

17.104 General.

(a) Multi-year *contracting* is a special *contracting* method to acquire known requirements in quantities and total cost not over planned requirements for up to 5 years unless otherwise authorized by statute, even though the total funds ultimately to be obligated *may* not be available at the time of contract award. This method *may* be used in sealed bidding or *contracting* by negotiation.

(b) Multi-year *contracting* is a flexible *contracting* method applicable to a wide range of *acquisitions*. The extent to which cancellation terms are used in multi-year contracts will depend on the unique circumstances of each contract. Accordingly, for multi-year contracts, the *agency head may* authorize modification of the requirements of this subpart and the clause at [52.217-2](#), Cancellation Under Multi-year Contracts.

(c) Agency funding of multi-year contracts *shall* conform to the policies in OMB Circulars A-11 (Preparation and Submission of Budget Estimates) and A-34 (Instructions on Budget Execution) and other applicable guidance regarding the funding of multi-year contracts. As provided by that guidance, the funds obligated for multi-year contracts *must* be sufficient to cover any potential cancellation and/or termination costs; and multi-year contracts for the *acquisition* of fixed assets *should* be fully funded or funded in stages that are economically or programmatically viable.

(d) The *termination for convenience* procedure *may* apply to any Government contract, including multiyear contracts. As contrasted with cancellation, termination can be effected at any time during the life of the contract (cancellation is effected between fiscal years) and can be for the total quantity or partial quantity (where as cancellation *must* be for all subsequent fiscal years' quantities).

Parent topic: [Subpart 17.1 - Multi-year Contracting](#)