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## Shutdown would hit contractors, but circumstances would vary

By [Joe Davidson](#), Published: September 24

If all government contractors ran their businesses like Christopher and Mary Beth Romani run theirs, contractor employees would have a lot less to worry about.

The Romanis founded [Integrity Management Consulting](#) in 2006 and take particular pride in the “human values” that guide their growing McLean company.

In case of a partial government shutdown, their employees would continue working, even if assigned to projects not fully funded. A shutdown is possible next month if Congress does not agree on funding legislation to keep the government operating. Currently, Republicans and Democrats are at an impasse. House Republicans and at least a couple of GOP senators, such as the filibustering Ted Cruz (R-Tex.), obstinately insist on [defunding Obamacare](#) as part of the government budget. It’s a losing strategy that has sown confusion on whether the government will continue to fully operate or not.

A partial shutdown would result in the furlough of many federal employees, the suspension of many services and the interruption of many contracts. But unlike some contractors, if Integrity’s contracts are interrupted, its employees would continue to work.

“We would put them on internal projects” or training, said Mary Beth, the chief strategy officer. “Or we would take a forward-looking approach and put them to work looking for biddable projects for 2014.”

Not all contractors take that approach.

Even if a contract is fully funded, contractor employees might be in a jam if they work in a federal building that is closed or with federal workers who are furloughed because of the shutdown.

“If there is a shutdown, many, if not most, contractor employees, whether they work in a federal facility or not, would lose pay for the shutdown days, just as their companies would lose the revenue,” Stan Soloway said by e-mail. He is president and chief executive of the [Professional Services Council](#), which represents contractors. “Only work that is funded can continue and because shutdown is akin to a lapse in appropriations, there is no funding for the work involved, unless it happens to be funded with prior year funds, which is fairly rare.

“Moreover, in past shutdowns, while federal employees have (appropriately) been made whole and compensated for the lost income once the shutdown ends, contractors are not, and the degree to which companies can afford to do so on their own will vary widely.”

The Office of Management and Budget outlined some of the issues involving contractors in a set a [frequently asked questions](#) that were sent to agencies last week. Here are some examples:

- If a shutdown results in the furlough of federal employees who supervise or support a company working on a government contract, will the contractor be allowed to continue working on the project? Will the federal employees be allowed to continue supervising the contract?

Yes and no.

Contractors may continue working “if the continued supervision or support” during the shutdown “is not critical to the contractor’s or grantee’s continued performance during that period.”

But there is a caution.

If the shutdown is a long one, the agency might reconsider allowing the contractor to work without federal employee oversight. In that case, if federal supervision is critical to the project, then “the agency should instruct the contractor or grantee to suspend performance.”

Federal employees overseeing contractors, however, generally won’t be allowed to work during a shutdown.

“[T]he performance — by contracting officers, contracting officer technical representatives, contract administration personnel, and grants management specialists — of routine oversight, inspection, accounting, administration, payment processing, and other contracting or grant management activity would generally not continue.”

- May an agency sign or renew a contract that would obligate funds out of appropriations that have lapsed?

“No — except in very limited circumstances.”

The limited circumstances include emergency situations where the suspension of an activity “would imminently threaten the safety of human life or the protection of property.” An agency also can sign a new contract to address an emergency situation.

- May federal employees be excepted from furlough during a shutdown in order to make payments to a company for a previously awarded contract?

“No — except in very limited circumstances.”

Furloughs also could hit contractor employees, particularly if a shutdown drags on.

In that case “contractors are going to have to do something dramatic, like layoffs,” said Randall Jackson, a former contractor who now is a consultant to companies seeking government contracts.

“I hope there are no layoffs.”

For contractors and federal employees alike.

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