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PSC Asks DoD to Focus on Future Needs and Performance in Contract Financing Policy

Arlington, Va. (Feb. 22, 2019)—The Professional Services Council (PSC) urged the Department of Defense (DoD) to emphasize contract performance and consider its future buying needs before making any changes to DoD's contract financing policy. PSC EVP and Counsel Alan Chvotkin [delivered a statement](#) at DoD's Feb. 19 public meeting.

"The Department's purchases of information technology and cybersecurity capabilities are growing, and the current progress and performance-based contract financing policies are ill-suited to simply applying past paradigms to future acquisitions," Chvotkin stated. "It is essential that the Department's future contract financing policies align with its future buying activities."

PSC [expressed opposition](#) to the Department's Aug. 24, 2018 proposed rule on performance-based and progress payments, citing inconsistencies with Section 831 of the FY17 National Defense Authorization Act and implementation challenges for the government and contractors that would undermine the rule's purpose and effectiveness. On Oct. 4, 2018, the Defense Department [rescinded](#) the proposed rule – a decision that [PSC welcomed](#). DoD subsequently opened a new case to separately consider whether to make any changes to its contract finance policy.

Chvotkin urged the Department to "proceed carefully, if at all, on changing the current coverage." Reiterating the message from PSC's [Sept. 14 statement](#), he emphasized that "whatever change is being considered, be sure that it addresses only the key elements of contract financing and does not stray into using progress payments or other contract financing techniques as incentives or disincentives for other contracting policies unrelated to financing – even if some of those unrelated policies have merit."

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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.