



Global Acquisitions

U.S. DEPARTMENT *of* STATE

Acquisition Alert 26-13

TO: All Contracting Activities

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SUBJECT: Federal Acquisition Regulation (FAR) Class Deviation for FAR Part 16 in Support of Executive Order on Restoring Common Sense to Federal Procurement

- 1. Introduction:** The purpose of this Acquisition Alert is to issue a FAR class deviation to Part 16 for purposes of implementing the Federal Acquisition Regulatory Council's model deviation text to that part.
- 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- Remove duplicative or outdated language;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 plain language;
- Revise language for the new FAR framework; and
- Retain language necessary for governmentwide acquisition standards.

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative. This class deviation is issued under the authority of E.O. 14275, OMB M-25-25, and 48 CFR 1.4.

Deviation Summary

FAR part 16, Types of Contracts, clarifies complicated policies and procedures for selecting contract type. It also simplifies and streamlines ordering procedures under multiple award contracts, including the process for establishing blanket purchase agreements (BPA). It is reorganized and streamlined, combining related topics and removing repeated information. Below is a summary of changes:

- Contracting Officers must create ordering procedures for BPAs to provide fair opportunity to all BPA holders, **not all contractors under the IDIQ**.
- Subpart **16.1, Selecting Contract Types**, has been significantly restructured to consolidate policies, emphasize documentation, and provide greater flexibility to contracting officers.
- Section **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 without the administrative burden of a formal deviation
- Section **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**, is revised to clearly outline the types of task and delivery order contracts and provide guidance on their use.

- The content of the former 16.505, Ordering, is now distributed across three new sections:
 - **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.
 - **16.507, “Additional ordering procedures for multiple-award contracts”** is now the central location for all rules related to the requirement to provide fair opportunity to be considered for orders or BPAs. It is broken down by dollar value and contains the **rules for orders**:
 - **At or below the micro-purchase threshold (MPT)**, 16.507-1
 - **Fair opportunity for orders above MPT**, 16.507-2
 - **Above the MPT but not above the SAT**, 16.507-3
 - **Above the SAT but not above 7.5 million** (\$6 million prior to October 1, 2025), 16.507-4
 - **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](#).

- New subsection **16.507-2(c)(3)** explicitly authorizes the establishment of **BPAs under multiple-award IDIQ contracts** to fill repetitive needs, if authorized in the master contract.
- **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 (previously at 16.505(b)(1)(iii)-(iv)).
- **Contracting officers are encouraged to modify existing multiple award contracts awarded using part 16 procedures to allow for the establishment of BPAs** (see 16.504-5(h)(2)).
- **16.508, “Protests of orders”** consolidates all rules regarding the protest of task and delivery orders (previously at 16.505(a)(10)).
- **16.6, Time-and-Materials, Labor-Hour, and Letter Contracts**, is improved for readability and to provide clarity on these high-risk contract types.
- The following **provisions 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

Statutory requirements retained in the RFO FAR part 16 model deviation include, but are not limited to the following:

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

The following non-regulatory content was moved to the FAR Companion:

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- Selecting contract types (former 16.101)
- Factors in selecting contract type (former 16.104)
- Guidance when ceiling prices are established for fixed-price contracts with prospective price redetermination (former part 16.205-2(b))
- Guidance on cost controls of fixed-ceiling-price contracts with retroactive price redetermination (former 16.206-2(c))
- Guidance on when to consider use of a completion or term form of a cost-plus-fixed-fee contract (former 16.306(d)(3) and 16.306(d)(4))
- Guidance on application of technical performance incentives (former 16.402-2 (c) through 16.402-2(h))
- Guidance on structuring and applying firm and successive target fixed-price incentive contracts (former 16.403-1 and 16.403-2)
- Guidance on application of cost-plus-incentive-fee contracts (former 16.405-1)

Obsolete content removed:

- Provision 16.505 (a)(11), publicizing orders funded by the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (ARRA).

Corresponding DOSAR Deviation Summary

Changes were made to Department of State Acquisition Regulation (DOSAR) part 616 to align with this part based on the FAR Overhaul changes and to update with current operational practices.

- 3. Acquisition Impact:** The changes resulting from this class deviation affect all DoS procurements issued on or after the effective date of the AA.
- 4. Action Required:** The acquisition workforce must follow the RFO part 16 model deviation text instead of FAR part 16 as codified at 48 CFR Chapter 1. The FAR Council's RFO model deviation text is available at Acquisition.gov/far-overhaul, and is incorporated into this class deviation.
 - a. For new solicitations or contracts, when using any provisions or clauses that have been revised, utilize the RFO model deviation language at RFO FAR part 52. Do not include any of the removed provisions or clauses in future solicitations and contracts.
 - b. For open solicitations or awarded contracts, the contracting officer has discretion regarding the need to enforce or amend the provisions or clauses.

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Note that without some of the removed provisions or clauses, the contracting officer may be required to separately address certain aspects in the contract.

- 5. Effective Date:** The model deviated language was released on September 30, 2025; however, this deviation will be effective on February 27, 2026.
- 6. Expiration Date:** This Acquisition Alert expires upon incorporation into the FAR, DOSAR, and/or DOSAM.
- 7. Additional Information:** Questions regarding this Acquisition Alert may be directed to AcquisitionPolicy@state.gov.
- 8. Attachments:** [DOSAR Part 16 Deviation Line In Line Out](#)
- 9. Referenced Documents, Checklists, Guides and Templates:**
[FAR Part 16 Practitioner Album](#)