

**TITLE: CIB 96-15 - Blanket Waiver of 31.205-6(g) (3) Cost Allow ability Limitations**

April 9, 1996

MEMORANDUM FOR CONTRACTING OFFICERS AND NEGOTIATORS

TO: Distribution List FAC

From: M/OP/OD, Marcus L. Stevenson, Procurement Executive

Subject: Blanket Waiver of 31.205-6(g) (3) Cost Allow ability Limitations

**CONTRACT INFORMATION BULLETIN 96-15**

One of the FASA-driven changes to the FAR cost principles, set forth in section 31.205-6(g) (3), could have a negative impact on our procurements. This section adds severance payments to foreign nationals overseas to the list of unallowable costs if such payments exceed severance pay levels for similar work in the United States.

FAR 37.113-1(a) permits agency heads or their designees to waive this requirement for overseas support services contracts, which include, but are not limited to, contracts for security, custodial, and motor pool maintenance services. Accordingly, a waiver was granted by the Procurement Executive on March 15, 1996, and a copy is attached to this CIB.

The Document Generator System (DGS) contains a related question that asks,

"Has the head of the agency granted a waiver pursuant to 37.113-1(a) (i.e. provide significant support services for members of the armed forces or other employees of the U.S. Government) for cost allowability limitations on severance payments to foreign nationals?" (y/n)

Until the DGS is formally changed, you are instructed to answer "yes" to this question for all covered contracts in order to invoke FAR clause 52.237-9, Waiver of Limitation on Severance Payments to Foreign Nationals.

We think that USAID contracts for non-support services, e.g. for which the intended beneficiaries are host countries and not USAID employees, could not be covered by a waiver under 37.113-1(a). Therefore, on March 6, 1996, we sent a request to the Civilian Agency Acquisition Council (CAAC) for a class deviation from the cost principle at FAR 31.205-6(g) (3). We will inform you when we receive a response from the CAAC.)