

**PART 335—RESEARCH AND  
DEVELOPMENT CONTRACTING**

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AUTHORITY: 5 U.S.C. 301; 40 U.S.C. 486(c).

SOURCE: 74 FR 62398, Nov. 27, 2009, unless otherwise noted.

**335.070 Cost-sharing.**

**335.070-1 Policy.**

(a) Contracting activities shall encourage performing organizations to contribute to the cost of performing R & D, through the use of cost-sharing contracts, where there is a probability that the contractor will receive present or future benefits from participation, such as increased technical know-how, training for employees, acquisition of equipment, and use of background knowledge in future contracts. Cost-sharing is intended to serve the mutual interests of the Government and the performing organization by helping to ensure efficient utilization of the resources available for the conduct of R & D projects and by promoting sound planning and prudent fiscal policies of the performing organization. The Contracting Officer shall use a cost-sharing contract, unless the Contracting Officer determines that a request for cost-sharing would not be appropriate because of the following circumstances:

(1) The particular R & D objective or scope of effort for the project is specified by the Government rather than proposed by the performing organization. This would usually include any formal Government solicitation for a specific project.

(2) The R & D effort has only minor relevance to the non-Federal activities of the performing organization, and the organization is proposing to undertake the R & D primarily as a service to the Government.

(3) The organization has little or no non-Federal sources or funds from

which to make a cost contribution. Organizations which are predominantly engaged in R & D and have little or no production or other service activities may not be in a favorable position to make a cost contribution. Accordingly, the Contracting Officer shall normally not request cost-sharing, if cost-sharing would require the Government to provide funds through some other means (such as fees) to enable the organization to cost-share.

(b) The Contracting Officer has the responsibility for negotiating cost-sharing. Each R & D contract file shall indicate whether the Contracting Officer considered cost-sharing appropriate for that particular contract and in what amount. If cost sharing was not appropriate, the file must include a statement and factual basis for that decision (e.g., "Because the contractor will derive no benefits from this award that can be applied to its commercial activities, cost-sharing is not considered appropriate.") The Contracting Officer shall coordinate with the Project Officer before documenting this decision.

(c) If the Contracting Officer considers cost-sharing appropriate for an R & D contract and the contractor refuses to accept this type of contract, the Contracting Officer may make an award without cost-sharing, if the Contracting Officer concludes that payment of the full cost of the R & D effort is necessary to obtain the services of that particular contractor.

**335.070-2 Amount of cost sharing.**

When cost-sharing is appropriate, the Contracting Officer shall use the following guidelines to determine the amount of cost participation by the contractor:

(a) The amount of cost participation depends on the extent to which the R & D effort or results are likely to enhance the performing organization's capability, expertise, or competitive position, and the value of this enhancement to the performing organization. Therefore, contractor cost participation could reasonably range from as little as one percent or less of the total project cost to more than 50 percent of the total project cost. Ultimately, cost-sharing is a negotiable item. As