DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

07 OCT 2015

Class Deviation #15-C-913

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Class Deviation For Level of Effort Contracts and Efforts

References: (a) ASN RDA Memorandum, dated 2 December 2014
(b) Department of Defense Instruction (DoDI) 5000.02, "Operation of Defense Acquisition System, dated 7 January 2015
(c) Navy Marine Corps Acquisition Regulation Supplement (NMCARS) Subpart 5201.4 - "Deviations from the FAR"

Department of Defense (DoD) Earned Value Management (EVM) policy at http://www.acq.osd.mil/evm/faqs.shtml recognizes that EVM is not always applicable when the scope of work requires the use of a cost and/or incentive contract (or when using cost and/or incentive contract line items (CLINs)). Level of Effort (LOE) work is an example.

Pursuant to authority set forth in references (a) and (b), I hereby waive the application of EVM in LOE cost and/or incentive type contracts valued at $20 million or greater, and waive the application of EVM to cost and/or incentive type LOE CLINs valued at $20 million or greater in mixed contracts. Based on this waiver, and pursuant to reference (c), I also grant a deviation for these contracts (and LOE CLINs) such that the EVM provisions prescribed in Defense Federal Acquisition Regulation Supplement Subpart 234.2 are not required. In these situations where EVM is not applicable, Program Managers and Contracting Officers shall utilize alternative methods to monitor contractor cost and performance.

This class deviation is not a "significant revision" pursuant to Federal Acquisition Regulation Subsection 1.501-1, and therefore will not be published in the Federal Register. The class deviation remains in effect until incorporated in the NCMARS or otherwise rescinded. My point of contact for any questions regarding this class deviation is Mr. Clarence Belton, DASN (AP), at Clarence.Belton@navy.mil, (703) 693-4006. Any questions regarding EVM should be directed to Mr. David Tervonen, Director, Navy Center for EVM, at David.Tervonen@navy.mil, (703) 695-0510.

Elliott B. Branch
DASN (AP)

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