

Top Gov't Contract Policies Of 2025: Midyear Report

By **Madeline Lyskawa**

Law360 (July 29, 2025, 1:06 PM EDT) -- The Trump administration made several prominent policy moves affecting contractors this year, including rescinding Biden-era policies related to pay equity and DEI, and pushing to overhaul the Federal Acquisition Regulation.

Here, Law360 examines significant policy changes from the first half of 2025 that will affect government contractors.

Trump's Rollback of Biden-Era Policies, Attack on DEI

President Donald Trump kicked off his second term by rescinding four of former President Joe Biden's executive orders pertinent to government contractors.

The day he took office, Trump terminated Biden's executive order barring federal contractors from seeking or using previous pay information from applicants when hiring or setting pay. Trump also rolled back Biden's directive requiring contractors and subcontractors who take over existing service work from an incumbent contractor to make good faith offers to existing employees to stay on.

Also on the chopping block on Inauguration Day was Biden's executive order establishing the "safe, secure, and trustworthy" development and usage of artificial intelligence by the federal government, and another executive order boosting the minimum wage for federal contract workers to \$15 an hour was rolled back in March.

The policy reversals came alongside Trump's executive order to terminate diversity, equity and inclusion mandates for federal contractors, as well as to end "equity-related" and "environmental justice" contracts. Trump also instructed agencies to name contractors that have provided DEI training for federal agencies for future investigation.

This anti-DEI mandate has propelled corporate America, colleges and universities to review their DEI programs to ensure they — as federal contractors and grant recipients — can certify that their programs do not run afoul of federal antidiscrimination laws, Kris D. Meade, a labor and employment partner with Crowell & Moring LLP, said.

However, what constitutes "illegal" DEI was not explained in the executive order and is yet to be defined, Meade added.

"The main advice to contractors, and to grant recipients as well, is to keep your eyes peeled for additional declarations from the administration and developments in case law," Meade said.

Trump's EOs Consolidating Procurement, Overhauling the FAR

Trump also issued a number of executive orders aimed at consolidating federal procurement under the General Services Administration and overhauling the Federal Acquisition Regulation.

In an executive order issued in March, Trump mandated that domestic procurement for common goods and services be handled solely by the GSA.

While this order will boost the use of the GSA for both U.S. Department of Defense and non-DOD contracting, Scott Flesch, a member with Miller & Chevalier Chtd. whose practice focuses on government contracts and national security, said he would be surprised if the DOD completely gives up its own authority and contracting systems because of the particularized nature of its procurements and the need for secure contracting across the board.

In April, Trump issued an executive order directing the DOD to prioritize commercial items and flexible acquisition authorities. A third executive order issued around the same time similarly seeks to more strictly enforce an existing requirement for federal agencies to purchase commercially available products and services "to the maximum extent practicable."

Trump in April further required that the Office of Federal Procurement Policy review and cut the FAR so that it only includes statutory requirements and other provisions "essential to sound procurement."

Flesch said that although the intent of the FAR rewrite is to clarify and simplify acquisition rules for the better, an outstanding concern is how much can be stripped away while continuing to encourage participation by small, medium and large contractors for a diverse defense industrial base.

The Impact of DOGE and Tariffs on Fed Contractors

With the establishment of the Department of Government Efficiency, or DOGE, the Trump administration has claimed to have halted and terminated more than 12,000 federal contracts since Trump reentered the Oval Office in January.

Despite DOGE's stated goal of promoting government efficiency, Aron C. Beezley, co-leader of Bradley Arant Boult Cummings LLP's government contracts practice group, said it's proven to be counterproductive in many ways.

"We're seeing increased delays in terms of processing of contractor payments. We're seeing delays in awarding of new contracts because of DOGE and the thinning out of the government workforce. We're seeing delays in claim litigation because agencies are short-staffed. And we're also seeing just a general reluctance of agencies to sort of do normal contract administration activities," Beezley said.

For deals that remain in place, contractors have not been immune from Trump's imposition of tariffs across a broad swath of countries and products, according to Stephen McBrady, a government contracts partner with Crowell & Moring.

Trump's tariffs have impacted the cost of materials across the supply chain, leading contractors and

subcontractors with fixed-price agreements to look at ways to mitigate the repercussions, McBrady said.

"One such tool is what we call the taxes clause — it's FAR 52.229-3 — which is in some federal government contracts, and addresses how prime contractors can recover for what are called after-imposed taxes, and that would include tariffs, imposed after contracts have been awarded and priced," McBrady said.

Certain contracts also include economic price adjustment clauses that can sometimes address cost escalation during the performance of a contract, he added.

New FAR Council Rules on Unclassified Info, Conflicts of Interest

The Federal Acquisition Regulatory Council proposed a pair of long-awaited regulations in January aimed at defining controlled unclassified information, or CUI, across the government and updating rules related to conflicts of interest involving contractors.

The first of the proposed rules would amend the FAR to include the National Archives and Records Administration's CUI program, effectively implementing a governmentwide definition and set of protections for CUI. Without a governmentwide standard for CUI, federal agencies are currently able to set their own standards for determining what CUI is and how it should be protected.

"A form like this could be very helpful, potentially, if used the right way, in helping consistently identifying CUI," said Eric S. Crusius, a government contracts partner at Hunton Andrews Kurth LLP. "If it's in the solicitation, it gives contractors a heads-up to see what the government's view is of the CUI and whether or not that is consistent with what their view is, and they can kind of hash that out during the procurement process instead of after the fact."

The second proposed rule would move existing provisions covering organizational conflicts of interest from FAR subpart 9.5 to a new subpart in FAR part 3, which focuses on improper business practices and personal conflicts of interest. The different types of organizational conflicts of interest that will continue to exist under the new regime include unequal access, impaired objectivity and biased ground rules.

The proposal, however, also referred to a type of conflict known as an unfair competitive advantage, where a contractor hires and fails to wall off from their proposal team a government employee with access to competitively useful, nonpublic information, according to Daniel R. Forman, a partner with Crowell & Moring.

"What's significant about that is that today [organizational conflicts of interest] under part 9 can be waived because there's a waiver provision in the regulation. But [unfair competitive advantages], which are not part of the regulation, are created by administrative judges [and] there's no ability to waive those. And so, by moving [unfair competitive advantages] under the [organizational conflict of interest] heading, the contracting officer will now be able to waive [them]," Forman said.

--Additional reporting by Max Kutner. Editing by Lakshna Mehta.