

# Government Contract Restructuring Task Force

## Practices and Industries

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The Department of Government Efficiency (DOGE) is reviewing virtually all government agencies and has directed terminations and/or cancellations of thousands of government contracts, with more to come.<sup>1</sup> Moreover, virtually all cabinet level heads are demanding that their agencies undertake immediate action to reduce federal expenditures. This further amplifies the impact that government contract terminations will have on business counterparties and those they do business with as well. While in some limited instances the cancellations have been reversed, this approach is creating considerable uncertainty and disruptions for parties that have contracts with the federal government (the “**Contractors**”) and their counterparties.

These activities have a ripple effect on innumerable businesses dependent on the revenues from government contracts. They have led to employee layoffs, delay or loss of revenue, and corresponding adverse impacts on credit relationships. Business advisory firms are already assisting affected Contractors in addressing the cash flow disruptions that interfere with normal business operations.

Businesses with receivables exposure arising from their own relationships with the Contractors (the “**Counterparties**”) have corresponding enhanced credit risks associated with continuing business as usual with Contractors and face the risk of downstream contract terminations. Unsurprisingly, these issues are forcing companies to quickly react, adapt, and often change how they operate.

To help navigate this turbulence, Haynes Boone has formed a multi-practice, non-partisan task force that can quickly respond to the many issues that arise from this disruption. The task force can advise clients (i) affected by cancellations or who are encountering regulator oversight of their government contracts and (ii) who need guidance on how these issues impacts their credit exposures, whether as a Contractor or Counterparty. Haynes Boone has also developed FAQs to help Contractors and Counterparties spot issues that may impact their business, available below.

This task force includes attorneys with experience in restructuring, finance, and government contracts. The firm's business focus also includes many other specialties that may be needed in these situations. If your business has been disrupted, please contact the Haynes Boone team to see how we can assist navigating the evolving situation. Our task force is led by Restructuring Partner, Patrick Hughes, Finance Partner, Laura Martone, and Government Contract Partner, Jonathan Shaffer.

Haynes Boone stands ready to assist should you find yourself caught in the fallout of these extraordinary contract terminations.

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<sup>1</sup> <https://doge.gov/savings> (last accessed March 17, 2025).