



**DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221**

IN REPLY
REFER TO

MMPPP
PROCLTR 97- 02

JAN 27 1997

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Downsizing Notice

The attached memorandum from the Director, Defense Procurement, amends the DFARS to implement a provision of the National Defense Authorization Act (P.L. 104-201). This Section 825 repeals the requirement to notify the Secretary of Labor if a modification or termination for convenience of a major defense contract or subcontract will have substantial impact on employment.

This PROCLTR is effective immediately and will expire upon publication of the DFARS coverage in a future Defense Acquisition Circular, but in any event, not later than one year from the effective date of this letter. The point of contact is Ms. Mikki Underwood, MMPPP, (703) 767-1447, DSN 427-1447, or via internet mikki_underwood@hq.dla.mil.

Attachment

ROBERT L. MOLINO
Executive Director
(Procurement)



ACQUISITION AND
TECHNOLOGY

DP (DAR)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

December 26, 1996



In reply refer to
DFARS Case: 96-D321
D. L. 96-024

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN (RD&A) / ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTOR, PROCUREMENT POLICY, ASA (RD&A) / SARD-PP
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS AGENCY

SUBJECT: Downsizing Notice

We have amended the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 825 of the National Defense Authorization Act for Fiscal Year 1997 (Pub. L. 104-201). Section 825 repeals the requirement for the Secretary of Defense to notify the Secretary of Labor if a modification or termination for convenience of a major defense contract or subcontract will have a substantial impact on employment.

The attached final DFARS rule is effective immediately and will be included in a future Defense Acquisition Circular.

Eleanor R. Spector
Director, Defense Procurement

Attachment

cc: DSMC, Ft. Belvoir



DFAR Case 96-D321, Downsizing Notice
Final Rule

PART 249--TERMINATION OF CONTRACTS

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SUBPART 249.1--GENERAL PRINCIPLES

~~249.102~~ ~~Notice of termination.~~

~~Use Standard Form 30, Amendment of Solicitation/Modification of Contract, to confirm all notices and amendments of notices of termination.~~

- ~~—(a)(5) Include a statement that, if a termination for convenience will have a substantial impact on employment, as defined in the clause at 252.249-7001, Notification of Substantial Impact on Employment, the contractor must provide the required notice to the contracting officer within 30 calendar days.~~

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SUBPART 249.7--SPECIAL TERMINATION REQUIREMENTS

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~~249.7002~~ ~~Notification and reporting of substantial impact on employment.~~ [Reserved.]

- ~~—(a) Section 4201(a)(1)(B) of the National Defense Authorization Act for Fiscal Year 1991 (Pub. L. 101-510, Division D, Title XLII; Defense Economic Adjustment, Diversification, Conversion, and Stabilization Act of 1991), requires the Secretary of Defense to notify the Secretary of Labor if a modification or termination for convenience of a major defense contract or subcontract will have a substantial impact on employment. "Substantial impact on employment" is defined in the clause at 252.249-7001, Notification of Substantial Impact on Employment.~~
- ~~—(b) Within ten work days after the contractor provides the notification required under the clause at 252.249-7001, the head of the contracting activity shall notify the Assistant Secretary of Defense (Economic Security), Office of Economic Adjustment (OEA), in accordance with department/agency procedures.~~
- ~~———(1) The notice to OEA shall include the data elements set forth in 252.249-7001(e).~~
- ~~———(2) Notices may be mailed or telefaxed to OEA at:~~
- ~~——— Office of Economic Adjustment~~
~~——— 400 Army Navy Drive, Suite 200~~
~~——— Arlington, VA 22202-2884~~
~~——— Attention: Division D Notification~~
- ~~——— Telefax: (703) 604-5843~~
- ~~—(c) Use the clause at 252.249-7001, Notification of Substantial Impact on Employment, in all contracts of \$5 million or more and all contracts with subcontracts of \$500,000 or more.~~

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PART 252--SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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SUBPART 252.2--TEXT OF PROVISIONS AND CLAUSES

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252.249-7001 Notification of Substantial Impact on Employment--[Reserved.]
As prescribed in 249.7002(e), use the following clause:

NOTIFICATION OF SUBSTANTIAL IMPACT ON EMPLOYMENT (DEC 1991)

~~(a) Definitions.~~

~~(1) "Major defense contract or subcontract" means~~

- ~~(i) All prime contracts of \$5 million or more; and~~
- ~~(ii) All subcontracts of \$500,000 or more.~~

~~(2) "Substantial impact on employment" means~~

~~(i) A reduction of~~

~~(A) 2,500 or more employee positions, in the case of a Metropolitan Statistical Area (MSA) or similar area. MSAs are identified in FIPS Publication 8-5, Metropolitan Statistical Areas, which is available from the U.S. Department of Commerce, National Technical Information Service, Springfield, VA 22161, Tel. (703) 487-4650. Telephone inquiries concerning MSAs may also be directed to the Bureau of the Census, Population Division, Population Distribution Branch, Washington, DC, Tel. (301) 763-5158;~~

~~(B) 1,000 or more employee positions, in the case of a labor market area outside an MSA; or~~

~~(C) One percent of the total number of civilian jobs in that area; or~~

~~(ii) A reduction, or the threat of a reduction, of~~

~~(A) 25 percent or more in sales or production of the contractor or subcontractor; or~~

~~(B) 80 percent or more of the workforce of the contractor or subcontractor in any division of such contractor or such subcontractor or at any plant or other facility of such contractor or subcontractor; or~~

~~(iii) Any group of 100 or more workers at a defense facility who are, or who are threatened to become, eligible to participate in the Defense Conversion~~

~~Adjustment Program under section 325 of the Job Training Partnership Act (29 U.S.C. 1662-1662e, as amended).~~

- ~~—(b) This clause applies only if a modification or termination for convenience of a major defense contract or subcontract will have a substantial impact on employment.~~
- ~~—(c) The Contractor shall notify the Contracting Officer within 30 calendar days if the proposed modification or termination for convenience of this contract or a major defense subcontract under this contract will have a substantial impact on employment. The Contractor may use DD Form 2604, Notification of Substantial Impact. If the form is not used, the notice shall include:
 - ~~—(1) Contract number;~~
 - ~~—(2) Contractor name and division name;~~
 - ~~—(3) Type of business (e.g., small disadvantaged business, small business, large business, etc.);~~
 - ~~—(4) Address of affected work location, including county;~~
 - ~~—(5) Contract price of items cancelled or terminated;~~
 - ~~—(6) Number of employees affected;~~
 - ~~—(7) Percentage reduction in sales or production;~~
 - ~~—(8) Percentage of contractor workforce at affected work location;~~
 - ~~—(9) Title and signature of the reporting official; and~~
 - ~~—(10) The information required by (1) through (9) for each subcontract.~~~~
- ~~—(d) The Contractor shall include the substance of this clause in all subcontracts of \$500,000 or more under this contract.~~

~~(End of clause)~~

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PART 253--FORMS

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SUBPART 253.3--ILLUSTRATION OF FORMS

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253.303-2604 — Notification of Substantial Impact