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May 12, 2025

Ms. Kelsi Feltz
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th St NW.
Washington, DC 20503

Electronic Submission: www.regulations.gov, Docket No. 2025-06316

Re: NDIA Comments on Federal Register Docket No. 2025-06316 Deregulation (90 FR 15481)

Dear Ms. Feltz,

The National Defense Industrial Association (NDIA)¹ appreciates the opportunity to provide recommendations to the Office of Management and Budget's (OMB) request for comments on Federal Register [Docket No. 2025-06316](#). NDIA broadly supports OMB's efforts to remove unnecessary regulations and unleash the innovative capacity of the U.S. industrial base in general, and the defense industrial base (DIB) specifically. These layers upon layers of burdensome compliance regulations, compiled over time, are uniquely connected and interrelated. As such, NDIA offers recommendations for repeal and alignment of several general categories of compliance requirements.

Recommendations

Federal Acquisition Regulations (FAR)

1. **Part 31 Contract Cost Principles and Procedures**: For purposes of public policy, Congress has deemed certain costs to be unallowable. Dozens of provisions in FAR 31.205, however, go far beyond Congressional intent and deem more costs unallowable. In line with the Administration's intent to remove government unique terms and conditions not based in statute, these regulations are ripe for repeal. For example, under FAR 31.205-17, contractors cannot maintain idle capacity, which hinders the ability to surge. In addition, FAR 31.205-20 impedes contractor access to third part financing.
2. **Cost Accounting Standards (CAS)**: CAS program requirements were instituted in the 1970s and generally have remained unchanged. Changes are needed that would render CAS less of a

¹ NDIA is the nation's largest defense industry association, representing over 1,700 corporate and nearly 67,000 individual members from small, medium, and large contractors, a majority of which are small businesses. NDIA members design, manufacture, apply, and maintain the cutting-edge technologies, systems, and platforms that our armed forces rely upon to deter aggression and defend our nation and its interests. As such, our members' professional and informed views on this request for information reflect the complexity and nuance of the issues under discussion.

burden for the defense acquisition community and less of a barrier to entry for companies looking to work with DoD. NDIA recommends repealing Cost Accounting Standard principles in favor of Generally Accepted Accounting Principles (GAAP) where possible.

3. For those cost principles where there is no GAAP equivalent, the cost principle should be modified to ease burdensome and unnecessary requirements.

Defense Federal Acquisition Regulation Supplement (DFARS)

4. Contractor Business Systems: What is known as the “Contractor Business Systems Rule” has been implemented through a series of DFARS requirements misaligned to the statute. NDIA proposes rescission of these DFARS requirements. The applicable DFARS rules are: 252.242-7005 Contractor Business Systems, and accompanying clauses:

- 1) [252.242-7006](#) , Accounting System Administration;
- 2) [252.234-7002](#) , Earned Value Management System;
- 3) [252.215-7002](#) , Cost Estimating System Requirements;
- 4) [252.242-7004](#) , Material Management and Accounting System;
- 5) [252.245-7003](#) , Contractor Property Management System Administration; and
- 6) [252.244-7001](#) , Contractor Purchasing System Administration.

General Alignment

5. Controlled Unclassified Information (CUI): CUI marking requirements have been heretofore ill-defined and vary by agency. Currently published CUI guidelines have not added necessary clarity to the marking system. The Department of Defense (DoD) has an established and long-standing classification marking system and should be exempt from CUI marking requirements.
6. Security Clearance Standards: Currently, Top Secret/Sensitive Compartmented Information (TS/SCI) clearances within the USG do not transfer seamlessly between USG agencies. For example, an individual transferring from DoD to DHS must get cleared through the gaining agency. There should be one clear standard applicable throughout the USG for clearances.

Summary

NDIA appreciates the OMB’s request for recommendations and further offers an invitation to convene industry members to discuss the comments provided at OMB’s convenience. If you have any questions related to these comments, please contact Lorenzo Williams at lwilliams@ndia.org.

Sincerely,

National Defense Industrial Association