



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

DEC 13 2017

In reply refer to  
DARS Tracking Number: 2018-O0003

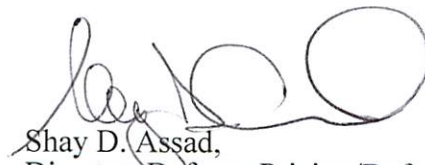
MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION COMMAND  
(ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION  
AND PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Class Deviation—Section 899 Pilot Program Regarding Risk-Based Contracting for  
Smaller Contract Actions

Effective immediately, subject to prior approval by the Director, Defense Procurement and Acquisition Policy (DPAP), DoD contracting officers may participate in the “Section 899 Pilot Program for Risk-Based Contracting for Smaller Contract Actions.” For solicitations and contracts authorized by the Director, DPAP, for participation in the Pilot Program, contracting officers shall include the attached clause 252.215-7999, Pilot Program Regarding Risk-Based Contracting for Smaller Contract Actions (DEVIATION 2018-O0003).

This clause supports implementation of section 899 of the National Defense Authorization Act for Fiscal Year 2016 (Pub. L. 114-92). Section 899 authorizes the Secretary of Defense to conduct a pilot program to increase the threshold for obtaining certified cost or pricing data under 10 U.S.C. 2306a (frequently referred to as "Truth in Negotiations Act"), which is currently \$750,000, to \$5 million, in order to assess the efficacy of using risk-based techniques, on a sampling basis, to evaluate cost or pricing data submitted by select contractors. This authority affords the Department a unique opportunity in a pilot setting to assess the impact(s) of raising the threshold for obtaining certified cost or pricing data on prime contracts or subcontracts.

This class deviation remains in effect until September 30, 2019, or otherwise rescinded. My point of contact is Mr. Mark Gomersall, who is available at 571-372-6099, or at mark.r.gomersall.civ@mail.mil.

  
Shay D. Assad,  
Director, Defense Pricing/Defense  
Procurement and Acquisition Policy

Attachment:  
As stated

**252.215-7999 -- Pilot Program Regarding Risk-Based Contracting for Smaller Contract Actions (DEVIATION 2018-O0003)**

Include the following clause in solicitations and resulting contracts, for which the Director, Defense Procurement and Acquisition Policy, has authorized for participation in the pilot program implementing section 899 of the National Defense Authorization Act for Fiscal Year 2016 (Pub. L. 114-92).

**PILOT PROGRAM REGARDING RISK-BASED CONTRACTING FOR SMALLER CONTRACT ACTIONS (DEVIATION 2018-O0003)(DEC 2017)**

(a) Under the authority of section 899 of the National Defense Authorization Act for Fiscal Year 2016 (Pub. L. 114-92) as implemented under class deviation 2018-O0003, Section 899 Pilot Program Regarding Risk-Based Contracting for Smaller Contract Actions, the threshold for submission of certified cost or pricing data in FAR 15.403-4 (currently \$750,000), as referenced throughout this contract, is increased to \$5,000,000.

(b) Unless the Contractor is otherwise exempt from the submission of certified cost or pricing data, the Head of Contracting Activity (HCA) may determine that the submission of certified cost or pricing data below the \$5,000,000 threshold is necessary for the evaluation of the reasonableness of the price. If the HCA determines that certified cost or pricing data are required below this threshold, the Contracting Officer will notify the contractor of this determination prior to contract negotiations.

(c) As a condition of participating in this pilot program, in lieu of the submission of certified cost or pricing data below \$5,000,000, the Contractor shall submit verifiable data documenting any savings (time or money) achieved as a result of this pilot within 3 months after award or modification of this contract.

(End of clause)