



Millennium Challenge Corporation
Contracts and Grants Management Division
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MEMORANDUM

Date: July 21, 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 Part 31 *Contract Cost Principles and Procedures* Issued on July 17, 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-25-25 “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 June 27, 2025, the FAR Council issued completed revisions for [FAR Part 31](#). The RFO FAR Part 31 model deviation text has been streamlined to provide only the essential requirements for the pricing of contracts, subcontracts, and modifications whenever cost analysis is performed.

Statutory requirements retained in the RFO FAR Part 31 deviation include, but are not limited to, the following:

- Armed Services Procurement Act of 1947, Public Law 413
- 41 U.S.C. Chapter 43 and 10 U.S.C. Chapter 273, Allowable Costs
- 31 U.S.C. Chapter 37, Subchapter III, Claims Against the United States Government
- 18 U.S.C. § 1031, Major Fraud Against the United States
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
- OMB Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments

Some other key changes include:

Retained:

- FAR The majority of the content is retained as it implements appropriations law.
- Most definitions and procedures are retained to maintain uniformity across Government

Removed:

- Plain language edits were made throughout to enhance readability and remove redundant, unclear, or non-essential language, decreasing the word count by more than 1300 words.

Determination

To fully comply with the President's E.O.s and the revised FAR Part 31, MCC shall follow the [RFO Part 31 model deviation text](#) instead of FAR Part 31 as codified at 48 CFR Chapter 31. The FAR Council's RFO Part 31 model deviation text is available at [Acquisition.gov](#), under the "[FAR Overhaul](#)" link.

This deviation applies to all solicitations and new contracts as of July 17, 2025. This deviation does not apply to contracts signed and executed on or before July 16, 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-25-25, the RFO Part 31 model deviation text is hereby approved effective as of July 17, 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-25-25 *Overhauling the Federal Acquisition Regulation*