

1552.211-73 Level of effort—cost-reimbursement contract.

As prescribed in 1511.011-73, the contracting officer shall insert the following contract clause in cost-reimbursement contracts including cost contracts without fee, cost-sharing contracts, cost-plus-fixed-fee (CPFF) contracts, cost-plus-incentive-fee contracts (CPIF), and cost-plus-award-fee contracts (CPAF).

Level of Effort—Cost-Reimbursement Contract (MAY 2016)

- (a) The Contractor shall perform all work and provide all required reports within the level of effort specified below. The Contractor shall provide up to _____ direct labor hours for the base period. The Government's best estimate of the level of effort to fulfill these requirements is provided for advisory and estimating purposes. The Government is only obligated to pay for direct labor hours ordered and corresponding fixed fee for labor hours completed.
- (b) Direct labor includes personnel such as engineers, scientists, draftsmen, technicians, statisticians, and programmers, and not support personnel such as company management or data entry/word processing/accounting personnel even though such support personnel are normally treated as direct labor by the Contractor. The level of effort specified in paragraph (a) of this section includes Contractor, subcontractor, and consultant non-support labor hours.
- (c) If the Contractor provides less than 90 percent of the level of effort specified for the base period or any optional period exercised, an equitable downward adjustment of the fixed fee, if any, for that period will be made. The downward adjustment will reduce the fixed fee by the percentage by which the total expended level of effort is less than 100% of that specified in paragraph (a). (For instance, if a hypothetical base-period LOE of 100,000 hours is being reduced to 70,000, the fixed fee shall also be reduced by the same 30%. Using a corresponding hypothetical base-period fixed fee pool of \$300,000, the reduced fixed-fee amount is calculated as: $\$300,000 \times (70,000 \text{ hours}/100,000 \text{ hours}) = \$210,000.$)
- (d) The Government may require the Contractor to provide additional effort up to 110 percent of the level of effort for any period until the estimated cost for that period has been reached. However, this additional effort shall not result in any increase in the fixed fee, if any.
- (e) If this is a cost-plus-incentive-fee (CPIF) contract, the term "fee" in paragraphs (c) and (d) of this section means "base fee and incentive fee." If this is a cost-plus-award-fee (CPAF) contract, the term "fee" in paragraphs (c) and (d) means "base fee and award fee."
- (f) If the level of effort specified to be ordered during a given base or option period is not ordered during that period, that level of effort may not be accumulated and ordered during a subsequent period.
- (g) These terms and conditions do not supersede the requirements of either the "Limitation of Cost" or "Limitation of Funds" clauses.

(End of clause)

Parent topic: [Subpart 1552.2—Texts of Provisions and Clauses](#)