

## **CLIENT ALERT**

### **New Limits on Contractor Compensation Costs**

**Jan.06.2014**

Two statutes passed by Congress in the waning days of 2013, the FY 2014 National Defense Authorization Act (NDAA) and the Bipartisan Budget Act (BBA), reduced the allowable compensation costs for employees of government contractors to \$625,000 and \$487,000, respectively, and both statutes were signed by the President on December 26. Although Congress passed the BBA with the lower cap before the NDAA, the President signed the BBA after he signed the NDAA and it seems likely that the lower cap in the BBA will be applied to new cost-reimbursement contracts awarded 180 days or more after the statute was signed, as provided in the BBA.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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