Insights: Alerts

CARES Act | Government Contractors can Seek Immediate Relief through Coronavirus Aid, Relief and Economic Security (CARES) Act & Possible New Opportunities

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Please note: The below information may require updating, including additional clarification, as the COVID-19 pandemic continues to develop. Please monitor our main COVID-19 Task Force page and/or your email for updates.

The CARES Act provides payroll relief for government contractors that are likely impacted by the current public health emergency.

Specifically, Section 3610 of the CARES Act authorizes a federal government agency to reimburse paid leave provided by a government contractor to its employees (noting that the Families First Coronavirus Response Act increases such leave). To be considered for the reimbursement, two requirements need to be satisfied for a given government contractor employee:

- The employee (or subcontractor) cannot perform work on federal government facilities due to closures or access restrictions; and
- The employee is unable to telework because his or her job duties cannot be performed remotely during the public health emergency.

If these two requirements are satisfied, the contractor can be reimbursed for expenses associated with providing paid leave to the qualifying employee. The reimbursement is limited to the minimum applicable contract billing rates of the qualifying employee, though not exceeding an average of 40 hours per week. In addition, the maximum reimbursement authorized by Section 3610 will be adjusted by the amount of credit a government contractor is allowed to receive pursuant to division G of the Families First Coronavirus Response Act and any other applicable credits a contractor is allowed under the CARES Act.

The term for the reimbursement lasts until September 20, 2020.

The CARES Act also gives various federal agencies and state/local governments significant infusions of cash to assist in countering the current epidemic. It is highly likely that much of those proceeds would work their way down to government contracts (for example, research and development, purchase of medical supplies and equipment, military expenditures, etc.). There are likely opportunities for “traditional” and “non-traditional” government contractors to pursue those contracts. Being prepared now for these likely upcoming government contracts at the federal and state levels is highly recommended. Registering with System for Award Management (SAM)[1], the SAM Disaster Response Registry[2], and having other preconditions and systems in place now will put those entities who do not typically bid on government contracts in a better position to pursue those opportunities at a later date. Action now will save cost and effort later.

For additional details about how a government contractor can receive assistance under the CARES Act, please contact Gunjan Talati, Larry Prosen, Ben Williams, or Matthew Chung.

Footnotes

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[1] https://sam.gov/SAM/pages/public/index.jsf

[2] https://www.acquisition.gov/disaster-response-registry

Related People

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