



Navigating Federal Awards Under the New Administration

With the recent transition in the White House and President Trump's new executive orders impacting federal spending and contracts, government contractors and grant recipients need to prepare for potential shifts in policy implementation and funding priorities. This article provides basic guidance on how to safeguard your organization's interests and navigate these uncertain times. The following broad outline provides key considerations for both awarded contracts and awarded grants.

I. Reviewing Contract and Grant Terms

A. Termination Clauses - FAR 49.401 / 2 CFR 200.240

The government's right to terminate contracts "for convenience" represents one of the most significant risks to contractors during administrative transitions. Under FAR 49.401, the government maintains broad authority to end contracts when it determines that termination is in its best interest—with no requirement to demonstrate contractor fault.

For federal grant recipients, 2 CFR 200.240 provides similar provisions allowing agencies to terminate awards. With new policy directives potentially leading to program reassessments, now is the time to review your existing agreements and identify termination notice periods and compensation limitations.

Action Items:

- Document performance to date and maintain detailed records
- Identify which contracts contain standard versus negotiated termination provisions
- Calculate potential financial exposure if contracts are terminated

B. Funding Contingency Clauses

Congressional Appropriations (FAR 52.232-18)

The "Availability of Funds" clause (FAR 52.232-18) means that contract performance may be contingent on Congress appropriating sufficient funds. With potential budget realignments under the new administration, contractors should identify which contracts contain this clause and assess how funding instability might impact operations.

Contingency Clauses (FAR 52.232-22)

The "Limitation of Funds" clause restricts the government's financial obligation to the amount



currently allotted to the contract. Incremental funding strategies may change as agencies realign with new priorities, potentially leaving contractors in limbo.

Revision of Budget/Program Plan (2 CFR 200.308)

Grant recipients should review the budget revision provisions in 2 CFR 200.308, which govern how and when recipients can make adjustments to project budgets and scope. Understanding these provisions now will prepare you for potential requests to align with new priorities.

II. Understanding Legal Remedies

A. Termination Claims

Federal Contracts (FAR 52.249-2)

When facing termination for convenience, contractors have rights to compensation under FAR 52.249-2. This typically includes:

- Costs incurred for work performed
- Costs of settling subcontractor claims
- A reasonable profit on work performed

However, these claims must be filed within one year of termination, and recovery is limited to costs, not anticipated profits on unperformed work.

Federal Grants (2 CFR 200.344(b))

Grant recipients have 120 days after the end date to submit all financial, performance, and other reports required by the terms of the award. Understanding these closeout procedures is essential for protecting your financial position in case of termination.

B. Equitable Adjustments

Federal Contracts (FAR 52.243-1)

The Changes clause (FAR 52.243-1) provides a critical mechanism for contractors to seek compensation when the government changes contract requirements. With policy shifts potentially leading to modified requirements, contractors should:

- Identify contract-specific notice periods for adjustment requests
- Document baseline conditions to demonstrate the impact of changes
- Establish systems to track increased costs resulting from changes



Federal Grants (2 CFR 200.308)

Grant recipients facing changing requirements should review the provisions for budget and program plan revisions, which may provide pathways to adjust activities while maintaining compliance with grant terms.

C. Disputes / Notice Requirements

Federal Contracts (Contract Disputes Act 41 USC 7101)

The Contract Disputes Act establishes formal procedures for resolving disagreements with federal agencies. Key points to remember:

- Claims must be submitted to the contracting officer in writing
- Claims over \$100,000 require certification
- Contractors generally have 90 days to appeal decisions to the appropriate board or court

Federal Grants (2 CFR 200.341)

Grant disputes follow different procedures. Under 2 CFR 200.341, recipients are entitled to appeal certain agency actions but must understand agency-specific appeal processes and timelines.

Conclusion

As the new administration implements its policy agenda, contractors and grant recipients should take proactive steps to understand their rights and obligations. By thoroughly reviewing contract and grant terms now, organizations can better position themselves to navigate potential changes while minimizing disruption to operations and finances.