Federal Acquisition Regulation

(h) Contracts for architect-engineer services must require a mandatory value engineering program to reduce total ownership cost in accordance with 48.101(b)(2). However, there must be no sharing of value engineering savings in contracts for architect-engineer services.

(1) Agencies shall establish procedures for funding and payment of the contractor’s share of collateral savings and future contract savings.

(i) The decision to accept or reject a VECP.

(ii) The determination of collateral costs or collateral savings.

(iii) The decision as to which of the sharing rates applies when Alternate II of the clause at 52.248–1, Value Engineering, is used.

(iv) The contracting officer’s determination of the duration of the sharing period and the contractor’s sharing rate.

48.104 Sharing arrangements.

48.104–1 Determining sharing period.

(a) Contracting officers must determine discrete sharing periods for each VECP. If more than one VECP is incorporated into a contract, the sharing period for each VECP need not be identical.

(b) The sharing period begins with acceptance of the first unit incorporating the VECP. Except as provided in paragraph (c) of this section, the end of the sharing period for each VECP is a specific calendar date that is the later of—

(1) 36 to 60 consecutive months (set at the discretion of the contracting officer for each VECP) after the first unit affected by the VECP is accepted; or

(2) The last scheduled delivery date of an item affected by the VECP under the instant contract delivery schedule in effect at the time the VECP is accepted.

(c) For engineering-development contracts and contracts containing low-rate-initial-production or early production units, the end of the sharing period is based not on a calendar date, but on acceptance of a specified quantity of future contract units. This quantity is the number of units affected by the VECP that are scheduled to be delivered over a period of between 36 and 60 consecutive months (set at