

48.201 Clauses for supply or service contracts.

(a) *General.* The *contracting officer shall* insert a *value engineering* clause in *solicitations* and contracts when the contract amount is expected to exceed the *simplified acquisition threshold*, except as specified in paragraphs (a)(1) through (5) and in paragraph (f) of this section. A *value engineering* clause *may* be included in contracts of lesser value if the *contracting officer* sees a potential for significant savings. Unless the chief of the *contracting office* authorizes its inclusion, the *contracting officer shall* not include a *value engineering* clause in *solicitations* and contracts-

(1) For research and development other than full-scale development;

(2) For engineering services from not-for-profit or nonprofit organizations;

(3) For personal services (see [subpart 37.1](#));

(4) Providing for product or *component* improvement, unless the *value engineering* incentive application is restricted to areas not covered by provisions for product or *component* improvement;

(5) For *commercial products* (see [part 11](#)) that do not involve packaging specifications or other special requirements or specifications; or

(6) When the *agency head* has exempted the contract (or a class of contracts) from the requirements of this [part 48](#).

(b) *Value engineering incentive.* To provide a *value engineering* incentive, the *contracting officer shall* insert the clause at [52.248-1, Value Engineering](#), in *solicitations* and contracts except as provided in paragraph (a) of this section (but see paragraph (e)(1) of this section).

(c) *Value engineering* program requirement.

(1) If a mandatory *value engineering* effort is appropriate (*i.e.*, if the *contracting officer* considers that substantial savings to the Government *may* result from a sustained *value engineering* effort of a specified level), the *contracting officer shall* use the clause with its AlternateI (but see paragraph (e)(2) of this section).

(2) The *value engineering* program requirement *may* be specified by the Government in the *solicitation* or, in the case of negotiated *contracting*, proposed by the contractor as part of its *offer* and included as a subject for negotiation. The program requirement *shall* be shown as a separately priced *line item* in the contract Schedule.

(d) *Value engineering* incentive and program requirement.

(1) If both a *value engineering* incentive and a mandatory program requirement are appropriate, the *contracting officer shall* use the clause with its AlternateII (but see paragraph (e)(3) of this section).

(2) The contract *shall* restrict the *value engineering* program requirement to well-defined areas of performance designated by *line item* in the contract Schedule. AlternateII applies a *value*

engineering program to the specified areas and a *value engineering* incentive to the remaining areas of the contract.

(e) *Collateral savings computation not cost-effective.* If the head of the contracting activity determines for a contract or class of contracts that the cost of computing and tracking *collateral savings* will exceed the benefits to be derived, the *contracting officer shall* use the clause with its-

(1) Alternate III if a *value engineering* incentive is involved;

(2) Alternate III and Alternate I if a *value engineering* program requirement is involved; or

(3) Alternate III and Alternate II if both an incentive and a program requirement are involved.

(f) *Architect-engineer contracts.* The *contracting officer shall* insert the clause at 52.248-2, Value Engineering Architect-Engineer, in *solicitations* and contracts whenever the Government requires and pays for a specific *value engineering* effort in architect-engineer contracts. The clause at 52.248-1, Value Engineering, shall not be used in *solicitations* and contracts for *architect-engineer services*.

(g) *Engineering-development solicitations and contracts.* For engineering-development *solicitations* and contracts, and *solicitations* and contracts containing low-rate-initial-production or early production units, the *contracting officer must* modify the clause at 52.248-1, Value Engineering, by-

(1) Revising paragraph (i)(3)(i) of the clause by substituting "a number equal to the quantity required to be delivered over a period of between 36 and 60 consecutive months (set at the discretion of the *Contracting Officer* for each VECP) that spans the highest planned production, based on planning and programming or production documentation at the time the VECP is accepted;" for "the number of future contract units scheduled for delivery during the *sharing period*;" and

(2) Revising the first sentence under paragraph (3) of the definition of "*acquisition savings*" by substituting "a number equal to the quantity to be delivered over a period of between 36 and 60 consecutive months (set at the discretion of the *Contracting Officer* for each VECP) that spans the highest planned production, based on planning and programming or production documentation at the time the VECP is accepted." for "the number of future contract units in the *sharing base*."

(h) *Extended production period solicitations and contracts.* In *solicitations* and contracts for items requiring an extended period for production (*e.g.*, ship construction, major system acquisition), if agency procedures prescribe sharing of future contract savings on all units to be delivered under contracts awarded during the *sharing period* (see 48.104-1(c)), the *contracting officer must* modify the clause at 52.248-1, Value Engineering, by revising paragraph (i)(3)(i) of the clause and the first sentence under paragraph (3) of the definition of "*acquisition savings*" by substituting "under contracts awarded during the *sharing period*" for "during the *sharing period*."

Parent topic: Subpart 48.2 - Contract Clauses