We have been keeping you up to date on the effects of COVID-19 on local government contracting. Now, the federal government has taken a huge step forward. On March 27, President Trump signed the Coronavirus Aid, Relief and Economic Security Act, providing billions in funds for private individuals, businesses, and government contracts. With respect to government contracts, the CARES Act provides $3.8 million for a defense health program, $1 billion for defense purchases pursuant to the Defense Production Act of 1950 over the next two years, and funds to improve information technology services at numerous federal government departments. These funds will provide a host of opportunities for existing and prospective government contractors.

The CARES Act also authorizes agencies to modify federal contracts with contractors whose employees cannot perform work (at a federally approved site) or telework. Agencies are permitted to amend contracts, without consideration, to require the government to reimburse paid sick or family leave paid between January 1, 2020, and September 30, 2020. The reimbursement cannot exceed an average of 40 hours per week per employee, and cannot exceed the minimum billing rates stated in the contract. Importantly, contractors must work with the agency to obtain this relief as it is not mandated by the CARES Act, but rather it is within the agency’s discretion.

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