



National Aeronautics and
Space Administration
Washington, DC 20546

Procurement Class Deviation

PCD 25-12

August 16, 2025

CLASS DEVIATION FROM FEDERAL ACQUISITION REGULATION (FAR) PART 31 AND NASA FAR SUPPLEMENT (NFS) PARTS 1831 TO IMPLEMENT THE REVOLUTIONARY FAR OVERHAUL (NASA Case 2025-N014)

PURPOSE: To provide a Class Deviation from the FAR to implement the FAR Council's model deviation text to FAR Part 31 Contract Cost Principles and Procedures, and deviation to NFS 1831.

BACKGROUND: On April 15, 2025, the Executive Order (E.O.) 14275, [“Restoring Common Sense to Federal Procurement”](#) was signed. Section 2 of the E.O. establishes the policy that the FAR “should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed.” To implement E.O. 14275, the Office of Federal Procurement Policy (OFPP) is leading the **Revolutionary FAR Overhaul (RFO)** initiative. This effort is supported by the Federal Acquisition Regulatory Council (the Council) member agencies— General Services Administration, Department of Defense, NASA, along with other agencies. In line with the E.O., the initiative aims to eliminate unnecessary regulations and policies across all levels of the federal government.

The Office of Management and Budget (OMB) memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, provided additional guidance to federal agencies regarding the FAR overhaul.

FAR Streamlining. As part of the RFO, the FAR will be streamlined to include only statutory requirements, while non-statutory content will move to new buying guides, collectively forming 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 will have 30 days to issue class deviations based on the model text once it is released.

Streamlining Agency Acquisition Supplements. Agencies must streamline their FAR supplements by removing regulations not based on statute or executive orders and aligning with the FAR Council's deviation guidance. Supporting policies must also be updated to reflect these changes. This approach ensures the NFS remains consistent with the streamlined FAR.

FAR Buying Guides and NFS Companion Guide (CG) (coming soon). As the FAR and the NFS are streamlined, helpful non-regulatory content will be moved to new FAR Buying Guides and NFS CG. These guides are intended to offer practical instructions and best practices for implementing effective contracting methods.

RFO Part 31 Contract Cost Principles and Procedures model deviations had been released by the FAR Council. RFO Part 31 establishes cost principles and procedures that help government contractors determine which costs are reimbursable and how these costs should be accounted for. Burdensome, duplicative, or outdated language and language not required by statute have been removed from FAR Part 31. This plain language version of FAR Part 31 shall be adhered to.

To align with the RFO FAR Part 31, the NFS1831 Contract Cost Principles and Procedures, is revised to remove non-statutory and outdated language. This deviation implements the revised RFO Part 31 and NFS Part 1831.

GUIDANCE:

(1) Contracting officers shall follow the RFO Part 31 deviated text instead of FAR Part 31 as codified at 48 CFR Chapter 31. The FAR Council's RFO text is available at <https://www.acquisition.gov/far-overhaul>.

(2) COs shall also follow the NFS Part 1831 deviated text enclosed within this deviation.

ACTION REQUIRED BY CONTRACTING OFFICERS: Effectively immediately, ensure that new contract actions issued on or after the effective date complies with the policy in the PCD.

EFFECTIVE DATE: This PCD is effective as dated and shall remain in effect until implemented in the FAR and NFS or otherwise rescinded.

PROVISION AND CLAUSE CHANGES: This deviation renders NFS 1852.231-71, Determination of Compensation obsolete.

HEADQUARTERS CONTACT: Debbie Stone, Procurement Analyst, PGPD, deborah.h.stone@nasa.gov.

Marvin L. Horne

Acting Assistant Administrator for Procurement

Enclosure

Changes in the NFS Deviation text below are identified as follows:
Deletions shown as ~~strike-throughs~~; and
Additions shown as

PART 1831 CONTRACT COST PRINCIPLES AND PROCEDURES

TABLE OF CONTENTS

SUBPART	<u>1831.2</u>	CONTRACTS WITH COMMERCIAL ORGANIZATIONS
1831.205		Selected costs.
1831.205-6		Compensation for personal services.
1831.205-670		Evaluation of contractor and subcontractor compensation for
		service contracts.
1831.205-671		Solicitation provision.
1831.205-32		Precontract costs.
1831.205-70		Contract clause.
1831.205-71		Costs related to counterfeit electronic parts and suspect counterfeit electronic parts.

PART 1831
CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 1831.2—Contracts with Commercial Organizations

1831.205 Selected costs.

~~1831.205-6 Compensation for personal services.~~

~~1831.205-670 Reserved [PN 23-09]~~

~~1831.205-671 Solicitation provision.~~

See PCD 23-02 for guidance.

~~The contracting officer must insert a provision substantially the same as the provision at [1852.231-71](#), Determination of Compensation, in solicitations for services which contemplate the award of a cost reimbursement or non-competitive fixed-price type service contract having a total potential value expected to exceed the threshold for requiring certified cost or pricing data as set forth in FAR 15.403-4.~~

~~1831.205-32 Precontract costs.~~

- ~~(3) Precontract costs are applicable only to—
 - (iv) Sole source awards, except those resulting in firm fixed-price or fixed-price with economic price adjustment contracts; or
 - (iv) Awards resulting from broad agency announcements.~~

- ~~(3) The procurement officer is the approval authority for the use of precontract costs. Authorization must be in writing and shall address the following:
 - (iv) The necessity for the contractor to initiate work prior to contract award.
 - (iv) The start date of such contractor effort.
 - (iv) The total estimated time of the advanced effort.
 - (iv) The cost limitation.~~

- ~~(3) Authorization to incur precontract costs must be provided to the contractor in writing and shall include the following:
 - (iv) The start date for incurrence of such costs.
 - (iv) The limitation on the total amount of precontract costs which may be incurred.
 - (iv) A statement that the costs are allowable only to the extent they would have been if incurred after formal contract award.
 - (iv) A statement that the Government is under no obligation to reimburse the contractor for any costs unless a contract is awarded.~~

1831.205-70 Contract clause.

The contracting officer must insert the clause at [1852.231-70](#), Precontract Costs, in contracts for which specific coverage of precontract costs is authorized.

1831.205-71 Costs related to counterfeit electronic parts and suspect counterfeit electronic parts.

(a) *Scope.* This section implements the requirements of section 823(c)(2)(B), the NASA Transition Authorization Act of 2017 (Pub. L. 115-10).

The costs of counterfeit electronic parts, suspect counterfeit electronic parts, and any corrective action that may be required to remedy the use or inclusion of such parts are unallowable, unless—

(1)(i) ~~The covered [A] contractor~~ **], which is a contractor that supplies an electronic part, or a product that contains an electronic part to NASA,** as defined in section 1846.7001, has an operational system to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts that has been reviewed and approved by NASA or the Department of Defense pursuant to 48 CFR [244.303](#); and

(ii) The covered contractor, including subcontractors, notifies the applicable NASA contracting officer in writing **[no later than 30 calendar days after the contractor becomes aware, or has reason to suspect, that any end item, component, part or material contained in supplies purchased by NASA, or purchased by the covered contractor or subcontractor for delivery to, or on behalf of, NASA, contains counterfeit electronic part or suspect counterfeit electronic part]** in accordance with 1846.7002(e); or

(2) The counterfeit electronic parts or suspect counterfeit electronic parts were provided to the covered contractor as Government property in accordance with part 45 of the Federal Acquisition Regulation.

~~[PN 20-08]~~

PART 1831—SOLICITATIONS, PROVISIONS AND CONTRACT CLAUSES

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Subpart 1831.2— Contracts with Commercial Organizations

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~~1831.205-671 Solicitation provision.~~

~~The contracting officer must insert a provision substantially the same as the provision at [1852.231-71](#), Determination of Compensation, in solicitations for services which contemplate the award of a cost reimbursement or non-competitive fixed-price type service contract having a total potential value expected to exceed the threshold for requiring certified cost or pricing data as set forth in FAR 15.403-4.~~

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Subpart 1852.2—Text of Provisions and Clauses

1852.231-70 Precontract Costs.

As prescribed in 1831.205-70, insert the following clause:

PRECONTRACT COSTS (~~JUN 1995~~[AUG 2025][DEVIATION])

The Contractor ~~shall~~ [must] be entitled to reimbursement for costs incurred on or after _____ in an amount not to exceed \$ ____ that, if incurred after this contract had been entered into, would have been reimbursable under this contract.

(End of clause)

1852 SOLICITATION PROVISIONS AND CONTRACT CLAUSES

[1852.231-71](#) ~~Determination of Compensation Reasonableness~~[RESERVED]

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~~1852.231-71 Determination of Compensation Reasonableness.~~

~~As prescribed at 1831.205-671, insert the following provision. See PCD 23-02 for guidance.~~

DETERMINATION OF COMPENSATION REASONABLENESS (APR 2015)

~~(a) The proposal shall include a total compensation plan. This plan shall address all proposed labor categories, including those personnel subject to union agreements, the Service Contract Act, and those exempt from both of the above. The total compensation plan shall include the salaries/wages, fringe benefits and leave programs proposed for each of these categories of labor. The plan also shall include a discussion of the consistency of the plan among the categories of labor being proposed. Differences between benefits offered professional and non-professional employees shall be highlighted. The requirements of this plan may be combined with that required by the clause at FAR 52.222-46, "Evaluation of Compensation for Professional Employees."~~

~~(b) The offeror shall provide written support to demonstrate that its proposed compensation is reasonable.~~

~~(c) The offeror shall include the rationale for any conformance procedures used or those Service Contract Act employees proposed that do not fall within the scope of any classification listed in the applicable wage determination.~~

~~(d) The offeror shall require all service subcontractors provide, as part of their proposal, the information identified in (a) through (c) of this provision for cost reimbursement or non-competitive fixed price type subcontracts having a total potential value expected to exceed the threshold for requiring certified cost or pricing data as set forth in FAR 15.403-4.~~

~~(End of provision)~~

CLEAN REGULATORY VERSION WITH CHANGES INCORPORATED:

PART 1831
CONTRACT COST PRINCIPLES AND PROCEDURES

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Subpart 1831.2—Contracts with Commercial

1831.205 Selected Costs

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The contracting officer must insert the clause at 1852.231-70, Precontract Costs, in contracts for which specific coverage of precontract costs is authorized.

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(a) *Scope.* This section implements the requirements of section 823(c)(2)(B), the NASA Transition Authorization Act of 2017 (Pub. L. 115-10).

The costs of counterfeit electronic parts, suspect counterfeit electronic parts, and any corrective action that may be required to remedy the use or inclusion of such parts are unallowable, unless—

(1)(i) A covered contractor, which is a contractor that supplies an electronic part, or a product that contains an electronic part, to NASA, has an operational system to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts that has been reviewed and approved by NASA or the Department of Defense pursuant to 48 CFR 244.303; and

(ii) The covered contractor, including subcontractors, notifies the applicable NASA contracting officer in writing no later than 30 calendar days after the date the covered contractor becomes aware, or has reason to suspect, that any end item, component, part or material contained in supplies purchased by NASA, or purchased by a contractor or subcontractor for delivery to, or on behalf of, contains a counterfeit electronic part or suspect counterfeit electronic part; or

(2) The counterfeit electronic parts or suspect counterfeit electronic parts were provided to the covered contractor as Government property in accordance with part 45 of the Federal Acquisition Regulation.

Subpart 1852.2—Text of Provisions and Clauses

1852.231-70 Precontract Costs.

As prescribed in 1831.205-70, insert the following clause:

PRECONTRACT COSTS
(AUG 2025)(Deviation)

The Contractor must be entitled to reimbursement for costs incurred on or after _____ in an amount not to exceed \$____ that, if incurred after this contract had been entered into, would have been reimbursable under this contract.

(End of clause)
