

Department of Education

3416.470

3416.470 Award-term contracting.

Subpart 3416.6—Time-and-Materials, Labor-Hour, and Letter Contracts

3416.603 Letter contracts.

3416.603-3 Limitations.

AUTHORITY: 5 U.S.C. 301 and 20 U.S.C. 1018a.

SOURCE: 76 FR 12796, Mar. 8, 2011, unless otherwise noted.

Subpart 3416.3—Cost- Reimbursement Contracts

3416.303 Cost-sharing contracts.

(b) *Application.* Costs that are not reimbursed under a cost-sharing contract may not be charged to the Federal government under any other grant, contract, cooperative agreement, or other arrangement.

3416.307 Contract clauses.

(a) If the clause at FAR 52.216-7 (Allowable Cost and Payment) is used in a contract with a hospital, the contracting officer must modify the clause by deleting the words “Subpart 31.2 of the Federal Acquisition Regulation (FAR)” from paragraph (a) and substituting “34 CFR part 74, Appendix E.”

(b) The contracting officer must insert the clause at 3452.216-70 (Additional cost principles) in all solicitations of and resultant cost-reimbursement contracts with nonprofit organizations other than educational institutions, hospitals, or organizations listed in Attachment C to Office of Management and Budget Circular A-122.

Subpart 3416.4—Incentive Contracts

3416.402 Application of predetermined, formula-type incentives.

3416.402-2 Performance incentives.

(b) Award-term contracting may be used for performance-based contracts or task orders. *See* 3416.470 for the definition of *award-term contracting* and implementation guidelines.

3416.470 Award-term contracting.

(a) *Definition.* Award-term contracting is a method, based upon a predetermined plan in the contract, to extend the contract term for superior

performance and to reduce the contract term for substandard or poor performance.

(b) *Applicability.* A Contracting Officer may authorize use of an award-term incentive contract for acquisitions where the quality of contractor performance is of a critical or highly important nature. The basic contract term may be extended on the basis of the Federal government’s determination of the excellence of the contractor’s performance. Additional periods of performance, which are referred to herein as “award terms,” are available for possible award to the contractor. As award term(s) are awarded, each additional period of performance will immediately follow the period of performance for which the award term was granted. The contract may end at the base period of performance if the Federal government determines that the contractor’s performance does not reflect a level of performance as described in the award-term plan. Award-term periods may only be earned based on the evaluated quality of the performance of the contractor. Meeting the terms of the contract is not justification to award an award-term period. The use of an award-term plan does not exempt the contract from the requirements of FAR 17.207, with respect to performing due diligence prior to extending a contract term.

(c) *Approvals.* The Contracting Officer must justify the use of an award-term incentive contract in writing. The award-term plan approving official will be appointed by the HCA.

(d) *Disputes.* The Federal government unilaterally makes all decisions regarding award-term evaluations, points, methodology used to calculate points, and the degree of the contractor’s success.

(e) *Award-term limitations.*

(1) Award periods may be earned during the base period of performance and each option period, except the last option period. Award-term periods may not be earned during the final option year of any contract.

(2) Award-term periods may not exceed twelve months.