

[FOR IMMEDIATE RELEASE](#)

Media Contact:
Ashlei Stevens
Director, Media Relations
703.875.8974
stevens@pscouncil.org

PSC Welcomes Defense Department’s Rescission of Contractor Payment Rule; Urges Industry Input on Revised Rule

Arlington, Va. (Oct. 2, 2018)—The Professional Services Council (PSC) welcomes the Defense Department’s (DoD) announcement to rescind [an Aug. 24 proposed rule](#) that would revise progress payments and performance-based payments policies for DoD contracts, and PSC seeks to work closely with the Pentagon on creating a revised rule.

In a statement released late Monday, Deputy Secretary of Defense Patrick M. Shanahan said the “proposed amendments to the Defense Federal Acquisition Regulation Supplement (DFARS) were prematurely released, absent full coordination. As a result, the Department will rescind the proposed amendments. In coordination with industry, the Department will create a revised rule to implement section 831 of the FY2017 NDAA.”

PSC [expressed opposition](#) to the initial rule at a Sept. 14 public meeting. Alan Chvotkin, PSC executive vice president and counsel, [stated that the rule](#) creates inconsistencies with Section 831 and raises implementation challenges for the government and the contractor community in its current form.

In addition, criteria in the proposed rule to potentially increase the percentage rate of progress payments introduce huge variables for both government and industry, add components that are unrelated to contractor performance, and include subjective criteria for government decision-making over which a contractor has little control.

“PSC applauds the Deputy Secretary’s stated intent to create a revised rule in conjunction with industry, as we believe a simple rewrite of the rule will not be sufficient,” said David J. Berteau, PSC president and CEO. “To address fully the intent of Section 831, DoD and industry need a broader discussion about what performance—from both sides—is desired, how it will be measured, and what incentives can be used to improve that measured performance. The proposed rule did not adequately address any of those issues, and PSC stands ready to work with the Pentagon on this issue.”

###

About PSC: PSC is the voice of the government technology and professional services industry. PSC’s nearly 400-member companies represent small, medium and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Together, the trade association’s members employ hundreds of thousands of Americans in all 50 states. Follow PSC on Twitter [@PSCSpeaks](#). To learn more, visit www.pscouncil.org.