



Pension Benefit Guaranty Corporation  
445 12th St, SW, Washington, DC 20024

Class Deviation PBCG-2026-0047

## MEMORANDUM FOR PBGC ACQUISITION WORKFORCE

**Date:** February 20, 2026  
**From:** Damon Q. McClure, Senior Procurement Executive  
**Subject:** FAR Class Deviation for FAR Part 16 in Support of Executive Order on Restoring Common Sense to Federal Procurement

**1. Purpose:** This class deviation is issued in accordance with FAR 1.304 and pursuant to the Office of Federal Procurement Policy memorandum entitled, “Deviation Guidance to Support the Overhaul of the Federal Acquisition Regulation,” to provide contracting officers with revised FAR Part 16 language and implement the FAR Council’s model deviation to FAR Part 16.

**2. Background:** On April 15, 2025, [Executive Order \(E.O.\) 14275 on 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.”

The FAR is being updated to:

- Remove language that is not required by statute
- Remove duplicative or outdated language
- Clarify or provide more plain language
- Revise the language for the new FAR framework
- Retain language necessary for governmentwide acquisition standards.

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative.

**3. Summary of Changes.** FAR Part 16, Types of Contracts, clarifies complicated policies and procedures for selecting contract type and gives the acquisition workforce new tools and flexibilities to support the guiding principles for the FAR System.

Key new improvements and flexibilities to Part 16 include:

- Innovative contract types that empower contracting officers to use novel contract structures. Examples of innovative contract types are expected to be included in the FAR Companion and other strategic acquisition guidance.
- Significant task and delivery order procedure simplification that will help reduce administrative errors, enhance consistency, and streamline the ordering process for both federal buyers and multiple-award contract holders.
- On-and-off ramps to maintain current, competitive, and innovative pools of vendors on multiple-award contracts.

- Blanket purchase agreements are allowed for repetitive requirements under all multiple award contracts, providing consistency with ordering procedures for Federal Supply Schedules

Statutory requirements retained in the RFO FAR Part 16 model deviation include, but may not be limited to, the following:

- 10 U.S.C. §§ 3321 et seq and 41 U.S.C. §§ 3901 et seq, Specific Types of Contracts
- 10 U.S.C. §§ 3371 et seq, Undefined Contractual Actions
- 10 U.S.C. §§ 3401 et seq and 41 U.S.C. 4101 §§ et seq, Task and Delivery Order Contracts
- 41 U.S.C. § 3302, Requirements for Purchase of Property and Services Pursuant to Multiple Award Contracts
- Pub. L. 109-364 Section 814 and 41 U.S.C. § 4711, Linking of Award and Incentive Fees to Acquisition Outcomes

Change	Description
<b>Retained</b>	<ul style="list-style-type: none"> <li>• 16.001, “<b>Definitions</b>”, is retained without changes.</li> <li>• <b>All provisions and clauses</b> have been retained (or remain reserved) with no changes except for four noted in the “Moved/Updated” section below.</li> </ul>
<b>Moved/Updated</b>	<ul style="list-style-type: none"> <li>• 16.000, “<b>Scope of Part</b>”, is updated to add an important new sentence: “Except for limited instructions regarding the placement of task and delivery orders, <b>the entirety of this part applies to the pre-solicitation phase and is meant to guide in acquisition planning.</b>”</li> <li>• Subpart 16.1, “<b>Selecting Contract Types</b>”, has been significantly restructured to consolidate policies, emphasize documentation, and provide greater flexibility to contracting officers.</li> <li>• 16.101(a), “<b>Policies</b>”, clarifies that “contract types that promote the best interests of the Government, but are not described in this regulation, are permitted for use in accordance with agency procedures”. <ul style="list-style-type: none"> <li>○ This replaces the more restrictive policy in the former 16.102(b), which stated that unlisted contract types “shall not be used, except as a deviation under subpart 1.4”.</li> <li>○ This update represents a deliberate shift from a restrictive to a permissive framework, <b>empowering contracting officers</b> to use novel and innovative contract structures consistent with the “Guiding Principles for the System” in RFO FAR 1.102.</li> </ul> </li> <li>• 16.104, “<b>Solicitation Provision</b>”, updates the prescription for using the provision at “52.216-1, Type of Contract”. <ul style="list-style-type: none"> <li>○ It has been changed from mandatory (“The contracting officer shall...insert”) to discretionary (“The contracting officer may...insert”).</li> <li>○ A new Alternate I has been added for use when the solicitation allows offerors to propose an alternative contract type, reinforcing the push for greater flexibility and industry input.</li> </ul> </li> <li>• Subpart 16.2, “<b>Fixed-Price Contracts</b>”, is retained and streamlined to include updated guidance for ease of the reader.</li> <li>• Subpart 16.3, “<b>Cost-Reimbursement Contracts</b>”, has been substantially streamlined and reorganized by consolidating descriptions and relocating</li> </ul>

	<p>all incentive-based contract types to subpart 16.4, “Incentive Contracts”. This restructuring declutters the subpart by removing redundant text and consolidating guidance for complex incentive contract types.</p> <ul style="list-style-type: none"> <li>○ New 16.302, “<b>Cost contracts</b>”, and 16.303, “<b>Cost-sharing contracts</b>”, are reduced to single-sentence descriptions, whereas the former text included separate subsections for “Description”, “Application”, and “Limitations”.</li> <li>○ The content for “<b>Cost-Plus-Incentive-Fee</b>” (former 16.304) and “<b>Cost-Plus-Award-Fee</b>” (former 16.305) contracts has been deleted from this subpart and moved to 16.405 and 16.402-3, respectively.</li> </ul> <ul style="list-style-type: none"> <li>● Subpart 16.4, “<b>Incentive Contracts</b>”, has undergone a complete reorganization to consolidate all incentive-related policies and contract type descriptions into a single subpart. The changes centralize content, particularly for award-fee contracts, to ensure consistent application.</li> <li>● Subpart 16.5, “<b>Indefinite-Delivery Contracts</b>”, has been revised to clearly outline for the acquisition workforce the types of task and delivery order contracts and how to utilize them.</li> <li>● 16.504-4, “<b>On-ramps and off-ramps</b>”, is a new subsection that authorizes “on-ramping” (adding new contractors) and “off-ramping” (removing contractors) from a multiple-award contract during its ordering period.</li> <li>● The content of the former 16.505, “Ordering”, is now distributed across three new sections: <ul style="list-style-type: none"> <li>○ <b>New 16.506, “Postaward Procedures for Placement of Task and Delivery Orders</b>”, consolidates the general administrative requirements for contents of orders (formerly in 16.505(a)(7)) and other general post-award rules.</li> <li>○ <b>New 16.507, “Additional ordering procedures for multiple-award contracts</b>”, is now the central location for all rules related to the requirement to provide fair opportunity to be considered for orders or Blanket Purchase Agreements (BPA). It is broken down by dollar value and contains the rules for orders below the micro-purchase threshold (MPT), fair opportunity for orders and BPAs above the MPT, exceptions to fair opportunity, brand-name justifications, and the new authorization for BPAs. <ul style="list-style-type: none"> <li>▪ 16.507-2(a)(2), under “<b>Fair opportunity procedures</b>”, emphasizes that the contracting officer has broad discretion to develop appropriate order placement procedures and encourages innovative techniques highlighted in the Periodic Table of Acquisition Innovations.</li> <li>▪ 16.507-2(c)(3), “<b>Blanket Purchase Agreements</b>”, is a new subsection that explicitly authorizes the establishment of BPAs under multiple-award IDIQ contracts to fill repetitive needs, if authorized in the master contract. <ul style="list-style-type: none"> <li>● Note - Contracting Officers must establish ordering procedures in the BPA that ensure BPA holders (but not other multiple-award contractors)</li> </ul> </li> </ul> </li> </ul> </li> </ul>
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	<p>are provided the fair opportunity procedures in 16.507-3 through -5.</p> <ul style="list-style-type: none"> <li>▪ 16.507-3 through -5 consolidate fair opportunity procedures and documentation requirements for orders valued above the MPT, above the SAT, and above \$7.5 million (\$6 million prior to October 1, 2025).</li> <li>▪ 16.507-4(a), clarifies the requirement to provide <b>fair notice of intent to place an order</b> for orders or BPAs valued above the SAT.</li> <li>▪ 16.507-5(a) clarifies additional fair notice requirements for orders or BPAs valued above \$7.5 million (\$6 million prior to October 1, 2025) (previously at 16.505(b)(1)(iii)-(iv)). <ul style="list-style-type: none"> <li>○ <b>New 16.508, “Protests of orders”</b>, consolidates all rules regarding the protest of task and delivery orders (previously at 16.505(a)(10)).</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Subpart 16.6, “<b>Time-and-Materials, Labor-Hour, and Letter Contracts</b>” is improved for readability and to provide clarity on these high-risk contract types.</li> <li>• Subpart 16.7, “<b>Agreements</b>”, is updated with structural formatting updates to improve clarity.</li> <li>• The <b>following provision and clauses</b> have been updated to reflect plain language, update cross-references, or to correspond with updates made within the part: <ul style="list-style-type: none"> <li>○ 52.216-1 (Provision), Type of Contract</li> <li>○ 52.216-7 (Clause), Allowable Cost and Payment</li> <li>○ 52.216-21 (Clause), Requirements</li> <li>○ 52.216-22 (Clause), Indefinite Quantity</li> </ul> </li> <li>• The <b>FAR Companion</b> is expected to include best practice information on the following: <ul style="list-style-type: none"> <li>○ Selecting contract types</li> <li>○ Factors in selecting contract type</li> <li>○ Guidance when ceiling prices are established for fixed-price contracts with prospective price redetermination</li> <li>○ Guidance on cost controls of fixed-ceiling-price contracts with retroactive price redetermination</li> <li>○ Guidance on when to consider use of a completion or term form of a cost-plus-fixed-fee contract</li> <li>○ Guidance on application of technical performance incentives</li> <li>○ Guidance on structuring and applying firm and successive target fixed-price incentive contracts</li> <li>○ Guidance on application of cost-plus-incentive fee contracts</li> </ul> </li> </ul>
<b>Removed</b>	<ul style="list-style-type: none"> <li>• Obsolete American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (ARRA) Provision (from former 16.505(a)(11)): All requirements related to publicizing orders funded by the ARRA have been removed as obsolete.</li> </ul>

This table is not an exhaustive list

#### **4. Instructions:**

- The PBGC acquisition workforce shall follow the RFO Part 16 model deviation text instead of FAR Part 16 as codified at 48 CFR Chapter 1. The Council's RFO Part 16 model deviation text is available at [Acquisition.gov/far-overhaul](https://www.acquisition.gov/far-overhaul) and is incorporated into this class deviation.
- When using any provisions or clauses that have been revised, utilize the RFO model deviation language at [RFO FAR Part 52](#).
- Contracting activities must review templates and related standard operating procedures to align with this class deviation and remove unnecessary processes and steps.
- Acquisition teams should review the FAR Companion for a number of best practices and guidance specific to this part.

**5. Applicability:** This deviation applies to all Pension Benefit Guaranty Corporation solicitations and new contracts.

**6. Authority:** This class deviation is issued under the authority of Executive Order (E.O.) 14275, [OMB M-25-26](#), 48 CFR Subpart 1.4, and FAR RFO 1.304.

**7. Effective Date:** This class deviation remains in effect until the changes described herein are incorporated in the FAR, superseded, or otherwise rescinded.

**8. Point of Contact:** Questions or comments on this class deviation may be sent to Jeff Gangi at [gangi.jeffrey@pbgc.gov](mailto:gangi.jeffrey@pbgc.gov).