

President Trump Puts EPA Contracts and Grants on Ice

January 30, 2017

WHAT: Within hours of President Trump's inauguration, the new administration issued an email to the employees of the Environmental Protection Agency's (EPA) Office of Acquisition Management stating: "New EPA administration has asked that all contract and grant awards be temporarily suspended, effective immediately. . . . Until we receive further clarification, which we hope to have soon, please construe this to include task orders and work assignments." There have been unconfirmed reports that the EPA is also halting payments for work already performed. On January 26, 2017, the administration lifted the freeze on some grants to the states.

WHEN: Now.

WHAT DOES IT MEAN FOR INDUSTRY: EPA's halt of new contract and grant awards will have significant impacts on EPA programs. Once the new administration has the opportunity to review the current acquisition pipeline, it may ultimately determine that it would be too costly to restart these programs, regardless of administration priorities, which could result in cancelled solicitations, failure to exercise options, or even terminations for convenience or default. This freeze will also have a ripple effect to subcontractors and suppliers. EPA-focused contractors should prepare for fewer federal opportunities, but they may see an uptick in grants and procurements from state agencies that may decide to pick up the slack. Because state procurement rules and practices differ widely, it is important to tread carefully.

EPA contractors should carefully review their contracts and correspondence with their contracting officers to ensure they are aware of their rights and protections under the FAR. Contractors

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should also prepare for potentially-lengthy waits to be made whole, especially if litigation becomes necessary.