



National Aeronautics and
Space Administration
Washington, DC 20546

Procurement Class Deviation

PCD 25-07

July 11, 2025

CLASS DEVIATION FROM FEDERAL ACQUISITION REGULATION (FAR) PART 43 AND NASA FAR SUPPLEMENT (NFS) PART 1843 TO IMPLEMENT THE REVOLUTIONARY FAR OVERHAUL (NASA Case 2025-N009)

PURPOSE: To provide a Class Deviation from the FAR to implement the FAR Council's model deviation text to FAR Part 43, Contract Modifications, and deviation to NFS 1843, Contract Modifications.

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—which includes GSA, DOD, 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-25-25 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 NASA FAR Supplement (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 43 model deviation has been released by the FAR Council. RFO Part 43 provides contract modification standards for the workforce to limit risk to the public and government. It applies to all types of contracts including construction and architect-engineer contracts. This part does not apply to modifications for extraordinary contractual relief in FAR subpart 50.1. RFO Part 43 **now** applies to contract modifications for orders for supplies or services not otherwise changing the terms of contracts or agreements (e.g., delivery orders under indefinite delivery contracts). Burdensome, duplicative, or outdated language and language not required by statute have been removed from FAR Part 43. This plain language version of FAR Part 43 shall be adhered to.

To align with the RFO FAR Part 43, the NFS 1843, is revised to remove non-statutory and outdated language. This deviation implements the revised RFO Part 43 and NFS Part 1843.

GUIDANCE:

(1) Contracting officers (COs) shall follow the RFO Part 43 deviated text instead of FAR Part 43 as codified at 48 CFR Chapter 43. The FAR Council's RFO text is available at [FAR Overhaul - Part 43 | Acquisition.GOV](#).

(2) COs shall also follow the NFS Part 1843 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 revises NFS 1852.243-72, Equitable Adjustments.

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Enclosure

Changes in the NFS Deviation text below are identified as follows:
Deletions shown as ~~strike-throughs~~; and additions are shown as **[bold in brackets]**.

PART 1843 CONTRACT MODIFICATIONS

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1843.2[3]05 Contract clauses.
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SUBPART ~~1843.70~~ 1843.70 UNDEFINITIZED CONTRACT ACTIONS

1843.7001 Definitions.
1843.7002 Policy.
1843.7003 Procedures.
1843.7004 Exceptions.
1843.7005 Definitization.

PART 1843 CONTRACT MODIFICATIONS

Subpart 1843.2[3]—Change Orders

1843.2[3]05 Contract clauses.

As authorized in the prefaces of clauses FAR 52.243-1, Changes- Fixed Price; FAR 52.243-2, Changes—Cost Reimbursement; and FAR 52.243-4, Changes, and in the prescription at 43.2[3]05(c) for FAR 52.243-3, Changes—Time-and-Material or Labor-Hours, the period within which a contractor must assert its right to an equitable adjustment may be varied not to exceed 60 calendar days.

1843.2[3]05-70 NASA contract clauses.

The contracting officer may insert a clause substantially as stated at [1852.243-72](#), Equitable Adjustments, in solicitations and contracts for—

- (1) Dismantling, demolishing, or removing improvements; or
- (2) Construction, when the contract amount is expected to exceed the simplified acquisition threshold and a fixed-price contract is contemplated.

Subpart 1843.70—Undefinitized Contract Actions

1843.7001 Definitions.

~~"Undefinitized contract action (UCA)" means a unilateral or bilateral contract modification, or a delivery/task order in which the final price or estimated cost and fee have not been negotiated and mutually agreed to by NASA and the contractor. For purposes of tracking definitization schedules of UCAs, letter contracts are considered to be UCAs and will be tracked as such by the Headquarters Office of Procurement, Procurement Strategic Operations Division. Otherwise, the specific requirements, policies, and procedures for letter contracts are in FAR 16.603 and NFS 1816.603.~~

1843.7002 Policy.

~~—(a) The contracting officer may issue undefinitized contract actions only on an exception basis, and must ensure that NASA liabilities and commitments are minimized. When an undefinitized contract action is justified and program requirements can be severed into smaller, discrete efforts, the contracting officer shall limit work authorized by the undefinitized contract action to the minimum severable effort required to satisfy the urgent program requirements. The contracting officer must acquire any remaining requirements through a separate, fully priced and definitized contract action.~~

~~—(b) The contracting officer shall document the contract file for each UCA to justify issuance and include a Government estimate for the changed requirements. The contracting officer shall use the Justification and Approval of Undefinitized Contract Actions (UCAs) and Letter Contracts template to document the file for all UCA actions.~~

~~[PN 18-10]~~

1843.7003 Procedures.

~~—(a)(1) Undefined contract actions shall be approved in writing by the head of the contracting activity (see NFS definition of “head of the contract activity” at NFS 1802.101.~~

~~—(2) In emergency situations, approval may be given orally and subsequently confirmed in writing.~~

~~—(3) The approval authorities in paragraphs (a)(1) of this section are not delegable.~~

~~—(b)(1) The contracting officer shall issue undefinitized contract actions above the simplified acquisition threshold as bilateral agreements setting forth a ceiling or “not to exceed” (NTE) price for the changed contractual requirements. For fixed price contracts the negotiated price for the changed contract requirements shall not exceed the established ceiling price. In the case of cost type contracts any costs eventually negotiated for the changed requirements in excess of the NTE shall be non-fee bearing. The contracting officer shall identify the ceiling price or NTE estimated cost in the undefinitized contract action separately from the pricing structure of the basic contract.~~

~~—(2) The head of the contracting activity may waive the ceiling NTE price and bilateral agreement requirements prior to UCA issuance on the basis of urgency. This waiver authority is not delegable. The contracting officer shall document this waiver in the contract file.~~

~~—(c) The contracting officer shall clearly define the changed contractual requirements in the UCA and shall limit the requirements to the minimum effort required to satisfy urgent program requirements while a cost proposal is prepared, analyzed, and negotiated.~~

~~—(d) For undefinitized contract actions with a Government estimate greater than \$1,000,000, and not excepted under subpart 1843.7004, the contracting officer shall obtain a 180 day funding profile from the contractor prior to execution of the undefinitized contract action.~~

~~—(e) For undefinitized contract actions with a Government estimated cost or price greater than \$1,000,000, the contracting officer shall include a requirement that the change be separately accounted for by the contractor to the degree necessary to provide the contracting officer visibility into actual costs incurred pending definitization. The contracting officer may waive this requirement for individual actions, if the contracting officer determines that such accounting procedures would not be cost effective. Any such waiver shall not affect existing [NASA Form 533](#) or other financial reporting requirements set forth in the contract.~~

~~*/PN 18-10/*~~

1843.7004 Exceptions.

~~—(a) Exceptions to the requirement for head of the contracting activity approval of undefinitized contract actions are —~~

~~—(1) Modifications to facilities contracts;~~

~~—(2) Modifications to construction contracts using Construction of Facilities funding; or~~

~~—(3) Modifications to decrease the contract value.~~

~~—(b) For any of the modifications in paragraph (a) of this section, the contracting officer shall cite the exception and include complete supporting rationale for its applicability in the contract file.~~

~~—(c) Exceptions to the requirements for Undefinitized Contract Actions are —~~

~~——(1) Change orders invoked by any of the FAR 52.243 Changes Clauses, administrative changes, funding modifications, or any other contract modifications that are within the scope and under the terms of the contract (e.g., engineering change proposals, value engineering change proposals).~~

~~[PN 24-13]~~

1843.7005 Definitization.

~~——(a) The contracting officer should ensure undefinitized contract actions are sufficiently complete and detailed as to enable the contractor to begin immediate preparation of a cost proposal for the changed requirement. The NASA goal is to definitize UCAs within 180 days from date of issuance.~~

~~(b) The contracting officer shall document definitization negotiations in the contract file, clearly showing how the definitized price was determined and specifically documenting any variance between the original NTE price and the final definitized price.~~

PART 1852 SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Subpart 1852.2—Text of Provisions and Clauses

1852.243-72 Equitable Adjustments.

As prescribed in 1843.2[3]05-70, insert the following clause.

EQUITABLE ADJUSTMENTS (APR 1998) [(JUL 2025) DEVIATION]

(a) The provisions of all other clauses contained in this contract which provide for an equitable adjustment, including those clauses incorporated by reference with the exception of the “Suspension of Work” clause (FAR 52.242-14), are supplemented as follows:

Upon written request, the Contractor ~~shall~~ **[must]** submit a proposal for review by the Government. The proposal ~~shall~~ **[must]** be submitted to the contracting officer within the time limit indicated in the request or any extension thereto subsequently granted. The proposal ~~shall~~ **[must]** provide an itemized breakdown of all increases and decreases in the contract for the Contractor and each subcontractor in at least the following detail: ~~material quantities and costs; direct labor hours and rates for each trade; the associated FICA, FUTA, SUTA, and Workmen’s Compensation Insurance; and equipment hours and rates.~~

[Direct Costs:

Direct Labor: Shown by trade, employer occupation, quantity of labor hours, and base and burdened hourly labor rate, with itemization of applied labor burdens (FUTA, SUTA, Workman's Compensation Insurance) (exclusive of employer's overhead, profit, and any labor cost burdens carried in employer's overhead rate);

Direct Material Costs: Shown by trade, supplier, material description, quantity of material units, and unit cost (including all manufacturing burden associated with material fabrication and cost of delivery to site, unless separately itemized);

Cost of equipment required to perform the work, identified with material to be placed or operation to be performed;

Other Direct Costs: Details must be provided to substantiate the claimed costs.]

(b) The overhead percentage cited below ~~shall~~ **[must]** be considered to include all indirect costs including, but not limited to, field and office supervisors and assistants, incidental job burdens, small tools, and general overhead allocations. **[Overhead rates are subject to audit.]** "Commission" is defined as profit on work performed by others. The percentages for overhead, profit, and commission are negotiable according to the nature, extent, and complexity of the work involved, but in no case ~~shall they~~ exceed the following ceilings:

	Overhead (Percent)	Profit (Percent)	Commission
To Contractor on work performed by other than its own forces	-----	-----	10 percent
To first tier subcontractor on work performed by its subcontractors	-----	-----	10 percent
To Contractor and/or subcontractors on work performed with their own forces	10 percent	10 percent	-----

(c) Not more than four percentages for overhead, profit, and commission ~~shall~~ **[must]** be allowed regardless of the number of subcontractor tiers.

(d) The Contractor or subcontractor ~~shall~~ **[must]** not be allowed overhead or commission on the overhead, profit, and/or commission received by its subcontractors.

(e) Equitable adjustments for deleted work ~~shall~~ **[must]** include credits, limited to the same percentages for overhead, profit, and commission in paragraph (b) of this clause.

(f) On proposals covering both increases and decreases in the amount of the contract, the application of the overhead, profit, and commission ~~shall~~ **[must]** be on the net change in direct costs for the Contractor or the subcontractor performing the work.

(g) After receipt of the Contractor's proposal, the contracting officer ~~shall~~ **[must]** act within a reasonable period, provided that when the necessity to proceed with a change does not permit time to properly check the proposal, or in the event of a failure to reach an agreement on a proposal, the contracting officer may order the Contractor to proceed on the basis of the price being determined at

the earliest practicable date. In such a case, the price ~~shall~~**[must]** not be more than the increase or less than the decrease proposed.

(End of clause)

CLEAN REGULATORY VERSION WITH CHANGES INCORPORATED:

PART 1843
CONTRACT MODIFICATIONS

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1843.305		Contract clauses.
1843.305-70		NASA contract clauses.

PART 1843
CONTRACT MODIFICATIONS

Subpart 1843.2—Change Orders

1843.305 Contract clauses.

As authorized in the prefaces of clauses FAR 52.243-1, Changes- Fixed Price; FAR 52.243-2, Changes—Cost Reimbursement; and FAR 52.243-4, Changes, and in the prescription at 43.305(c) for FAR 52.243-3, Changes—Time-and-Material or Labor-Hours, the period within which a contractor must assert its right to an equitable adjustment may be varied not to exceed 60 calendar days.

1843.205-70 NASA contract clauses.

The contracting officer may insert a clause substantially as stated at [1852.243-72](#), Equitable Adjustments, in solicitations and contracts for—

- (1) Dismantling, demolishing, or removing improvements; or
- (2) Construction, when the contract amount is expected to exceed the simplified acquisition threshold and a fixed-price contract is contemplated.

1852.243-72 Equitable Adjustments.

As prescribed in 1843.305-70, insert the following clause.

**EQUITABLE ADJUSTMENTS
(JUL 2025) DEVIATION**

(a) The provisions of all other clauses contained in this contract which provide for an equitable adjustment, including those clauses incorporated by reference with the exception of the “Suspension of Work” clause (FAR 52.242-14), are supplemented as follows:

Upon written request, the Contractor must submit a proposal for review by the Government. The proposal must be submitted to the contracting officer within the time limit indicated in the request or any extension thereto subsequently granted. The proposal must provide an itemized breakdown of all increases and decreases in the contract for the Contractor and each subcontractor in at least the following detail:

Direct Costs:

Direct Labor: Shown by trade, employer occupation, quantity of labor hours, and base and burdened hourly labor rate, with itemization of applied labor burdens (FUTA, SUTA, Workman’s Compensation Insurance) (exclusive of employer’s overhead, profit, and any labor cost burdens carried in employer’s overhead rate);

Direct Material Costs: Shown by trade, supplier, material description, quantity of material units, and unit cost (including all manufacturing burden associated with material fabrication and cost of delivery to site, unless separately itemized);

Cost of equipment required to perform the work, identified with material to be placed or operation to be performed;

Other Direct Costs: Details must be provided to substantiate the claimed costs.

(b) The overhead percentage cited below must be considered to include all indirect costs including, but not limited to, field and office supervisors and assistants, incidental job burdens, small tools, and general overhead allocations. Overhead rates are subject to audit. “Commission” is defined as profit on work performed by others. The percentages for overhead, profit, and commission are negotiable according to the nature, extent, and complexity of the work involved, but in no case exceed the following ceilings:

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(End of clause)