

# 538.270-4 Use of economic price adjustments in FSS contracts.

The use of economic price adjustment (EPA) in FSS contracts helps ensure the Government is able to receive products, services, and solutions at fair and reasonable pricing throughout contract performance. EPAs provide for the increase or decrease of contract pricing based upon the occurrence of specified conditions described in the EPA method, such as market index changes or unforeseeable significant changes in market conditions.

(a) *Types of economic price adjustment.* The FSS program provides the following types of EPA:

- (1) Adjustments based on fixed escalation rates (*e.g.*, a fixed annual escalation rate).
- (2) Adjustments based on a market index or other basis (*e.g.*, U.S. Bureau of Labor Statistics' Employment Cost Index).
- (3) Adjustments based on established pricing (*e.g.*, a contractor's commercial price list, commercial catalog, or other standard market pricing).
- (4) Adjustments based on unforeseeable significant changes in market conditions.

(b) *Exceptions.* The following types of price adjustments are not EPAs:

- (1) Adjustments based on statute, Executive Order, or regulation (*e.g.*, Service Contract Labor Standards ([41 U.S.C. chapter 67](#)) and AbilityOne procurements ([FAR subpart 8.7](#))).
- (2) Adjustments based on a change clause (*e.g.*, paragraph (c) of [552.212-4](#)).
- (3) Price reductions based on [552.238-81](#), Price Reduction.
- (4) Adjustments based on [552.238-117](#), Price Adjustment-Failure to Provide Accurate Information.
- (5) Adjustments based on a contract clause that authorizes an adjustment based on specified actions or conditions.

(c) *General requirements.*

- (1) The solicitation owner may establish EPA solicitation instructions and requirements (*e.g.*, establish a ceiling percentage for a specified category).
- (2) The FSS contracting officer is responsible for—
  - (i) Evaluating the proposed EPA method;
  - (ii) Incorporating the agreed-upon EPA method into the resultant contract; and
  - (iii) Processing EPA requests in accordance with [552.238-120](#) and FAS policy.

**Parent topic:** [538.270 Solicitation, evaluation, and award of Federal Supply Schedule \(FSS\) contracts.](#)