

**Federal Acquisition Regulation**

**48.104-2**

**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 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 the discretion of the contracting officer for each VECP) that spans the highest planned production, based on planning and programming or production documentation at the time the VECP is accepted. The specified quantity begins with the first future contract unit affected by the VECP and continues over consecutive deliveries until the sharing period ends at acceptance of the last of the specified quantity of units.

(d) For contracts (other than those in paragraph (c) of this subsection) for items requiring a prolonged production schedule (e.g., ship construction, major system acquisition), the end of the sharing period is determined according to paragraph (b) of this subsection. Agencies may prescribe sharing of future contract savings on all future contract units to be delivered under contracts awarded within the sharing period for essentially the same item,

even if the scheduled delivery date is outside the sharing period.

[64 FR 51847, Sept. 24, 1999]

**48.104-2 Sharing acquisition savings.**

(a) *Supply or service contracts.* (1) The sharing base for acquisition savings is the number of affected end items on contracts of the contracting office accepting the VECP. The sharing rates (Government/contractor) for net acquisition savings for supplies and services are based on the type of contract, the value engineering clause or alternate used, and the type of savings, as follows:

GOVERNMENT/CONTRACTOR SHARES OF NET ACQUISITION SAVINGS  
[Figures in percent]

| Contract type   | Sharing arrangement   |                                     |                                 |                                     |
|---|-----------------------|-------------------------------------|---------------------------------|-------------------------------------|
|   | Incentive (voluntary) |                                     | Program requirement (mandatory) |                                     |
|   | Instant contract rate | Concurrent and future contract rate | Instant contract rate           | Concurrent and future contract rate |
| Fixed-price (includes fixed-price-award-fee; excludes other fixed-price incentive contracts)    | 150/50                | 150/50                              | 75/25                           | 75/25                               |
| Incentive (fixed-price or cost) (other than award fee)  | ( <sup>2</sup> )      | 150/50                              | ( <sup>2</sup> )                | 75/25                               |
| Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive contracts) | <sup>3</sup> 75/25    | <sup>3</sup> 75/25                  | 85/15                           | 85/15                               |

<sup>1</sup> The contracting officer may increase the contractor's sharing rate to as high as 75 percent for each VECP. (See 48.102(g) (1) through (7).)

<sup>2</sup> Same sharing arrangement as the contract's profit or fee adjustment formula.

<sup>3</sup> The contracting officer may increase the contractor's sharing rate to as high as 50 percent for each VECP. (See 48.102(g) (1) through (7).)

(2) Acquisition savings may be realized on the instant contract, concurrent contracts, and future contracts. The contractor is entitled to a percentage share (see paragraph (a)(1) of this section) of any net acquisition savings. Net acquisition savings result when the total of acquisition savings becomes greater than the total of Government