

06/22/12

**POLICY ALERT**  
**No. 12-41**  
**Class Deviation - Limitation on Amounts Available for**  
**Contracted Services**

**REFERENCES:** [Defense Procurement and Acquisition Policy Memorandum dated June 6, 2012, Class Deviation - Limitation on Amounts Available for Contracted Services](#)

**TYPE OF ACTION:** Class Deviation, DARS Tracking Number: 2012-O0008

**EFFECTIVE DATE:** June 6, 2012

**SUMMARY:** This class deviation implements paragraphs (c)(1) and (c) (2) of section 808 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112-81).

For any contract or task or delivery order for services with an estimated value in excess of \$10,000,000, in addition to the requirements of Defense Federal Acquisition Regulation Supplement 215.406-1, Department of Defense (DoD) Contracting Officers shall comply with the following requirements:

(1) Unless rates are otherwise established by law, negotiation objectives for labor rates and overhead rates not as yet formalized by the date of this deviation, for other than the acquisition of commercial items or competitively awarded contracts or task or delivery orders awarded to a contractor in fiscal year 2012 or 2013, shall not exceed labor rates and overhead rates paid to the contractor for the same or similar contract services performed under contract with procuring DoD component in fiscal year 2010 and

(2) Any contract or task or delivery order awarded to a contractor in fiscal year 2012 or 2013 that provides for continuing services at an annual price that exceeds the annual price paid by the DoD component concerned for the same or similar services in fiscal year 2010 shall be approved in writing by the Secretary of the Military Department or Head of the Defense Agency prior to contract award or order issuance.

**ACTION REQUIRED:** Effective immediately, Contracting Officers shall comply with the policy in this Class Deviation. Contracting Officers should coordinate with the Defense Contract Management Agency and the Defense Contract Audit Agency to determine the applicable rates.

This Policy Alert is effective on the date indicated above, and remains in effect until revised or otherwise rescinded.

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