

Defense Pricing and Contracting (DPC)

COVID-19 Guidance Provided for the Contracting Community

Status as of 26 March 2020:

1. On March 5, 2020 DPC issued a memo entitled “Continuation of Essential Contractor Services” reminding the contracting community in light of COVID-19 to use the provision and clauses in the Defense Federal Acquisition Regulation Supplement (DFARS) pertaining to mission essential functions and the responsibilities of contractors who have this clause in their contracts.
2. On March 6, 2020 DPC issued a memo entitled “Emergency Acquisition Flexibilities – Disaster or Emergency Assistance Activities” reminding the workforce of the various procurement flexibilities that will come into play when/if the President declares a major disaster or emergency declaration. This reminder was made prior to POTUS’ declaration.
3. On March 11, 2020, after hearing some feedback from industry, DPC issued a memo entitled “Planning for Potential Novel Coronavirus Contract Impacts”. This memo noted that DoD missions are accomplished by the total force (military, civilian and contractor personnel) and advised that the entirety of the workforce should monitor the CDC website for health and safety information. We strongly encouraged contracting officers to work with their requirements owners and program managers to ensure safety measures for the total workforce were taken while ensuring mission continuity. And, we noted that it is vital to be in close communication and coordination with all stakeholders including contractors.
4. On March 20, 2020, based on DHS guidance, and Ms. Lord’s subsequent memo to industry, DPC issued a policy memo entitled “Defense Industrial Base Contract Considerations”. This memo identified Defense Industrial Base contractors that operate under a DX or DO rated order as critical infrastructure. And we gave flexibility to PEOs, HCAs and commander’s as mission owners to identify as critical infrastructure other efforts performed under unrated orders. This direction would allow contractors to continue working if defined as critical, if there are state or local direction to shelter in place.
5. On March 20, 2020, based on additional feedback from industry, DPC issued a memo entitled “Contract Place of Performance – Public Health Considerations” that advised contracting officers to work with their contractors to provide as much flexibility for telework as possible as long as it did not degrade the mission (regardless of specific contract language not allowing for teleworking).
6. On March 20, 2020, based on internal discussions and later industry feedback, we issued a class deviation to the DFARS entitled “Class Deviation 2020-O0010 – Progress Payment Rates”. This deviation raises the large business rate from 80% to 90% and from 90% to 95% for small business. The increased rates will apply once contracts are modified and stay into effect until

the deviation is rescinded (once COVID-19 issues are past and industry cash flow returns to prior levels).

Availability of the Guidance:

All the publications noted above are posted on DPC's external website, specifically the page dedicated to COVID-19 issues. The link is identified below.

<https://www.acq.osd.mil/dpap/pacc/cc/COVID-19.html>

This site also contains COVID-related publications by the Military Components, as well as the Office of Management and Budget, that are relevant to the contracting community.

We anticipate that additional guidance will be provided as new issues/questions arise and/or the situation continues.

See also <https://www.businessdefense.gov/Coronavirus/>