



National Aeronautics and
Space Administration
Washington, DC 20546

Procurement Class Deviation

PCD 25-27

SEPTEMBER 20, 2025

CLASS DEVIATION FROM FEDERAL ACQUISITION REGULATION (FAR) PART 49 AND NASA FAR SUPPLEMENT (NFS) PARTS 1849 TO IMPLEMENT THE REVOLUTIONARY FAR OVERHAUL (NASA Case 2025-N031)

PURPOSE: To provide a Class Deviation from the FAR to implement the FAR Council's model deviation text to FAR Part 49, Termination of Contracts, and deviation to NFS 1849.

BACKGROUND: On April 15, 2025, the Executive Order (E.O.) 14275, ["Restoring Common Sense to Federal Procurement"](#) was signed. Section 2 of the E.O. establishes the policy that the FAR "should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed." To implement E.O. 14275, the Office of Federal Procurement Policy (OFPP) is leading the **Revolutionary FAR Overhaul (RFO)** initiative. This effort is supported by the Federal Acquisition Regulatory Council (the Council) member agencies—General Services Administration, Department of Defense, NASA, along with other agencies. In line with the E.O., the initiative aims to eliminate unnecessary regulations and policies across all levels of the federal government.

The Office of Management and Budget (OMB) memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, provided additional guidance to federal agencies regarding the FAR overhaul.

FAR Streamlining. As part of the RFO, the FAR will be streamlined to include only statutory requirements, while non-statutory content will move to new buying guides, collectively forming the Strategic Acquisition Guidance (SAG). The Council will first issue model deviation guidance by FAR part, followed by formal rulemaking through the notice-and-comment process. Agencies will have 30 days to issue class deviations based on the model text once it is released.

Streamlining Agency Acquisition Supplements. Agencies must streamline their FAR supplements by removing regulations not based on statute or executive orders and aligning with the FAR Council's deviation guidance. Supporting policies must also be updated to reflect these changes. This approach ensures the NASA FAR Supplement (NFS) remains consistent with the streamlined FAR.

FAR Buying Guides and NFS Companion Guide (CG) (coming soon). As the FAR and the NFS are streamlined, helpful non-regulatory content will be moved to new FAR Buying Guides and NFS CG. These guides are intended to offer practical instructions and best practices for implementing effective contracting methods.

RFO Part 49 is one of the model deviations released by the FAR Council. RFO Part 49 establishes the policies and procedures for terminating a contract early, either due to lack of continuing need, or poor contractor performance. Burdensome, duplicative, or outdated language and language not required by statute have been removed from FAR Part 49. This plain language version of FAR Part 1849 is the version that will be followed by NASA procurement personnel and contractors.

To align with the RFO FAR Part 49, the NFS 1849, Termination of Contracts, is revised to remove non-statutory and outdated language. This deviation implements the revised RFO Part 49 and NFS Part 1849.

GUIDANCE:

(1) Contracting officers shall follow the RFO Part 49 deviated text instead of FAR Part 49 as codified at 48 CFR Chapter 49. The FAR Council's RFO text is available at https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-49#FAR_49_000.

(2) COs shall also follow the NFS Part 1849 deviated text enclosed within this deviation.

ACTION REQUIRED BY CONTRACTING OFFICERS: Effective immediately, ensure that new contract actions issued on or after the effective date comply with the policy in the PCD.

EFFECTIVE DATE: This PCD is effective as dated and shall remain in effect until implemented in the FAR and NFS or otherwise rescinded.

PROVISION AND CLAUSE CHANGES: This deviation does not change any clauses or provisions.

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Enclosure

Changes in the NFS Deviation text below are identified as follows:
Deletions shown as ~~strike throughs~~; and additions shown as **[bold in brackets]**.

PART 1849
TERMINATION OF CONTRACTS

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PART 1849 TERMINATION OF CONTRACTS

Subpart 1849.1—General Principles

~~1849.101 Authorities and responsibilities.~~

~~1849.101-70 NASA authorities and responsibilities.~~

~~(a) Installations shall appoint a termination contracting officer (TCO) (see FAR 2.101) to perform specific duties relating to contract termination as one of that individual's primary functions. In addition to the responsibilities described in this part and FAR part 49, such duties should include—~~

- ~~(1) Reviewing [NASA Forms 1412](#), Termination Authority;~~
- ~~(2) Reviewing the contract and related documents before issuing the notice of termination, to ensure protection of the Government's rights under the contract; and~~
- ~~(3) Issuing notices of termination, reinstatement, and rescission to contractors.~~

~~(b) Contracting offices shall utilize the services of the Department of Defense and other Government agencies whenever possible to administer and negotiate settlement of terminated contracts. Delegation of the negotiation of termination settlement function shall be made in accordance with FAR subpart 42.2 and subpart 1842.2.~~

~~[PN 18-06]~~

~~1849.101-71 Termination authority.~~

~~[NASA Form 1412](#), Termination Authority, is prescribed for use by NASA installations when initiating action to terminate a contract for convenience or default. The project manager or the activity initiating the procurement request should initiate the action by completing [NASA Form 1412](#) and submitting it to the contracting officer.~~

~~1849.102 Notice of termination.~~

~~1849.102-70 Prior notification of significant contract terminations.~~

~~(a) If the contracting officer considers that a contract termination at any dollar amount is of significant interest to Headquarters or has agency public information implications, the Headquarters Office of Procurement, Procurement Strategic Operations Division, should be contacted to discuss a possible Administrator Notification of a Significant Contract Action (ANOSCA) and/or NASA Headquarters Public Announcements (PA). See 1805.303-71.~~

~~[PN 18-06]~~

~~1849.102-71 Prior clearance of contract terminations resulting from a major breach of safety or security.~~

~~The Senior Procurement Executive, through the Programs Operations Division, must be notified prior to taking any action to terminate because of a major breach of safety or security.~~

~~1849.105 Duties of termination contracting officer after issuance of notice of termination.~~

~~1849.105-70 Termination docket checklist.~~

The termination contracting officer shall complete [NASA Form 1413](#), Termination Docket Checklist.

~~1849.106 Fraud or other criminal conduct.~~

If the Terminating Contracting Officer (TCO) suspects fraud or other criminal conduct when negotiating termination settlements, the TCO shall notify the Suspending and Debarring official in accordance with the procedures in 1809.406-3.

[PN 18-06]

~~1849.110 Settlement negotiation memorandum.~~

~~1849.110-70 Memorandum contents.~~

The TCO shall include the following information in the settlement negotiation memorandum. Contractors and subcontractors are encouraged to use this format appropriately modified for subcontract settlements submitted for review and approval.

~~(a) General information.~~

~~(1) Identification.~~

~~(i) Name and address of the contractor and any pertinent affiliation between prime contractors and subcontractors relative to the overall settlement.~~

~~(ii) Names and titles of contractor and Government personnel who participated in the negotiation.~~

~~(2) Description of terminated contract.~~

~~(i) Contract number~~

~~(ii) Date of award;~~

~~(iii) Contract type;~~

~~(iv) General description of contract items;~~

~~(v) Total contract price; and~~

~~(vi) Applicable contract termination provisions and clause.~~

~~(3) Termination notice.~~

~~(i) Date of the termination notice;~~

~~(ii) Effective date of termination;~~

~~(iii) Scope and nature of termination (complete or partial);~~

~~(iv) Items terminated;~~

~~(v) Unit prices;~~

~~(vi) Total price of items terminated for fixed-price contracts or the estimated cost and fee applicable to items terminated for cost reimbursement type contracts;~~

~~(vii) Whether the termination notice was amended and, if so, why;~~

~~(viii) Whether the contractor stopped work on the termination effective date (if it did not, furnish details) and whether subcontracts were terminated promptly;~~

~~(ix) Any redirection of common items and return of goods to the contractor's suppliers; and~~

~~(x) Extent of contract performance and timely deliveries by the contractor.~~

~~(b) Contractor's settlement proposal.~~

~~(1) Date and amount.~~ Date and location where the claim was filed and its gross amount (if interim settlement proposals were filed, information shall be furnished for each claim).

~~(2) Basis of claim.~~ E.g., inventory, total cost, or other basis, including an explanation of any approvals granted in connection with submission on other than an inventory basis.

~~(3) Examination of proposal.~~ Types of reviews made and by whom (audit, engineering, legal, or other).

~~(c) Tabular summary of contractor's claim and the settlement.~~ The cost elements/items, the amounts claimed, the Government recommended position (including auditor, field, and technical personnel recommendations), and the negotiated settlement amounts. This summary shall include, if appropriate, previously reimbursed and unreimbursed costs applicable to the prime contractor and subcontractor, previous profit/fees paid and unpaid; settlement cost less disposal credit or other credits, and a recapitulation of previous settlements. The summary of the negotiated settlement shall include the amount claimed and allowed for contractor and/or subcontractor changes, disposal, prior payment credits, and contract price.

~~(d) Settlement narrative summary:~~

~~(1) Contractor's cost.~~

~~(2) Profit/Fee.~~

~~(3) Settlement expenses not included in the audit.~~

~~(4) Number and dollar amount of any subcontractor settlements approved by the TCO and concluded by the contractor under delegation of authority.~~

~~(5) Total amount of any partial payments.~~

~~(6) Total amount of unliquidated progress or advance payments.~~

~~(7) Claims of the Government against the contractor included in settlement agreement reservations.~~

~~(8) Assignments, including the name and address of each assignee.~~

~~(9) Disposal credits.~~

~~(10) Status of plant clearance actions and all inventory sold, retained, or otherwise properly disposed of in accordance with applicable plant clearance regulations, including a consolidated closing plant clearance report, if applicable.~~

~~(11) Status of Government property accountability.~~

~~(12) Disposition of any special tooling, if applicable.~~

~~(13) Proposed reservations of rights to the Government or to the contractor.~~

~~(e) Recommendation.~~ Amount of the gross settlement recommended and TCO statement that it is fair and reasonable to the Government and the contractor.

~~(f) TCO Signature and date.~~

~~{PN 18-06}~~

1849.111 Review of proposed settlements.

(1) Settlements shall be reviewed in accordance with center prescribed procedures.

~~(2) The TCO may authorize the contract administration office cognizant of a lower tier subcontractor to grant approval or ratification of proposed subcontractor settlements described in FAR 49.108-3(c) that are first reviewed and referred by the prime contractor to the TCO. This procedure is not applicable to settlements between the contractor and its first tier subcontractors.~~

CLEAN REGULATORY VERSION WITH CHANGES INCORPORATED:

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