



December 2, 2025

Dr. Kevin Rhodes  
Administrator, Office of Federal Procurement Policy  
Office of Management and Budget  
Washington, DC 20503

Subject: Opportunities for Additional Reforms to Maximize the Effectiveness of the Revolutionary Federal Acquisition Regulation Overhaul

Dear Dr. Rhodes,

On behalf of the nation's leading aerospace and defense companies, the Aerospace Industries Association (AIA) applauds President Trump's commitment to restoring common sense to federal procurement. As the trusted voice for our industry and a long-standing partner to the federal government, we are dedicated to working closely with the Office of Management and Budget (OMB) throughout this historic initiative to modernize and simplify the Federal Acquisition Regulation (FAR), ensuring these reforms drive innovation and eliminate unnecessary barriers for businesses. We appreciate the opportunity to remain actively engaged with you and your team and to provide constructive feedback as you advance the first-ever comprehensive overhaul of the FAR.<sup>1</sup>

With the informal comment period now closed, we recognize the significant steps the FAR Overhaul has taken toward modernizing federal procurement. However, we believe this overhaul could go farther to achieve President Trump's vision of faster acquisitions, greater competition, and better results. In particular, the revisions do not sufficiently address some of the most burdensome regulatory requirements. As this effort moves into formal rulemaking, we urge OMB to adopt deeper, substantive changes in several critical areas to fully realize the promise of the Revolutionary FAR Overhaul.

To that end, we submit the following overarching recommendations focused on streamlining non-statutory requirements that impose unnecessary costs and complexity—barriers often cited as the reason businesses avoid working with the government. By reducing these obstacles, the FAR Overhaul can help reduce barriers to entry, foster innovation, and increase the speed at which the government operates. These recommendations are straightforward, achievable, and aligned with President Trump's goals of a simplified, commonsense regulatory system.

We also recognize that many requirements remain statutory and beyond the FAR Council's sole authority to change without congressional involvement. In these instances, we urge the FAR Council to partner with industry to identify the statutory requirements that cause unnecessary burdens and work with us to develop and propose solutions to Congress.

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<sup>1</sup> [AIA Feedback on Revised FAR Parts 1, 10, 34](#); [AIA Feedback on Revised FAR Parts 11, 18, 39, 43](#); [AIA Feedback on Revised FAR Part 6](#); [AIA Feedback on Revised FAR Parts 29, 31](#); [AIA Feedback on Revised FAR Part 35](#); [AIA Feedback on Revised FAR Part 50](#); [AIA Feedback on Revised FAR Part 5](#); [AIA Feedback on Revised FAR Parts 9, 33, 49](#); [AIA Feedback on Revised FAR Part 30](#); [AIA Feedback on Revised FAR Parts 4, 8, 12, 40](#); [AIA Feedback on Revised FAR Part 44](#); [AIA Feedback on FAR Parts 17, 27, 45](#); [AIA Feedback on FAR Part 13, 15, 16, 19, 22, 23, 32, 42, 47, 53](#)

### **Streamline Cost or Pricing Data Submission Requirements**

Cost or pricing data requirements create significant burdens for contractors and serve as a major barrier to entry from participating in the defense industrial base. These requirements often involve extensive documentation, complex disclosures, and lengthy validation processes that can significantly delay acquisition timelines. The revised FAR Part 15 attempts to alleviate some of this burden by directing contracting officers to “obtain the type and quantity of data required to establish a fair and reasonable price, *but not more data than is needed.*” However, in practice, the lack of clear and consistent guidance on what constitutes necessary data often leads to overly burdensome disclosure requirements. This can significantly delay the already lengthy acquisition timeline, with some procurements taking years longer than necessary due to protracted negotiations and data validation processes. These requirements also introduce substantial administrative overhead and increase compliance risk. While burdensome to contractors across the defense industrial base, these challenges are most acutely felt by new entrants and commercial suppliers – who are not accustomed to such requirements – and could deter their participation altogether.

Clarifying requirements to achieve the stated objective of obtaining only the minimal amount of data necessary to determine a fair and reasonable price presents a critical opportunity to streamline acquisition, reduce unnecessary delays, and foster a more agile and responsive defense industrial base. AIA recommends a comprehensive review of both certified cost or pricing data and other than certified cost or pricing data submission requirements to streamline regulatory requirements to only include what is required by statute. In the near term, we recommend requiring contracting officers to use the price analysis techniques established at FAR 15.404-1(b)(1)-(b)(6) prior to requesting other than certified cost or pricing data from a contractor. This could be implemented by changing FAR 15.404-1(c) from “Preferred method of analysis” to “Required method of analysis.” Permanent implementation should clarify expectations on certified cost or pricing data requirements - including standardized usage of certification waivers to reduce overhead, decrease compliance risk, increase speed, and encourage new entrants and commercial providers.

### **Update the Allowable & Unallowable Cost Framework Under Cost Accounting Standards**

The revised FAR Part 31 does not substantively change the long-standing framework for determining what costs are allowable under federal contracts. As currently written, the allowable cost framework imposes significant burdens and restrictions on contractors, particularly when it comes to investments that support government priorities but do not fit neatly within outdated regulatory definitions. Much of the allowability framework was defined decades ago and has not been adapted to reflect the realities of modern business practices. This rigidity stands in sharp contrast to Generally Accepted Accounting Principles, which are routinely updated to account for evolving business models and market demands. As a result, the FAR’s approach often forces contractors to absorb costs that are necessary for readiness, innovation, and scalability, but are deemed unallowable under obsolete standards. For example, FAR Part 31.205-17, “Idle Facilities and Capacity,” discourages industry investment in excess capacity, which is increasingly critical for national security and emergency response. The importance of maintaining surge capability has been underscored by the ongoing conflict in Ukraine and Secretary of War Hegseth’s recent acquisition reform memorandum, both of which

highlight the need for the defense industrial base to rapidly scale production to meet emergent needs.<sup>2</sup> This disconnect between policy and practice results in missed opportunities, delayed acquisition timelines, and ultimately, a less agile defense industrial base.

To achieve the stated objectives of the Pentagon, modernize procurement processes, and make it easier for industry to do business with the government, AIA recommends a comprehensive review and update of the allowable cost framework. Increasing flexibility within FAR Part 31 will not only reduce unnecessary burdens and compliance risks but will empower the entire defense industrial base to support the government's evolving mission requirements with greater speed and effectiveness.

### **Enhance Commercial Procurement Processes**

In line with statutory requirements, AIA supports efforts to maximize buying commercial products or services. While the proposed revisions do streamline some aspects of commercial procurement, the revised FAR would benefit from further streamlining of certain regulatory requirements that make it challenging to procure commercial products and services. For example, even under the revised FAR Part 12, the process to determine whether the price for a commercial solution is fair and reasonable remains time- and resource-intensive. As highlighted above, contracting officers often require extensive supporting documentation to justify fair and reasonable pricing, even when the product or service is available in the commercial marketplace. The lack of clear, standardized criteria for what constitutes sufficient evidence means contractors must anticipate and respond to varying expectations across agencies and acquisitions, leading to duplicative work and delays. Additionally, the reluctance to fully embrace commercial pricing methodologies—such as value-based or market-driven approaches—results in defaulting to cost-based analysis, which often does not align with how commercial products are typically priced or sold. This disconnect is particularly problematic for innovative or rapidly evolving technologies, where traditional cost structures may not reflect true market value. To better align the FAR with modern procurement, AIA recommends the revisions more explicitly incorporate value-based pricing as a recognized and encouraged method for determining fair and reasonable pricing in commercial acquisitions. This approach incentivizes innovation, quality, and long-term value, especially for commercial technologies where traditional cost-based pricing may not reflect market realities.

Additionally, despite ongoing efforts to modernize procurement, the reluctance among the federal contracting workforce to consistently accept items as commercial has been a persistent challenge that has hindered efficient acquisition for years. The FAR Council should work with the federal agencies to prioritize workforce transformation by developing targeted training, updated guidance, and practical tools that equip contracting personnel to confidently apply FAR Part 12 commercial-first principles. These steps are essential to fostering a procurement culture that embraces commercial practices and delivers greater value to the government.

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<sup>2</sup> [Transforming the Warfighting Acquisition System to Accelerate Fielding of Capabilities](#), November 7, 2025

## **Maintain Key Competition Principles**

Robust competition is vital to maintaining a healthy defense industrial base and ensuring the timely delivery of critical capabilities to the Pentagon, as it drives innovation, efficiency, and cost-effectiveness across the sector. However, AIA is concerned that some of the proposed revisions inadvertently limit competition. For example, the revised FAR Part 1 eliminates language that previously encouraged communication with industry early in the acquisition cycle. Open dialogue between industry and the government at the earliest stages of an acquisition is essential for accurately defining requirements, mitigating risks and delays, understanding capabilities to prepare for proposals, and ensuring solutions address operational needs. As another example, the revisions to FAR Part 6 broaden the scope of sole sourcing beyond what is stipulated in statute. For instance, FAR Subpart 6.103-6 now omits qualifying language that previously provided additional context regarding what it means to “compromise national security.” While statute provides limited authority to use procedures other than full and open competition, these exceptions are narrowly defined, and the overarching objective of the federal procurement system is the promotion of robust and fair competition. Further, the revised FAR Part 15 introduces changes to the evaluation of competitive proposals that could restrict competition. Specifically, it changes how the “competitive range” is defined, allowing contracting officers to establish the range based on their judgement of which proposals are “best suited for further negotiation.” This departs from the prior standard of establishing a competitive range of all the “most highly rated proposals.” This change introduces ambiguity and could inadvertently allow for impartiality and reduced competition. Finally, while the revised FAR Part 15 allows contracting officers to conduct negotiations with an offeror, it states that having further negotiations with one offeror does not obligate contracting officers to have further negotiations with any other offerors. 10 U.S.C. § 3303 states that awards may be made after discussions if discussions were had with all responsible offerors within the competitive range. This revised guidance deviates from statutory intent and could limit competition. AIA recommends the FAR Council ensure that any revisions made as part of the FAR Overhaul effort accurately reflect the intent of the Competition in Contracting Act, which mandates the government treat all offerors fairly and impartially.

## **Avoid Confusion Under New FAR Framework**

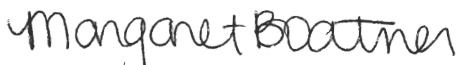
In an effort to streamline the FAR, the proposed revisions move nearly all non-regulatory policy guidance, context, and applicability statements to supplementary sources including the FAR Companion Guide and supporting practitioner’s albums. In some circumstances, this information is important and beneficial for both industry and the government to establish a common understanding of the intent and purpose of the FAR provisions and clauses. As an example, the revised FAR Part 27 removes several policy statements providing important context on the need to balance the interests of the government and industry with respect to intellectual property. This information is essential for conveying to U.S. government personnel, especially contracting officers, the importance of maintaining a balanced approach between government and industry interests established by statute, which is key to fostering a vibrant and innovative industrial base. Bifurcating important acquisition guidance from the regulation—and instead housing it across multiple supplementary sources—is likely to increase complexity and may unintentionally add to confusion among contracting officers, causing inconsistency and delays. In line with Executive Order 14275, “Restoring Common Sense to Federal Procurement,” which called for inclusion of provisions necessary to

support simplicity and usability, AIA recommends retaining such high-level policy guidance within the FAR to ensure the federal contracting workforce is aware of and follows overarching policy principles.

AIA applauds efforts to streamline, simplify, and modernize the federal procurement process. AIA and our member companies look forward to reviewing and providing feedback on the revised FAR as the effort progresses from informal review to formal rulemaking.

Thank you in advance for considering our views. Please direct any questions to Patrick Walsh, AIA's Senior Director for Procurement Policy, at [patrick.walsh@aia-aerospace.org](mailto:patrick.walsh@aia-aerospace.org) or 703-358-1049.

Sincerely,

A handwritten signature in black ink that reads "Margaret Boatner". The signature is fluid and cursive, with the first name and last name clearly legible.

Margaret Boatner  
Vice President, National Security Policy

Copy To:

Mr. John Tenaglia, Principal Director, Defense Pricing, Contracting, and Acquisition Policy, Office of the Secretary of War

Ms. Karla Jackson, Assistant Administrator for Procurement, NASA Headquarters

Mr. Jeffrey Koses, Senior Procurement Executive, General Services Administration