

President Trump Issues Executive Order Directing Major Revision of the Federal Acquisition Regulation

US - April 2025

On April 15, 2025, President Trump issued an executive order (EO) "Restoring Common Sense to Federal Procurement." This order is intended to "promote expedited and streamlined acquisitions" by dramatically amending the Federal Acquisition Regulation (FAR). This is the latest in a series of EOs intended to deregulate many aspects of federal acquisition. This alert summarizes the key points and references the implementation dates of the EO.

Overhaul of the FAR

The FAR is the primary document of the Federal Acquisition Regulations System (Title 48 of the Code of Federal Regulations). The EO directs the Administrator of the Office of Federal Public Procurement Policy (OFPP) to remove unnecessary regulations from the FAR, namely those that are not "required by statute", or "essential to sound procurement."

Specifically, this EO includes the following directives:

- The OFPP Administrator is directed to coordinate amendments to the FAR with other members of the FAR Council, the heads of agencies (executive departments, military departments, etc.) and "senior acquisition and procurement officials" from all agencies
- In addition to the OFPP Administrator, the FAR Council consists of the administrator of general services, the secretary of defense and the administrator of national aeronautics and space
- Within 15 days (April 30, 2025), each executive agency must designate a "senior acquisition or procurement official" to work with the OFPP Administrator and the FAR Council to implement the changes to the FAR directed in the EO
- Within 20 days (May 5, 2025), the Director of the Office of Management and Budget (OMB), in consultation with the OFPP Administrator, shall issue a memorandum to executive agencies that provides guidance regarding implementation of the EO:
 - The OMB memorandum will propose new agency supplemental regulations and internal guidance that "promote expedited and streamlined acquisitions"
 - Agencies must adhere to the "ten-for-one" requirement described in <u>EO 14192</u> (January 31, 2025) "Unleashing Prosperity Through Deregulation" that requires executive departments and agencies to identify ten existing regulations to be repealed for every one new regulation that is proposed
- Within 180 days of the EO (October 21, 2025), the FAR will be amended to only include provisions that: (1) are "required by statute" (or that are otherwise necessary to support simplicity and usability), (2) "strengthen the efficacy of the procurement system" and (3) "protect economic or national security interests." Specifically:
 - All current FAR provisions that are not required by statute
 that will remain in the FAR after the 180-day timeline shall be
 considered for automatic expiration after a four-year period after
 the effective date of the final rule promulgated in accordance
 with this EO (unless "renewed by the FAR Council")

- Any **new** FAR provision not required by statute that is promulgated after the effective date of the final rule promulgated in accordance with this EO should include a provision stating that it will expire four years after its effective date (unless "renewed by the FAR Council")
- Deviation and interim guidance will be issued as appropriate until final rules reforming the FAR are published

Related Executive Actions

The April 15th EO is the latest in a series of executive actions (including EO 14192 discussed above) that have impacted federal procurement.

- <u>EO 14151</u> (January 20, 2025) "Ending Radical and Wasteful Government DEI Programs and Preferencing"
- <u>EO 14240</u> (March 20, 2025) "Eliminating Waste and Saving Taxpayer Dollars by Consolidating Procurement"
- <u>EO 14265</u> (April 9, 2025) "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base"

Key Takeaways

The FAR first went into effect on April 1, 1984, and now consists of over 2,000 pages of regulations that shape how federal procurement is accomplished. As the EO puts it, the FAR has swelled and evolved "into an excessive and overcomplicated regulatory framework resulting in an onerous bureaucracy." The sweeping changes that are directed by this EO will affect federal contracts for every executive agency and department. We expect that any final rule issued on or before October 21 will also include exceptions, deviations and interim guidance on how the rule is to be implemented.

We are continuing to monitor this situation closely.

Contacts

Karen R. Harbaugh

Partner, Washington DC T +1 202 457 6485 E karen.harbaugh@squirepb.com

John R. Sharp

Senior Attorney, Denver T +1 303 894 6183 E john.sharp@squirepb.com

Greg Jaeger

Of Counsel, Washington DC T +1 202 457 5296 E greg.jaeger@squirepb.com

Patrick Madrid

Associate, Washington DC T +1 202 457 5260 E patrick.madrid@squirepb.com

The opinions expressed in this update are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

squirepattonboggs.com 68101/04/