



Office of the Chief
Acquisition Officer

Date: September 29, 2025

From: Darnese M. Wilkerson, Chief Acquisition Officer *DMW*

To: Office of the Chief Acquisition Officer (OCAO)

Subject: CLASS DEVIATION (CD) in Support of Executive Order (EO) 14275, "Restoring Common Sense to Federal Procurement" - Deviation to FAR Part 31, Contract Cost Principles and Procedures

1. Purpose

This Class Deviation (CD) implements the FAR Council's model deviation text for FAR Part 31, Contract Cost Principles and Procedures. This action aligns with Executive Order (EO) 14275, "Restoring Common Sense to Federal Procurement," and the Revolutionary FAR Overhaul (RFO) initiative.

The revised FAR Part 31 streamlines policies and procedures related to contract cost principles. Burdensome, duplicative, or outdated language not required by statute has been removed. Key changes include:

- Revising cost principles to align with modern financial reporting standards and practices.
- Clarifying the application of cost principles to different contract types, especially fixed-price contracts.
- Emphasizing plain language to make the principles easier to understand and apply.

2. Background

EO 14275, signed on April 15, 2025, established a policy that the FAR should contain only provisions required by statute or those essential for sound procurement. To implement this EO, the Office of Federal Procurement Policy (OFPP) is leading the Revolutionary FAR Overhaul (RFO) initiative, supported by the Federal Acquisition Regulatory Council. The initiative aims to eliminate unnecessary regulations and policies across all levels of the federal government.

Further guidance was provided by OMB Memorandum M-25-26, "Overhauling the Federal Acquisition Regulation," issued on May 2, 2025.

FAR Streamlining

As part of the RFO, the FAR will be streamlined to include only statutory requirements. Non-statutory content will be moved to new buying guides, collectively known as the Strategic Acquisition Guidance (SAG). The Council will first issue model deviation guidance by FAR part, followed by formal rulemaking through the notice and comment process. Agencies have 30 days to issue class deviations based on the model text once released.

A. Streamlining Agency Acquisition Supplements: Agencies must streamline their FAR supplements by removing regulations not based on statute or executive orders and by aligning with the FAR Council's deviation guidance. Supporting policies must also be updated to reflect these changes. This is an excellent opportunity for NARA to formally publish a streamlined NARA FAR Supplement, ensuring consistency with the new FAR.

B. FAR Buying Guides and Supplemental Companion Guides (CG): As the FAR and agency supplements are streamlined, helpful non-regulatory content will be moved to these new FAR Buying Guides. These guides will offer practical instructions and best practices for implementing effective contracting methods, including those related to competition. The RFO Part 8 model deviation text is a plain language version that will be adhered to by all NARA contracting personnel.

3. Summary of Changes

RFO FAR Part 31, has been streamlined to provide only the essential requirements for the pricing of contracts, subcontracts, and modifications whenever cost analysis is performed. It strengthens clarity and focus, ensuring procedures are easier to understand and apply. Statutory requirements retained in the RFO FAR part 31 model deviation include, but are not limited to, the following:

- Armed Service Procurement Act of 1947 (Public Law 413)
- Allowable Costs (41 U.S.C. Chapter 43 and 10 U.S.C. Chapter 273)
- Claims Against the United States Government (31 U.S.C. Chapter 37, Subchapter III)
- Major Fraud Against the United States (18 U.S.C. § 1031)
- Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards (2 C.F.R. Part 200)
- The Cost Principles for Educational Institutions; State, Local, and Federally Recognized Indian Tribal Governments; and Nonprofit Organizations (31 U.S.C. Chapter 11, 31 U.S.C. §§ 503-504, 31 U.S.C. §6307, 31 U.S.C. §§7501-7507)
- The Cost Principles for Commercial Organizations (10 U.S.C. and 41 U.S.C.)

Change	Description
Retained	<ul style="list-style-type: none"> • The majority of the content is retained as it implements appropriations law. • Most definitions and procedures are retained to maintain uniformity across Government.
Removed	<ul style="list-style-type: none"> • Plain language edits were made throughout to enhance readability and remove redundant, unclear, or non-essential language, decreasing the word count by more than 1,300 words.

4. Instructions

The NARA acquisition workforce shall follow the RFO Part 31 deviated text instead of FAR Part 31 as codified at 48 CFR Chapter 1, Subchapter B, Part 31. The FAR Council's RFO text is available at [FAR Overhaul - FAR Part 31 - Acquisition.gov](https://www.far.gov/FAR-Overhaul-FAR-Part-31-Acquisition.gov) and is incorporated by reference into this deviation.

5. Applicability

The requirements in this CD apply to all solicitations and contract actions issued or awarded on or after **October 1, 2025**.

6. Authority

This class deviation is issued under the authority of Executive Order 14275 and OMB Memorandum M-25-26, 48 CFR Subpart 1.4.

7. Effective Date

This CD is effective as of the date signed and shall remain in effect until the provisions of the RFO are formally implemented in the FAR through a final rulemaking.

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cc: NGC