



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

26 March 2020

MEMORANDUM FOR PROGRAM EXECUTIVE OFFICERS
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FROM: SAF/AQ

SUBJECT: Creative Contracting Techniques for Maintaining the Financial Health of the Defense Industrial Base Update

As we work through the COVID-19 pandemic, I appreciate your many efforts to implement the guidance in my 20 March 2020 memo on Creative Contracting Techniques for Maintaining the Health of the Defense Industrial Base (DIB). Feedback from our industry has been strong and appreciative.

- Where the circumstances warrant, continue to consider raising progress payments up to 95 percent for small businesses, and 90 percent for large businesses, and request permission to exceed these thresholds when needed. DCMA has begun mass modifications to our contracts, raising progress payments to 90 percent, so coordination with DCMA actions will be important.
- Where the circumstances warrant, continue to consider reducing withholds down to 5 percent and request permission for below 5 percent on mandatory withholds when needed.

Though we always strive to get value for every taxpayer dollars, your creativity and judgment balancing long-term DIB needs are increasing liquidity of critical suppliers and ensuring programs, now and in future, are not put at risk. Thank you!

That same guidance always requested creative use of Undefined Contracting Actions (UCAs) to accelerate contract awards in negotiation to increase cashflow. Where UCAs are required or beneficial, increase obligations and allowed expenditures up to 95 percent and request permission for above 95 percent where needed. Industry leaders need a strong signal that anticipated programs, especially those in critical research and development, will continue unabated by COVID-19 to make sound business choices about internal investments, personnel, and supplier relations. Many vulnerable smaller business will depend on these programs being awarded as expeditiously as possible.

Consequently, I am directing all program managers and contracting officers accelerate the award of new programs, where justified and in accordance with statute, policies, and regulations, and maximize the use of UCAs (also where justified) to purchase critical items smarter and faster.

Thank you for the important work you and your teams are performing to keep our current and future national security unquestioned during the midst of this national crisis.

A handwritten signature in black ink, appearing to read 'W. B. Roper, Jr.', with a stylized flourish at the end.

William B. Roper, Jr.
Assistant Secretary of the Air Force
(Acquisition, Technology & Logistics)

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