

Performance-based Contracting

[Reference: FAR 37.6; DEAR 970.1001]

Overview

This section provides guidance and instruction for the development and administration of Performance-Based Contracting concepts for the Department's management and operating contracts, and other major operating contracts, as appropriate.

Background

In 1997, the Department published a final rule (62 FR 34842) which implemented a number of recommendations principally in areas relating to the acquisition processes of its management and operating contracts. One of these recommendations involved the adoption of performance-based contracting concepts.

Since the beginning of its contract reform initiatives, the Department has tested a number of approaches to conform its use of fee to such concepts. A core consideration in the application of performance-based contracting concepts is the development of performance measures which are used to evaluate a contractor's accomplishments on either a subjective or objective basis, or both, and the awarding of fee based upon that performance.

Performance-Based Contracting Guide

Appendix B is the Performance-Based Contracting Guide, please click on the link below to access it:

[Performance-based Contracting Guide](#)

This Guide was developed to assist all Department personnel who are involved in the process of developing performance measures and incentives relating to the Department's management and operating contracts, and other major operating contracts.

The information provided in this Appendix addresses the development of performance objectives and incentives, cost reduction programs, and other matters related to performance-based contracting concepts.

This Appendix will be maintained and updated by the Office of Contract and Resource Management, MA-53.