



ACQUISITION  
AND SUSTAINMENT

OFFICE OF THE ASSISTANT SECRETARY OF WAR  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

In reply refer to  
DARS Tracking Number: 2026-O0034

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Revolutionary Federal Acquisition Regulation (FAR) Overhaul  
Part 43, Defense FAR Supplement (DFARS) Part 243

Effective February 1, 2026, contracting officers shall use—

- The revised FAR Part 43, Contract Modifications published on the Revolutionary FAR Overhaul web page at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-43> in lieu of the text codified at 48 CFR chapter 1 (<https://www.ecfr.gov>).
- The attached DFARS Part 243, Contract Modifications in lieu of the text codified at 48 CFR chapter 2; and
- The attached DFARS Procedures, Guidance, and Information (PGI) 243, Contract Modifications, in lieu of the PGI text published on the Defense Pricing, Contracting, and Acquisition Policy web page at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

This class deviation implements the following:

- Section 2 of E.O. 14275, Restoring Common Sense to Federal Procurement, which 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.

- Section 4(a) of E.O. 14265, Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base which requires the Secretary of War to eliminate or revise any unnecessary supplemental regulations or any other internal guidance, such as relevant parts of the Financial Management Regulation and Defense Federal Acquisition Regulation Supplement.
- The Office of Management and Budget memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, which provided additional guidance to federal agencies regarding the FAR overhaul.

This class deviation remains in effect until rescinded or incorporated into the FAR, DFARS, and DFARS PGI. Inquiries regarding this class deviation can be addressed to [osd.pentagon.ousd-a-s.mbx.dfars@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dfars@mail.mil).

John M. Tenaglia  
Principal Director,  
Defense Pricing, Contracting, and  
Acquisition Policy

Attachments:  
As stated

## **PART 243—CONTRACT MODIFICATIONS**

### **SUBPART 243.2—GENERAL**

**243.206-70 Notification of substantial impact on employment.**

The Secretary of Defense is required to notify the Secretary of Labor if a modification of a major defense contract or subcontract will have a substantial impact on employment. The clause at 252.249-7002 requires that the contractor notify its employees, its subcontractors, and State and local officials when a contract modification will have a substantial impact on employment.

**243.270 Identification of foreign military sale (FMS) requirements.**

Follow the procedures at PGI [243.270](#) for identifying contract modifications that add FMS requirements.

**243.271 Obligation or deobligation of funds.**

Follow the procedures at PGI [243.271](#) when obligating or deobligating funds.

**243.272 Application of modifications.**

Follow the procedures at 204.201-72 for determining the sequence for application of modifications to a contract or order.

### **SUBPART 243.3—CHANGE ORDERS**

**243.304 Administration.**

Follow the procedures at PGI [243.304](#) for administration of change orders.

**243.370 Definitization of change orders.**

**243.370-1 Scope.**

(a) This subsection applies to unpriced change orders with an estimated value exceeding \$5 million.

(b) Unpriced change orders for foreign military sales and special access programs are not subject to this subsection, but the contracting officer must apply the policy and procedures to them to the maximum extent practicable. If the contracting officer determines that it is impracticable to adhere to the policy and procedures of this subsection for an unpriced change order for a foreign military sale or a special access program, the contracting officer must provide prior notice, through agency channels, to the Office of the Principal Director, Defense Pricing, Contracting, and Acquisition Policy, Contract Policy via email at [osd.pentagon.ousd-a-s.mbx.dpc-cp@mail.mil](mailto:osd.pentagon.ousd-a-s.mbx.dpc-cp@mail.mil).

**243.370-2 Price ceiling.**

Unpriced change orders must include a not-to-exceed price.

**243.370-3 Definitization schedule.**

(a) Unpriced change orders must contain definitization schedules that provide for definitization by the earlier of—

(1) The date that is 180 days after issuance of the change order (this date may be extended but may not exceed the date that is 180 days after the contractor submits a qualifying proposal); or

(2) The date on which the amount of funds obligated under the change order is equal to more than 50 percent of the not-to-exceed price.

(b) Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the contract. If the contractor does not submit a timely qualifying proposal, the contracting officer may suspend or reduce progress payments under FAR 32.503-6, or take other appropriate action.

**243.370-4 Limitations on obligations.**

(a) The Government must not obligate more than 50 percent of the not-to-exceed price before definitization. However, if a contractor submits a qualifying proposal before the Government obligates 50 percent of the not-to-exceed price, the Government may increase the limitation on obligations before definitization to no more than 75 percent (see PGI [232.102-70](#) for coverage on provisional delivery payments).

(b) Obligations should be consistent with the contractor's requirements for the undefinitized period.

**243.370-5 Exceptions.**

(a) The limitations in 243.370-2, 243.370-3, and 243.370-4 do not apply to unpriced change orders for the purchase of initial spares.

(b) The limitations in 243.370-4(a) do not apply to unpriced change orders for ship construction and ship repair.

(c) The head of the agency may waive the limitations in 243.370-2, 243.370-3, and 243.370-4 for unpriced change orders if the head of the agency determines that the waiver is necessary to support—

(1) A contingency operation; or

(2) A humanitarian or peacekeeping operation.

**243.370-6 Allowable Profit.**

When the final price of an unpriced change order is negotiated after completion of a substantial portion of the required performance, the head of the contracting activity must ensure the profit allowed reflects—

(a) Any reduced cost risk to the contractor for costs incurred during contract performance before negotiation of the final price;

(b) Any reduced cost risk to the contractor for costs expected to be incurred during performance of the remainder of the contract; and

(c) The extent to which costs have been incurred prior to definitization of the unpriced change order (see 215.404). The risk assessment must be documented in the price negotiation memorandum.

#### **243.370–7 Plans and reports.**

To provide for enhanced management and oversight of unpriced change orders, departments and agencies must—

(a) Include in the Consolidated Undefined Contract Action (UCA) Management Plan required by [217.7405](#), the actions planned and taken to ensure that unpriced change orders are definitized in accordance with this subsection; and

(b) Include in the Consolidated UCA Management Report required by [217.7405](#), each unpriced change order with an estimated value exceeding \$5 million.

#### **243.371 Certification of requests for equitable adjustment.**

(a) Do not pay a request for equitable adjustment to contract terms that exceeds the simplified acquisition threshold unless the contractor certifies the request in accordance with the clause at [252.243-7002](#).

(b) To determine if the dollar threshold for requiring certification is met, add together the absolute value of each cost increase and each cost decrease. See PGI 243.371 for an example.

(c) The certification required by 10 U.S.C. 3862(a), as implemented in the clause at [252.243-7002](#), is different from the certification required by 41 U.S.C. 7103, Disputes. If the contractor has certified a request for equitable adjustment in accordance with 10 U.S.C. 3862(a), and desires to convert the request to a claim under the Contract Disputes statute, the contractor must certify the claim in accordance with FAR subpart 33.2.

#### **243.305 Contract clauses.**

##### **243.305-70 Pricing of contract modifications.**

Insert the clause at [252.243-7001](#), Pricing of Contract Modifications, in solicitations and contracts when anticipating and using a fixed price type contract.

**243.305-71 Requests for equitable adjustment.**

Insert the clause at [252.243-7002](#), Requests for Equitable Adjustment, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, that are estimated to exceed the simplified acquisition threshold.

**243.305-72 Unpriced change orders.**

Insert the clauses prescribed at 217.7406 for unpriced change orders with an estimated value exceeding \$5 million.

**PART 252 - SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

**SUBPART 252.2—TEXT OF PROVISIONS AND CLAUSES**

**252.243-7000 Reserved.**

**252.243-7001 Pricing of contract modifications.**

As prescribed in 243.305-70, use the following clause:

PRICING OF CONTRACT MODIFICATIONS (DEC 1991)

When costs are a factor in any price adjustment under this contract, the contract cost principles and procedures in FAR part 31 and DFARS part 231, in effect on the date of this contract, apply.

(End of clause)

**252.243-7002 Requests for Equitable Adjustment.**

As prescribed in 243.305-71, use the following clause:

REQUESTS FOR EQUITABLE ADJUSTMENT (DEC 2022)

(a) The amount of any request for equitable adjustment to contract terms shall accurately reflect the contract adjustment for which the Contractor believes the Government is liable. The request shall include only costs for performing the change, and shall not include any costs that already have been reimbursed or that have been separately claimed. All indirect costs included in the request shall be properly allocable to the change in accordance with applicable acquisition regulations.

(b) In accordance with 10 U.S.C. 3862(a), any request for equitable adjustment to contract terms that exceeds the simplified acquisition threshold shall bear, at the time of submission, the following certificate executed by an individual authorized to certify the request on behalf of the Contractor:

I certify that the request is made in good faith, and that the supporting data are accurate and complete to the best of my knowledge and belief.

\_\_\_\_\_  
(Official's Name)

\_\_\_\_\_  
(Title)

(c) The certification in paragraph (b) of this clause requires full disclosure of all relevant facts, including—

(1) Certified cost or pricing data if required in accordance with subsection 15.403-4 of the Federal Acquisition Regulation (FAR); and

(2) Data other than certified cost or pricing data, in accordance with subsection 15.403-3 of the FAR, including actual cost data and data to support any estimated costs, even if certified cost or pricing data are not required.

(d) The certification requirement in paragraph (b) of this clause does not apply to—

(1) Requests for routine contract payments; for example, requests for payment for accepted supplies and services, routine vouchers under a cost-reimbursement type contract, or progress payment invoices; or

(2) Final adjustment under an incentive provision of the contract.

(End of clause)

## **PGI 243—CONTRACT MODIFICATIONS**

### **PGI 243.2—GENERAL**

#### **PGI 243.270 Identification of foreign military sale (FMS) requirements.**

When adding FMS requirements using a contract modification—

- (1) Clearly indicate “FMS Requirement” on the front of the modification; and
- (2) Refer to each FMS case identifier code by line/subline item number within the modification, e.g., FMS Case Identifier GY-D-DCA.

#### **PGI 243.271 Obligation or deobligation of funds.**

Include sufficient information in each contract modification to permit the paying office to readily identify the changes for each contract line and subline item.

- (1) Include the information under the heading “Summary for the Payment Office” in—
  - (i) Section G, Contract Administration Data (Uniform Contract Format); or
  - (ii) The contract schedule (Simplified Contract Format).
- (2) The information normally should contain—
  - (i) The amount of funds obligated by prior contract actions, to include—
    - (A) The total cost and fee if a cost-type contract;
    - (B) The target fee at time of contract award if a cost-plus-incentive-fee contract;
    - (C) The base fee if a cost-plus-award-fee contract; or
    - (D) The target price and target profit if a fixed-price incentive contract;
  - (ii) The amount of funds obligated or deobligated by the instant modification, categorized by the types of contracts specified in paragraph (2)(i) of this section; and
  - (iii) The total cumulative amount of obligated or deobligated funds, categorized by the types of contracts specified in paragraph (2)(i) of this section.

### **PGI 243.3—CHANGE ORDERS**

#### **PGI 243.304 Administration.**

- (1) Whenever practicable, provide advance notice of a proposed change order to the administrative contracting officer (ACO).

(i) The ACO must review the proposed change order to ensure compatibility with the status of performance.

(ii) If the contractor has progressed beyond the effective point specified in the proposed change order, the ACO must determine the earliest practical point at which the change order could be made effective and must advise the contracting officer.

(2) If a change order has been issued and the effective date has been determined to be impracticable, the contracting officer must—

(i) Issue another change order to correct, revise, or supersede the first change order; then

(ii) Definitize by supplemental agreement citing both change orders.

**PGI 243.371 Certification of requests for equitable adjustment.**

(b) For example, a request for equitable adjustment that involves both an increase of \$100,000 and a decrease of \$105,000 has an absolute value of \$205,000 (\$100,000 + \$105,000, regardless of whether the amounts are plus or minus), which exceeds the simplified acquisition threshold.