



DEFENSE CONTRACT MANAGEMENT AGENCY

3901 ADAMS AVENUE, BUILDING 10500
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MEMORANDUM FOR COMPONENT HEADS

March 13, 2026

SUBJECT: DCMA Policy-type Memorandum 26-003, "Revolutionary Federal Acquisition Regulation Overhaul Update to DCMA Manual 2101-02, 'Payments.'"

References: (1) DCMA Manual 4501-01, "Agency Issuance Program," March 18, 2024, as amended
(2) Executive Order, "Restoring Common Sense to Federal Procurement"
(3) Revolutionary FAR Overhaul Website, <https://www.acquisition.gov/far-overhaul>
(4) Defense Pricing, Contracting, and Acquisition Policy DFARS Revolutionary FAR Overhaul Class Deviations website, https://www.acq.osd.mil/dpap/dars/dfars_far_overhaul_class_deviations.html

Purpose.

The purpose of this DCMA policy-type memorandum (DCMA-PTM) is to implement the modernized Federal Acquisition Regulation (FAR) policy and procedures resulting from the Revolutionary FAR Overhaul (RFO).

This DCMA-PTM meets the definition of a policy-type memorandum pursuant to Paragraph 15.2. of DCMA Manual 4501-01, "Agency Issuance Program," by implementing the 31 FAR deviations published on December 18, 2025 effective February 1, 2026.

This DCMA-PTM amends DCMA Manual (DCMA-MAN) 2101-02, "Payments."

Applicability.

This DCMA-PTM applies to all DCMA activities unless higher-level regulations, policy, guidance, or agreements take precedence.

Background.

Pursuant to the President's Executive Order, "Restoring Common Sense to Federal Procurement," the Federal government is undertaking the first-ever comprehensive overhaul of the FAR, which will return the FAR to its statutory roots, rewrite it in plain language, and remove most non-statutory rules. In addition, non-regulatory buying guides will provide practical strategies grounded in common sense while remaining outside the FAR.

On September 30, 2025, the Office of Federal Procurement Policy finished publishing RFO model deviations for all parts (1-53) of the FAR. Departments and Federal agencies were tasked with reviewing and adopting the deviations. As of January 26, 2026, Defense Pricing, Contracting, and Acquisition Policy (DPCAP) announced that DOW has adopted 37 of the RFO deviations, effective February 1, 2026. DPCAP also issued deviations to the corresponding parts

in the DFARS and DFARS Procedures, Guidance, and Information (PGI). DPCAP is currently working on adopting the model deviations for the remaining FAR and corresponding DFARS and DFARS PGI parts and will update the workforce accordingly when they become available.

Policy.

It is DCMA policy to fully embrace and implement the principles and directives of the RFO as the DOW transitions to the new Strategic Acquisition Guidance, which consists of a streamlined FAR and a series of buying guides that emphasize innovative and proven procurement techniques.

Responsibilities.

- DCMA Supervisors.

DCMA supervisors will ensure that deviations from amended FAR and DFARS parts are flowed down and reflected in their employees' contract-related workload, tasks, and actions.

- DCMA Employees.

DCMA employees will follow the DOW Class Deviations for the published FAR and DFARS parts in all acquisition and contract administration actions, effective February 1, 2026

Issuance RFO Updates.

As a result of the RFO Deviation 2026-O0022, Part 32.104(d)(2) of the FAR was updated to include a change in the conditions the contracting officer must apply for providing contract financing in the form of performance-based payments or customary progress payments. The changes include an increase in the minimum contract price from \$2.5 million to \$3.5 million or more for other than small business concerns to receive contract financing. The change in FAR 32.104(d)(2) requires a corresponding change in Section 9.1(b)(6) of DCMA-MAN 2101-02 as follows:

Current language:

- (6) Ensure progress payments are authorized (FAR 32.104) if the contractor:

- Is not expected to bill for delivery of products for a substantial time (6 months for large businesses, 4 months for small businesses)
- Is a small business concern with the contract value over the Simplified Acquisition Threshold (SAT)
- Is a large business with contract value at \$2.5 million or more

- For an IDC, a BOA, or similar ordering instrument, the aggregate value for orders or contracts that individually exceed SAT to have a total value of \$2.5 million or more

Updated language:

(6) Verify the contracting officer has applied the conditions listed in FAR 32.104(d) for authorizing contract financing to include progress payments if the contractor:

- Will not be able to bill for the first delivery of products for a substantial time after work must begin which is normally 4 months for small business concern and 6 months or more for others
- Is a small business concern with the contract value over the Simplified Acquisition Threshold (SAT)
- Is an other than small business concern with contract value at \$3.5 million or more
- Is an other than small business concern with an Indefinite Delivery Contract , a Basic Ordering Agreement , or similar ordering instrument, and the aggregate value for orders or contracts that individually exceed SAT to have a total value of \$3.5 million or more

Labor Codes.

Located on Resource Page

Resource Page.

[https://dod365.sharepoint-mil.us/sites/DCMA-BCF-Product Acceptance Proper Payment/SitePages/2101-02r--Payments-.aspx](https://dod365.sharepoint-mil.us/sites/DCMA-BCF-Product%20Acceptance%20Proper%20Payment/SitePages/2101-02r--Payments-.aspx)

Releasability.

- **Cleared for public release.**

Effective.

- This DCMA-PTM is effective immediately and will be incorporated into DCMA-MAN 2101-02. This DCMA-PTM will expire effective 12 months from the date of issuance.

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