MILLENNIUM CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Millennium Challenge Corporation
Contracts and Grants Management Division
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MEMORANDUM

Date: November 14, 2025

From: Jonathan C. Hamlet
Managing Director & Senior Procurement Executive
Contracts and Grants Management Division
Department of Administration and Finance
Millennium Challenge Corporation

To: MCC Contracts and Grants Management Division Staff

Subject: Class Deviation to Implement the FAR Revisions Parts 16 *Types of Contracts* and 52 *Solicitation Provisions and Contract Clauses* Issued on September 30, 2025

Findings

On April 15, 2025, President Trump signed the Executive Order (E.O.) 14275, "Restoring Common Sense to Federal Procurement" to reform the Federal Acquisition Regulation (FAR). This E.O. further advances the intent of the E.O. 14192, "Unleashing Prosperity Through Deregulation," signed on January 31, 2025, which established that the policy of the executive branch is to be prudent and financially responsible in the expenditure of funds and to alleviate unnecessary regulatory burdens placed on the American people.

The E.O. orders the Administrator of the Office of Federal Public Procurement Policy (OFPP), in coordination with the other members of the Federal Acquisition Regulatory Council (FAR Council), the heads of agencies, and appropriate senior acquisition and procurement officials from agencies to amend the FAR to ensure that it contains only provisions that are required by statute or that are otherwise necessary to support simplicity and usability, strengthen the efficacy of the procurement system, or protect economic or national security interests. This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative.

On May 2, 2025, the Office of Management and Budget (OMB) released its memo M-25-26 "Overhauling the Federal Acquisition Regulation" that directs all agencies to "Generally issue individual or class deviations to implement the FAR Council's deregulated coverage within 30 days after the Council releases its model deviation text. Provide copies of class deviations to the FAR Secretariat at gsaregsec@gsa.gov for public posting on Acquisition.gov."

On September 30, 2025, the FAR Council issued completed revisions for FAR Part 16 and FAR Part 52 clause. The RFO FAR Part 16 has been updated to clarify complicated policies and procedures for selecting contract type and to give the acquisition workforce new tools and flexibilities to support the guiding principles for the FAR System.

Key new improvements and flexibility 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 are not 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, Undefinitized 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

Other key changes include:

Retained:

- 16.001, “Definitions,” is retained without changes.
- All provisions and clauses have been retained (or remain reserved) with no changes except for four noted in the “Moved/Updated” section below.

Updated:

- 16.000, “Scope of Part,” is updated to add an important new sentence: “Except for limited instructions regarding the placement of task and delivery orders, the entirety of this part applies to the pre-solicitation phase and is meant to guide in acquisition planning.”
- Subpart 16.1, “Selecting Contract Types,” has been significantly restructured to consolidate policies, emphasize documentation, and provide greater flexibility to contracting officers.
- 16.101(a), “Policies,” 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.”
    - 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.”
    - This update represents a deliberate shift from a restrictive to a permissive framework, empowering contracting officers to use novel and innovative contract structures consistent with the “Guiding Principles for the System” in RFO FAR 1.102.
- 16.104, “Solicitation Provision,” updates the prescription for using the provision at “52.216-1, Type of Contract.”

  - It has been changed from mandatory ("The contracting officer shall…insert") to discretionary ("The contracting officer may…insert").
  - 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.
- Subpart 16.2, "Fixed-Price Contracts," is retained and streamlined to include updated guidance for ease of the reader.
- Subpart 16.3, "Cost-Reimbursement Contracts," has been substantially streamlined and reorganized by consolidating descriptions and relocating 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.
  - New 16.302, "Cost contracts," and 16.303, "Cost-sharing contracts," are reduced to single-sentence descriptions, whereas the former text included separate subsections for "Description," "Application," and "Limitations."
  - The content for "Cost-Plus-Incentive-Fee" (former 16.304) and "Cost-Plus-Award-Fee" (former 16.305) contracts has been deleted from this subpart and moved to 16.405 and 16.402-3, respectively.
- Subpart 16.4, "Incentive Contracts," 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.
- Subpart 16.5, "Indefinite-Delivery Contracts," has been revised to clearly outline for the acquisition workforce the types of task and delivery order contracts and how to utilize them.
- 16.504-4, "On-ramps and off-ramps," 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.
- The content of the former 16.505, "Ordering," is now distributed across three new sections:
  - New 16.506, "Postaward Procedures for Placement of Task and Delivery Orders," consolidates the general administrative requirements for contents of orders (formerly in 16.505(a)(7)) and other general post-award rules.
  - New 16.507, "Additional ordering procedures for multipleaward contracts," 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.
    - 16.507-2(a)(2), under "Fair opportunity procedures," 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.
    - 16.507-2(c)(3), "Blanket Purchase Agreements," 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.
      - Note - Contracting Officers must establish ordering procedures in the BPA that ensure BPA holders (but not other multiple-award contractors) are provided the fair opportunity procedures in 16.507-3 through -5.

    - 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).
    - 16.507-4(a), clarifies the requirement to provide fair notice of intent to place an order for orders or BPAs valued above the SAT.
    - 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)). ○ New 16.508, "Protests of orders," consolidates all rules regarding the protest of task and delivery orders (previously at 16.505(a)(10)).
- Subpart 16.6, "Time-and-Materials, Labor-Hour, and Letter Contracts" is improved for readability and to provide clarity on these high-risk contract types.
- Subpart 16.7, "Agreements," is updated with structural formatting updates to improve clarity.
- The following provision and clauses have been updated to reflect plain language, update cross-references, or to correspond with updates made within the part:
    - 52.216-1 (Provision), Type of Contract
    - 52.216-7 (Clause), Allowable Cost and Payment
    - 52.216-21 (Clause), Requirements
    - 52.216-22 (Clause), Indefinite Quantity
- The FAR Companion is expected to include best practice information on the following:
    - Selecting contract types
    - Factors in selecting contract type
    - Guidance when ceiling prices are established for fixed-price contracts with prospective price redetermination
    - Guidance on cost controls of fixed-ceiling-price contracts with retroactive price redetermination
    - Guidance on when to consider use of a completion or term form of a cost-plus-fixed-fee contact
    - Guidance on application of technical performance incentives
    - Guidance on structuring and applying firm and successive target fixed-price incentive contracts
    - Guidance on application of cost-plus-incentive fee contracts

Removed:

- 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.

Determination

To fully comply with the President's E.O.s and the revised FAR Parts 16 and 52, MCC shall follow the RFO Part 16 model deviation text instead of FAR Part 16 as codified at 48 CFR Chapter 16 and replace the relevant RFO Part 52 model deviation clause instead of the FAR Part 52 clause as codified at 48 CFR Chapter 52. The FAR Council's RFO Parts 16 and 52 model deviation texts are available at Acquisition.gov, under the "FAR Overhaul" link.

This deviation applies to all solicitations and new contracts as of November 14, 2025. This deviation does not apply to contracts signed and executed on or before November 13, 2025.

Approval

In accordance with RFO FAR 1.304 *Class deviations*, MCC Contracts Operating Manual (COM) 1.305-3 *Contracts and Grants Management Division MD/SPE*, and the OMB memo M-25-26, the RFO Part 16 model deviation text and the RFO Part 52 model deviation clause are hereby approved effective as of November 14, 2025 for use by all MCC Contracting Officers until final implementation of the FAR update or rescission of this Memo by the SPE. Additional instructions related to this Memo may be issued by the Senior Procurement Executive, Deputy Managing Director, and the Supervisory Procurement Analyst of the MCC CGM Division on an *ad hoc* basis.

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Attachments
OMB Memo M-25-26 *Overhauling the Federal Acquisition Regulation*