

New Relief for Government Contractors When Certain Employees Cannot Work due to COVID-19 Pandemic

By Patricia Anderson Pryor

March 27, 2020

Meet the Authors



Patricia Anderson Pryor

Office Managing Principal

513-322-5035

Patricia.Pryor@jacksonlewis.com

Related Services

COVID-19

Disability, Leave and Health
Management

Government Contractors

Workplace Safety and Health

The [Coronavirus Aid, Relief, and Economic Security Act](#) (CARES) provides potential reimbursement to federal contractors whose employees (1) cannot perform work on a “site that has been approved by the Federal Government ” during the coronavirus (COVID-19) public health emergency due to facility closures or other restrictions, and (2) cannot telework because their job duties cannot be performed remotely.

CARES was passed by Congress and signed into law by President Donald Trump on March 27, 2020. (See our article, [President Trump Signs Coronavirus Aid, Relief, and Economic Security Act \(CARES\).](#))

Section 3610 of CARES authorizes (*but does not require*) agencies to use any available funds appropriated under CARES or other laws to modify affected contracts (without requiring consideration) to reimburse paid leave, including sick leave, a contractor provides to keep its employees or subcontractors “in a ready state,” including to protect the life and safety of government and contractor personnel. This new provision will apply to leave up to “but in no event beyond” September 20, 2020.

The authorized reimbursements may cover an average of 40 hours per week per affected employee, “at the minimum applicable contract billing rates.”

Section 3610 also provides that the maximum reimbursement must be reduced by the amount of any credit the contractor is allowed pursuant to Division G (“Tax Credits for Paid Sick and Paid Family and Medical Leave”) of the Families First Coronavirus Response Act, as well as by any other applicable credits allowed to the contractor under other provisions of the CARES.

As CARES authorizes but does mandate that agencies modify contracts and provide reimbursement, an “all agency” memorandum is expected to guide contracting agencies on this new provision. Meanwhile, federal contractors that may benefit from this new law should consider contacting their contracting agency officers to begin discussions on getting reimbursement for paid leave.

Please contact a Jackson Lewis attorney if you have any questions.

©2020 Jackson Lewis P.C. This material is provided for informational purposes only. It is not intended to constitute legal advice nor does it create a client-lawyer relationship between Jackson Lewis and any recipient. Recipients should consult with counsel before taking any actions based on the information contained within this material. This material may be considered attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.

Focused on employment and labor law since 1958, Jackson Lewis P.C.’s 1,000+ attorneys located in major cities nationwide consistently identify and respond to new ways workplace law intersects business. We help employers develop proactive strategies, strong policies and business-oriented solutions to cultivate high-functioning workforces that are engaged and stable, and share our clients’ goals to emphasize belonging and respect for the contributions of every employee. For more information, visit <https://www.jacksonlewis.com>.