

HISTORICAL AND REVISION NOTES—CONTINUED

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3904(g) .....	41:2531-7.	
3904(h) .....	41:2531-8.	Pub. L. 108-72, §4, Aug. 15, 2003, 117 Stat. 889.

In subsections (a)–(c) and (e)–(h), the words “procurement of severable services” are substituted for “acquisition of severable services” for consistency with 41:2531, restated as section 3902 of the revised title.

In subsection (c), the words “During fiscal year 2001 and any succeeding fiscal year” are omitted as obsolete.

In subsection (d), the words “Beginning on December 21, 2000, and hereafter” are omitted as obsolete.

In subsection (e), the text of 41:2531-5(b) is omitted as obsolete.

In subsection (f), the text of 41:2531-6(b) is omitted as obsolete.

In subsection (g), the text of 41:2531-7(b) is omitted as obsolete.

In subsection (h), the text of 41:2531-8(b) is omitted as obsolete.

**§ 3905. Cost contracts**

(a) **COST-PLUS-A-PERCENTAGE-OF-COST CONTRACTS DISALLOWED.**—The cost-plus-a-percentage-of-cost system of contracting shall not be used.

(b) **COST-PLUS-A-FIXED-FEE CONTRACTS.**—

(1) **IN GENERAL.**—Except as provided in paragraphs (2) and (3), the fee in a cost-plus-a-fixed-fee contract shall not exceed 10 percent of the estimated cost of the contract, not including the fee, as determined by the agency head at the time of entering into the contract.

(2) **EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK.**—The fee in a cost-plus-a-fixed-fee contract for experimental, developmental, or research work shall not exceed 15 percent of the estimated cost of the contract, not including the fee.

(3) **ARCHITECTURAL OR ENGINEERING SERVICES.**—The fee in a cost-plus-a-fixed-fee contract for architectural or engineering services relating to any public works or utility project may include the contractor’s costs and shall not exceed 6 percent of the estimated cost, not including the fee, as determined by the agency head at the time of entering into the contract, of the project to which the fee applies.

(c) **NOTIFICATION.**—All cost and cost-plus-a-fixed-fee contracts shall provide for advance notification by the contractor to the procuring agency of any subcontract on a cost-plus-a-fixed-fee basis and of any fixed-price subcontract or purchase order which exceeds in dollar amount either the simplified acquisition threshold or 5 percent of the total estimated cost of the prime contract.

(d) **RIGHT TO AUDIT.**—A procuring agency, through any authorized representative thereof, has the right to inspect the plans and to audit the books and records of a prime contractor or subcontractor engaged in the performance of a cost or cost-plus-a-fixed-fee contract.

(Pub. L. 111-350, §3, Jan. 4, 2011, 124 Stat. 3776.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3905(a) .....	41:254(b) (1st sentence words before 1st comma).	June 30, 1949, ch. 288, title III, §304(b), 63 Stat. 395; July 12, 1952, ch. 703, §1(m), 66 Stat. 594; Pub. L. 103-355, title I, §1071, title IV, §4402(c), title X, §10005(e), Oct. 13, 1994, 108 Stat. 3270, 3349, 3408.
3905(b) .....	41:254(b) (1st sentence words after 1st comma).	
3905(c) .....	41:254(b) (last sentence words before semicolon).	
3905(d) .....	41:254(b) (last sentence words after semicolon).	

**§ 3906. Cost-reimbursement contracts**

(a) **DEFINITION.**—In this section, the term “executive agency” has the same meaning given in section 133 of this title.

(b) **REGULATIONS ON THE USE OF COST-REIMBURSEMENT CONTRACTS.**—The Federal Acquisition Regulation shall address the use of cost-reimbursement contracts.

(c) **CONTENT.**—The regulations promulgated under subsection (b) shall include guidance regarding—

(1) when and under what circumstances cost-reimbursement contracts are appropriate;

(2) the acquisition plan findings necessary to support a decision to use cost-reimbursement contracts; and

(3) the acquisition workforce resources necessary to award and manage cost-reimbursement contracts.

(d) **ANNUAL REPORT.**—

(1) **IN GENERAL.**—The Director of the Office of Management and Budget shall submit an annual report to Congressional committees identified in subsection (e) on the use of cost-reimbursement contracts and task or delivery orders by all executive agencies.

(2) **CONTENTS.**—The report shall include—

(A) the total number and value of contracts awarded and orders issued during the covered fiscal year;

(B) the total number and value of cost-reimbursement contracts awarded and orders issued during the covered fiscal year; and

(C) an assessment of the effectiveness of the regulations promulgated pursuant to subsection (b) in ensuring the appropriate use of cost-reimbursement contracts.

(3) **TIME REQUIREMENTS.**—

(A) **DEADLINE.**—The report shall be submitted no later than March 1 and shall cover the fiscal year ending September 30 of the prior year.

(B) **LIMITATION.**—The report shall be submitted from March 1, 2009, until March 1, 2014.

(e) **CONGRESSIONAL COMMITTEES.**—The report required by subsection (d) shall be submitted to—

(1) the Committee on Oversight and Government Reform of the House of Representatives;

(2) the Committee on Homeland Security and Governmental Affairs of the Senate;

(3) the Committees on Appropriations of the House of Representatives and the Senate; and