

## CLIENT ALERT

### Section 889 Roll-Out Continues with OMB Revised Guidance for Federal Grants and Agreements

Aug.13.2020

Today, August 13, the [Office of Management and Budget \(OMB\)](#) published a series of changes to the [OMB Guidance for Grants and Agreements](#), including the addition of 2 CFR 200.216, *Prohibition on certain telecommunication and video surveillance services or equipment*, which prohibits grant and loan recipients and subrecipients from using federal funds to enter into, or renew, contracts for equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system or critical technology as part of any system. This change is intended to implement the prohibition on Huawei, ZTE, and other covered telecommunications equipment and services issued in the 2019 National Defense Authorization Act Section 889. OMB has added a new definition for telecommunications and video surveillance costs and has clarified that costs for telecommunications and video surveillance services or equipment are allowable except for covered telecommunications equipment and services which are unallowable. Federal awarding agencies are required to prioritize funding for entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure the communication service to users and customers is sustained.

For additional information about recent Section 889 updates, see Crowell's previous alerts:

[FAR Council Published 2019 NDAA Section 889\(a\)\(1\)\(B\) Interim Rule Further Prohibiting Use of Huawei, ZTE, and Others' Telecommunications Technology by Contractors](#)

[GSA Requiring Mass Modification to MAS Solicitation and Will Issue Mass Bilateral Modifications to All Multiple Schedule Contracts to Prohibit Use of Huawei/ZTE Equipment](#)

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

**Lorraine M. Campos**

Partner – Washington, D.C.  
Phone: +1 202.624.2786  
Email: [lcampos@crowell.com](mailto:lcampos@crowell.com)

**Adelicia R. Cliffe**

Partner – Washington, D.C.  
Phone: +1 202.624.2816  
Email: [acliffe@crowell.com](mailto:acliffe@crowell.com)

**M. Yuan Zhou**

Counsel – Washington, D.C.  
Phone: +1 202.624.2666  
Email: [yzhou@crowell.com](mailto:yzhou@crowell.com)

**Stephanie L. Crawford**

Associate – Washington, D.C.  
Phone: +1 202.624.2811  
Email: [scrawford@crowell.com](mailto:scrawford@crowell.com)