*

Federal Marketing and Communications

**+42%**

Here are the departments that had increased spend that was expected and predicted in 2020:

Small Business Administration

**+433%**

Housing and Urban Development

**+290%**

Health and Human Services

**+134%**

Labor

**+87%**

Energy

**+67%**

Environmental Protection Agency

**+50%**

But there were some departments that had increased spend that was a little more unexpected:

Agriculture

**+126%**

Social Security

**+80%**

Justice

**+75%**

Defense

**+33%**

Homeland Security

**+31%**



A LOOK FORWARD

# Winning During a Harris Presidency

Throughout her 2024 campaign, Kamala Harris has proposed a number of expansive projects focused on climate action, healthcare, and social justice. To fund these initiatives, her administration may be forced to redirect resources from other areas of the budget if Republicans retake the Senate and/or hold the House. Harris has consistently opposed significant increases to the defense budget in the past, but military recruitment would probably not see a decrease given the current crisis with the service branches consistently not meeting their goals. She has shown support for expanding funding for veterans' services, and that seems to be an area that would not be decreased under either administration.

Regardless of budget shifts, marketing and communications firms are expected to be integral in promoting Harris's major initiatives, especially around climate policy, healthcare access, and infrastructure projects. As with the Biden administration, federal agencies that faced budget cuts during Trump's tenure—such as the State Department and USAID—could continue to see more funding, especially in areas related to diplomacy and global leadership.

Given Harris' former position as a federal prosecutor, Justice could continue to receive more funding. Additionally, she has called for a stricter border policy, so DHS funding could continue to rise. Recruitment within DHS will probably go up with a focus on filling positions within Customs and Border Patrol and the Secret Service.

A Harris presidency could also provide a significant boost to minority-owned and small businesses. Building on her commitment to equity, Harris has promised to expand opportunities for 8(a) and minority-owned firms in federal contracting. Her administration is expected to continue the goal of awarding at least 23% of federal contracts to small businesses, providing new opportunities for contractors in the public sector. Harris has additionally proposed small business loans and grants for start-ups, so there could be more opportunities within SBA for marketing communications firms.

Large and midsize companies in the marketing communications space should take a close look at the SBA's Mentor-Protege Program if they haven't already. With small businesses likely to become an even bigger priority under a Harris administration, there could be a continued push toward set-aside contracts for small firms. In recent years, several midsize and large companies have successfully formed mentor-protege relationships, including some of the major holding companies. As more contracts are set aside for small businesses, this strategy should be a serious consideration for larger firms looking to maintain a competitive edge.



SCENARIO TWO: HARRIS WINS

# The Bottom Line

Harris has long advocated for progressive economic policies, and her 2024 campaign proposals reflect a commitment to addressing inequality, climate change, and healthcare reform. While her exact budget priorities will depend on negotiations with Congress, Harris has made it clear that she intends to increase investments in areas like green energy, infrastructure, and social services. Her administration is likely to face challenges in balancing these ambitions with fiscal constraints depending on who has control of Congress, but the focus on long-term, transformative projects is expected to drive much of her economic agenda.

For marketing and communications firms, a Harris presidency would likely present substantial opportunities as government funding would be directed toward a broad range of new initiatives. Agencies could continue to receive increased support, particularly in areas such as climate action, healthcare, and recruitment in both defense and civilian agencies. Expect a rise in project-based work tied to these initiatives, with communications firms playing a key role in promoting and supporting federal programs that aim to rebuild and expand key sectors of the economy.



*Wikimedia Commons*





# Planning Your Next Move



PLANNING YOUR NEXT MOVE

# Control What You Can Control

What happens on Election Day will have significant implications for marketing communications firms working with the federal government, and now is the time to start planning for either outcome. Whether Kamala Harris or Donald Trump wins, the next four years will bring unique opportunities and challenges. If Harris wins, expect continued investment in social programs, climate action, and recruitment, which will likely create project-based work for firms helping to promote these initiatives. Alternatively, if Trump secures another term, we could see a continuation of deregulation and a focus on defense, border security, and economic nationalism, which would benefit firms aligned with those priorities.

Regardless of the outcome, it's essential to start building relationships now. If you have contacts in federal agencies, find out what they have planned for the next fiscal year. If you have connections who left government positions after Trump's first term, ask whether they plan to return if he wins, or if they can connect you with others who will. The earlier you build these relationships, the more prepared you'll be when new opportunities arise.

If you lead a small business, be ready to capitalize on potential government support programs that a Harris administration might introduce to promote diversity in federal contracting. Large firms should also be prepared for set-aside contracts, particularly if the SBA's Mentor Protege Program continues to provide avenues for partnerships with smaller firms. If Harris wins, small business support will remain a priority.

Take the time now to assess your workforce and capabilities. Both candidates have signaled an interest in increased government spending on technology, artificial intelligence, and data analytics, so ensuring that your firm is equipped to meet these needs will position you for success no matter the outcome. Additionally, ongoing workforce development through training programs can help close skills gaps and retain top talent. A Harris administration could lead to a another hiring surge across federal agencies, while a second Trump term could maintain a focus on deregulation, requiring compliance with fewer but more competitive contracts.

Ultimately, opportunities will exist under both administrations, but the key is preparation. Whether the focus shifts toward domestic priorities under Harris or remains with defense and deregulation under Trump, now is the time to position your firm to seize those opportunities when they arise. Visit our website at [www.growthlab.us](http://www.growthlab.us) to learn how we can help you navigate the federal landscape.



## About Us

We are a team of former marketing communications agency executives who help marketing communications firms, consultancies, and holding companies win more business in the public sector. Founded in 2018 and headquartered in Washington, D.C., GrowthLab exists to support large and small organizations at every stage of the government contracting life cycle, from breaking into the federal space to expanding an existing portfolio. We rely on our extensive network of partners as well as decades of combined experience leading new and established government contractors, to provide services that include: growth and/or public sector strategy, pipeline development, market intelligence, capture and teaming.

Not only have we helped secure billions of dollars in federal agency spend, but we've also helped companies build the teams, networks, and internal processes that allow them to operate more efficiently, improve market positioning, and win more contracts—year after year.

To introduce yourself, learn more about our services, or explore a potential engagement, get in touch with us at [www.growthlab.us](http://www.growthlab.us). We'd love to talk!