PART 335—RESEARCH AND DEVELOPMENT CONTRACTING

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335.070 Cost-sharing.

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335.071 [Reserved]

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Parent topic: SUBCHAPTER F—SPECIAL CATEGORIES OF CONTRACTING

335.070 Cost-sharing.

335.070-1 Policy.

(a) Contracting activities should encourage contractors to contribute to the cost of performing research and development (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 as described in Federal Acquisition Regulation (FAR) 16.303. Examples include increased technical know-how, training for employees, acquisition of goods or services, development of a commercially viable product that can be sold in the commercial market and use of background knowledge in future contracts. Cost-sharing is intended to serve the mutual interests of the Government and its contractors 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 contractor. The Government's interest includes positive impact on the community at large.

(b) The contracting officer should use a cost-sharing contract for R&D contracts, unless the contracting officer determines that a request for cost-sharing would not be appropriate.

(c) Any determination made by a contracting officer as described in this section shall be evidenced by appropriate documentation in the contract file.

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 contractor's capability, expertise, or competitive position, and the value of this enhancement to the contractor. 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 such, the amount of cost-sharing shall be proportional to the anticipated value of the contractor's gain.

(b) If the contractor will not acquire title to, or the right to use, inventions, patents, or technical information resulting from the R&D project, it is normally appropriate to obtain less cost-sharing than in cases in which the contractor acquires these rights.

(c) If the R&D is expected to be of only minor value to the contractor, and if a statute does not require cost-sharing, it may be appropriate for the contractor to make a contribution in the form of a reduced fee or profit rather than sharing costs of the project. Alternatively, a limitation on indirect cost rates might be appropriate. See FAR 42.707. See also, FAR 16.303.

(d) The contractor's participation may be considered over the total term of the project, so that a relatively high contribution in 1 year may be offset by a relatively low contribution in another. Care must be exercised that the intent to cost-share in future years does not become illusory. Redetermination of the cost sharing arrangement might be appropriate depending on future circumstances.

(e) A relatively low degree of cost-sharing may be appropriate if an area of R&D requires special stimulus in the national interest.

335.070-3 Method of cost-sharing.

Cost-sharing on individual contracts may be accomplished either by a contribution of part or all of one or more elements of allowable cost of the work being performed or by a fixed amount or stated percentage of the total allowable costs of the project. Contractors shall not charge costs contributed to the Government under any other instrument (e.g., grant or contract), including allocations to other instruments as part of any independent R&D program.

335.071 [Reserved]

335.072 Key personnel.

If the contracting officer determines that the personnel to be assigned to perform effort on an R&D contract are critical to the success of the R&D effort, or were a critical factor in the award of the contract, then the contracting officer should consider using the key personnel clause at 352.237-75, Key Personnel.