



April 16, 2020

**MEMORANDUM FOR:** Heads of Contracting Activity

**FROM:** David R. Dasher //s//  
Deputy Assistant Secretary for the Office of Acquisitions  
Senior Procurement Executive

**SUBJECT:**

Class Deviation (2020-03) from the Federal Acquisition Regulation  
Regarding Customary Progress Payment Rates Based on Costs

**PURPOSE:**

This memorandum approves a class deviation from the Federal Acquisition Regulation (FAR) for the customary progress payment rates based on costs and to increase the progress payment rate.

**EFFECTIVE DATE:**

Immediately

**EXPIRATION DATE:**

This FAR class deviation is effective upon signature and remains in effect until it is incorporated in the FAR or is otherwise rescinded.

**BACKGROUND:**

The Civilian Agency Acquisition Council (CAAC) has issued CAAC Letter 2020-03, dated April 15, 2020, allowing agencies to authorize a class deviation for the customary progress payment rates based on costs at FAR 32.501-1 to increase the progress payment rate to 90 percent for large business concerns, and 95 percent for small business concerns.

**AUTHORITY:**

This class deviation is issued under the authority of FAR 1.404 and HHSAR 301.4. This deviation is issued following consultation with the Chair of the Civilian Agency Acquisition Council (CAAC) in accordance with FAR 1.404(a) and the HHS Senior Procurement Executive in accordance with HHSAR 301.401.

**DEVIATION:**

The areas of the FAR being amended by this class deviation are shown in the Attachment to this Memorandum.

**APPLICABILITY:**

This class deviation applies to all solicitations and contracts.

**CAAC CONSULTATION:**

The attached memorandum from the Chairman of the Civilian Agency Acquisition Council constitutes the consultation required by FAR 1.404 for class deviations.

Questions or comments pertaining to this class deviation may be directed to Mary Coleman, Office of Acquisition Policy at 202-768-3487 or [Mary.Coleman@hhs.gov](mailto:Mary.Coleman@hhs.gov)

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Attachment: CAAC LETTER 2020-03, including Attachment – FAR Deviation Text.

(Class Deviation 2020-03)