17.103 Definitions.

As used in this subpart-

Cancellation means the *cancellation* (within a contractually specified time) of the total requirements of all remaining program years. *Cancellation* results when the *contracting officer*-

(1) Notifies the contractor of nonavailability of funds for contract performance for any subsequent program year; or

(2) Fails to notify the contractor that funds are available for performance of the succeeding program year requirement.

Cancellation ceiling means the maximum *cancellation charge* that the contractor can receive in the event of *cancellation*.

Cancellation charge means the amount of unrecovered costs which would have been recouped through amortization over the full term of the contract, including the term canceled.

Multi-year contract means a contract for the purchase of *supplies* or services for more than 1, but not more than 5, program years. A *multi-year contract may* provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds, and (if it does so provide) *may* provide for a *cancellation* payment to be made to the contractor if appropriations are not made. The key distinguishing difference between *multi-year contracts* and multiple year contracts is that *multi-year contracts*, defined in the statutes cited at 17.101, buy more than 1 year's requirement (of a product or service) without establishing and having to exercise an *option* for each program year after the first.

Nonrecurring costs means those costs which are generally incurred on a one-time basis and include such costs as plant or equipment relocation, plant rearrangement, *special tooling* and *special test equipment*, preproduction engineering, initial spoilage and rework, and specialized work force training.

Recurring costs means costs that vary with the quantity being produced, such as labor and materials.

Parent topic: Subpart 17.1 - Multi-year Contracting