Subject: Class Deviation 2020-O0010 -- Progress Payment Rates in Response to the Economic Impact of Coronavirus Disease 2019 (COVID-19)

Date: 25 Mar 2020

Summary:

- Class Deviation—Progress Payment Rates was issued on March 20, 2020 by the Acting Principle Director, Defense Pricing and Contracting (DPC). Effective immediately, in response to the COVID-19 national emergency, the progress payment rates at Defense Federal Acquisition Regulation Supplement (DFARS) 232.501-1 are increased to 90 percent for large business concerns and 95 percent for small business concerns.

  Contracting officers shall use the deviation clauses detailed below. See attached class deviation 2020-O0010 for the full text of the deviation.

  - Use 252.232-7004, DoD Progress Payment Rates (DEVIATION 2020-O0010), in lieu of the clause at DFARS 252.232-7004.
  
  - Use 52.232-16, Progress Payments (DEVIATION 2020-O0010), in lieu of the clause at Federal Acquisition Regulation (FAR) 52.232-16.
  
  - Use Alternate II (DEVIATION 2020-O0010), in lieu of FAR clause 52.232-16.
  
  - Contracting officers shall use Alternate III of FAR clause 52.232-16 as prescribed at FAR 32.502-4(d) with the deviation for FAR clause 52.232-16.

- This deviation is in effect for all contracts/orders currently receiving progress payments AND those that could potentially receive progress payments if FAR clause 52.232-16, Progress Payments is included in the contract/order. This deviation is applicable to all subcontracts; therefore, should be flowed down to the prime contractor’s subcontractors as well.

- This deviation is **NOT retroactive** and is prospective only. This means it is only applicable for progress payment requests received on or after the date of this deviation, March 20, 2020. However, due to DCMA’s processing of mass modification/s for affected contracts/orders, any payment requests submitted between the date of the deviation (March 20, 2020) and the date of the DCMA fully-executed mass modification/s should be included in the contractor’s subsequent payment requests after the execution of the mass modification/s. See below for additional details on the mass modification/s.

**DCMA Mass Modification/s:**

- DCMA currently administers numerous contracts/orders with progress payment provisions. To ensure efficient and expedient implementation of this class deviation, DCMA’s Functional Information Resource Management (FIRM) Center is gathering data to identify all DCMA-administered contracts/orders currently in Section 1 that have unliquidated progress payments. The FIRM will execute one or more mass modifications to incorporate the progress payment rate deviation for all affected contracts by Friday, 27 March 2020 and will notify the Regions when the modification/s have been issued and fully executed.
Therefore, Administrative Contracting Officers (ACOs) are hereby instructed not to issue any modifications as a result of this deviation until AFTER the mass modifications have been fully executed.

- After the mass modification/s have been executed and, in accordance with the duties outlined in FAR subpart 42.3, ACOs have the authority and responsibility to issue any administrative or PCO-delegated modifications resulting from this deviation. ACOs shall review the mass modification thoroughly to identify any contracts/orders that were not included in the mass modification and issue ACO-generated modifications accordingly to ensure complete coverage across assigned contract population. **Contracts/orders which will be EXCLUDED from the mass modification/s are outlined below:**

  - The following will be EXCLUDED from the mass modification(s); therefore, the ACO shall accomplish modifications, as needed, for the following:
    - Any contracts/orders where a stop payment has been issued.
    - Any contracts/orders where an alternate liquidation rate has already been established.

  - The following will be EXCLUDED from the mass modification/s as the buying command will be handling their own modifications and notifications regarding progress payment rate changes:
    - Shipbuilding contracts from the Naval Sea Systems Command (NAVSEA).

  - There is a small population of contracts in MOCAS for which DCMA is not the contract administration office. These contracts will also be EXCLUDED from the mass modification/s.

  - The mass modification/s will not change the progress payment rates in MOCAS; therefore, once the mass modification(s) are in processed status, **ACOs shall take immediate action now to ensure the following MOCAS actions are accomplished to mitigate payment issues:**

    1. The progress payment rate (MOCAS, YCU2/3/2) and the ACO Progress Payment Master (MOCAS YCPM) are updated accordingly for all contracts currently receiving progress payments.

    2. The progress payment rate (MOCAS, YCU2/3/2) and the ACO Progress Payment Master (MOCAS YCPM) are updated accordingly for all contracts that contain FAR 52.232-16, Progress Payments, **even if progress payments have not been requested by the contractor to date.**

    3. For all new contracts and orders, conduct Contract Receipt and Review to ensure this class deviation is included in all contracts/orders received as of the date of this class deviation, March 20, 2020, and the correct progress payment rate (and ACO Progress Payment Master when the 1st progress payment request is received) is accurately reflected in MOCAS.

- This C-Note is effective immediately and remains in effect until the class deviation is rescinded.
Quick Click:

- DCMA-MAN 2101-02 Resource Page:  
  https://360.intranet.dcma.mil/Sites/Policy/PA/SitePages/2101-02r.aspx

- Defense Pricing and Contracting:  

- Class Deviation 2020-O0010 -- Progress Payment Rates:  
  ![Class Deviation 2020-O0010, Progress Payment Rates](https://360.intranet.dcma.mil/DPAP/PACC/COVID-19.html#Exemption_and_Waiver_FAR)

- MOCAS Manuals:  

- MOCAS Quick Reference Guides (for updating progress payment rates and ACO Progress Payment Master):
  
  - Progress Payment Rate Update IAW Cls:  
    ![PDF](https://360.intranet.dcma.mil/DPAP/PACC/COVID-19.html#Exemption_and_Waiver_FAR)
  
  - MOCAS Progress Payment Master.pdf:  
    ![PDF](https://360.intranet.dcma.mil/DPAP/PACC/COVID-19.html#Exemption_and_Waiver_FAR)

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