

GLOSSARY OF ACQUISITION TERMS



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GLOSSARY OF ACQUISITION TERMS

8(a)	Section 8(a) of the Small Business Act. (FAR 19.800(a))
8(a) Contract	A contract with the Small Business Administration under a program established by Section 8(a) of the Small Business Act. Under that program, the Small Business Administration is authorized to enter into all types of contracts with other agencies and let subcontracts for performing those contracts to firms eligible for program participation. (FAR 19.800(a))
8(a) Contractor	A Small Business Administration subcontractor under an 8(a) contract. (FAR 19.800(a))
Acceptance	<ol style="list-style-type: none">1. Also referred to as acceptance of offer. In contract law, the act accepting an offer (e.g., awarding a contract based on an offer under a request for proposals).2. Also referred to as acceptance of work. The act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract. (FAR 46.101)
Acceptance of Offer	See acceptance.
Acceptance of Work	See acceptance.
Acceptance Period	The number of calendar days available to the Government for awarding a contract from the date specified in the solicitation for receipt of offers. (FAR 52.214-16)
Acceptance Procedures	The process followed by Government personnel during acceptance of a supply or service.
Acceptance Time	A definite period of time that one party to a negotiation has to accept an offer by another party. Instead of forcing a quick decision, this tactic can be used to deliberately give the other negotiator more time to grasp a solution or ideas.
Accessory Item	An item that facilitates or enhances the operation of plant equipment but which is not essential for its operation. (FAR 45.501)
Accrual of a Claim	Also referred to as claim accrual. Occurs on the date when all events, which fix the alleged liability of either the Government or the contractor and permit assertion of the claim, were known or should have been known. For liability to be fixed, some injury must have occurred. However, monetary damages need not have been incurred. (FAR 33.201)
Accrued Benefit Cost Method	An actuarial cost method under which units of benefit (e.g., a pension benefit) are assigned to each cost accounting period and are valued as they accrue (i.e., based on the services performed by each employee in the period involved). The measure of normal cost under this method for each cost accounting period is the present value of the units of benefit deemed to be credited to employees for service in that period. The measure of the actuarial liability at a plan's inception date is the present value of the units of benefit credited to employees for service prior to that date. (FAR 31.001)
Accumulating Costs	Collecting cost data in an organized manner, such as through a system of accounts. (FAR 31.001)

Acquisition	The acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. (FAR 2.101)
Acquisition Plan	A document used to facilitate acquisition planning. <ol style="list-style-type: none">It must address all the technical, business, management, and other considerations that will control the acquisition.It must identify those milestones at which decisions should be made.Specific content will vary, depending on the nature, circumstances, and stage of the acquisition.Plans for service contracts must describe the strategies for implementing performance-based contracting methods or provide rationale for not using such methods. (FAR 7.105)
Acquisition Planning	The process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition. (FAR 7.101)
Acquisition Savings	In value engineering, savings resulting from the application of a value engineering change proposal (VECP) to contracts awarded by the same contracting office or its successor for essentially the same unit. They include: <ol style="list-style-type: none">Instant contract savings;Concurrent contract savings; andFuture contract savings. (FAR 48.001)
Acquisition Streamlining	Any effort that results in more efficient and effective use of resources to design and develop, or produce quality systems. This includes ensuring that only necessary and cost-effective requirements are included, at the most appropriate time in the acquisition cycle, in solicitations and resulting contracts for the design, development, and production of new systems, or for modifications to existing systems that involve redesign of systems or subsystems. (FAR 7.101)
Acquisition Team	All participants in Government acquisition including not only representatives of the technical, supply, and procurement communities but also the customers they serve, and the contractors who provide the products and services. (FAR 1.102(c))
Actual Cash Value	The cost of replacing damaged property with other property of like kind and quality in the physical condition of the property immediately before the damage. (FAR 31.001)
Actual Costs	Amounts determined on the basis of costs incurred, as distinguished from forecasted costs. Actual costs include standard costs properly adjusted for applicable variances. (FAR 31.001)
Actuarial Assumption	A prediction of future conditions affecting pension costs (e.g., mortality rate, employee turnover, compensation levels, pension fund earnings, and changes in values of pension funds assets). (FAR 31.001)
Actuarial Cost Method	A technique which uses actuarial assumptions to measure the present value of future pension benefits and pension fund administrative expenses, and which assigns the cost of such benefits and expenses to cost accounting periods. (FAR 31.001)
Actuarial Gain and Loss	The effect on pension cost resulting from differences between actuarial assumptions and actual experience. (FAR 31.001)

Actuarial Liability	Pension cost attributable, under the actuarial cost method in use, to years before the date of a particular actuarial valuation. As of such date, the actuarial liability represents the excess of the present value of the future benefits and administrative expenses over the present value of future contributions, for the normal cost for all plan participants and beneficiaries. The excess of the actuarial liability over the value of the assets of a pension plan is the unfunded actuarial liability. (FAR 31.001)
Actuarial Valuation	The determination, as of a specified date, of the normal cost, actuarial liability, value of the assets of a pension fund, and other relevant values for the pension plan. (FAR 31.001)
Adequate Evidence	Information sufficient to support the reasonable belief that a particular act or omission has occurred. (FAR 9.403)
Adequate Price Competition	Adequate price competition exists when two or more responsible offerors, competing independently, submit priced offers that satisfy the Government's expressed requirement and: <ul style="list-style-type: none"> a. Award will be made to the offeror whose proposal represents the best value where price is a substantial factor in source selection; and b. There is no finding that the price of the otherwise successful offeror is unreasonable. Any finding that the price is unreasonable must be supported by a statement of the facts and approved at a level above the Contracting Officer. (FAR 15.403-1(c)(i))
Administrative Change	A unilateral contract modification, in writing, that does not affect the substantive rights of the parties (e.g., a change in the paying office or the appropriation data). (FAR 43.101)
Administrative Contracting Officer (ACO)	A Contracting Officer who is administering contracts. (FAR 2.101)
Administrator, Wage and Hour Division	The Administrator or the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, or an authorized representative. (FAR 22.001)
Advance Agreement	An agreement on the treatment of special or unusual costs, before those costs are incurred. The purpose of the agreement is to avoid possible subsequent disallowance or dispute based on unreasonableness, unallocability, or unallowability under specific cost principles. (FAR 31.109(a))
Advance Notice	A notice of projected Government construction requirements distributed to reach as many prospective offerors as practicable. (FAR 36.211)
Advance Notification	Under cost-reimbursement contracts, even if the contractor has an approved purchasing system and consent to subcontract is not required, the contractor is required by statute to notify the agency before the award of: <ul style="list-style-type: none"> a. Any cost-plus-fixed-fee subcontract; or b. Any fixed-price subcontract that exceeds limits identified in the FAR. (FAR 44.201-2)
Advance Payment Bond	A bond that secures fulfillment of the contractor's obligations under an advance payment provision. (FAR 28.001)
Advance Payments	Advances of money by the Government to a prime contractor before, in anticipation of, and for the purpose of complete performance under one or more contracts. They are expected to be liquidated from payments due to the contractor incident to performance of the contracts. Since they are not measured by performance, they differ from partial, progress, or other payments based on the performance or partial performance of a contract. Advance payments may be made to prime contractors for the purpose of making advances to subcontractors. (FAR 32.102(a))

Advance Payments for Non-Commercial Items	A payment made before any performance of work under a non-commercial-item contract. Generally, the least preferred method of contract financing. (FAR 32.402)
Advertisement	Any single message prepared for placement in communication media, regardless of the number of placements. (FAR 5.501)
Advertising	The use of media to promote the sale of products or services and accomplish other activities identified in the FAR, regardless of the medium employed, when the advertiser has control over the form and content of what will appear, the media in which it will appear, and when it will appear. Advertising media include but are not limited to conventions, exhibits, free goods, samples, magazines, newspapers, trade papers, direct mail, dealer cards, window displays, outdoor advertising, radio, and television. (FAR 31.205-1(b))
Advertising Material	Material designed to acquaint the Government with a prospective contractor's present products, services, or potential capabilities, or designed to stimulate the Government's interest in buying such products or services. (FAR 15.601)
Advisory and Assistance Services	Means: a. Services provided under contract by nongovernmental sources to: (1) Support or improve: organizational policy development; decision-making; management and administration; program and/or project management and administration; or R&D activities. (2) Furnish professional advice or assistance rendered to improve the effectiveness of Federal management processes or procedures (including those of an engineering and technical nature). b. In rendering the foregoing services, outputs may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training and the day-to-day aid of support personnel needed for the successful performance of ongoing Federal operations. All advisory and assistance services are classified in one of the following definitional subdivisions: (1) Management and professional support services; (2) Studies, analyses and evaluations; or (3) Engineering and technical services. (FAR 37.201)
Affiliates	1. Associated business concerns or individuals if, directly or indirectly: a. Either one controls or can control the other; or b. A third party controls or can control both. (FAR 2.101) 2. Business concerns, organizations, or individuals are affiliates of each other if, directly or indirectly: a. Either one controls or has the power to control the other, or b. A third party controls or has the power to control both. Indicia of control include, but are not limited to, interlocking management or ownership, identity of interests among family members, shared facilities and equipment, common use of employees, or a business entity organized following the debarment, suspension, or proposed debarment of a contractor which has the same or similar management, ownership, or principal employees as the contractor that was debarred, suspended, or proposed for debarment. (FAR 9.403)

Affiliates (cont)	3. Business concerns are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other, or another concern controls or has the power to control both. In determining whether affiliation exists, consider all appropriate factors including common ownership, common management, and contractual relationships; provided, that restraints imposed by a franchise agreement are not considered in determining whether the franchiser controls or has the power to control the franchisee, if the franchisee has the right to profit from its effort, commensurate with ownership, and bears the risk of loss or failure. Any business entity may be found to be an affiliate, whether or not it is organized for profit or located inside the United States. (FAR 19.101)
Affirmative Action Program	A contractor's program that complies with Department of Labor regulations to ensure equal opportunity in employment to minorities and women. (FAR 22.801)
After-Imposed Federal Tax	<ol style="list-style-type: none"> 1. Any new or increased Federal excise tax or duty, or tax that was exempted or excluded on the contract date but whose exemption was later revoked or reduced during the contract period, on the transactions or property covered by a contract that the Contractor is required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date. It does not include social security tax or other employment taxes. (FAR 52.229-3(a)) 2. Any new or increased Federal excise tax or duty, or tax that was exempted or excluded on the contract date but whose exemption was later revoked or reduced during the contract period, on the transactions or property covered by a contract that the Contractor is required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date. It does not include social security tax or other employment taxes. (FAR 52.229-4(a))
After-Relieved Federal Tax	<p>Any amount of Federal excise tax or duty, except social security or other employment taxes, that would otherwise have been payable on the transactions or property covered by a contract, but which the Contractor is not required to pay or bear, or for which the Contractor obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date. (FAR 52.229-3(a))</p> <p>Any amount of Federal excise tax or duty, except social security or other employment taxes, that would otherwise have been payable on the transactions or property covered by a contract, but which the Contractor is not required to pay or bear, or for which the Contractor obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date. (FAR 52.229-4(a))</p>
Agency	<ol style="list-style-type: none"> 1. In contract law, a legal relationship in which a agent acts under the direction of a principal for the principal's benefit. 2. Any executive department, military department or defense agency, or other agency or independent establishment of the executive branch. (FAR 9.403) 3. Any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency. (FAR 24.101) 4. See executive agency.
Agency Ethics Official	The designated agency ethics official and any other designated person, including: <ol style="list-style-type: none"> a. Deputy ethics officials, to whom authority has been delegated by the designated agency ethics official; and b. Alternate designated agency ethics. (FAR 3.104-3)
Agency Head	See head of the agency. (FAR 2.101)
Agency Labor Advisor	An individual responsible for advising contracting agency officials on Federal contract labor matters. (FAR 22.1001)

Agency Procurement Protest	See agency protest.
Agency Protest	Also referred to as agency procurement protest. A protest made to the agency responsible for the procurement. (FAR 33.103)
Agency Screening	The procedure for screening certain types of property only within the contracting agency. The screening period begins on the date the plant clearance officer receives acceptable inventory schedules and ends 30 days later. (FAR 45.608-3)
Agency-Peculiar Property	Government-owned personal property that is peculiar to the mission of one agency (e.g., military or space property). It excludes Government material, special test equipment, special tooling, and facilities. (FAR 45.301)
Agent	A person who acts under the direction of a principal for the principal's benefit in a legal relationship known as agency.
Aggregate Price Index Number	A quantity that measures relative price changes for a group of related products over time.
Air Act	The Clean Air Act. (FAR 52.223-2(a))
Air Freight Forwarder	An indirect air carrier that is responsible for the transportation of property from the point of receipt to the point of destination, and utilizes for the whole or any part of such transportation the services of a direct air carrier or its agent, or of another air freight forwarder. (FAR 47.401)
All Applicable Federal, State, and Local Taxes and Duties	All taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions or property covered by the contract. (FAR 52.229-3(a))
All Applicable Taxes and Duties	All taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions or property covered by the contract, pursuant to written ruling or regulation in effect on the contract date. (FAR 52.229-6(b))
All Employment Openings	All positions except executive and top management, those positions that will be filled from within the contractor's organization, and positions lasting 3 days or less. This term includes full-time employment, temporary employment of more than 3 days' duration, and part-time employment. (FAR 52.222-35(a))
Allocability	A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. (FAR 31.201-4)
Allocate	To assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reassignment of a share from an indirect cost pool. (FAR 31.001)
Allocation	An action taken by a central nonprofit agency to designate the participating nonprofit agencies that will furnish definite quantities of supplies or perform specific services upon receipt of orders from ordering offices. (FAR 8.701)
Allowable Cost	A cost that meets the tests of: <ol style="list-style-type: none">Reasonableness;Allocability to the contract;.Accounting in accordance with standards promulgated by the Cost Accounting Standards Board, if applicable; otherwise, generally accepted accounting principles and practices appropriate to the particular circumstances;The terms of the contract; andAny limitations set forth in the FAR cost principles. (FAR 31.201-2(a))

Alternate	A substantive variation of a basic provision or clause prescribed for use in a defined circumstance. It: <ol style="list-style-type: none"> a. Adds wording to; b. Deletes wording from; or c. Substitutes specified wording for a portion of the basic provision or clause. (FAR 52.101)
Alternate Liquidation Rate	See liquidation rate -- alternate method
Alternative Dispute Resolution (ADR)	Any procedure or combination of procedures voluntarily used to resolve issues in controversy without the need to resort to litigation. These procedures may include, but are not limited to, assisted settlement negotiations, conciliation, facilitation, mediation, fact-finding, minitrials, and arbitration. (FAR 33.201)
Alternative Positions	By offering two or more alternative positions at the same time, a negotiator can indicate a willingness to accept more than one way of settling a particular issue or group of issues.
Amendment	A change in a solicitation prior to contract award. (FAR 14.208 and FAR 15.206)
Analysis of Variance (ANOVA)	The terms used to analyze variation/variance in the regression model. These terms are commonly summarized in a format known as an ANOVA table.
Annual Bid Bond	A bond that secures all bids (on other than construction contracts) requiring bonds submitted during a specific Government fiscal year. (FAR 28.001)
Annual Performance Bond	A single bond furnished by a bidder, in lieu of separate bonds. It is furnished by a contractor, in lieu of separate performance bonds, to secure fulfillment of the contractor's obligations under contracts (other than construction contracts) requiring bonds entered into during a specific Government fiscal year. (FAR 28.001)
Annual Receipts	A measure of the revenue received by a business concern each year. <ol style="list-style-type: none"> a. For a concern that has been in business for three or more complete fiscal years, the annual average gross revenue of the concern taken for the last 3 fiscal years. Details for revenue calculation are presented in the FAR. b. For a concern that has been in business for less than 3 complete fiscal years, the total receipts for the period it has been in business, divided by the number of weeks including fractions of a week that it has been in business, and multiplied by 52. Details for revenue calculation are presented in the FAR. (FAR 19.101)
Anti-Deficiency Act	Requires that no officer or employee of the Government may create or authorize an obligation in excess of the funds available, or in advance of appropriations unless otherwise authorized by law. (FAR 32.702)
Apparent Withdrawal	A negotiator using this tactic gives the impression that his/her organization is withdrawing from the negotiation when that is not the actual intent. Instead, there is a plan to resume negotiations at some later time.
Applied Research	<ol style="list-style-type: none"> 1. An effort which: <ol style="list-style-type: none"> a. Normally follows basic research, but may not be severable from the related basic research; b. Attempts to determine and exploit the potential of scientific discoveries or improvements in technology, materials, processes, methods, devices, or techniques; and c. Attempts to advance the state of the art. Applied research does not include efforts whose principal aim is design, development, or test of specific items or services to be considered for sale. (FAR 31.205-18(a))

Applied Research (cont)	<ol style="list-style-type: none">2. An effort that:<ol style="list-style-type: none">a. Normally follows basic research, but may not be severable from the related basic research;b. Attempts to determine and exploit the potential of scientific discoveries or improvements in technology, materials, processes, methods, devices, or techniques; andc. Attempts to advance the state of the art. When being used by contractors in cost principle applications, this term does not include efforts whose principal aim is the design, development, or testing of specific items or services to be considered for sale; these efforts are within the definition of development. (FAR 35.001)
Appointment Letter	Document used by the contacting officer to assign contractual responsibility to another Government official. The letter or memorandum specifies the official's authority and is signed by the Contracting Officer.
Apprentice	A person: <ol style="list-style-type: none">a. Employed and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, orb. In the first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. (FAR 22.401)
Appropriate Office of the State Employment Service System	The local office of the Federal-State national system of public employment offices with assigned responsibility to serve the area where an employment opening is to be filled, including the District of Columbia, Guam, the Commonwealth of Puerto Rico, and the Virgin Islands. (FAR 52.222-35(a))
Approved Purchasing System	A contractor's purchasing system that has been reviewed and approved in accordance with FAR requirements. (FAR 44.101)
Arbitrary Deadline	Every contract negotiation has real deadlines (e.g., funding availability or required delivery) that might be used to put pressure on one party or the other. However, an arbitrary deadline is a point in time set by one of the parties to the negotiation simply to put pressure on another party.
Architect-Engineer Evaluation Board	A panel composed of members who, collectively, have experience in architecture, engineering, construction, and Government and related acquisition matters. Members shall be appointed from among highly qualified professional employees of the agency or other agencies, and if authorized by agency procedures, private practitioners of architecture, engineering, or related professions. One Government member of each board shall be designated as the chairperson. Under the general direction of the head of the contracting activity, an evaluation board must perform the following functions: <ol style="list-style-type: none">a. Review the current data files on eligible firms and responses to a public notice concerning the particular project;b. Evaluate the firms in accordance with the selection criteria;c. Hold discussions with at least three of the most highly qualified firms regarding concepts and the relative utility of alternative methods of furnishing the required services; and

Architect-Engineer Evaluation Board (cont)	d. Prepare a selection report for the agency head or other designated selection authority recommending, in order of preference, at least three firms that are considered to be the most highly qualified to perform the required services. The report must include a description of the discussions and evaluation conducted by the board to allow the selection authority to review the considerations upon which the recommendations are based. (FAR 36.602-2(a) and 36.602-3)
Architect-Engineer Selection Authority	The person who makes the final selection decision. That person may be the agency head or a designated selection authority. (FAR 36.602-4)
Architect-Engineer Services	Means: <ul style="list-style-type: none"> a. Professional services of an architectural or engineering nature, as defined by State law, if applicable, which are required to be performed or approved by a person licensed, registered, or certified to provide such services; b. Professional services of an architectural or engineering nature performed by contract that are associated with research, planning, development, design, construction, alteration, or repair of real property; and c. Such other professional services of an architectural or engineering nature, or incidental services, which members of the architectural and engineering professions (and individuals in their employ) may logically or justifiably perform, including studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soils engineering, drawing reviews, preparation of operating and maintenance manuals, and other related services. (FAR 36.102)
Areawide Contract	A contract entered into between the General Services Administration and a utility service supplier to cover utility service needs of Federal agencies within the franchise territory of the supplier. Each areawide contract includes an authorization form for requesting service, connection, disconnection, or change in service. (FAR 41.101)
As-Built Drawings	See record drawings. (FAR 36.102)
Asphalt	A solid or semi-solid cementitious material that: <ul style="list-style-type: none"> a. Gradually liquefies when heated, b. Has bitumens as its predominating constituents, and c. Is obtained in refining crude oil. (FAR 25.108(d)(2)(ii)(A))
Assignment of Claims	The transfer or making over by the contractor to a bank, trust company, or other financing institution, as security for a loan to the contractor, of its right to be paid by the Government for contract performance. (FAR 32.801)
Assignment of Contract Administration	Also referred to as delegation of contract administration. As provided in agency procedures, Contracting Officers may delegate contract administration or specialized support services, either through interagency agreements or by direct request to the cognizant Contract Administration Office listed in the Federal Directory of Contract Administration Services Components. (FAR 42.202(a))
Assignment of Contract Audit Services	As provided in agency procedures or interagency agreements, Contracting Officers may request audit services directly from the responsible audit agency cited in the Directory of Federal Contract Audit Offices. <ul style="list-style-type: none"> a. The audit request should include a suspense date and should identify any information needed by the Contracting Officer. b. The responsible audit agency may decline requests for services on a case-by-case basis, if resources of the audit agency are inadequate to accomplish the tasks. Declinations shall be in writing. (FAR 42.102)
Attorney-in-Fact	An agent, independent agent, underwriter, or any other company or individual holding a power of attorney granted by a surety. See also power of attorney. (FAR 28.001)

Audit	<ol style="list-style-type: none">1. A review of an offeror's or contractor's books and financial records to evaluate reporting accuracy, financial risk, or cost reasonableness and report to the Contracting Officer or another Government official.2. A document prepared by an auditor submitting information and advice to the requesting activity related to the auditor's:<ol style="list-style-type: none">a. Analysis of the contractor's financial and accounting records or other related data as to the acceptability of the contractor's incurred and estimated costs;b. Review of the financial and accounting aspects of the contractor's cost control systems; andc. Other analysis or review that required access to the contractor's financial and accounting records supporting proposed and incurred costs. (FAR 42.101(a))
Auditor	<ol style="list-style-type: none">1. A person with general access to an offeror's or contractor's books and financial records to perform an audit. (FAR 15.404-2(c)(3))2. A person responsible for:<ol style="list-style-type: none">a. Submitting information and advice to the requesting activity, based on the auditor's analysis of the contractor's financial and accounting records or other related data as to the acceptability of the contractor's incurred and estimated costs;b. Reviewing the financial and accounting aspects of the contractor's cost control systems; andc. Performing other analyses and reviews that require access to the contractor's financial and accounting records supporting proposed and incurred costs. (FAR 42.101(a))
Authorization	Also referred to as authorization form. The document executed by the ordering agency and the utility supplier to order service under an areawide contract. (FAR 41.101)
Authorization Form	See authorization.
Authorized Individual	A person who has been granted authority, in accordance with agency procedures, to acquire supplies and services in accordance with FAR Part 13. (FAR 13.001)
Auxiliary Item	An item without which the basic unit of plant equipment cannot operate. (FAR 45.501)
Average	The arithmetic mean -- the measure of central tendency most commonly used in contract pricing.
Bad Debts	Actual or estimated losses arising from uncollectible accounts receivable due from customers and other claims, and any directly associated costs (e.g., collection costs and legal costs). (FAR 31.205-3)
Bargaining	Persuasion, alteration of assumptions and positions, give-and-take, that may apply to price, schedule, technical requirements, type of contract, or other terms of a proposed contract. (FAR 15.306(d))
Bargaining Power	The power of each party in the bargaining process is relative. It comes in many forms and is never totally one-sided, because both parties have bargaining strengths and weaknesses. It must be perceived by at least one party to have an effect on negotiations. In fact, the power does not have to be real as long it is perceived.

Based on Adequate Price Competition	<p>A price is based on adequate price competition if:</p> <ol style="list-style-type: none"> a. There is adequate price competition to satisfy the Government's expressed requirement; b. There was a reasonable expectation, based on market research or other assessment, that two or more responsible offerors, competing independently, would submit priced offers in response to the solicitation's expressed requirement, even though only one offer is received from a responsible offeror and if: <ol style="list-style-type: none"> (1) Based on the offer received, the Contracting Officer can reasonably conclude that the offer was submitted with the expectation of competition, e.g., circumstances indicate that: <ol style="list-style-type: none"> (a) The offeror believed that at least one other offeror was capable of submitting a meaningful offer; and (b) The offeror had no reason to believe that other potential offerors did not intend to submit an offer; and (2) The determination that the proposed price is based on adequate price competition, is reasonable, and is approved at a level above the Contracting Officer; or c. Price analysis clearly demonstrates that the proposed price is reasonable in comparison with current or recent prices for the same or similar items, adjusted to reflect changes in market conditions, economic conditions, quantities, or terms and conditions under contracts that resulted from adequate price competition. (FAR 15.403-1)
Based on Prices Set by Law or Regulation	<p>A price is based on prices set by law or regulation if the price is set by pronouncements in the form of periodic rulings, reviews, or similar actions of a governmental body, or embodied in the law. (FAR 15.403-1)</p>
Basic Agreement	<p>A basic agreement is not a contract. It is a written instrument of understanding, negotiated between an agency or contracting activity and a contractor, that:</p> <ol style="list-style-type: none"> a. Contains contract clauses applying to future contracts between the parties during its term; and b. Contemplates separate future contracts that will incorporate by reference or attachment the required and applicable clauses agreed upon in the basic agreement. (FAR 16.702(a))
Basic Ordering Agreement	<p>A basic ordering agreement is not a contract. It is a written instrument of understanding, negotiated between an agency, contracting activity, or contracting office and a contractor, that contains:</p> <ol style="list-style-type: none"> a. Terms and clauses applying to future contracts (orders) between the parties during its term; b. A description, as specific as practicable, of supplies or services to be provided; and c. Methods for pricing, issuing, and delivering future orders under the basic ordering agreement. (FAR 16.703(a))
Basic Research	<ol style="list-style-type: none"> 1. Research directed toward the increase of knowledge in science. The primary aim of basic research is a fuller knowledge or understanding of the subject under study, rather than any practical application thereof. (FAR 31.205-18(a)) 2. Research directed toward increasing knowledge in science. The primary aim of basic research is a fuller knowledge or understanding of the subject under study, rather than any practical application of that knowledge. (FAR 35.001)
Benefit-Cost Analysis	<p>See cost-benefit analysis.</p>

Best Alternative to Negotiated Agreement (BATNA)	An analysis of negotiator alternatives if negotiations fail. It provides a measure of relative bargaining power and the long-term effect of negotiations. For example, sometimes accepting an unreasonable negotiation result may be better than the available alternatives (e.g., a contractor may accept an unreasonably low price in an effort to limit future competition).
Best Practices	Techniques that agencies may use to help detect problems in the acquisition, management, and administration of service contracts. Best practices are practical techniques gained from experience that agencies may use to improve the procurement process. (FAR 37.501)
Best Value	The expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement. (FAR 2.101)
Bid	Also referred to as sealed bid. An offer in response to an invitation for bids. (FAR 2.101)
Bid and Proposal (B&P) Costs	Costs incurred in preparing, submitting, and supporting bids and proposals (whether or not solicited) on potential Government or non-Government contracts. The term does not include the costs of effort sponsored by a grant or cooperative agreement, or required in the performance of a contract. (FAR 31.205-18(a))
Bid Guarantee	A form of security assuring that the bidder not: <ol style="list-style-type: none">Not withdraw a bid within the period specified for acceptance; andExecute a written contract and furnish required bonds, including any necessary coinsurance or reinsurance agreements, within the time specified in the bid, unless a longer time allowed, after receipt of the specified forms. (FAR 28.001)
Bid Opening	For unclassified bids, the bid opening officer (or delegated assistant) must decide when the time set for opening bids in the solicitation has arrived and inform those present of that decision. The bid opening officer (or delegated assistant) must: <ol style="list-style-type: none">Personally and publicly open all bids received before that time.If practical, read the bids aloud to the persons present.Have the bids recorded. The original of each bid must be carefully safeguarded, particularly until the abstract of bids has been made and its accuracy verified.Permit the examination of bids by interested persons if it does not interfere unduly with the conduct of Government business. (FAR 14.402-1)
Bid Protest	See protest.
Bid Sample	<ol style="list-style-type: none">A sample to be furnished by a bidder to show the characteristics of the product offered in a bid. (FAR 14.202-4)Item sample submissions required of bidders to show those characteristics of the offered products that cannot adequately be described by specifications or purchase descriptions (e.g., balance, facility of use, or pattern). (FAR 52.214-20(a))
Bidder	Any person who has submitted a bid in response to an invitation for bids.
Bilateral Modification	A contract modification that is signed by the contractor and the Contracting Officer. Bilateral modifications are used to -- <ol style="list-style-type: none">Make negotiated equitable adjustments resulting from the issuance of a change order;Definitize letter contracts; andReflect other agreements of the parties modifying the terms of contracts. (FAR 43.103(a))
Billing Rate	An indirect cost rate: <ol style="list-style-type: none">Established temporarily for interim reimbursement of incurred indirect costs; andAdjusted as necessary pending establishment of final indirect cost rates. (FAR 42.701)

Blanket Purchase Agreement (BPA)	A simplified method of filling anticipated repetitive needs for supplies or services by establishing charge accounts with qualified sources of supply. (FAR 13.303-1(a))
Blanketing	A negotiation approach designed to get all the issues on the table at the beginning of the negotiation. Negotiators using the blanketing tactic open the negotiation by outlining all their demands at once.
Bogey	A bogey is standard of performance set up as a mark to be attained. A negotiator using the bogey tactic blames the negotiation position on a standard set by a third party or a situation beyond the negotiator's control (e.g., management policy). Any reason might be used as long as it is beyond the negotiator's control.
Bona Fide	<ol style="list-style-type: none"> 1. Genuine. 2. Made honestly and in good faith.
Bona Fide Agency	An established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence. (FAR 3.401)
Bona Fide Employee	A person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence. (FAR 3.401)
Bond	A written instrument executed by a bidder or contractor (the principal), and a second party (the surety or sureties), to assure fulfillment of the principal's obligations to a third party (the obligee or Government), identified in the bond. If the principal's obligations are not met, the bond assures payment, to the extent stipulated, of any loss sustained by the obligee. (FAR 28.001)
Bonding Costs	Costs arise when the Government or the contract requires assurance against financial loss to itself or others by reason of the act or default of the contractor.
Bonuses and Incentive Compensation	Incentive compensation for management employees, cash bonuses, suggestion awards, safety awards, and incentive compensation based on production, cost reduction, or efficient performance. (FAR 31.205-6(f)(1))
Borrower	A contractor, subcontractor (at any tier), or other supplier who receives a guaranteed loan. (FAR 32.301)
Both-Win Outcome	See win/win outcome.
Bracketing	A bracket is a group or class of issues or solutions that are linked together. Negotiators can use this technique to identify issues that are critical to a mutually satisfactory result.
Brainstorming	A technique to develop alternative solutions through an unrestrained exchange of ideas. Negotiators using this tactic think out loud and openly discuss many alternative solutions or ways to resolve issues. No value judgment is placed on any idea during the brainstorming session. Ideas are simply recorded for later evaluation and possible use.
Break Even	A situation that exists when cost and revenue (e.g., contract price) are equal. Profit is zero.
Broad Agency Announcement	A general announcement of an agency's research interest including criteria for selecting proposals and soliciting the participation of all offerors capable of satisfying the Government's needs. (FAR 35.001)

Building	Construction activity as distinguished from manufacturing, furnishing of materials, or servicing and maintenance work. The term includes, without limitation, buildings, structures, and improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, heavy generators, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, dredging, shoring, rehabilitation and reactivation of plants, scaffolding, drilling, blasting, excavating, clearing, and landscaping. The manufacture or furnishing of materials, articles, supplies, or equipment (whether or not a Federal or state agency acquires title to such materials, articles, supplies, or equipment during the course of the manufacture or furnishing, or owns the materials from which they are manufactured or furnished) is not building within the meaning of this definition unless conducted in connection with and at the site of such building as is described in the foregoing sentence, or under the United States Housing Act of 1937 and the Housing Act of 1949 in the construction or development of the project. (FAR 22.401)
Building Construction	The construction of sheltered enclosures with walk-in access, for housing persons, machinery, equipment, or supplies. It typically includes all construction of such structures, installation of utilities and equipment (both above and below grade level), as well as incidental grading, utilities and paving, unless there is an established area practice to the contrary. (FAR 22.404-2(c)(1))
Building Service Contract	<p>A contract for recurring services related to the maintenance of a public building. Recurring services are services that are required to be performed regularly or periodically throughout the course of a contract, and throughout the course of the succeeding or follow-on contract(s), at one or more of the same public buildings.</p> <ol style="list-style-type: none">a. Building service include, but are not limited to, contracts for the recurring provision of custodial or janitorial services; window washing; laundry; food services; guard or other protective services; landscaping and grounds keeping services; and inspection, maintenance, and repair of fixed equipment such as elevators, air conditioning, and heating systems.b. Building service contracts do not include:<ol style="list-style-type: none">(1) Contracts that provide maintenance services only on a non-recurring or irregular basis (e.g., a contract to provide servicing of fixed equipment once a year, or to mulch a garden on a one-time or annual basis, is a non-recurring maintenance contract);(2) Contracts for day-care services in a Federal office building; or(3) Concessions for sales of goods or services other than food services or laundry services. (FAR 22.1202)
Burden	See indirect cost.
Burden Rate	See indirect cost rate.
Bureau Helium Distributor	A private helium distributor which has established and maintains eligibility to distribute helium purchased from the Bureau of Land Management. (FAR 8.501)
Bureau of Land Management	Department of the Interior, Bureau of Land Management. (FAR 8.501)
Business Unit	Any segment of an organization, or an entire business organization which is not divided into segments. (FAR 31.001)
Buy Item	An item or work effort to be produced or performed by a subcontractor. (FAR 15.407-2(b))

Buying-In	Submitting an offer below anticipated costs, expecting to: <ol style="list-style-type: none"> a. Increase the contract amount after award (e.g., through unnecessary or excessively priced change orders); or b. Receive follow-on contracts at artificially high prices to recover losses incurred on the buy-in contract. (FAR 3.501-1)
C. & f. Destination	Free of expense to the Government delivered on board the ocean vessel to the specified point of destination, with the cost of transportation paid by the Contractor. (FAR 52.247-41(a))
C.i.f. Destination	Free of expense to the Government delivered on board the ocean vessel to the specified point of destination, with the cost of transportation and marine insurance paid by the Contractor. (FAR 52.247-42(a))
Canadian End Product	An article that: <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of Canada; or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in Canada into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. (FAR 25.401)
Cancellation	The cancellation (within a contractually specified time) of the total requirements of all remaining program years of a multi-year contract. Cancellation results when the Contracting Officer: <ol style="list-style-type: none"> a. Notifies the contractor of nonavailability of funds for contract performance for any subsequent program year; or b. Fails to notify the contractor that funds are available for performance of the succeeding program year requirement. (FAR 17.103)
Cancellation Ceiling	The maximum cancellation charge that the contractor can receive in the event of multi-year contract cancellation. (FAR 17.103)
Cancellation Charge	The amount of unrecovered costs which would have been recouped through amortization over the full term of a multi-year contract, including the term canceled. (FAR 17.103)
Capital Asset	Tangible property, including durable goods, equipment, buildings, installations, and land. (OMB Circular A-94, App A)
Capital Property	Contractor's plant, equipment, and other facilities subject to depreciation. (FAR 31.205-11(c))
Caribbean Basin Country	A country designated by the President as a beneficiary under the Caribbean Basin Economic Recovery Act. Those countries are identified in the FAR. (FAR 25.401)

Caribbean Basin Country End Product	<ol style="list-style-type: none"> 1. An article that: <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of the Caribbean Basin country; or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. The term excludes products that are excluded from duty-free treatment for Caribbean countries. Those products are identified in the FAR. (FAR 25.401) 2. An article that: <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of a Caribbean Basin country (as defined in section 25.401 of the Federal Acquisition Regulation (FAR) or b. in the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. The term excludes products that are excluded from duty-free treatment for Caribbean countries under the Caribbean Basin Economic Recovery Act. (FAR 225-9(a))
Carrier	A common carrier or a contract carrier. (FAR 47.001)
CAS-Covered Contract	Any negotiated contract or subcontract in which a CAS clause is required to be included. (FAR 9903.301(a))
Central Nonprofit Agency	The nonprofit agency designated to represent a specific group under the Javits-Wagner-O'Day Act. National Industries for the Blind (NIB) has been designated to represent people who are blind. NISH has been designated to represent participating nonprofit agencies serving people with severe disabilities other than blindness. (FAR 8.701)
Certificate of Competency (COC)	A document issued by the Small Business Administration stating that the holder is responsible (with respect to all elements of responsibility, including, but not limited to, capability, competency, capacity, credit, integrity, perseverance, tenacity, and limitations on subcontracting) for the purpose of receiving and performing a specific Government contract. (FAR 19.601(a))
Certificate of Conformance	A certificate signed by a contractor representative that the supplies or services required by the contract have been furnished in accordance with all applicable contract requirements. The certificate further states that the supplies or services are of the quality specified and conform in all respects with the contract requirements, including specifications, drawings, preservation, packaging, packing, marking requirements, and physical item identification (part number), and are in the quantity shown on this or on the attached acceptance document. (FAR 46.315 and 52.246-15)
Certificate of Current Cost or Pricing Data	A certificate in a FAR-prescribed format that cost or pricing data submitted, either actually or by specific identification in writing, are accurate, complete, and current as of the date that negotiations were concluded and price agreement reached or (if applicable) an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price. (FAR 15.406-2(a))

Certificate of Indirect Costs	A certificate that the contractor's final indirect cost rate proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements. The certificate is required as part of any final indirect rate proposal and a proposal must not be accepted and no agreement made to establish final indirect cost rates unless the costs have been certified by the contractor. However, the agency head, or designee, can waive the certification requirement under certain circumstances. (FAR 42.703-2 and 52.242-4)
Certified Invoice	An invoice certified for payment under the terms of the contract in lieu of a separate receiving report. It must contain the information described in paragraphs required for a receiving report. (FAR 32.905(f)(7))
Change Order	A written order, signed by the Contracting Officer, directing the contractor to make a change that the Changes clause authorizes the Contracting Officer to order without the contractor's consent. (FAR 43.101)
Change-Of-Name Agreement	A legal instrument executed by the contractor and the Government that recognizes the legal change of name of the contractor without disturbing the original contractual rights and obligations of the parties. (FAR 42.1201)
Child Care Services	Child protective services (including the investigation of child abuse and neglect reports), social services, health and mental health care, child (day) care, education (whether or not directly involved in teaching), foster care, residential care, recreational or rehabilitative programs, and detention, correctional, or treatment services. (FAR 37.101)
Civil Aircraft and Related Articles	Includes: <ul style="list-style-type: none"> a. All aircraft other than aircraft to be purchased for use by the Department of Defense or the U.S. Coast Guard; b. The engines (and parts and components for incorporation into the engines) of these aircraft; c. Any other parts, components, and subassemblies for incorporation into the aircraft; and d. Any ground flight simulators, and parts and components of these simulators, for use with respect to the aircraft, whether to be used as original or replacement equipment in the manufacture, repair, maintenance, rebuilding, modification, or conversion of the aircraft, and without regard to whether the aircraft or articles receive duty-free treatment under the Trade Agreements Act of 1979. (FAR 25.101)
Civil Judgment	A judgment or finding of a civil offense by any court of competent jurisdiction. (FAR 9.403)
Claim	A written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to the contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the contractor seeking the payment of money exceeding \$100,000 is not a claim under the Contract Disputes Act of 1978 until certified as required by the Act and the FAR. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim. The submission may be converted to a claim, by written notice to the Contracting Officer, if it is disputed either as to liability or amount or is not acted upon in a reasonable time. (FAR 33.201)
Claim Accrual	See accrual of a claim.
Clarifications	Limited exchanges, between the Government and offerors, that may occur after receipt of proposals when award without discussions is contemplated. (FAR 15.306(a))

Class Determinations and Findings	A determination and findings that provides authority for a class of contracting actions. A class may consist of contracting actions for the same or related supplies or services or other contracting actions that require essentially identical justification. The findings must fully support the proposed action either for the class as a whole or for each action. The class determination and finding must be for a specified period, with the expiration date stated in the document. (FAR 1.703)
Class Deviations	A FAR deviation that affects more than one contracting action. (FAR 1.404)
Classified Acquisition	An acquisition that consists of one or more contracts in which offerors would be required to have access to classified information (confidential, secret, or top secret) to properly submit an offer or quotation, to understand the performance requirements of a classified contract under the acquisition, or to perform the contract. (FAR 4.401)
Classified Bid	Any bid that contains classified information (confidential, secret, or top secret).
Classified Contract	Any contract that requires, or will require, access to classified information (confidential, secret, or top secret) by the contractor or its employees in the performance of the contract. A contract may be a classified contract even though the contract document is not classified. (FAR 4.401)
Classified Information	Any information or material, regardless of its physical form or characteristics, that is owned by, produced by or for, or under the control of the United States Government, and determined pursuant to Executive Order 12356, April 2, 1982 or prior orders to require protection against unauthorized disclosure, and is so designated. (FAR 4.401)
Clause	See contract clause.
Code of Ethical Conduct	A code set forth in E.O. 11222, which reads "Where Government is based on consent of the governed, every citizen is entitled to have complete confidence in the integrity of his Government. Each individual officer, employee, or advisor of Government must help to earn and must honor that trust by his own integrity and conduct in all official actions." (Executive Order 11222)
Coefficient of Determination	A measure of the strength of the association between the independent and dependent variables. Coefficient values can range from zero and one. A value of zero indicates that there is no relationship between the independent and dependent variables. A value of one indicates that there is a perfect relationship. The closer the coefficient is to one, the better the regression line fits the data set. For example, a coefficient value of .90 indicates that 90 percent of the variation in the dependent variable has been explained by its relationship with the independent variable.
Coefficient of Variation	A measure of relative dispersion between two samples when sample means are not equal.
Cognizant Administrative Contracting Officer (ACO)	The Administrative Contracting Officer responsible for a particular contract or group of contracts at business unit.
Cognizant Audit Office	The office responsible for performing audits at a particular business unit.
Cognizant Auditor	The auditor responsible for performing audits of a particular contract or group of contracts at a business unit.
Cognizant Federal Agency	The Federal agency that, on behalf of all Federal agencies, is responsible for establishing final indirect cost rates and forward pricing rates, if applicable, and administering cost accounting standards for all contracts in a business unit. (FAR 42.001)
Collateral Costs	In value engineering, agency costs of operation, maintenance, logistic support, or Government-furnished property. (FAR 48.001)

Collateral Savings	In value engineering, those measurable net reductions resulting from a value engineering change proposal in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes. (FAR 48.001)
Commerce Business Daily (CBD)	The public notification media by which U.S. Government agencies identify proposed contract actions and contract awards. It is published in five or six daily editions weekly, as necessary. (FAR 5.101)
Commercial Advance Payment	A payment made before any performance of work under a commercial-item contract. The aggregate of these payments must not exceed 15 percent of the contract price. These payments are contract financing payments for prompt payment purposes (i.e., not subject to the interest penalty provisions of the Prompt Payment Act). These payments are not subject to the requirements that apply to advance payments for noncommercial items. (FAR 32.202-2)
Commercial Carrier	See carrier.
Commercial Component	Any component that is a commercial item. (FAR 2.101)
Commercial Interim Payment	Any payment that is not a commercial advance payment or a delivery payment. These payments are contract financing payments for prompt payment purposes (i.e., not subject to the interest penalty provisions of the Prompt Payment Act). A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done. (FAR 32.202-2)
Commercial Item	Includes: <ul style="list-style-type: none"> a. Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that: <ul style="list-style-type: none"> (1) Has been sold, leased, or licensed to the general public; or, (2) Has been offered for sale, lease, or license to the general public; b. Any item that evolved from an item described in Paragraph 1 of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation; c. Any item that would satisfy a criterion expressed in Paragraphs 1 or 2 of this definition, but for: <ul style="list-style-type: none"> (1) Modifications of a type customarily available in the commercial marketplace; or (2) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications means modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor; d. Any combination of items meeting the requirements of Paragraphs a, b, c, or e of this definition that are of a type customarily combined and sold in combination to the general public;

Commercial Item (cont)	<ul style="list-style-type: none"> e. Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in Paragraphs a, b, c, or d of this definition, and if the source of such services -- <ul style="list-style-type: none"> (1) Offers such services to the general public and the Federal Government contemporaneously and under similar terms and conditions; and (2) Offers to use the same work force for providing the Federal Government with such services as the source uses for providing such services to the general public; f. Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed; g. Any item, combination of items, or service referred to in Paragraphs a through f, notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor; or h. A nondevelopmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments. (FAR 2.101)
Commercial Item Offer	An offer of a commercial item that the vendor wishes to see introduced in the Government's supply system as an alternate or a replacement for an existing supply item. This term does not include innovative or unique configurations or uses of commercial items that are being offered for further development and that may be submitted as an unsolicited proposal. (FAR 15.601)
Commercial Plan	A subcontracting plan (including goals) that covers the offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line). (FAR 19.701)
Committee	The Committee for Purchase from People Who Are Blind or Severely Disabled. (FAR 8.701)
Common Carrier	<ul style="list-style-type: none"> 1. A person holding itself out to the general public to provide transportation for compensation. (FAR 47.001) 2. A person holding itself out to the general public to provide telecommunications services for compensation.
Common Item	Material that is common to the applicable Government contract and the contractor's other work. (FAR 45.601)
Common Parent	<ul style="list-style-type: none"> 1. Corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member. (FAR 4.901) 2. Corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member. (FAR 52.204-3(a))
Communications	Exchanges, between the Government and offerors, after receipt of proposals, leading to establishment of the competitive range. (FAR 15.306(b))
Company	All divisions, subsidiaries, and affiliates of the contractor under common control. (FAR 31.205-18(a))
Compensated Personal Absence	Any absence from work for reasons such as illness, vacation, holidays, jury duty, military training, or personal activities for which an employer pays compensation directly to an employee in accordance with a plan or custom of the employer. (FAR 31.001)

Compensation	Wages, salaries, honoraria, commissions, professional fees, and any other form of compensation, provided directly or indirectly for services rendered. Compensation is indirectly provided if it is paid to an entity other than the individual, specifically in exchange for services provided by the individual. (FAR 3.104-3)
Compensation for Personal Services	All remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees to the contractor during the period of contract performance (except as otherwise provided for in the FAR). It includes, but is not limited to, salaries; wages; directors' and executive committee members' fees; bonuses (including stock bonuses); incentive awards; employee stock options, and stock appreciation rights; employee stock ownership plans; employee insurance; fringe benefits; contributions to pension, other postretirement benefits, annuity, and employee incentive compensation plans; and allowances for off-site pay, incentive pay, location allowances, hardship pay, severance pay, and cost of living differential. (FAR 31.205-6(a))
Competitive Range	Based on the ratings of each proposal against all evaluation criteria, all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency. (FAR 15.306(c))
Completion Form	A form of cost-plus-fixed-fee contract that describes the scope of work by stating a definite goal or target and specifying an end product. It normally requires the contractor to complete and deliver the specified end product (<i>e.g.</i> , a final report of research accomplishing the goal or target) within the estimated cost, if possible, as a condition for payment of the entire fixed fee. However, in the event the work cannot be completed within the estimated cost, the Government may require more effort without increase in fee, provided the Government increases the estimated cost. (FAR 16.306(d)(1))
Compliance	Compliance with: <ul style="list-style-type: none"> a. Clean air or water standards; or b. A schedule or plan ordered or approved by a court of competent jurisdiction, the EPA, or an air or water pollution control agency under the requirements of the Air Act or Water Act and related regulations. (FAR 52.223-2(a))
Component	Any item supplied to the Federal Government as part of an end item or of another component. (FAR 2.101)
Components	<ol style="list-style-type: none"> 1. Those articles, materials, and supplies incorporated directly into the end products. (FAR 25.101) 2. Those articles, materials, and supplies incorporated directly into construction materials. (FAR 25.201) 3. Those articles, materials, and supplies incorporated directly into the end products. (FAR 25.225-9(a))
Computer Software Concern	Computer programs, computer data bases, and documentation thereof. (FAR 27.401) Any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States and which makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, material and/or labor, etc. It includes but is not limited to an individual, partnership, corporation, joint venture, association, or cooperative. (FAR 19.001)
Concurrent Contract Savings	In value engineering, net reductions in the prices of other contracts that are definitized and ongoing at the time the value engineering change proposal is accepted. (FAR 48.001)
Confidence Interval	A probability statement about an interval which is likely to contain the true population mean.

Confidence Level	A measure of the confidence that a particular interval includes the population mean.
Connection Charge	All nonrecurring costs, whether refundable or nonrefundable, to be paid by the Government to the utility supplier for the required connecting facilities, which are installed, owned, operated, and maintained by the utility supplier. (FAR 41.101)
Conscious Nonverbal Messages	Senders are aware that they are sending a nonverbal message and the general meaning of that message. Receivers of conscious nonverbal communication are aware that they received the message and the meaning intended by the sender. For example, the individuals extending a hug know that they are embracing someone and that action is normally perceived as indicating affection. The receiver of a hug, generally realizes that the message is a sign of friendship.
Consent of Surety	An acknowledgment by a surety that its bond given in connection with a contract continues to apply to the contract as modified. (FAR 28.001)
Consent to Subcontract	<ol style="list-style-type: none">1. The Contracting Officer's written consent for the prime contractor to enter into a particular subcontract. (FAR 44.101)2. The requirement for the Contracting Officer responsible for contract administration to consent to identified subcontract actions:<ol style="list-style-type: none">a. If the contractor has an approved purchasing system, consent is required for subcontracts specifically identified by the Contracting Officer in the subcontracts clause of the contract.b. If the contractor does not have an approved purchasing system, consent to the subcontract is required for cost-reimbursement, time-and-materials, labor-hour, or letter contracts, and also for many unpriced actions (including unpriced modifications and unpriced delivery orders) under fixed-price contracts that exceed the simplified acquisition threshold. (FAR 44.201-1)
Consideration	In contract law, something of value. It may be money, an act, or a promise. It is one of the key elements required to have a binding contract.
Constant Dollar Values	Economic units measured in terms of constant purchasing power. Constant dollar values are not affected by general price inflation. (OMB Circular A-94, App A)
Construction	<ol style="list-style-type: none">1. Construction, alteration, or repair of any public building or public work in the United States. (FAR 25.201)2. Construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. For purposes of this definition, the terms buildings, structures, or other real property include but are not limited to improvements of all types, such as bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property. (FAR 36.102)
Construction Equipment	Equipment (including marine equipment) in sound workable condition, either owned or controlled by the contractor or the subcontractor at any tier, or obtained from a commercial rental source, and furnished for use under Government contracts. (FAR 31.105(d)(2))

Construction Material	An article, material, or supply brought to the construction site for incorporation into the building or work. Construction material also includes an item brought to the site pre-assembled from articles, materials, and supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site. (FAR 25.201)
Construction Work	The construction, rehabilitation, alteration, conversion, extension, demolition, or repair of buildings, highways, or other changes or improvements to real property, including facilities providing utility services. The term also includes the supervision, inspection, and other on-site functions incidental to the actual construction. (FAR 22.801)
Construction, Alteration, or Repair	All types of work done on a particular building or work at the site thereof, including without limitation, altering, remodeling, installation (if appropriate) on the site of the work of items fabricated off-site, painting and decorating, the transporting of materials and supplies to or from the building or work by the employees of the construction contractor or construction subcontractor, and the manufacturing or furnishing of materials, articles, supplies, or equipment on the site of the building or work by persons employed by the contractor or subcontractor. (FAR 22.401)
Constructive Change	A Government action or inaction that constitutes an unauthorized modification of contract requirements. The Contracting Officer may be required to follow agency ratification procedures, prior to considering formalization of the modification.
Consumer Price Index (CPI)	Published monthly by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), measures changes in consumer prices for a fixed mix of goods selected from the following categories: food; clothing; shelter and fuels; transportation; and medical services.
Consumer Product	Any article (other than an automobile) that: <ul style="list-style-type: none"> a. Consumes energy; and b. Is distributed in commerce for personal use or consumption by individuals. (FAR 23.202)
Continental United States (CONUS)	The 48 contiguous states and the District of Columbia. (FAR 47.001)
Contingency	A possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminable at the present time. (FAR 31.205-7(a))
Contingent Fee	Any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract. (FAR 3.401)
Continued Portion of The Contract	The portion of a partially terminated contract that the contractor must continue to perform. (FAR 49.001)
Contract	A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements. (FAR 2.101)

Contract Action	An action resulting in a contract, including contract modifications for additional supplies or services, but not including contract modifications that are within the scope and under the terms of the contract, such as contract modifications issued pursuant to the Changes clause, or funding and other administrative changes. (FAR 32.001)
Contract Adjustment Boards	An agency head may establish a contract adjustment board with authority to approve, authorize, and direct appropriate extraordinary contractual actions and to make all appropriate determinations and findings. The decisions of the board shall not be subject to appeal; however, the board may reconsider and modify, correct, or reverse its previous decisions. The board must determine its own procedures and have authority to take all action necessary or appropriate to conduct its functions. (FAR 50.202)
Contract Administration File	File which contains the document supporting all actions reflecting the basis for and the performance of contract administration responsibilities. Included are the copy of the contract and all modifications, together with official record copies of supporting documents executed by the Contract Administration Office. (FAR 4.802)
Contract Administration Office	An office that performs: a. Assigned postaward functions related to the administration of contracts; and b. Assigned preaward functions. (FAR 2.101)
Contract Administration Plan	The Contracting Officer's scheme for performing the functions required for contract administration.
Contract Carrier	<ol style="list-style-type: none">1. A person providing transportation for compensation under continuing agreements with one person or a limited number of persons. (FAR 47.001)2. A person providing telecommunications services for compensation under continuing agreements with one person or a limited number of persons.
Contract Clause	A term or condition used in contracts or in both solicitations and contracts, and applying after contract award or both before and after award. (FAR 52.101)
Contract Closeout	Action taken in accordance with the FAR and agency procedures to close the contract and dispose of the contract file after receipt of evidence of physical contract completion. (FAR 4.804-5 and 4.805)
Contract Date	<ol style="list-style-type: none">1. The date set for bid opening or, if this is a negotiated contract or a modification, the effective date of a contract or modification. (FAR 52.229-3(a))2. The effective date of a contract and, for any modification to a contract, the effective date of a modification. (FAR 52.229-4(a))
Contract Disputes Act of 1978	Establishes procedures and requirements for asserting and resolving claims subject to the Act. In addition, the Act provides for: a. The payment of interest on contractor claims; b. Certification of contractor claims; and c. A civil penalty for contractor claims that are fraudulent or based on a misrepresentation of fact. (FAR 33.202)
Contract Elements	To be legally enforceable, a contract must include the following: an offer, an acceptance, consideration, execution by competent parties, legality of purpose, and clear terms and conditions.
Contract Financing Payment	A Government disbursement of monies to a contractor under a contract clause or other authorization prior to acceptance of supplies or services by the Government. Contract financing payments include advance payments, progress payments based on cost, progress payments based on a percentage or stage of completion (other than those made under fixed-price construction or architect-engineer contracts), and interim payments on cost-type contracts. Contract financing payments do not include invoice payments or payments for partial deliveries. (FAR 32.902)

Contract Modification	Also referred to as a modification. Any written change in the terms of a contract. (FAR 43.101)
Contract Price	<ol style="list-style-type: none"> 1. The award price of a contract or, for requirements contracts, the price payable for the estimated quantity; or for indefinite-delivery type contracts, the price payable for the specified minimum quantity. (FAR 52.228-15(a)) 2. The total amount of a contract for the term of the contract (excluding options, if any) or, for requirements contracts, the price payable for the estimated quantity; or for indefinite-delivery type contracts, the price payable for the specified minimum quantity. (FAR 52.228-16(a))
Contract Quality Requirements	The technical requirements in the contract relating to the quality of the product or service and those contract clauses prescribing inspection, and other quality controls incumbent on the contractor, to assure that the product or service conforms to the contractual requirements. (FAR 46.101)
Contract Type	Also referred to as type of contract. Categories of contracts that are differentiated according to: <ol style="list-style-type: none"> a. The degree and timing of the responsibility assumed by the contractor for the costs of performance; and b. The amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. (FAR 16.101(a))
Contract Work Hours and Safety Standards Act	Requires that certain contracts contain a clause specifying that no laborer or mechanic doing any part of the work contemplated by the contract shall be required or permitted to work more than 40 hours in any workweek unless paid for all additional hours at not less than 1 1/2 times the basic rate of pay. (FAR 22.403-3)
Contracting	Purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements. (FAR 2.101)
Contracting Action	An action resulting in a contract, including contract modifications for additional supplies or services, but not including contract modifications that are within the scope and under the terms of the contract, such as contract modifications issued pursuant to the contract Changes clause, or funding and other administrative changes. (FAR 5.001)
Contracting Activity	An element of an agency designated by the agency head and delegated broad authority regarding acquisition functions. (FAR 2.101)
Contracting Agency	Any department, agency, establishment, or instrumentality in the Executive Branch of the Government, including any wholly owned Government corporation that enters into contracts. (FAR 22.801)
Contracting Office	<ol style="list-style-type: none"> 1. An office that awards or executes a contract for supplies or services and performs postaward functions not assigned to a contract administration office. (FAR 2.101) 2. Any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action. (FAR 48.001)

Contracting Officer (CO)

1. A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer. A single Contracting Officer may be responsible for duties in any or all of these areas. FAR reference to the Administrative or Termination Contracting Officer does not:
 - a. Require that a duty be performed at a particular office or activity; or
 - b. Restrict in any way a Contracting Officer in the performance of any duty properly assigned. (FAR 2.101)
2. Does not include any representative of the Contracting Officer. (FAR 52.243-7(a))

Contracting Officer Representative (COR)

Also referred to as Contracting Officer Technical Representative. A person designated by the Contracting Officer to assist in the technical monitoring or administration of a contract. Procedures vary from agency to agency, but generally a COR must be designated in writing with a copy furnished the contractor and the contract administration office. The designation does not include any authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract.

Contracting Officer Technical Representative (COTR)

See Contracting Officer Representative.

Contractor

1. Any individual or other legal entity that:
 - a. Directly or indirectly (e.g., through an affiliate), submits offers for or is awarded, or reasonably may be expected to submit offers for or be awarded, a Government contract, including a contract for carriage under Government or commercial bills of lading, or a subcontract under a Government contract; or
 - b. Conducts business, or reasonably may be expected to conduct business, with the Government as an agent or representative of another contractor. (FAR 9.403)
2. Includes the terms prime contractor and subcontractor. (FAR 22.801)
3. Includes a subcontractor at any tier whose subcontract is subject to the provisions of the Services Contract Act. (FAR 22.1001)
4. For subcontracting requirements, the total contractor organization or a separate entity of it, such as an affiliate, division, or plant, that performs its own purchasing. (FAR 44.101)

Contractor's Development and Implementation Costs

In value engineering, those costs the contractor incurs on a value engineering change proposal specifically in developing, testing, preparing, and submitting the value engineering change proposal (VECP), as well as those costs the contractor incurs to make the contractual changes required by Government acceptance of a VECP. (FAR 48.001)

Contractor's Managerial Personnel

Also referred to as contractor's principal officials. The Contractor's directors, officers, and any of the contractor's managers, superintendents, or equivalent representatives who have supervision or direction of:

- a. All or substantially all of the contractor's business;
- b. All or substantially all of the contractor's operation at any one plant or separate location at which the contract is being performed; or
- c. A separate and complete major industrial operation connected with performing a contract. (FAR 52.245-2(g)(1) Alternate)

Contractor's Plant

The term includes contractor facilities and contractor-operated Government facilities. (FAR 45.601)

Contractor's Principal Officials	See contractor's managerial personnel.
Contractor Acquisition Team	Contractor members of the Acquisition Team.
Contractor Bid Information	See contractor proposal information.
Contractor Inventory	Any property: <ul style="list-style-type: none"> a. Acquired by and in the possession of a contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract; b. That the Government is obligated or has the option to take over under any type of contract as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and c. Furnished by the Government that exceeds the amounts needed to complete full performance under the entire contract. (FAR 45.601)
Contractor Proposal Information	Any of the following information submitted to a Federal agency as part of or in connection with a bid or proposal to enter into a Federal agency procurement contract, if that information has not been previously made available to the public or disclosed publicly: <ul style="list-style-type: none"> a. Cost or pricing data; b. Indirect costs and direct labor rates; c. Proprietary information about manufacturing processes, operations, or techniques marked by the contractor in accordance with applicable law or regulation; d. Information marked by the contractor as "contractor bid or proposal information" in accordance with applicable law or regulation; or e. Information marked by the contractor with the restrictions prescribed in FAR 52.215-1(e). (FAR 3.104-3)
Contractor Purchasing System Review (CPSR)	The complete evaluation of a contractor's purchasing of material and services, subcontracting, and subcontract management from development of the requirement through completion of subcontract performance. The review provides the Administrative Contracting Officer a basis for granting, withholding, or withdrawing approval of the contractor's purchasing system. (FAR 44.101 and 44.301)
Contractor Team Arrangement	An arrangement in which: <ul style="list-style-type: none"> a. Two or more companies form a partnership or joint venture to act as a potential prime contractor; or b. A potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program. (FAR 9.601)
Contractor-Acquired Property	Property acquired or otherwise provided by the contractor for performing a contract and to which the Government has title. (FAR 45.101)
Contracts with Commercial Organizations	All contracts and contract modifications for supplies, services, or experimental, developmental, or research work negotiated with organizations other than educational institutions, construction and architect-engineer contracts, State and local governments and nonprofit organizations on the basis of cost.
Contribution	A concept, suggestion, or idea presented to the Government for its use with no indication that the source intends to devote any further effort to it on the Government's behalf. (FAR 15.601)
Contribution Income	The difference between revenue and variable cost required to provide a supply or service.

Controlled Materials	The various shapes and forms of steel, copper, aluminum, and nickel alloys specified in Schedule II, and defined in Schedule III, of the DPAS. (FAR 11.601)
Conviction	<ol style="list-style-type: none"> 1. A judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of <i>nolo contendere</i>. (FAR 9.403) 2. A finding of guilt (including a plea of <i>nolo contendere</i>) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes. (FAR 23.503)
Copeland (Anti-Kickback) Act	Makes it unlawful to induce, by force, intimidation, threat of procuring dismissal from employment, or otherwise, any person employed in the construction or repair of public buildings or public works, financed in whole or in part by the United States, to give up any part of the compensation to which that person is entitled under a contract of employment. The Act also requires each contractor and subcontractor to furnish weekly a statement of compliance with respect to the wages paid each employee during the preceding week. Contracts subject to the Act must contain a clause requiring contractors and subcontractors to comply with the regulations issued by the Secretary of Labor under the Act. (FAR 22.403-2)
COR Workplan	Plan of action for the Contracting Officer Representative (COR)
Corporate Administrative Contracting Officer (CACO)	Contractors with more than one operational location (e.g., division, plant, or subsidiary) often have corporate-wide policies, procedures, and activities requiring Government review and approval and affecting the work of more than one Administrative Contracting Officer. In these circumstances, effective and consistent contract administration may require the assignment of a corporate Administrative Contracting Officer to deal with corporate management and to perform selected contract administration functions on a corporate-wide basis. (FAR 42.601)
Corporate Surety	A corporation licensed under various insurance laws and, under its charter, has legal power to act as surety for others. (FAR 28.001)
Correction	The elimination of a defect. (FAR 46.701)
Cost Accounting Practice	Any disclosed or established accounting method or technique which is used for allocation of cost to cost objectives, assignment of cost to cost accounting periods, or measurement of cost. (FAR 9903.302-1)
Cost Accounting Standards (CAS)	Accounting requirements designed to achieve uniformity and consistency in the cost accounting practices governing measurement, assignment, and allocation of costs to contracts with the United States Government. (FAR 9901.302)
Cost Accounting Standards Board (CASB)	A 5-member board that has the exclusive authority to make, promulgate, amend, and rescind cost accounting standards and regulations, including interpretations thereof, designed to achieve uniformity and consistency in the cost accounting practices governing measurement, assignment, and allocation of costs to contracts with the United States Government. (FAR 9901.302 and 9901.304)
Cost Analysis	The review and evaluation of the separate cost elements and profit in an offeror's or contractor's proposal (including cost or pricing data or information other than cost or pricing data), and the application of judgment to determine how well the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency. (FAR 15.404-1(c)(1))
Cost Contract	A cost-reimbursement contract in which the contractor receives no fee. May be appropriate for research and development work, particularly with nonprofit educational institutions or other nonprofit organizations, and for facilities contracts. (FAR 16.302)
Cost Estimating Relationship	A technique used to estimate a particular cost or price by using an established relationship with an independent variable.

Cost Input	The cost, except general and administrative (G&A) expenses, which for contract costing purposes is allocable to the production of goods and services during a cost accounting period. (FAR 31.001)
Cost Objective	A function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc. (FAR 31.001)
Cost of Capital Committed to Facilities	An imputed cost determined by applying a cost of money rate to facilities capital. (FAR 31.001)
Cost or Price Negotiation Objectives	Goals for contract action cost or price. Without an overall price objective, negotiations will often flounder and result in settlements that can be neither explained nor defended.
Cost or Pricing Data	All facts that, as of the date of price agreement or, if applicable, an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price, prudent buyers and sellers would reasonably expect to affect price negotiations significantly. Cost or pricing data are data requiring certification. Cost or pricing data are factual, not judgmental; and are verifiable. While they do not indicate the accuracy of the prospective contractor's judgment about estimated future costs or projections, they do include the data forming the basis for that judgment. Cost or pricing data are more than historical accounting data; they are all the facts that can be reasonably expected to contribute to the soundness of estimates of future costs and to the validity of determinations of costs already incurred. They also include such factors as: vendor quotations; nonrecurring costs; information on changes in production methods and in production or purchasing volume; data supporting projections of business prospects and objectives and related operations costs; unit-cost trends such as those associated with labor efficiency; make-or-buy decisions; estimated resources to attain business goals; and information on management decisions that could have a significant bearing on costs. (FAR 15.401)
Cost or Pricing Data Index	An offeror listing of all cost or pricing data and information accompanying or identified in a proposal. It includes any supplemental additions and/or revisions, up to the date of agreement on price, or an earlier date agreed upon by the parties. (FAR Table 15-2)
Cost or Pricing Data Submission	The requirement for submission of cost or pricing data is met when all accurate cost or pricing data reasonably available to the offeror have been submitted, either actually or by specific identification, to the Contracting Officer or an authorized representative. The requirement for submission of cost or pricing data continues up to the time of agreement on price, or an earlier date agreed upon between the parties if applicable. (FAR Table 15-2)
Cost or Pricing Data Threshold	The threshold for obtaining cost or pricing data. Currently \$500,000 for new contracts. The threshold for each existing contract is specified in the contract. (FAR 15.403-4(a)(1))
Cost Principles for Commercial Contracts	Principles for determining the allowable costs of contracts and subcontracts with commercial contractors presented in FAR 31.2. (FAR 31.2)
Cost Principles for Nonprofit Organizations	Principles for determining the costs applicable to work performed by nonprofit organizations under contracts (also grants and other agreements) with the Government presented in Office of Management and Budget Circular A-122, Cost Principles for Nonprofit Organizations. (FAR 31.702)

Cost Principles for State and Local Governments	Principles for determining the allowable costs of contracts and subcontracts with State, local, and Federally recognized Indian tribal governments presented in Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments. (FAR 31.602)
Cost Realism	The costs in an offeror's proposal are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the various elements of the offeror's technical proposal. (FAR 15.401)
Cost Realism Analysis	The process of independently reviewing and evaluating specific elements of each offeror's proposed cost estimate to determine whether the estimated proposed cost elements are realistic for the work to be performed; reflect a clear understanding of the requirements; and are consistent with the unique methods of performance and materials described in the offeror's technical proposal. (FAR 15.404-1(d)(1))
Cost Sharing	An explicit arrangement under which the contractor bears some of the burden of reasonable, allocable, and allowable contract cost. (FAR 35.001)
Cost-Benefit Analysis	Also referred to as benefit-cost analysis. A systematic quantitative method of assessing the desirability of Government projects or policies when it is important to take a long view of future effects and a broad view of possible side-effects. (OMB Circular A-94, App A)
Cost-Effectiveness	A systematic quantitative method for comparing the costs of alternative means of achieving the same stream of benefits or a given objective. (OMB Circular A-94, App A)
Cost-Plus-Award-Fee Contract	A cost-reimbursement contract that provides for a fee consisting of <ol style="list-style-type: none">A base amount fixed at inception of the contract andAn award amount that the contractor may earn in whole or in part during performance and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effective management. The amount of the award fee to be paid is determined by the Government's judgmental evaluation of the contractor's performance in terms of the criteria stated in the contract. This determination is made unilaterally by the Government and is not subject to the Disputes clause. (FAR 16.405-2(a))
Cost-Plus-Fixed-Fee Contract	A cost-reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. The fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the work to be performed under the contract. This contract type permits contracting for efforts that might otherwise present too great a risk to contractors, but it provides the contractor only a minimum incentive to control costs. (FAR 16.306(a))
Cost-Plus-Incentive-Fee Contract	A cost-reimbursement contract that provides for the initially negotiated fee to be adjusted later by a formula based on the relationship of total allowable costs to total target costs. This contract type specifies a target cost, a target fee, minimum and maximum fees, and a fee adjustment formula. After contract performance, the fee payable to the contractor is determined in accordance with the formula. The formula provides, within limits, for increases in fee above target fee when total allowable costs are less than target costs, and decreases in fee below target fee when total allowable costs exceed target costs. This increase or decrease is intended to provide an incentive for the contractor to manage the contract effectively. When total allowable cost is greater than or less than the range of costs within which the fee-adjustment formula operates, the contractor is paid total allowable costs, plus the minimum or maximum fee. (FAR 16.405-1(a))

Cost-Reimbursement Contract	A contract that provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the Contracting Officer. (FAR 16.301-1)
Cost-Sharing Contract	A cost-reimbursement contract in which the contractor receives no fee and is reimbursed only for an agreed-upon portion of its allowable costs. May be used when the contractor agrees to absorb a portion of the costs, in the expectation of substantial compensating benefits. (FAR 16.303)
Cost-Volume-Profit Analysis	An examination of the relationship between revenue, fixed cost, variable cost, and profit.
Cost-Volume-Profit Equation	An used in cost-volume-profit analysis. In the equation, revenue is equal to fixed cost plus variable cost plus profit.
Costs	<ol style="list-style-type: none"> 1. Allowable costs in accordance with Part 31 of the Federal Acquisition Regulation (FAR) in effect on the date of a contract. (FAR 52.216-5(b)) 2. Include, but are not limited to, administrative and clerical expenses; the costs of legal services, whether performed by in-house or private counsel; the costs of the services of accountants, consultants, or others retained by the contractor to assist it; costs of employees, officers, and directors; and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding which bears a direct relationship to the proceeding. (FAR 31.205-47)
Costs of Idle Facilities or Idle Capacity	Costs such as maintenance, repair, housing, rent, and other costs related to idle facilities (e.g., property taxes, insurance, and depreciation). (FAR 31.205-17(a))
Cosurety	One of two or more sureties jointly liable for the penal sum of a bond. A limit of liability for each surety may be stated. (FAR 28.001)
Counterfeit Competition	Negotiators using counterfeit competition openly and blatantly praise the benefits of false alternative choices which are supposedly at least as attractive as successfully completing the current negotiation. Presumably, the alternative would become increasingly attractive if the negotiator was forced to make further concessions during negotiations.
Country Concerned	Any country, other than the United States, its possessions, and Puerto Rico, in which expenditures under a contract are made. (FAR 52.229-6(b))
Covered Area	The geographical area described in a solicitation for a contract. (FAR 52.222-27(a))
Covered Federal Action	Any of the following Federal actions are covered by the Limitation on Payments to Influence Certain Federal Transactions Clause: <ol style="list-style-type: none"> a. The awarding of any Federal contract; b. The making of any Federal grant; c. The making of any Federal loan; d. The entering into of any cooperative agreement; or e. The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. (FAR 52.203-12(a))

Covered Personnel	<p>In service contracting:</p> <ol style="list-style-type: none">a. An officer or an individual who is appointed in the civil service by one of the following acting in an official capacity:<ol style="list-style-type: none">(1) The President;(2) A Member of Congress;(3) A member of the uniformed services;(4) An individual who is an employee under 5 U.S.C. 2105;(5) The head of a Government-controlled corporation; or(6) An adjutant general appointed by the Secretary concerned.b. A member of the Armed Services of the United States.c. A person assigned to a Federal agency who has been transferred to another position in the competitive service in another agency. (FAR 37.201)
Covered Product	<p>A consumer product of one of the following types:</p> <ol style="list-style-type: none">a. Central air conditioners.b. Clothes dryers.c. Clothes washers.d. Dishwashers.e. Freezers.f. Furnaces.g. Home heating equipment, not including furnaces.h. Humidifiers and dehumidifiers.i. Kitchen ranges and ovens.j. Refrigerators and refrigerator-freezers.k. Room air conditioners.l. Television sets.m. Water heaters.n. Any other type of product that the Secretary of Energy classifies as a covered product. (FAR 23.202)
Criminal Drug Statute	<ol style="list-style-type: none">1. A Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance. (FAR 23.503)2. A Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance. (FAR 52.223-6(a))
Critical Nonconformance	<p>A nonconformance that is likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or is likely to prevent performance of a vital agency mission. (FAR 46.101)</p>
Criticality Designator	<p>A code (A, B, or C) assigned by the contacting officer to identify the relative importance of the contract to Government operation and need for close production surveillance. (FAR 42.1105)</p>
Crude Oil	<p>Crude petroleum, as it is produced at the wellhead, and liquids (under atmospheric conditions) that have been recovered from mixtures of hydrocarbons that existed in a vaporous phase in a reservoir and that are not natural gas products. (FAR 25.108(d)(2)(i))</p>
Crunch	<p>This tactic is designed to take another bite at the other party's position no matter how reasonable it is. The user of this tactic is never satisfied and responds in words such as, "You have to do better than that," or "That is not good enough."</p>
Cumulative Average Improvement Curve	<p>An improvement curve model based on the assumption that as the total volume of units produced doubles the average cost per unit decreases by some constant percentage.</p>
Custodial Records	<p>Written memoranda of any kind, such as requisitions, issue hand receipts, tool checks, and stock record books, used to control items issued from tool cribs, tool rooms, and stockrooms. (FAR 45.501)</p>

Customary Contract Financing	<p>That financing deemed by an agency to be available for routine use by Contracting Officers. Most customary contract financing arrangements should be usable by Contracting Officers without specific reviews or approvals by higher management. The following contract financing arrangements are customary contract financing when provided in accordance with the FAR and agency regulations:</p> <ol style="list-style-type: none"> Financing of shipbuilding, or ship conversion, alteration, or repair, when agency regulations provide for progress payments based on a percentage or stage of completion; Financing of construction or architect-engineer services; Financing of contracts for supplies or services awarded under the sealed bid method of procurement or under the competitive negotiation method of procurement through progress payments based on costs; Financing of contracts for supplies or services awarded under a sole-source acquisition through either progress payments based on costs or performance-based payments. Performance-based payments are the preferred method when the Contracting Officer finds them practical, and the contractor agrees to their use; Financing of contracts for supplies or services through advance payments; Financing of contracts for supplies or services through guaranteed loans; or Financing of contracts for supplies or services through any appropriate combination of advance payments, guaranteed loans, and either performance-based payments or progress payments but not both. (FAR 32.001 and FAR 32.113)
Customary Progress Payment Rate	<p>The rate(s) identified in the FAR as customary for progress payments. Normally, there are different rates for contracts with small business and other concerns. The Department of Defense may establish other customary rates for foreign military sales and for flexible progress payments.</p>
Customary Progress Payments	<p>Progress payments based on cost made using the customary progress payment rate, the cost base, and frequency of payment established in the Progress Payments clause, and either the ordinary liquidation method or the alternate method. (FAR 32.501)</p>
Customs Territory of The United States	<p>The States, the District of Columbia, and Puerto Rico. (FAR 25.601)</p>
Data	<p>Recorded information, regardless of form or the media on which it may be recorded. The term includes technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing or management information. (FAR 27.401)</p>
Davis-Bacon Act	<p>Provides that contracts in excess of \$2,000 to which the United States or the District of Columbia is a party for construction, alteration, or repair (including painting and decorating) of public buildings or public works within the United States, must contain a clause that no laborer or mechanic employed directly upon the site of the work must receive less than the prevailing wage rates as determined by the Secretary of Labor. (FAR 22.403-1)</p>

Day	<ol style="list-style-type: none">1. Unless otherwise specified, a calendar day. (FAR 2.101)2. In the computation of any time period:<ol style="list-style-type: none">a. The day of the act, event, or default from which the designated period of time begins to run is not included; andb. The last day after the act, event, or default is included unless:<ol style="list-style-type: none">(1) The last day is a Saturday, Sunday, or Federal holiday; or(2) In the case of a filing of a paper at any appropriate administrative forum, the last day is a day on which weather or other conditions cause the closing of the forum for all or part of the day, in which event the next day on which the appropriate administrative forum is open is included.(3) In the case of the 5-day period after a debriefing date and the 10-day period after contract award for filing a protest resulting in a suspension, Saturdays, Sundays, and legal holidays must be counted. (FAR 33.101)
Deadlock	See lose/lose outcomes.
Debarment	Action taken by a debarring official to exclude a contractor from Government contracting and Government-approved subcontracting for a reasonable, specified period. (FAR 9.403)
Debarred	Excluded from Government contracting and Government-approved subcontracting for a reasonable, specified period. (FAR 9.403)
Debarring Official	An agency head or a designee authorized by the agency head to impose debarment. (FAR 9.403)
Decoy	A person or thing that lures someone into danger. In negotiations, the danger is an unsatisfactory outcome. The lure is a position or issue that appears important to the negotiator using the tactic, but in reality is not. The issue or position can be completely fabricated or one whose importance is simply blown way out of proportion.
Decrement Factor	<ol style="list-style-type: none">1. A percentage used to indicate the relative difference between a proposed price and a recommended should-pay price.2. A percentage by which a subcontract reduces its subcontract price, if for example, the prime contractor purchases more than a specified amount of supplies.
Defect	Any condition or characteristic in any supplies or services furnished by the Contractor under the contract that is not in compliance with the requirements of the contract. (FAR 52.246-19(a))
Defective Certification	With respect to a claim, a certificate which alters or otherwise deviates from the language in the FAR or which is not executed by a person duly authorized to bind the contractor with respect to the claim. Failure to certify must not be deemed to be a defective certification. (FAR 33.201)
Defective Cost or Pricing Data	Cost or pricing data found after contract award to be inaccurate, incomplete, or noncurrent as of the date of final agreement on price or an earlier date agreed upon by the parties given on the contractor's or subcontractor's Certificate of Current Cost or Pricing Data. (FAR 15.407-1(b)(1))
Defense Contract Audit Agency (DCAA)	For contractors other than educational institutions and nonprofit organizations, the Defense Contract Audit Agency (DCAA) is normally the agency responsible for performing Government contract audits. (FAR 42.101(b))
Defense Contract Management Command (DCMC)	An element of the Defense Logistics Agency that performs a wide variety of contract administration and support services for the Department of Defense and other agencies. (FAR 42.201(b))

Defense Priorities and Allocation System (DPAS)	A Department of Commerce system controlling the use of critical material and facilities. Goals are to: <ol style="list-style-type: none"> a. Assure the timely availability of industrial resources to meet current defense requirements; and b. Provide a framework for rapid industrial expansion in case of a national emergency. (FAR 11.600)
Defense Production Act of 1950	Under Title I of the Defense Production Act of 1950, as amended, the President is authorized: <ol style="list-style-type: none"> a. To require that contracts in support of the national defense be accepted and performed on a preferential or priority basis over all other contracts, and b. To allocate materials and facilities in such a manner as to promote the national defense. (FAR 11.602(a))
Defense Production Pool	A pool formed to obtain and perform defense production contracts. (FAR 9.701)
Defense Research and Development	A pool formed to obtain and perform defense research and development contracts. (FAR 9.701)
Deferred Compensation	An award made by an employer to compensate an employee in a future cost accounting period or periods for services rendered in one or more cost accounting periods before the date of the receipt of compensation by the employee. This definition must not include the amount of year end accruals for salaries, wages, or bonuses that are to be paid within a reasonable period of time after the end of a cost accounting period. (FAR 31.001)
Deficiency	A material failure of a proposal to meet a Government requirement or a combination of significant weaknesses in a proposal that increases the risk of unsuccessful contract performance to an unacceptable level. (FAR 15.301)
Defined-Benefit Pension Plan	A pension plan in which the benefits to be paid, or the basis for determining such benefits, are established in advance and the contributions are intended to provide the stated benefits. (FAR 31.001)
Defined-Contribution Pension Plan	A pension plan in which the contributions to be made are established in advance and the benefits are determined thereby. (FAR 31.001)
Definite-Quantity Contract	An indefinite-delivery` contract that provides for delivery of a definite quantity of specific supplies or services for a fixed period, with deliveries or performance to be scheduled at designated locations upon order. (FAR 16.502)
Deflation	Decreases in the price for identical or similar items that results in a decrease in purchasing power.
Delegate Agency	An agency of the U.S. Government authorized by delegation from Department of Commerce to place priority ratings on contracts that support authorized programs. Schedule I of the DPAS lists the Delegate Agencies. (FAR 11.601)
Delegated Agency	An agency that has received a written delegation of authority from GSA to contract for utility services for periods not exceeding ten years. (FAR 41.101)
Delegation of Contract Administration	See assignment of contract administration.
Delivery Order	An order for supplies placed against an established contract or with Government sources. (FAR 2.101)
Delivery Order Contract	A contract for supplies that does not procure or specify a firm quantity of supplies (other than a minimum or maximum quantity) and that provides for the issuance of orders for the delivery of supplies during the period of the contract. (FAR 16.501-1)

Delivery Payment	A payment for accepted supplies or services, including payments for accepted partial deliveries. Commercial financing payments are liquidated by deduction from these payments. Delivery payments are invoice payments for prompt payment purposes. (FAR 32.202-2)
Demand for Payment	See demand for payment of contract debt.
Demand for Payment of Contract Debt	Also referred to as demand for payment or demand letter. A demand for a refund due the Government. It must include the following: <ol style="list-style-type: none">A description of the debt, including the debt amount.Notification that any amounts not paid within 30 days from the date of the demand will bear interest from the date of the demand, or from any earlier date specified in the contract, and that the interest rate must be the rate established by the Secretary of the Treasury, for the period affected, under Public Law 92-41. In the case of a debt arising from a price reduction for defective pricing, or as specifically set forth in a Cost Accounting Standards (CAS) clause in the contract, that interest will run from the date of overpayment by the Government until repayment by the contractor at the underpayment rate established by the Secretary of the Treasury, for the periods affected.A notification that the contractor may submit a proposal for deferment of collection if immediate payment is not practicable or if the amount is disputed.Identification of the responsible official designated for determining the amount of the debt and for its collection. (FAR 32.610(b))
Demand Letter	See demand for payment of contract debt.
Depreciation	A charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life refers to the prospective period of economic usefulness in a particular contractor's operations as distinguished from physical life; it is evidenced by the actual or estimated retirement and replacement practice of the contractor. (FAR 31.205-11(a))
Descriptive Literature	<ol style="list-style-type: none">Information, such as cuts, illustrations, drawings, and brochures, which shows the characteristics or construction of a product or explains its operation. It is furnished by bidders as a part of their bids to describe the products offered. The term includes only information required to determine acceptability of the product. It excludes other information such as that furnished in connection with the qualifications of a bidder or for use in operating or maintaining equipment. (FAR 14.202-5)Information (e.g., cuts, illustrations, drawings, and brochures) that is submitted as part of a bid. Descriptive literature is required to establish, for the purpose of evaluation and award, details of the product offered that are specified elsewhere in the solicitation and pertain to significant elements such as (1) design; (2) materials; (3) components; (4) performance characteristics; and (5) methods of manufacture, assembly, construction, or operation. The term includes only information required to determine the technical acceptability of the offered product. It does not include other information such as that used in determining the responsibility of a prospective Contractor or for operating or maintaining equipment. (FAR 52.214-21(a))
Descriptive Statistics	A large variety of methods for summarizing or describing a set of numbers. These methods may involve computational or graphical analysis.

Design	In construction, defining the construction requirement (including the functional relationships and technical systems to be used, such as architectural, environmental, structural, electrical, mechanical, and fire protection), producing the technical specifications and drawings, and preparing the construction cost estimate. (FAR 36.102)
Design-Bid-Build	The traditional delivery method where design and construction are sequential and contracted for separately with two contracts and two contractors. (FAR 36.102)
Design-Build	Combining design and construction in a single contract with one contractor. (FAR 36.102)
Design-to-Cost	A concept that establishes cost elements as management goals to achieve the best balance between life-cycle cost, acceptable performance, and schedule. Under this concept, cost is a design constraint during the design and development phases and a management discipline throughout the acquisition and operation of the system or equipment. (FAR 7.101)
Designated Agency	Any department or agency of the executive branch of the United States Government. (FAR 32.801)
Designated Billing Office	The office or person (Governmental or nongovernmental) designated in the contract where the contractor first submits invoices and contract financing requests. This might be the Government disbursing office, contract administration office, office accepting the supplies delivered or services performed by the contractor, contract audit office, or a nongovernmental agent. In some cases, different offices might be designated to receive invoices and contract financing requests. (FAR 32.902)
Designated Country	A country or instrumentality designated under the Trade Agreements Act of 1979 and identified in the FAR. (FAR 25.401)
Designated Country Construction Material	Construction material that: <ul style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of a designated country; or b. In the case of a construction material which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in a designated country into a new and different construction material distinct from the materials from which it was transformed. (FAR 25.401)
Designated Country End Product	1. An article that: <ul style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of the designated country, or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. (FAR 25.401)

Designated Country End Product (cont)	<ol style="list-style-type: none">2. An article that:<ol style="list-style-type: none">a. Is wholly the growth, product, or manufacture of the designated country, orb. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. (FAR 52.225-9(a))
Designated Payment Office	The place designated in the contract to make invoice payments or contract financing payments. Normally, this will be the Government disbursing office. (FAR 32.902)
Detailed Requirement	Contract requirement stated in detail (e.g., detailed product design requirements).
Determination and Findings	A special form of written approval by an authorized official that is required by statute or regulation as a prerequisite to taking certain contracting actions. The determination is a conclusion or decision supported by the findings. The findings are statements of fact or rationale essential to support the determination and must cover each requirement of the statute or regulation. (FAR 1.701)
Development	<ol style="list-style-type: none">1. The systematic use, under whatever name, of scientific and technical knowledge in the design, development, test, or evaluation of a potential new product or service (or of an improvement in an existing product or service) for the purpose of meeting specific performance requirements or objectives.<ol style="list-style-type: none">a. Development includes the functions of design engineering, prototyping, and engineering testing.b. Development excludes:<ol style="list-style-type: none">(1) Subcontracted technical effort which is for the sole purpose of developing an additional source for an existing product; or(2) Development effort for manufacturing or production materials, systems, processes, methods, equipment, tools, and techniques not intended for sale. (FAR 31.205-18(a))2. The systematic use of scientific and technical knowledge in the design, development, testing, or evaluation of a potential new product or service (or of an improvement in an existing product or service) to meet specific performance requirements or objectives. It includes the functions of design engineering, prototyping, and engineering testing; it excludes subcontracted technical effort that is for the sole purpose of developing an additional source for an existing product. (FAR 35.001)
Deviation	Also referred to as a FAR deviation. Any one or combination of the following: <ol style="list-style-type: none">a. The issuance or use of a policy, procedure, solicitation provision, contract clause, method, or practice of conducting acquisition actions of any kind at any stage of the acquisition process that is inconsistent with the FAR.b. The omission of any solicitation provision or contract clause when its prescription requires its use.c. The use of any solicitation provision or contract clause with modified or alternate language that is not authorized by the FAR.d. The use of a solicitation provision or contract clause prescribed by the FAR on a "substantially as follows" or "substantially the same as" basis if such use is inconsistent with the intent, principle, or substance of the prescription or related coverage on the subject matter in the FAR.

Deviation (cont)	<ul style="list-style-type: none"> e. The authorization of lesser or greater limitations on the use of any solicitation provision, contract clause, policy, or procedure prescribed by the FAR. f. The issuance of policies or procedures that govern the contracting process or otherwise control contracting relationships that are not incorporated into agency acquisition regulations. (FAR 1.401)
Direct Cost	<p>Any cost that can be identified specifically with a particular final cost objective.</p> <ul style="list-style-type: none"> a. Costs identified specifically with the contract are direct costs of the contract and are to be charged directly to the contract. b. No final cost objective must have allocated to it as a direct cost any cost, if other costs incurred for the same purpose in like circumstances have been included in any indirect cost pool to be allocated to that or any other final cost objective. c. All costs specifically identified with other final cost objectives of the contractor are direct costs of those cost objectives and are not to be charged to the contract directly or indirectly. d. For reasons of practicality, any direct cost of minor dollar amount may be treated as an indirect cost if the accounting treatment: <ul style="list-style-type: none"> (1) Is consistently applied to all final cost objectives; and (2) Produces substantially the same results as treating the cost as a direct cost. (FAR 31.202)
Directly Associated Cost	<p>Any cost which is generated solely as a result of the incurrence of another cost, and which would not have been incurred had the other cost not been incurred. (FAR 31.001)</p>
Directly Engaged	<ul style="list-style-type: none"> 1. Includes all direct cost employees and any other contract employee who has other than a minimal impact or involvement in contract performance. (FAR 23.503) 2. Includes all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance. (FAR 52.223-6(a))
Director	<ul style="list-style-type: none"> 1. The Director, Office of Federal Contract Compliance Programs (OFCCP), United States Department of Labor. (FAR 22.801) 2. Director, Office of Federal Contract Compliance Programs (OFCCP), United States Department of Labor, or any person to whom the Director delegates authority. (FAR 52.222-27(a))
Directory of Federal Contract Audit Offices	<p>A publication maintained and distributed by the Defense Contract Audit Agency that identifies cognizant audit offices and the contractors over which they have cognizance. (FAR 42.103(a))</p>
Disclosure Statement	<p>A written description of a contractor's cost accounting practices and procedures. Submission of a new or revised Disclosure Statement is not required for any non-CAS-covered contract or from any small business concern. (FAR 9903.202-1(a))</p>
Discount Factor	<p>The factor that translates expected benefits or costs in any given future year into present value terms. The discount factor is equal to $1/(1 + i)^t$ where i is the interest rate and t is the number of years from the date of initiation for the program or policy until the given future year. (OMB Circular A-94, App A)</p>

Discount for Prompt Payment	An invoice payment reduction voluntarily offered by the contractor, in conjunction with the, Discounts for Prompt Payment clause, if payment is made by the Government prior to the due date. The due date is calculated from the date of the contractor's invoice. If the contractor has not placed a date on the invoice, the due date is calculated from the date the designated billing office receives a proper invoice, provided the agency annotates such invoice with the date of receipt at the time of receipt. When the discount date falls on a Saturday, Sunday, or legal holiday when Federal Government offices are closed and Government business is not expected to be conducted, payment may be made on the following business day and a discount may be taken. (FAR 32.902)
Discount Rate	The interest rate used in calculating the present value of expected yearly benefits and costs. (OMB Circular A-94, App A)
Discrepancies Incident to Shipment	All deficiencies incident to shipment of Government property to or from a contractor's facility whereby differences exist between the property purported to have been shipped and property actually received. Such deficiencies include loss, damage, destruction, improper status and condition coding, errors in identity or classification, and improper consignment. (FAR 45.501)
Discussions	Negotiations that occur after establishment of the competitive range that may, at the Contracting Officer's discretion, result in the offeror being allowed to revise its proposal. (FAR 15-306(d) and 52.215-1(a))
Dismissal Wages	See severance pay.
Display Room	A location maintained by an organization, without charge to the public, to display requirements for the benefit of prospective offerors, subcontractors, and material suppliers. (FAR 36.211)
DO Rating	A priority rating under DPAS. All DO rated orders have equal priority with each other and take preference over unrated orders. (FAR 11.603(a))
Domestic and Foreign Differential Pay	For personal services performed in a foreign country, compensation may also include a differential that may properly consider all expenses associated with foreign employment such as housing, cost of living adjustments, transportation, bonuses, additional Federal, State, local or foreign income taxes resulting from foreign assignment, and other related expenses. (FAR 31.205-6(e)(1))
Domestic Construction Material	Means: a. An unmanufactured construction material mined or produced in the United States, or b. A construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. (In determining whether a construction material is domestic, only consider the construction material and its components.) The cost of each component includes transportation costs to the place of incorporation into the construction material and any applicable duty (whether or not a duty-free entry certificate is issued). Components of foreign origin of the same class or kind which the head of the contracting activity or designee determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality are treated as domestic. (FAR 25.201)

Domestic End Product	<ol style="list-style-type: none"> 1. Means: <ol style="list-style-type: none"> a. An unmanufactured end product mined or produced in the United States, or b. An end product manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. (In determining if an end product is domestic, only consider the end product and its components.) The cost of each component includes transportation costs to the place of incorporation into the end product and any applicable duty (whether or not a duty-free entry certificate is issued). Components of foreign origin of the same class or kind that are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality or which the agency head determines that domestic preference would be inconsistent with the public interest are treated as domestic. Scrap generated, collected, and prepared for processing in the United States is considered domestic. (FAR 25.101) 2. Means: <ol style="list-style-type: none"> a. An unmanufactured end product mined or produced in the United States, or b. An end product manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. A component shall also be considered to have been mined, produced, or manufactured in the United States (regardless of its source in fact) if the end product in which it is incorporated is manufactured in the United States and the component is of a class or kind: <ol style="list-style-type: none"> (1) Determined by the Government to be not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality, or (2) To which the agency head concerned has determined that it would be inconsistent with the public interest to apply the restrictions of the Buy American Act. (FAR 52.225-9(a))
Domestic Offer	An offered price for a domestic end product, including transportation to destination. (FAR 25.101)
Domestic Services	Services performed in the United States. If services provided under a single contract are performed both inside and outside the United States, they must be considered domestic if 25 percent or less of their total cost is attributable to services (including incidental supplies used in connection with these services) performed outside the United States. (FAR 25.301)
Donation Screening	Screening by the General Services Administration for possible donation. (FAR 45.608-2)
Double Moving Average	Data collected over two or more time periods (normally at least three) are summed and divided by the number of time periods. A second moving average is then calculated using the averages from your first moving average as observations. These two moving averages are then used to forecast for future time periods. Forecasts assume that there is a trend in the data.
Draft Request for Proposals (RFP)	A tentative solicitation submitted to prospective offerors for review and comment. (FAR 15.201(c))
Drug-Free Workplace	The site(s) for the performance of work done by the contractor in connection with a specific contract at which employees of the contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance. (FAR 23.503)

Dry Bulk Carrier	A vessel used primarily for the carriage of shipload lots of homogeneous unmarked nonliquid cargoes such as grain, coal, cement, and lumber. (FAR 47.501)
Dry Cargo Liner	A vessel used for the carriage of heterogeneous marked cargoes in parcel lots. However, any cargo may be carried in these vessels, including part cargoes of dry bulk items or, when carried in deep tanks, bulk liquids such as petroleum and vegetable oils. (FAR 47.501)
Due Date	The date on which payment should be made. (FAR 32.902)
DX Rating	A priority rating under DPAS. All DX rated orders have equal priority with each other and take preference over DO rated orders and unrated orders. This rating is used for special defense programs designated by the President to be of the highest national priority. (FAR 11.603(a))
Economic Planning Costs	Costs of generalized long-range management planning that is concerned with the future overall development of the contractor's business and that may take into account the eventual possibility of economic dislocations or fundamental alterations in those markets in which the contractor currently does business. They do not include organization or reorganization costs. (FAR 31.205-12(a))
Economic Purchase Quantity	A supply acquisition quantity that produces economic benefit to the Government. Evaluation should consider the costs related to purchasing and holding the supply item. (FAR 7.203 and 52.207-4)
Educational Institution	Public or nonprofit institution of higher education, e.g., an accredited college or university, as defined in Section 1201(a) of the Higher Education Act of 1965. (FAR 9903.201-2(c)(2))
Effective Competition	A market condition which exists when two or more contractors, acting independently, actively contend for the Government's business in a manner which ensures that the Government will be offered the lowest cost or price alternative or best technical design meeting its minimum needs. (FAR 34.001)
Effective Date	<ol style="list-style-type: none">1. For a solicitation amendment, change order, or administrative change, the effective date must be the issue date of the amendment, change order, or administrative change.2. For a supplemental agreement, the effective date must be the date agreed upon by the contracting parties.3. For a modification issued as a confirming notice of termination for the convenience of the Government, the effective date of the confirming notice must be the same as the effective date of the initial notice.4. For a modification converting a termination for default to a termination for the convenience of the Government, the effective date must be the same as the effective date of the termination for default.5. For a modification confirming the Termination Contracting Officer's previous letter determination of the amount due in settlement of a contract termination for convenience, the effective date must be the same as the effective date of the previous letter determination. (FAR 43.101)
Effective Date of Termination	The date on which the notice of termination requires the contractor to stop performance under the contract. If the termination notice is received by the contractor subsequent to the date fixed for termination, then the effective date of termination means the date the notice is received. (FAR 49.001)
Efficiency Factor	A measure of overall performance used in a work measurement system. It is calculated by dividing the standard time to perform the work by the actual time.
Electronic Bid	A bid submitted using electronic commerce. (FAR 14.202-8)

Electronic Commerce (EC)	A paperless process including electronic mail, electronic bulletin boards, electronic funds transfer, electronic data interchange, and similar techniques for accomplishing business transactions. The use of terms commonly associated with paper transactions (e.g., copy, document, page, printed, sealed envelope, and stamped) must not be interpreted to restrict the use of electronic commerce. Contracting Officers may supplement electronic transactions by using other media to meet the requirement of any contract action governed by FAR (e.g., transmission of a hard copy of drawings). (FAR 4.502(a))
Electronic Data Interchange (EDI)	A technique for electronically transferring and storing formatted information between computers utilizing established and published formats and codes, as authorized by the applicable Federal Information Processing Standards. (FAR 4.501)
Electronic Funds Transfer (EFT)	A transfer payment transaction instruction given to the Federal Reserve System. (FAR 32.902)
Eligible Product	<ol style="list-style-type: none"> 1. A designated, North American Free Trade Agreement (NAFTA), or Caribbean Basin country end product. (FAR 25.401) 2. A designated, North American Free Trade Agreement (NAFTA), or Caribbean Basin country end product. (FAR 52.225-9(a))
Emerging Small Business Concern	A small business concern whose size is no greater than 50 percent of the numerical size standard applicable to the standard industrial classification code assigned to a contracting opportunity. (FAR 19.1002)
Employee	An employee of a contractor directly engaged in the performance of work under a Government contract. (FAR 23.503)
Employee of an Agency	Includes the following individuals who are employed by an agency: <ol style="list-style-type: none"> a. An individual who is appointed to a position in the Government, including a position under a temporary appointment; b. A member of the uniformed services; c. A special Government employee; and d. An individual who is a member of a Federal advisory committee. (FAR 3.801)
Employer's Identification Number	The Federal Social Security number used on the employer's quarterly Federal tax return, U.S. Treasury Department Form 941. (FAR 52.222-27(a))
Employment Cost Index (ECI)	Published monthly by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), measures changes in labor costs.
End Product	Those articles, materials, and supplies to be acquired for public use under the contract. (FAR 25.101)
End Products	Those articles, materials, and supplies to be acquired under the contract for public use. (FAR 52.225-9(a))
Energy Efficiency Standard	A performance standard that: <ol style="list-style-type: none"> a. Prescribes a minimum level of energy efficiency for a covered product; and b. Includes any other requirements that the Secretary of Energy may prescribe. (FAR 23.202)
Energy Use and Efficiency Label	A label provided by a manufacturer of a covered product. (FAR 23.202)
Engineering and Technical Services	Contract services used to support the program office during the acquisition cycle by providing such services as systems engineering and technical direction to ensure the effective operation and maintenance of a weapon system or major system or to provide direct support of a weapon system that is essential to research, development, production, operation or maintenance of the system. (FAR 37.201)

Entertainment Costs	Costs of amusement, diversions, social activities, and any directly associated costs such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities. (FAR 31.205-14)
Entity of the Government	See Government.
Environmentally Preferable	Products or services that have a lesser negative effect on human health or the environment when compared with competing products or services that serve the same purpose. This comparison should use principles recommended in guidance issued by the Environmental Protection Agency and may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service. (FAR 23.703)
EPA Designated Item	An item: <ol style="list-style-type: none">That is or can be made with recovered material;That is listed by EPA in a procurement guideline; andFor which EPA has provided purchasing recommendations in a related Recovered Materials Advisory Notice (RMAN). (FAR 23.402)
Estimating Costs	The process of forecasting a future result in terms of cost, based upon information available at the time. (FAR 31.001)
Estimating Equation	A quantitative relationship use to estimate cost or price. The relationship may be linear or nonlinear and may include one or more independent variables.
Estimating Factor	A multiple used to estimate cost or price based on a linear relationship with a product characteristic or an element of cost.
Estimating System	The contractor's policies, procedures, and practices for generating cost estimates and other data included in proposals submitted to customers in the expectation of receiving contract awards. Components include the contractor's: <ol style="list-style-type: none">Organizational structure;Established lines of authority, duties, and responsibilities;Internal controls and managerial reviews;Flow of work, coordination, and communications; andEstimating methods, techniques, accumulation of historical costs, and other analyses used to generate cost estimates. (DFARS 252.215-7002)
Ex Dock, Pier, or Warehouse, Port of Importation	Free of expense to the Government delivered on the designated dock or pier or in the warehouse at the specified port of importation. (FAR 52.247-40(a))
Excepted Tax	Social security or other employment taxes, net income and franchise taxes, excess profits taxes, capital stock taxes, transportation taxes, unemployment compensation taxes, and property taxes. It does not include gross income taxes levied on or measured by sales or receipts from sales, property taxes assessed on completed supplies covered by a contract, or any tax assessed on the Contractor's possession of, interest in, or use of property, title to which is in the Government. (FAR 52.229-4(a))
Exception	When related to Government forms, means an approved departure from the established design, content, printing specifications, or conditions for use of any standard form. (FAR 53.001)
Excess Personal Property	Any personal property under the control of a Federal agency that the agency head or a designee determines is not required for its needs and for the discharge of its responsibilities. (FAR 8.101)
Execution	The final consummation of a contract action including all formalities (e.g., signature and any necessary approvals) needed to complete the action. (FAR 4.1)

Executive Agency	Also referred to as an agency. An executive department, a military department, or any independent establishment within the meaning of 5 U.S.C. 101, 102, and 104(1), respectively, and any wholly owned Government corporation within the meaning of 31 U.S.C. 9101. (FAR 2.101)
Executive Agreement	A government-to-government agreement, including agreements with international organizations, to which the United States is a party. (FAR 1.405(a))
Express Warranty	Warranty terms defined in the contract. For commercial contracts, a express warranty must be included in the contract by addendum. (FAR 12.404(b))
Expressly Unallowable Cost	A particular item or type of cost which, under the express provisions of an applicable law, regulation, or contract, is specifically named and stated to be unallowable. (FAR 31.001)
Extraordinary Contractual Action	P.L. 93-155, as amended, and Executive Order 10789, dated November 14, 1958, as amended empower the President to authorize agencies exercising functions in connection with the national defense to enter into, amend, and modify contracts, without regard to other provisions of law related to making, performing, amending, or modifying contracts, whenever the President considers that such action would facilitate the national defense. (FAR 50.101)
F.a.s. Vessel, Port of Shipment	Free of expense to the Government delivered alongside the ocean vessel and within reach of its loading tackle at the specified port of shipment. (FAR 52.247-36(a))
F.o.b. Designated Air Carrier's Terminal, Point of Exportation	Free of expense to the Government loaded aboard the aircraft, or delivered to the custody of the air carrier (if only the air carrier performs the loading), at the air carrier's terminal specified in the contract. (FAR 52.247-43(a))
F.o.b. Designated Air Carrier's Terminal, Point of Importation	Free of expense to the Government delivered to the air carrier's terminal at the point of importation specified in the contract. (FAR 52.247-44(z))
F.o.b. Destination	Free on board at destination (i.e., the seller or consignor delivers the goods on seller's or consignor's conveyance at destination). Unless the contract provides otherwise, cost of shipping and risk of loss are borne by the seller or consignor. (FAR 47.001)
F.o.b. Destination, Within Consignee's Premises	Free of expense to the Government delivered and laid down within the doors of the consignee's premises, including delivery to specific rooms within a building if so specified. (FAR 52.247-35(a))
F.o.b. Inland Carrier, Point of Exportation	Free of expense to the Government, on board the conveyance of the inland carrier, delivered to the specified point of exportation. (FAR 52.247-38(a))
F.o.b. Inland Point, Country of Importation	Free of expense to the Government, on board the indicated type of conveyance of the carrier, delivered to the specified inland point where the consignee's facility is located. (FAR 247-39(a))
F.o.b. Origin	Free on board at origin (i.e., the seller or consignor places the goods on the conveyance by which they are to be transported). Unless the contract provides otherwise, cost of shipping and risk of loss are borne by the buyer or consignee. (FAR 47.001)
F.o.b. Origin, Contractor's Facility	Free of expense to the Government delivered on board the indicated type of conveyance of the carrier (or of the Government, if specified) at the designated facility, on the named street or highway, in the city, county, and State from which the shipment will be made. (FAR 52.247-30(a))

F.o.b. Origin, Freight Allowed

Means:

- a. Free of expense to the Government delivered:
 - (1) On board the indicated type of conveyance of the carrier (or of the Government, if specified) at a designated point in the city, county, and State from which the shipments will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;
 - (2) To, and placed on, the carrier's wharf (at shipside within reach of the ship's loading tackle when the shipping point is within a port area having water transportation service) or the carrier's freight station;
 - (3) To a U.S. Postal Service facility; or
 - (4) If stated in the solicitation, to any Government-designated point located within the same city or commercial zone as the f.o.b. origin point specified in the contract (commercial zones are prescribed by the Interstate Commerce Commission at 49 CFR 1048); and
- b. An allowance for freight, based on applicable published tariff rates (or Government rate tenders) between the points specified in the contract, is deducted from the contract price. (FAR 52.247-31(a))

F.o.b. Origin, Freight Prepaid

Means:

- a. Free of expense to the Government delivered:
 - (1) On board the indicated type of conveyance of the carrier (or of the Government, if specified) at a designated point in the city, county, and State from which the shipments will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;
 - (2) To, and placed on, the carrier's wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the carrier's freight station;
 - (3) To a U.S. Postal Service facility; or
 - (4) If stated in the solicitation, to any Government-designated point located within the same city or commercial zone as the f.o.b. origin point specified in the contract (commercial zones are prescribed by the Interstate Commerce Commission at 49 CFR 1048); and
- b. The cost of transportation, ultimately the Government's obligation, is prepaid by the contractor to the point specified in the contract. (FAR 52.247-32(a))

F.o.b. Origin, with Differentials

Means:

- a. Free of expense to the Government delivered:
 - (1) On board the indicated type of conveyance of the carrier (or of the Government, if specified) at a designated point in the city, county, and State from which the shipments will be made and from which line-haul transportation service (as distinguished from switching, local drayage, or other terminal service) will begin;
 - (2) To, and placed on, the carrier's wharf (at shipside, within reach of the ship's loading tackle, when the shipping point is within a port area having water transportation service) or the carrier's freight station;
 - (3) To a U.S. Postal Service facility; or
 - (4) If stated in the solicitation, to any Government-designated point located within the same city or commercial zone as the f.o.b. origin point specified in the contract (commercial zones are prescribed by the Interstate Commerce Commission at 49 CFR 1048); and
- b. Differentials for mode of transportation, type of vehicle, or place of delivery as indicated in Contractor's offer may be added to the contract price. (FAR 52.247-33(a))

F.o.b. Vessel, Port of Shipment	Free of expense to the Government loaded, stowed, and trimmed on board the ocean vessel at the specified port of shipment. (FAR 52.247-37(a))
Facilities	<ol style="list-style-type: none"> 1. Plant or any portion thereof (including land integral to the operation), equipment, individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the contractor. (FAR 31.205-17(a)) 2. Property used for production, maintenance, research, development, or testing. It includes plant equipment and real property. It does not include material, special test equipment, special tooling, or agency-peculiar property. (FAR 45.301) 3. All property provided under a facilities contract. (FAR 52.245-7(a))
Facilities Capital	The net book value of tangible capital assets and of those intangible capital assets that are subject to amortization. (FAR 31.001)
Facilities Capital Cost of Money (FCCOM)	An imputed cost determined by applying a cost-of-money rate to facilities capital employed in contract performance. A cost-of-money rate determined by the Treasury Secretary is uniformly imputed to all contractors. Capital employed is determined without regard to whether its source is equity or borrowed capital. The resulting cost of money is not a form of interest on borrowings. (FAR 31.205-10(a)(1)(i))
Facilities Contract	<p>A contract under which Government facilities are provided to a contractor or subcontractor by the Government for use in connection with performing one or more related contracts for supplies or services. It is used occasionally to provide special tooling or special test equipment. Facilities contracts may take any of the following forms:</p> <ol style="list-style-type: none"> a. A facilities acquisition contract providing for the acquisition, construction, and installation of facilities. b. A facilities use contract providing for the use, maintenance, accountability, and disposition of facilities. c. A consolidated facilities contract, which is a combination of a facilities acquisition and a facilities use contract. (FAR 45.301)
Facility	Any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Contractor or subcontractor, used in the performance of a contract or subcontract. When a location or site of operations includes more than one building, plant, installation, or structure, the entire location or site must be deemed a facility except when the Administrator, or a designee, of the Environmental Protection Agency determines that independent facilities are collocated in one geographical area. (FAR 52.223-2(a))
Facsimile	<ol style="list-style-type: none"> 1. Electronic equipment that communicates and reproduces both printed and handwritten material. 2. If used in conjunction with a reference to a document (e.g., facsimile bid, the terms refers to a document) that has been transmitted to and received by the Government via facsimile. (FAR 2.101)
Facsimile Bid	A bid, modification of a bid, or withdrawal of a bid that is transmitted to and received by the Government via electronic equipment that communicates and reproduces both printed and handwritten material. (FAR 52.214-31(a))
Facsimile Proposal	A proposal, revision or modification of a proposal, or withdrawal of a proposal that is transmitted to and received by the Government via facsimile machine. (FAR 52.215-5(a))
Fact-Finding	An exchange with an offeror or contractor to obtain a clear understanding of all the contractor's proposal, Government requirements, and any alternatives proposed by the contractor. (FAR 15.406-1)
Fair Market Price	A price based on reasonable costs under normal competitive conditions and not on lowest possible cost. (FAR 19.001)

Fait Accompli	<i>A fait accompli</i> is an accomplished fact. A negotiator using this tactic hopes that the other party will accept a position because related actions have already been completed.
FAR Deviation	See deviation.
Fax	A facsimile document.
Federal Acquisition Computer Network (FACNET) Architecture	A Governmentwide system that provides universal user access, employs nationally and internationally recognized data formats, and allows the electronic data interchange of acquisition information between the private sector and the Federal Government. FACNET qualifies as the single, Governmentwide point of entry pending designation by the Administrator of the Office of Federal Procurement Policy (OFPP). (FAR 2.101)
Federal Agency	Any executive agency or any independent establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, the Architect of the Capitol, and any activities under the Architect's direction). (FAR 2.101)
Federal Directory of Contract Administration Services Components	The Defense Contract Management Command (DCMC) maintains and distributes the Federal Directory of Contract Administration Services Components. The directory lists the names and telephone numbers of those DCMC and other agency offices that offer contract administration services within designated geographic areas and at specified contractor plants. (FAR 42.203)
Federal Excise Tax	A tax levied on the sale or use of particular supplies or services by the Federal Government. (FAR 29.201(a))
Federal Power and Water Marketing Agency	A Government entity that produces, manages, transports, controls, and sells electrical and water supply service to customers. (FAR 41.101)
Federal Prison Industries, Inc. (FPI)	Also referred to as UNICOR. A self-supporting, wholly owned Government corporation of the District of Columbia. It provides training and employment of prisoners confined in Federal penal and correctional institutions through the sale of its supplies and services to Government agencies. (FAR 8.601)
Federal Reserve Board	The Board of Governors of the Federal Reserve System. (FAR 32.301)
Federal Supply Schedule (FSS)	Publications issued by the GSA schedule contracting office containing the information for placing delivery or task orders under indefinite delivery contracts (including requirements contracts) established with commercial firms to obtain commonly used commercial supplies and services associated with volume buying. Ordering offices issue delivery or task orders directly to the schedule contractors. (FAR 8.401)
Federal Supply Schedule Program	A program to provide Federal agencies with a simplified process for acquiring commonly used supplies and services in varying quantities at lower prices while obtaining discounts associated with volume buying. Indefinite delivery contracts (including requirements contracts) are awarded, using competitive procedures, to commercial firms to provide supplies and services at stated prices for given periods of time, for delivery within the 48 contiguous states, Washington, DC, and possibly Alaska, Hawaii, and overseas deliveries. (FAR 38.101)
Federal Travel Regulations (FTR)	Regulations, prescribed by the General Services Administration, for travel in the conterminous 48 United States. (FAR 31.205-46(a)(2)(i))

Federally Funded Research and Development Center (FFRDC)	An activity that is sponsored under a broad charter by a Government agency (or agencies) for the purpose of performing, analyzing, integrating, supporting, and/or managing basic or applied research and/or development, and which receive 70 percent or more of its financial support from the Government; a long-term relationship is contemplated; most or all of the facilities are owned or funded by the Government; and the FFRDC has access to Government and supplier data, employees, and facilities beyond that which is common in a normal contractual relationship. The National Science Foundation maintains the master list of FFRDCs. (FAR 35.001)
Feinting	The use of a pretense or action designed to mislead. In negotiations, this tactic normally involves the use of true but misleading statement or behavior. It gives the other negotiator a false impression or deceives the negotiator into believing something that is not true.
FEMA-Authorized Program	A program approved by the Federal Emergency Management Agency (FEMA) for priorities and allocations support under the Defense Production Act of 1950, as amended, to promote the national defense. Schedule I of the DPAS lists currently authorized programs. (FAR 11.601)
Field Pricing Assistance	Generally, technical, audit, and special reports associated with cost elements of a proposal, including subcontracts. It may also include information related to offeror: pricing practices and history; or business, technical, production, or other capabilities. (FAR 15.404-2(a)(2))
Filed	The complete receipt of any document by an agency before its close of business. Documents received after close of business are considered filed as of the next day. Unless otherwise stated, the agency close of business is presumed to be 4:30 p.m., local time. (FAR 33.101)
Final Conviction	A conviction, whether entered on a verdict or plea, including a plea of <i>nolo contendere</i> , for which a sentence has been imposed. (FAR 3.702)
Final Cost Objective	A cost objective that has allocated to it both direct and indirect costs and, in the contractor's accumulation system, is one of the final accumulation points. (FAR 31.001)
Final Indirect Cost Rate	The indirect cost rate established and agreed upon by the Government and the contractor as not subject to change. It is usually established after the close of the contractor's fiscal year (unless the parties decide upon a different period) to which it applies. In the case of cost-reimbursement research and development contracts with educational institutions, it may be predetermined; that is, established for a future period on the basis of cost experience with similar contracts, together with supporting data. (FAR 42.701)
Finished Products	Any one or more of several petroleum oils identified in the FAR, or a mixture or combination of those oils, to be used without further processing except blending by mechanical means. (FAR 25.108(d)(2)(ii))
Firm	Any individual, partnership, corporation, association, or other legal entity permitted by law to practice the professions of architecture or engineering. (FAR 36.102)
Firm Fixed-Price Contract	A contract that provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. (FAR 16.202-1)
Firm Fixed-Price, Level-of-Effort Term Contract	Also referred to as fixed-price-level-of-effort contract. A contract that requires: <ul style="list-style-type: none"> a. The contractor to provide a specified level of effort, over a stated period of time, on work that can be stated only in general terms; and b. The Government to pay the contractor a fixed dollar amount. (FAR 16.207-1)

First-In-First-Out	For inventory accounting purposes, the first unit into the inventory is assumed to be the first unit to be drawn out. The inventory value assigned to any unit drawn out is the value of the first unit recorded as still being in inventory. It does not matter which unit is physically drawn out of inventory.
First-Tier Subcontractor	A subcontractor holding a subcontract with a prime contractor. (FAR 22.801)
Fiscal Year	The accounting period for which annual financial statements are regularly prepared, generally a period of 12 months, 52 weeks, or 53 weeks. (FAR 31.001)
Fixed Cost	Costs that remain constant as production volume varies in the relevant range of production. Fixed cost per unit decreases as total fixed cost is spread over an increasing number of units.
Fixed-Ceiling-Price Contract with Retroactive Price Redetermination	A contract that provides for: <ul style="list-style-type: none"> a. A fixed ceiling price; and b. Retroactive price redetermination within the ceiling after completion of the contract. (FAR 16.206-1)
Fixed-Price Award-Fee Contract	See fixed-price contract with award fee.
Fixed-Price Contract	A contract that provides for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price, or both. Unless otherwise specified in the contract, the ceiling price or target price is subject to adjustment only by operation of contract clauses providing for an equitable adjustment or other revision of the contract price under stated circumstances. (FAR 16.201)
Fixed-Price Contract with Award Fee	Also referred to as fixed-price award-fee contract. A contract that provides for: <ul style="list-style-type: none"> a. A fixed price (including normal profit) for the contract effort. This price will be paid for satisfactory contract performance. b. An award fee that will be paid (if earned) will be paid in addition to that fixed price; and c. Periodic evaluation of the contractor's performance against an award-fee plan to determine the amount of fee (if any) due the contractor. (FAR 16.404(a))
Fixed-Price Contract with Economic Price Adjustment	A contract that provides for upward and downward revision of the stated contract price upon the occurrence of specified contingencies. Economic price adjustments may be based on: <ul style="list-style-type: none"> a. Established prices; b. Actual costs of labor or material; or c. Cost indexes of labor or material. (FAR 16.203-1)
Fixed-Price Contract with Prospective Price Redetermination	A contract that provides for: <ul style="list-style-type: none"> a. A firm fixed price for an initial period of contract deliveries or performance and b. Prospective redetermination, at a stated time or times during performance, of the price for subsequent periods of performance. (FAR 16.205-1)
Fixed-Price Incentive (Firm Target) Contract	Also referred to as fixed-price incentive firm contract. A contract that specifies a target cost, a target profit, a price ceiling (but not a profit ceiling or floor), and a profit adjustment formula. These elements are all negotiated at the outset. The price ceiling is the maximum that may be paid to the contractor, except for any adjustment under other contract clauses. When the contractor completes performance, the parties negotiate the final cost, and the final price is established by applying the formula. When the final cost is less than the target cost, application of the formula results in a final profit greater than the target profit; conversely, when final cost is more than target cost, application of the formula results in a final profit less than the target profit, or even a net loss. If the final negotiated cost exceeds the price ceiling, the contractor absorbs the difference as a loss. (FAR 16.403-1(a))

Fixed-Price Incentive (Successive Targets) Contract	<p>A contract that:</p> <ol style="list-style-type: none"> a. Specifies the following elements, all of which are negotiated at the outset: <ol style="list-style-type: none"> (1) An initial target cost. (2) An initial target profit. (3) An initial profit adjustment formula to be used for establishing the firm target profit, including a ceiling and floor for the firm target profit. (This formula normally provides for a lesser degree of contractor cost responsibility than would a formula for establishing final profit and price.) (4) The production point at which the firm target cost and firm target profit will be negotiated (usually before delivery or shop completion of the first item). (5) A ceiling price that is the maximum that may be paid to the contractor, except for any adjustment under other contract clauses providing for equitable adjustment or other revision of the contract price under stated circumstances. b. When the production point specified in the contract is reached, the parties negotiate the firm target cost, giving consideration to cost experience under the contract and other pertinent factors. The firm target profit is established by the formula. At this point, the parties have two alternatives, as follows: <ol style="list-style-type: none"> (1) They may negotiate a firm fixed-price, using the firm target cost plus the firm target profit as a guide. (2) If negotiation of a firm fixed-price is inappropriate, they may negotiate a formula for establishing the final price using the firm target cost and firm target profit. The final cost is then negotiated at completion, and the final profit is established by formula, as under the fixed-price incentive (firm target) contract. (FAR 16.403-2(a))
Fixed-Price Incentive Contract	<p>A fixed-price contract that provides for adjusting profit and establishing the final contract price by application of a formula based on the relationship of total final negotiated cost to total target cost. The final price is subject to a price ceiling, negotiated at the outset. The two forms of fixed-price incentive contracts are firm target and successive targets. (FAR 16.403(a))</p>
Fixed-Price Incentive Firm Contract	<p>See fixed-price incentive (firm target) contract.</p>
Fixed-Price-Level-of-Effort Contract	<p>See firm fixed-price, level-of-effort term contract.</p>
Flexible Progress Payments	<p>A method of making progress payments used by the Department of Defense for certain negotiated contracts performed in the United States. It tailors the progress payment rate to more closely match the contractor's cash needs for financing contract performance. (DFARS 232.502-71)</p>
Follower Company	<p>A company designated under a leader company contract to receive assistance and know-how from a developer or sole producer of a product or system, so they it can become a source of supply for that product or system. (FAR 17.401)</p>
Forbearance	<p>The act of refraining or abstaining from action. In negotiation it allows both parties to agree to disagree and move on to the next issue without making a commitment one way or another.</p>
Foreign Construction Material	<p>A construction material other than a domestic construction material. (FAR 25.201)</p>
Foreign Contractor	<p>A contractor or subcontractor organized or existing under the laws of a country other than the United States, its territories, or possessions. (FAR 25.901)</p>
Foreign End Product	<ol style="list-style-type: none"> 1. An end product other than a domestic end product. (FAR 25.101) 2. An end product other than a domestic end product. (FAR 52.225-9(a))

Foreign Military Sale (FMS)	Department of Defense acquisition on behalf of a foreign government or international organization under Section 22 of the Arms Export Control Act. Acquisitions for FMS are conducted under the same acquisition and contract management procedures as other defense contracts. (DFARS 225.7300(a) and 225.7301(b))
Foreign Offer	An offered price for a foreign end product, including transportation to destination and duty (whether or not a duty-free entry certificate is issued). (FAR 25.101)
Foreign Services	Services other than domestic services. (FAR 25.301)
Foreign-Flag Vessel	Any vessel of foreign registry including vessels owned by U.S. citizens but registered in a nation other than the United States. (FAR 47.501)
Form, Fit, and Function Data	Data relating to items, components, processes that are sufficient to enable physical and functional interchangeability, as well as data identifying source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements; except that for computer software it means data identifying source, functional characteristics, and performance requirements, but specifically excludes the source code, algorithm, process, formulae, and flow charts of the software. (FAR 27.401)
Forward Pricing Rate Agreement (FPRA)	A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for such things as labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.401)
Forward Pricing Rate Recommendation	A rate set unilaterally by the Administrative Contracting Officer for use by the Government in negotiations or other contract actions when forward pricing rate agreement negotiations have not been completed or when the contractor will not agree to a forward pricing rate agreement. (FAR 15.401)
Franchise Territory	A geographical area that a utility supplier has a right to serve based upon a franchise, a certificate of public convenience and necessity, or other legal means. (FAR 41.101)
Fraud	Acts: <ol style="list-style-type: none">Of fraud or corruption or attempts to defraud the Government or to corrupt its agents;Which constitute a cause for debarment or suspension; andWhich violate the False Claims Act or the Anti-Kickback Act. (FAR 31.205-47)
Free on Board (f.o.b.)	A term is used in conjunction with a physical point to determine: <ol style="list-style-type: none">The responsibility and basis for payment of freight charges; andUnless otherwise agreed, the point at which title for goods passes to the buyer or consignee. (FAR 47.001)
Freedom of Information Act (FOIA)	Specifies, among other things, how agencies must make their records available upon public request, imposes strict time standards for agency responses, and exempts certain records from public disclosure. (FAR 24.203(a))
Freight	Supplies, goods, and transportable property. (FAR 47.001)
Fringe Benefits	Allowances and services provided by the contractor to its employees as compensation in addition to regular wages and salaries. Fringe benefits include, but are not limited to, the cost of vacations, sick leave, holidays, military leave, employee insurance, and supplemental unemployment benefit plans. (FAR 31.205-6(m)(1))
Fuel Oil	A liquid or liquefiable petroleum product burned for lighting or for the generation of heat or power and derived directly or indirectly from crude oil, such as kerosene, range oil, distillate fuel oils, gas oil, diesel fuel, topped crude oil, or residues. (FAR 25.108(d)(2)(ii)(B))

Full and Open Competition	All responsible sources are permitted to compete for a contract action. (FAR 6.003)
Full Coverage	Requires that the business unit comply with all cost accounting standards (CAS) that are in effect on the date of the contract award and with any CAS that become applicable because of later award of a CAS-covered contract. (FAR 9903.201-2(a))
Full Production	A contract for full production of a successfully tested major system. (FAR 34.005-6)
Functional Requirement	Contract requirement stated in terms of the objectives that must be achieved under the contract. Each offeror is permitted to define how those objectives will be achieved in its contract proposal.
Funded Pension Cost	The portion of pension costs for a current or prior cost accounting period that has been paid to a funding agency. (FAR 31.001)
Funny Money	Many issues in Government contract negotiations relate to percentages, factors, or other estimating relationships. Bargaining on these relationships is essential to reaching a mutually satisfactory result. However, these relationships can become funny money if a negotiator uses them to distract another party from considering their effect on the total contract.
Future Contract Savings	In value engineering, savings which are the product of the future value engineering unit cost reduction multiplied by the number of future contract units scheduled for delivery during the sharing period. If the instant contract is a multi-year contract, future contract savings include savings on quantities funded after value engineering change proposal acceptance. (FAR 48.001)
Future Unit Cost Reduction	In value engineering, the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the value engineering change proposal is accepted and applies either: <ul style="list-style-type: none"> a. Throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated, or b. To the calculation of a lump-sum payment, which cannot later be revised. (FAR 48.001)
Gasoline	A refined petroleum distillate that, by its composition, is suitable for use as a carburant in internal combustion engines. (FAR 25.108(d)(2)(ii)(C))
Gateway Airport Abroad	The airport from which the traveler last embarks en route to the United States or at which the traveler first debarks incident to travel from the United States. (FAR 47.401)
Gateway Airport in the United States	The last U.S. airport from which the traveler's flight departs or the first U.S. airport at which the traveler's flight arrives. (FAR 47.401)
General Accounting Office (GAO) Protest	A procurement protest made to the General Accounting Office. (FAR 33.104)
General and Administrative (G&A) Expense	Any management, financial, and other expense which is incurred by or allocated to a business unit and which is for the general management and administration of the business unit as a whole. G&A expense does not include those management expenses whose beneficial or causal relationship to cost objectives can be more directly measured by a base other than a cost input base representing the total activity of a business unit during a cost accounting period. (FAR 31.001)
General and Administrative (G&A) Expense Rate	The indirect cost rate used by a concern to recover G&A Expense.

General Freight	Supplies, goods, and transportable property not encompassed in the definitions of household goods or office furniture. (FAR 47.201)
General Wage Determination	Contains prevailing wage rates for the types of construction designated in the determination, and is used in contracts performed within a specified geographical area. General wage determinations contain no expiration date and remain valid until modified, superseded, or canceled by a notice in the <i>Federal Register</i> by the Department of Labor. Once incorporated in a contract, a general wage determination normally remains effective for the life of the contract. (FAR 22.404-1(a))
Good Guy/Bad Guy	This negotiation tactic involves role playing by members of the negotiating team. One member plays an easy-going good guy role while another team member plays the hard-core or difficult bad guy. The bad guy's position may even involve a serious personal threat.
Goodwill	An unidentifiable intangible asset, that originates under the purchase method of accounting for a business combination when the price paid by the acquiring company exceeds the sum of the identifiable individual assets acquired less liabilities assumed, based upon their fair values. Goodwill may arise from the acquisition of a company as a whole or a portion thereof. (FAR 31.205-49)
Government	Also referred to as entity of the Government. Any entity of the legislative or judicial branch, any executive agency, military department, Government corporation, or independent establishment, the U.S. Postal Service, or any nonappropriated-fund instrumentality of the Armed Forces. (FAR 8.701)
Government Acquisition Team	Government members of the Acquisition Team including representatives of the technical, supply, procurement, and the customers they serve.
Government Contract	Any agreement or modification thereof between a Government contracting agency and any person for the furnishing of supplies or services, or for the use of real or personal property including lease arrangements. The term does not include: <ul style="list-style-type: none"> a. Agreements in which the parties stand in the relationship of employer and employee, and b. Contracts for the sale of real and personal property by the Government. (FAR 22.801)
Government Contract Quality Assurance	The various functions, including inspection, performed by the Government to determine whether a contractor has fulfilled the contract obligations pertaining to quality and quantity. (FAR 46.101)
Government Costs	In value engineering, those agency costs that result directly from developing and implementing the value engineering change proposal (VECP), such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in instant contract cost or price resulting from negative instant contract savings. (FAR 48.001)
Government Delay of Work	Delays and interruptions in the contract work caused by the acts, or failures to act, of the Contracting Officer. The Government Delay of Work clause provides for the administrative settlement of contractor claims that arise from any delay caused by the Government. (FAR 42.1304(a))
Government Financing	Payments made to a contractor before supplies have been delivered or services rendered, including: <ul style="list-style-type: none"> a. Advance payments; b. Progress payments based on cost; c. Loan guarantees; d. Partial payments; e. Progress payments based on a percentage or stage of completion; or f. Performance-based payments. (FAR 32.102)

Government Printing	Printing, binding, and blankbook work for the use of an executive department, independent agency, or establishment of the Government. (FAR 8.801)
Government Production and Research Property	Government-owned facilities, Government-owned special test equipment, and special tooling to which the Government has title or the right to acquire title. (FAR 45.301)
Government Property	All property owned by or leased to the Government or acquired by the Government under the terms of the contract. It includes both Government-furnished property and contractor-acquired property. (FAR 45.101)
Government Vessel	A vessel owned by the U.S. Government and operated directly by the Government or for the Government by an agent or contractor, including a privately owned U.S.-flag vessel under bareboat charter to the Government. (FAR 47.501)
Government-Furnished Material	Government property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. Property includes assemblies, components, parts, raw and processed materials, and small tools and supplies. (FAR 45.101 and 45.301)
Government-Furnished Property	Property in the possession of, or directly acquired by, the Government and subsequently made available to the contractor. (FAR 45.101)
Governmentwide Commercial Purchase Card	A purchase card, similar in nature to a commercial credit card, issued to authorized agency personnel to use to acquire and to pay for supplies and services. (FAR 13.001)
Governmentwide Point of Entry	See single, Governmentwide point of entry.
GSA Advantage	An on-line shopping service that enables ordering offices to search product information, review delivery options, place orders directly with contractors (or ask GSA to place orders on the agency's behalf), and pay contractors for orders using the Governmentwide commercial purchase card. The service can be accessed through the GSA Federal Supply Service Home Page (http://www.fss.gsa.gov). (FAR 8.402(c))
Guaranteed Loan	Also referred to as a V loan. A loan, revolving credit fund, or other financial arrangement made pursuant to Regulation V of the Federal Reserve Board, under which the guaranteeing agency is obligated, on demand of the lender, to purchase a stated percentage of the loan and to share any losses in the amount of the guaranteed percentage. (FAR 32.301)
Guaranteeing Agency	Any agency that the President has authorized to guarantee loans, through Federal Reserve Banks, for expediting national defense production. (FAR 32.301)
Hazardous Material	Includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the contract). (FAR 52.223-3(a))
Head of the Agency	Also referred to as Agency Head. The Secretary, Attorney General, Administrator, Governor, Chairperson, or other chief official of an executive agency, unless otherwise indicated, including any deputy or assistant chief official of an executive agency; and the term authorized representative means any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary. (FAR 2.101)
Head of the Contracting Activity	The official who has overall responsibility for managing the contracting activity. (FAR 2.101)

Heavy Construction	Those projects that are not properly classified as either building, residential, or highway, and is of a catch-all nature. Such heavy projects may sometimes be distinguished on the basis of their individual characteristics, and separate schedules issued (<i>e.g.</i> , dredging, water and sewer line, dams, flood control, etc.). (FAR 22.404-2(c)(4))
Helium Requirement Forecast	An estimate by the contractor or subcontractor of the amount of helium required for performance of the contract or subcontract. (FAR 8.501)
High-Value Item	A contract end item that: <ol style="list-style-type: none">Has a high unit cost (normally exceeding \$100,000 per unit), such as an aircraft, an aircraft engine, a communication system, a computer system, a missile, or a ship, andIs designated by the Contracting Officer as a high-value item. (FAR 46.802)
Higher-Tier Subcontractor	A subcontractor with at least one subcontract.
Highway Construction	The construction, alteration, or repair of roads, streets, highways, runways, taxiways, alleys, parking areas, and other similar projects that are not incidental to building, residential, or heavy construction. (FAR 22.404-2(c)(3))
Hire	See leasing.
Historically Black College or University	An institution determined by the Secretary of Education to meet the requirements for such designation. For DoD, NASA, and the Coast Guard, the term also includes any nonprofit research institution that was an integral part of such a college or university before November 14, 1986. (FAR 26.301)
Home Office	An office responsible for directing or managing two or more, but not necessarily all, segments of an organization. It typically establishes policy for, and provides guidance to, the segments in their operations. It usually performs management, supervisory, or administrative functions, and may also perform service functions in support of the operations of the various segments. An organization which has intermediate levels, such as groups, may have several home offices which report to a common home office. An intermediate organization may be both a segment and a home office. (FAR 31.001)
Household Goods	Personal property that belongs to a person and that person's immediate family and includes, but is not limited to household furnishings, equipment and appliances, furniture, clothing, books, and similar property. (FAR 47.201)
Identical Bids	Bids for the same line item that are determined to be identical as to unit price or total line item amount, with or without the application of evaluation factors (<i>e.g.</i> , transportation cost). (FAR 3.302)
Idle Capacity	The unused capacity of partially used facilities. <ol style="list-style-type: none">It is the difference between that which a facility could achieve under 100 percent operating time on a one-shift basis, less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and the extent to which the facility was actually used to meet demands during the accounting period.A multiple-shift basis may be used in the calculation instead of a one-shift basis if it can be shown that this amount of usage could normally be expected for the type of facility involved. (FAR 31.205-17(a))
Idle Facilities	Completely unused facilities that are excess to the contractor's current needs. (FAR 31.205-17(a))
Immediate-Gain Actuarial Cost Method	Any of the several actuarial cost methods under which actuarial gains and losses are included as part of the unfunded actuarial liability of the pension plan, rather than as part of the normal cost of the plan. (FAR 31.001)

Implied Warranty of Merchantability	The implication by sale of the item that it is reasonably fit for the ordinary purposes for which items are used. Items must be of at least average, fair, or medium-grade quality and must be comparable in quality to those that will pass without objection in the trade or market for items of the same description. (FAR 12.404(a))
Imprest Fund	A cash fund of a fixed amount established by an advance of funds, without charge to an appropriation, from an agency finance or disbursing officer to a duly appointed cashier, for disbursement as needed from time to time in making payment in cash for relatively small amounts. (FAR 13.001)
Improper Influence	Any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter. (FAR 3.401)
Improvement Curve	An estimating technique based on the concept that the resources (labor and/or material) required to produce each additional unit of a product decline as the total number of units produced over the item's entire production history increases. The concept further holds that decline in unit cost can be predicted mathematically.
In Writing	Also referred to as written. Any worded or numbered expression which can be read, reproduced, and later communicated, and includes electronically transmitted and stored information. (FAR 2.101)
Incumbent Contractor	Current contractor on an ongoing contractual requirement program.
Indefinite-Delivery Contract	A contract that may be used to acquire supplies and/or services when the exact times and/or exact quantities of future deliveries are not known at the time of contract award. There are three types: definite quantity; requirements; and indefinite quantity. (FAR 16.501-2(a))
Indefinite-Quantity Contract	An indefinite-delivery contract that provides for an indefinite quantity, within stated limits (minimum and maximum), of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor. (FAR 16.504(a))
Independent Research and Development (IR&D) Cost	The cost of effort which is neither sponsored by a grant, nor required in performing a contract, and which falls within any of the following four areas: <ul style="list-style-type: none"> a. Basic research; b. Applied research; c. Development; and d. Systems and other concept formulation studies. (FAR 31.001 and 31.205-18(a))
Indian	Any person who is a member of any Indian tribe, band, group, pueblo, or community which is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs (BIA) and any Native as defined in the Alaska Native Claims Settlement Act. (FAR 26.101)
Indian Organization	The governing body of any Indian tribe or entity established or recognized by the governing body of an Indian tribe. (FAR 26.101)
Indian Tribe	Any Indian tribe, band, pueblo, or community, including native villages and native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act, which is recognized by the Federal Government as eligible for services from Bureau of Indian Affairs (BIA). (FAR 26.101)
Indian-Owned Economic Enterprise	Any Indian-owned (as determined by the Secretary of the Interior) commercial, industrial, or business activity established or organized for the purpose of profit, provided that Indian ownership must constitute not less than 51 percent of the enterprise. (FAR 26.101)

Indictment	Indictment for a criminal offense. An information or other filing by competent authority charging a criminal offense must be given the same effect as an indictment. (FAR 9.403)
Indirect Cost	Also referred to as burden. Any cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives or an intermediate cost objective. An indirect cost must not be allocated to a final cost objective if other costs incurred for the same purpose in like circumstances have been included as a direct cost of that or any other final cost objective. <ol style="list-style-type: none">Indirect costs are accumulated by logical cost groupings with due consideration of the reasons for incurring such costs. Each grouping should be determined so as to permit distribution of the grouping on the basis of the benefits accruing to the several cost objectives. Commonly, manufacturing overhead, selling expenses, and general and administrative (G&A) expenses are separately grouped. Similarly, the particular case may require subdivision of these groupings, e.g., building occupancy costs might be separable from those of personnel administration within the manufacturing overhead group.A distribution base common to all cost objectives is used to allocate the grouping to those objectives. The base should be selected so as to permit allocation of the grouping on the basis of the benefits accruing to the several cost objectives. When substantially the same results can be achieved through less precise methods, the number and composition of cost groupings should be governed by practical considerations and should not unduly complicate the allocation. (FAR 31.203)
Indirect Cost Allocation Base	The base used to calculate indirect cost rates. It should be selected so as to permit allocation indirect costs on the basis of the benefits accruing to the several cost objectives. (FAR 31.203(b))
Indirect Cost Pools	Groupings of incurred costs identified with two or more cost objectives but not identified specifically with any final cost objective. (FAR 31.001)
Indirect Cost Rate	Also referred to as a burden rate. The percentage or dollar factor that expresses the ratio of indirect expense incurred in a given period to direct labor cost, manufacturing cost, or another appropriate base for the same period. (FAR 42.701)
Indirect Cost Rate Certification	Certain contracts require certification of the indirect cost rates proposed for final payment purposes. If a contractor includes unallowable costs in a final indirect cost settlement proposal, a penalty may be assessed. (FAR 31.110(a))
Individual	<ol style="list-style-type: none">An offeror/contractor that has no more than one employee including the offeror/contractor. (FAR 23.503)A citizen of the United States or an alien lawfully admitted for permanent residence. (FAR 24.101)An offeror/contractor that has no more than one employee including the offeror/contractor. (FAR 52.223-6(a))
Individual Contract Plan	A subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror's planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract. (FAR 19.701)
Individual Deviation	A FAR deviation that affects only one contracting action. (FAR 1.403)
Individual Item Record	A separate card, form, document or specific line(s) of computer data used to account for one item of property. (FAR 45.501)
Individual Surety	One person, as distinguished from a business entity, who is liable for the entire penal amount of a bond. (FAR 28.001)
Inductive Statistics	See inferential statistics

Industry	All concerns primarily engaged in similar lines of activity, as listed and described in the Standard Industrial Classification (SIC) Manual. (FAR 19.001)
Ineligible	Excluded from Government contracting (and subcontracting, if appropriate) pursuant to statutory, Executive order, or regulatory authority other than the FAR and its implementing and supplementing regulations (e.g., pursuant to the Davis-Bacon Act and its related statutes and implementing regulations, the Service Contract Act, the Equal Employment Opportunity Acts and Executive orders, the Walsh-Healey Public Contracts Act, the Buy American Act, or the Environmental Protection Acts and Executive orders). (FAR 9.403)
Inferential Statistics	Also referred to as inductive statistics. Methods of using a sample data taken from a statistical population to make actual decisions, predictions, and generalizations related to a problem of interest.
Inflation	The proportionate rate of change in the general price level, as opposed to the proportionate increase in a specific price. Inflation is usually measured by a broad-based price index, such as the implicit deflator for the Consumer Price Index. (OMB Circular A-94, App A)
Influencing or Attempting to Influence	Making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action. (FAR 52.203-12(a))
Information Other Than Cost or Pricing Data	Any type of information that is not required to be certified and is necessary to determine price reasonableness or cost realism. For example, such information may include pricing, sales, or cost information, and includes cost or pricing data for which certification is determined inapplicable after submission. (FAR 15.401)
Information Technology	<p>Any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.</p> <ol style="list-style-type: none"> a. For purposes of this definition, equipment is used by an agency if the equipment is used by the agency directly or is used by a contractor under a contract with the agency which: <ol style="list-style-type: none"> (1) Requires the use of such equipment; or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. b. The term information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. c. The term information technology does not include: <ol style="list-style-type: none"> (1) Any equipment that is acquired by a contractor incidental to a contract; or (2) Any equipment that contains imbedded information technology that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating, ventilation, and air conditioning equipment such as thermostats or temperature control devices, and medical equipment where information technology is integral to its operation, are not information technology. (FAR 2.101)

Inherently Governmental Function	A function that is so intimately related to the public interest as to mandate performance by the Government. Such functions include activities that require either the exercise of discretion in applying Government authority (i.e., the act of governing) or the making of value judgments related to Government monetary transactions and entitlements. (FAR 7.501)
Inspection	Examining and testing supplies or services (including, when appropriate, raw materials, components, and intermediate assemblies) to determine whether they conform to contract requirements. (FAR 46.101)
Inspector General	An Inspector General appointed under the Inspector General Act of 1978, as amended. In the Department of Defense that is the DOD Inspector General. In the case of an executive agency that does not have an Inspector General, the duties must be performed by an official designated by the head of the executive agency. (FAR 3.901)
Installment Payment Financing	Payment by the Government to a contractor of a fixed number of equal interim financing payments prior to delivery and acceptance of a contract item. (FAR 32.206(g))
Instant Contract	In value engineering, the contract under which the value engineering change proposal (VECP) is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If the contract is a multi-year contract, the term does not include quantities funded after VECP acceptance. In a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established. (FAR 48.001)
Instant Contract Savings	In value engineering, the net cost reductions on the contract under which the value engineering change proposal (VECP) is submitted and accepted, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the contractor's allowable development and implementation costs. (FAR 48.001)
Instant Unit Cost Reduction	In value engineering, the amount of the decrease in unit cost of performance (without deducting any contractor's development or implementation costs) resulting from using the value engineering change proposal (VECP) on the instant contract. In service contracts, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on the instant contract, multiplied by the appropriate contract labor rate. (FAR 48.001)
Instrumentality	does not include an agency or division of the government of a country, but may be construed to include arrangements such as the European Union. (FAR 25.101)
Insurance	A contract which provides that for a stipulated consideration, one party undertakes to indemnify another against loss, damage, or liability arising from an unknown or contingent event. (FAR 28.001)
Insurance Administration Expenses	The contractor's costs of administering an insurance program (e.g., the costs of operating an insurance or risk-management department, processing claims, actuarial fees, and service fees paid to insurance companies, trustees, or technical consultants). (FAR 31.001)
Intangible Capital Asset	An asset that has no physical substance, has more than minimal value, and is expected to be held by an enterprise for continued use or possession beyond the current accounting period for the benefits it yields. (FAR 31.001)
Interagency Acquisition	A procedure by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency). (FAR 17.501)
Interdivisional Transfers	See interorganizational transfers.

Interested Party	<ol style="list-style-type: none"> 1. A prime contractor or an actual or prospective offeror whose direct economic interest would be affected by the award of a subcontract or by the failure to award a subcontract. (FAR 26.101) 2. For the purpose of filing a protest, an actual or prospective offeror whose direct economic interest would be affected by the award of a contract or by the failure to award a contract. (FAR 33.101)
International Air Transportation	Transportation by air between a place in the United States and a place outside the United States or between two places both of which are outside the United States. (FAR 47.401)
Interorganizational Transfers	Also referred to as interdivisional transfers. Materials, supplies, or services that are sold or transferred between any divisions, subdivisions, subsidiaries, or affiliates of the contractor under a common control. (FAR 31.205-26(e))
Intervention	Action by GSA or a delegated agency to formally participate in a utility regulatory proceeding on behalf of all Federal executive agencies. (FAR 41.101)
Invention	Any invention or discovery that is or may be patentable or otherwise protectable under the U.S. Code or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act. (FAR 27.301)
Inventory Basis	Generally, the preferred basis for settlement proposals under fixed-price contracts terminated for convenience. (FAR 49.206-2(a))
Invitation for Bids (IFB)	A solicitation for offers under sealed bidding.
Invoice	A contractor's bill or written request for payment under the contract for supplies delivered or services performed. (FAR 32.902)
Invoice Payment	A Government disbursement of monies to a contractor under a contract or other authorization for supplies or services accepted by the Government. This includes payments for partial deliveries that have been accepted by the Government and final cost or fee payments where amounts owed have been settled between the Government and the contractor. Invoice payments also include all payments made under the Payments Under Fixed-Price Construction Contracts clause or the Payments Under Fixed-Price Architect-Engineer Contracts clause. Invoice payments do not include contract financing payments. (FAR 32.902)
Irrevocable Letter of Credit (ILC)	<ol style="list-style-type: none"> 1. A written commitment by a Federally insured financial institution to pay all or part of a stated amount of money until the expiration date of the letter, upon presentation by the Government (the beneficiary) of a written demand therefore. Neither the financial institution nor the offeror/contractor can revoke or condition the letter of credit. (FAR 28.001) 2. A written commitment by a Federally insured financial institution to pay all or part of a stated amount of money, until the expiration date of the letter, upon presentation by the Government (the beneficiary) of a written demand therefor. Neither the financial institution nor the offeror/contractor can revoke or condition the letter of credit. (FAR 52.228-14(a))
Issue in Controversy	A material disagreement between the Government and the contractor which: <ol style="list-style-type: none"> a. May result in a claim; or b. Is all or part of an existing claim. (FAR 33.201)
Item of Supply	Any individual part, component, subassembly, assembly, or subsystem integral to a major system, and other property which may be replaced during the service life of the system. The term includes spare parts and replenishment parts, but does not include packaging or labeling associated with shipment or identification of an item. (FAR 34.101)

Javits-Wagner-O'Day Act (JWOD)	Requires the Government to purchase supplies or services on the Procurement List, at prices established by the Committee, from JWOD participating nonprofit agencies if they are available within the period required. When identical supplies or services are on the Procurement List and the Schedule of Products issued by Federal Prison Industries, Inc., ordering offices shall purchase supplies and services in the priority presented in the FAR. (FAR 8.704)
Jet Fuel	A refined petroleum distillate used to fuel jet propulsion engines. (FAR 25.108(d)(2)(ii)(D))
Job	A homogeneous cluster of work tasks, the completion of which serves an enduring purpose for the organization. Taken as a whole, the collection of tasks, duties, and responsibilities constitutes the assignment for one or more individuals whose work is of the same nature and is performed at the same skill/responsibility level -- as opposed to a position, which is a collection of tasks assigned to a specific individual. Within a job, there may be pay categories which are dependent on the degree of supervision required by the employee while performing assigned tasks which are performed by all persons with the same job. (FAR 31.001)
Job Class of Employees	Employees performing in positions within the same job. (FAR 31.001)
Joint Settlement	Joint negotiation of two or more termination settlement proposals from the same contractor under different contracts. (FAR 49.109-6(a))
Joint Travel Regulation (JTR)	Regulations prescribed by the Department of Defense, for travel in Alaska, Hawaii, The Commonwealth of Puerto Rico, and territories and possessions of the United States. (FAR 31.205-46(a)(2)(ii))
Kickback	<ol style="list-style-type: none">1. Any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract. (FAR 3.502-1)2. Any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract. (FAR 52.3203-7(a))
Labor Cost At Standard	A preestablished measure of the labor element of cost, computed by multiplying labor-rate standard by a labor-time standard. (FAR 31.001)
Labor Market	A place where individuals exchange their labor for compensation. Labor markets are identified and defined by a combination of the following factors: <ol style="list-style-type: none">a. Geography;b. Education and/or technical background required;c. Experience required by the job;d. Licensing or certification requirements;e. Occupational membership; andf. Industry. (FAR 31.001)
Labor Relations Costs	Costs incurred in maintaining satisfactory relations between the contractor and its employees, including costs of shop stewards, labor management committees, employee publications, and other related activities. (FAR 31.205-21)
Labor Standard	See labor-time standard.

Labor Surplus Area	A geographical area identified by the Department of Labor as an area of concentrated unemployment or underemployment or an area of labor surplus. (FAR 19.001)
Labor Surplus Area Concern	A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price. (FAR 19.001)
Labor-Hour Contract	A variation of the time-and-materials contract, differing only in that materials are not supplied by the contractor. (FAR 16.602)
Labor-Rate Standard	A preestablished measure, expressed in monetary terms, of the price of labor. (FAR 31.001)
Labor-Time Standard	Also referred to as labor standard. A preestablished measure, expressed in temporal terms, of the quantity of labor. (FAR 31.001)
Laborers or Mechanics	<p>The term:</p> <p>a. Includes:</p> <ol style="list-style-type: none"> (1) Those workers, utilized by a contractor or subcontractor at any tier, whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial. (2) Apprentices, trainees, helpers, and, in the case of contracts subject to the Contract Work Hours and Safety Standards Act, watchmen and guards. (FAR 22.401) (3) Working foremen who devote more than 20 percent of their time during a workweek performing duties of a laborer or mechanic, and who do not meet the required criteria, for the time so spent; and (4) Every person performing the duties of a laborer or mechanic, regardless of any contractual relationship alleged to exist between the contractor and those individuals. <p>b. Does not include:</p> <ol style="list-style-type: none"> (1) Workers whose duties are primarily executive, supervisory (except working foremen as provided above), administrative, or clerical, rather than manual; or (2) Persons employed in a bona fide executive, administrative, or professional capacity. (FAR 22.401)
Last-In-First-Out	For inventory accounting purposes, the last unit into the inventory is assumed to be the first unit to be drawn out. The inventory value assigned to any unit drawn out is the value of the last unit recorded as still being in inventory. It does not matter which unit is physically drawn out of inventory.
Late Bid	A bid received in the office designated in the invitation for bids after the exact time set for opening. (FAR 14.304-1)
Latent Defect	A defect which exists at the time of acceptance but cannot be discovered by a reasonable inspection. (FAR 46.101)
Leader Company	A developer or sole producer of a product or system designated under a leader company contract to furnish assistance and know-how to one or more designated follower companies, so they can become a source of supply. (FAR 17.401)

Leader Company Contract	<p>A developer or sole producer of a product or system is designated under this acquisition technique to be the leader company, and to furnish assistance and know-how under an approved contract to one or more designated follower companies, so they can become a source of supply. The objectives of this technique are one or more of the following:</p> <ol style="list-style-type: none">Reduce delivery time.Achieve geographic dispersion of suppliers.Maximize the use of scarce tooling or special equipment.Achieve economies in production.Ensure uniformity and reliability in equipment, compatibility or standardization of components, and interchangeability of parts.Eliminate problems in the use of proprietary data that cannot be resolved by more satisfactory solutions.Facilitate the transition from development to production and to subsequent competitive acquisition of end items or major components. (FAR 17.401)
Leasing	<p>Also referred to as rent or hire. Acquisition from private or commercial sources other than by purchase. (FAR 8.1101)</p>
Legal Proceedings	<p>Any civil judicial proceeding to which the Government is a party or any criminal proceeding. The term includes appeals from such proceedings. (FAR 9.403)</p>
Legitimacy	<p>The state or condition of complying with established rules and standards. Negotiators often rely on commonly accepted standards (e.g., past practice, official policy, or written documents) to support a negotiation position. Win/lose negotiators might use questionable or nonexistent standards to support their negotiation position.</p>
Letter Contract	<p>A written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing supplies or performing services. (FAR 16.603-1)</p>
Life-Cycle Cost	<ol style="list-style-type: none">The total cost to the Government of acquiring, operating, supporting, and (if applicable) disposing of the items being acquired. (FAR 7.101)The sum of all costs over the useful life of a building, system or product. It includes the cost of design, construction, acquisition, operation, maintenance, and salvage (resale) value, if any. (FAR 52.248-2(b))The overall estimated cost for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance. (OMB Circular A-94, App A)
Limitation of Cost	<p>A limitation on the funds available under a cost-reimbursement contract. The parties estimate that the contract cost will not exceed the limitation of cost. The contractor agrees to use its best efforts to perform the work specified in the contract and all obligations under the contract within the estimated cost, which, if the contract is a cost-sharing contract, includes both the Government's and contractor's share of cost. (FAR 52.232-20)</p>
Limitation of Funds	<p>A limit on the funds currently available under a cost-reimbursement contract when the available funding is less than the estimated amount of the contract. The parties contemplate that the Government will allot additional funds incrementally to the contract up to the full estimated cost to the Government specified in the Schedule, exclusive of any fee. The contractor agrees to perform, or have performed, work on the contract up to the point at which the total amount paid and payable by the Government under the contract approximates but does not exceed the total amount actually allotted by the Government to the contract. (FAR 52.232-22)</p>

Limited Authority	When large organizations are involved, most negotiators have limited authority. For example, Government negotiator authority is limited by the funds available and any required management approvals. However, negotiators using this tactic claim they have very little or no authority to negotiate a key issue or issues. Win/lose negotiators use limited authority to identify your negotiation limits without making any commitment or divulging any information themselves.
Limited Rights	The rights of the Government in limited rights data, as set forth in a Limited Rights Notice if included in a Data Rights clause of the contract. (FAR 27.401)
Limited Rights Data	<ol style="list-style-type: none"> 1. Data, other than computer software, that embody trade secrets or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications thereof. (FAR 27.401) 2. (Agencies may adopt the following alternate definition) Data developed at private expense that embody trade secrets or are commercial or financial and confidential or privileged. (FAR 27.401)
Limited Screening	Screening by General Services Administration (GSA) of items (except special tooling) that are scrap or salvage or that otherwise have a limited potential for use and not ordinarily subject to standard or agency screening. The plant clearance officer must include listings of such property in a special file, which must be made available to GSA. (FAR 45.608-4)
Line Item	<ol style="list-style-type: none"> 1. An item of supply or service that must be separately priced in a quote, offer, or contract. (FAR 3.302) 2. A single line entry on a reporting form that indicates a quantity of property having the same description and condition code from any one contract at any one reporting location. (FAR 45.601)
Liquefied Gases	Hydrocarbon gases recovered from natural gas or produced from petroleum refining and kept under pressure to maintain a liquid state at ambient temperatures. (FAR 25.108(d)(2)(ii)(E))
Liquidated Damages	A stipulation in a contract on monetary amount that must be paid by the contractor if the contractor fails to deliver supplies or perform services as specified in the contract or any modification. Payments are in lieu of actual damages related to the failure. The rate (e.g., dollars per day of delay) is fixed in the contract and must be reasonable considering probable actual damages related to any failure in contract performance. (FAR 11.502(b) and 52.211-11(a))
Liquidation Rate	Progress payments are recouped by the Government through the deduction of liquidations from payments that would otherwise be due to the contractor for completed contract items. To determine the amount of the liquidation, a liquidation rate is applied to the contract price of contract items delivered and accepted. (FAR 32.503-8)

Liquidation Rate -- Alternate Method	Also referred to as alternate liquidation rate. The ordinary progress payment liquidation rate must apply throughout the period of contract performance unless the Contracting Officer adjusts the liquidation rate under the alternate method. The objective of the alternate liquidation rate method is to permit the contractor to retain the earned profit element of the contract prices for completed items in the liquidation process. The Contracting Officer may reduce the liquidation rate if: <ol style="list-style-type: none"> a. The contractor requests a reduction in the rate; b. The rate has not been reduced in the preceding 12 months; c. The contract delivery schedule extends at least 18 months from the contract award date; d. Data on actual costs are available -- <ol style="list-style-type: none"> (1) For the products delivered, or (2) If no deliveries have been made, for a performance period of at least 12 months; e. The reduced liquidation rate would result in the Government recouping under each invoice the full extent of the progress payments applicable to the costs allocable to that invoice; f. The contractor would not be paid for more than the costs of items delivered and accepted (less allocable progress payments) and the earned profit on those items; g. The unliquidated progress payments would not exceed the limit prescribed in the Progress Payments clause; h. The parties agree on an appropriate rate; and i. The contractor agrees to certify annually, or more often if requested by the Contracting Officer, that the alternate rate continues to meet FAR requirements. The certificate must be accompanied by adequate supporting information. (FAR 32.503-9)
Liquidation Rate -- Ordinary Method	Also referred to as ordinary liquidation rate. The ordinary method is to liquidate progress payments using a liquidation rate that is the same as the progress payment rate. (FAR 32.503-8)
List of Parties Excluded From Federal Procurement and Nonprocurement Programs	A list compiled, maintained and distributed by the General Services Administration (GSA) containing the names and other information about parties: <ol style="list-style-type: none"> a. Debarred, suspended, or voluntarily excluded under the Nonprocurement Common Rule or the FAR; b. Proposed for debarment under the FAR; and c. Determined to be ineligible. (FAR 9.403)
Loan Guarantees	Guarantees made by Federal Reserve banks, on behalf of designated guaranteeing agencies, to enable contractors to obtain financing from private sources under contracts for the acquisition of supplies or services for the national defense. (FAR 32.102(c))
Local Government	Unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government. (FAR 3.801)
Local Taxes	<ol style="list-style-type: none"> 1. See state and local taxes. 2. Includes taxes imposed by a possession of the United States or by Puerto Rico. (FAR 52.229-5)
Lose/Lose Outcome	Also referred to as a deadlock. Occurs when final agreement cannot be obtained. As a result both parties involved lose.
Loss	A situation that exists when cost is greater than revenue (e.g., contract price). Profit is negative.

Loss Contract	A contract under which the sum of the total costs incurred plus the estimated costs to complete the performance are likely to exceed the contract price. (FAR 32.503-6(g)(1))
Loss Ratio Factor	A factor computed by the Contracting Officer and used adjust future progress payments to exclude the element of loss under a loss contract. It is computed as follows: <ul style="list-style-type: none"> a. Revise the current contract price used in progress payment computations (the current ceiling price under fixed-price incentive contracts) to include any pending change orders and unpriced orders to the extent funds for the orders have been obligated. b. Divide the revised contract price by the sum of the total costs incurred to date plus the estimated additional costs of completing the contract performance. (FAR 32.503-6(g)(1))
Lower-Tier Subcontractor	A concern participating in a contract action as a subcontractor to a higher-tier subcontractor.
Lubricating Oil	A refined petroleum distillate or specially treated petroleum residue used to lessen friction between surfaces. (FAR 25.108(d)(2)(ii)(F))
Made	The conception or first actual reduction to practice of an invention. (FAR 27.301)
Maintain	Maintain, collect, use, or disseminate. (FAR 24.101)
Maintenance and Repair Costs	Costs necessary for the upkeep of property (including Government property, unless otherwise provided for) that neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. (FAR 31.205-24(a))
Major Helium Requirement	A helium requirement during a calendar month of 5,000 or more standard cubic feet (measured at 14.7 pounds per square inch absolute pressure and 70 degrees Fahrenheit temperature), including liquid helium gaseous equivalent. In any month in which the major requirement threshold is met, all helium purchased during that month is considered part of the major helium requirement. (FAR 8.501)
Major Nonconformance	A nonconformance, other than critical, that is likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose. (FAR 46.101)
Major System	That combination of elements that will function together to produce the capabilities required to fulfill a mission need. The elements may include hardware, equipment, software, or any combination thereof, but exclude construction or other improvements to real property. A system must be considered a major system if: <ul style="list-style-type: none"> a. The Department of Defense is responsible for the system and the total expenditures for research, development, test, and evaluation for the system are estimated to be more than \$115 million (based on fiscal year 1990 constant dollars) or the eventual total expenditure for the acquisition exceeds \$540 million (based on fiscal year 1990 constant dollars); b. A civilian agency is responsible for the system and total expenditures for the system are estimated to exceed \$750,000 (based on fiscal year 1980 constant dollars) or the dollar threshold for a major system established by the agency pursuant to Office of Management and Budget Circular A-109, Major System Acquisitions, whichever is greater; or c. The system is designated a major system by the head of the agency responsible for the system. (FAR 2.101)
Make Item	An item or work effort to be produced or performed by the prime contractor or its affiliates, subsidiaries, or divisions. (FAR 15.407-2(b))

Make-or-Buy Program	That part of a contractor's written plan for a contract identifying those major items to be produced or work efforts to be performed in the prime contractor's facilities and those to be subcontracted. (FAR 15.407-2(b))
Management and Operating Contract	An agreement under which the Government contracts for the operation, maintenance, or support, on its behalf, of a Government-owned or-controlled research, development, special production, or testing establishment wholly or principally devoted to one or more major programs of the contracting Federal agency. (FAR 17.601)
Management and Professional Support Services	Contract services that provide assistance, advice or training for the efficient and effective management and operation of organizations, activities (including management and support services for R&D activities), or systems. These services are normally closely related to the basic responsibilities and mission of the agency originating the requirement for the acquisition of services by contract. Included are efforts that support or contribute to improved organization of program management, logistics management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs. (FAR 37.201)
Mandatory Federal Supply Schedule	A Federal Supply Schedule that identifies an agency as a required user. For that agency the schedule as a mandatory source of supply. (FAR 8.404(c))
Manufacture	To manufacture, produce, assemble, or import. (FAR 23.202)
Manufacturer	Any business that, or person who, manufactures a consumer product. (FAR 23.202)
Manufacturers' Excise Tax	An excise tax imposed on certain motor-vehicle articles, tires and inner tubes, gasoline, lubricating oils, coal, fishing equipment, firearms, shells, and cartridges sold by manufacturers, producers, or importers. (FAR 29.201(a))
Market Research	Collecting and analyzing information about capabilities within the market to satisfy agency needs. (FAR 2.101)
Marketing Consultant	Any independent contractor who furnishes advice, information, direction, or assistance to an offeror or any other contractor in support of the preparation or submission of an offer for a Government contract by that offeror. An independent contractor is not a marketing consultant when rendering -- <ul style="list-style-type: none"> a. Services excluded in FAR Subpart 37.2; b. Routine engineering and technical services (e.g., installation, operation, or maintenance of systems, equipment, software, components, or facilities); c. Routine legal, actuarial, auditing, and accounting services; and d. Training services. (FAR 9.501)
Master Plan	A subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved. (FAR 19.701)
Master Solicitation	A document containing special clauses and provisions that have been identified as essential for the acquisition of a specific type of supply or service that is acquired repetitively. (FAR 14.203-3)
Material	Property that may be incorporated into or attached to a deliverable end item or that may be consumed or expended in performing a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract. (FAR 45.301)
Material Cost At Standard	A preestablished measure of the material elements of cost, computed by multiplying material-price standard by material-quantity standard. (FAR 31.001)

Material Costs	The costs of such items as raw materials, parts, sub-assemblies, components, and manufacturing supplies, whether purchased or manufactured by the contractor, and may include such collateral items as inbound transportation and intransit insurance. In computing material costs, consider reasonable overruns, spoilage, or defective work (unless otherwise provided in the contract). (FAR 31.205-26(a))
Material-Price Standard	A preestablished measure, expressed in monetary terms, of the price of material. (FAR 31.001)
Material-Quantity Standard	A preestablished measure, expressed in physical terms, of the quantity of material. (FAR 31.001)
Materials	<ol style="list-style-type: none"> 1. Building materials, supplies, fixtures, and equipment that become a part of or are annexed to any building or structure erected, altered, or repaired under a contract. (FAR 52.229-2(a)) 2. Includes data when the contract does not include the Warranty of Data clause. (FAR 52.246-6(a))
May	Denotes the permissive. However, the words "no person may . . ." mean that no person is required, authorized, or permitted to do the act described. (FAR 2.101)
Mean	The arithmetic mean (or simply the mean or average) is the measure of central tendency most commonly used in contract pricing. To calculate the mean, sum all observations in a data set and divide by the total number of observations involved.
Mean Absolute Deviation (MAD)	The average absolute difference between observed values in a data set and the arithmetic mean (average) for those values.
Measure of Central Tendency	The central value (e.g., mean, mode, or median) around which data observations (e.g., historical prices) tend to cluster. It is the central value of the distribution.
Measure of Dispersion	An indication of how closely values in a data set are clustered around the mean.
Median	The middle value of a data set when the observations are arrayed from the lowest to the highest (or from the highest to the lowest). If the data set contains an even number of observations, the median is the arithmetic mean of the two middle observations. It is often used to measure central tendency when a few observations might pull the measure from the center of the remaining data.
Mexican End Product	<p>An article that:</p> <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of Mexico; or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in Mexico into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. (FAR 25.401)
Micro-Purchase	An acquisition of supplies or services (except construction), the aggregate amount of which does not exceed \$2,500, except that in the case of construction, the limit is \$2,000. (FAR 2.101)
Micro-Purchase Threshold	\$2,500. (FAR 2.101)
Minor Nonconformance	A nonconformance that is not likely to materially reduce the usability of the supplies or services for their intended purpose, or is a departure from established standards having little bearing on the effective use or operation of the supplies or services. (FAR 46.101)

Minority	<p>The following:</p> <ol style="list-style-type: none">a. American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).b. Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands);c. Black (all persons having origins in any of the black African racial groups not of Hispanic origin); andd. Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race). (FAR 52.222-27(a))
Minority Institution	<p>An institution of higher education meeting the requirements of the Higher Education Act of 1965 which includes a Hispanic-serving institution of higher education. (FAR 26.301)</p>
Misrepresentation of Fact	<p>A false statement of substantive fact, or any conduct which leads to the belief of a substantive fact material to proper understanding of the matter in hand, made with intent to deceive or mislead. (FAR 33.201)</p>
Mode	<p>The observed value that occurs most often in the data set (i.e. the value with the highest frequency). It is often used to estimate which specific value is most likely to occur in the future. However, a data set may have more than one mode.</p>
Modification	<ol style="list-style-type: none">1. A minor change in the details of a provision or clause that is specifically authorized by the FAR and does not alter the substance of the provision or clause. (FAR 52.101)2. See contract modification.
Modified Coverage	<p>Requires that the contractor comply with Cost Accounting Standards: 401, Consistency in Estimating, Accumulating, and Reporting Costs; 402, Consistency in Allocating Costs Incurred for the Same Purpose; 405, Accounting for Unallowable Costs, and 406, Cost Accounting Standard-Cost Accounting Period. (FAR 9903.201-2(b))</p>
Modular Contracting	<p>Use of one or more contracts to acquire information technology systems in successive, interoperable increments. (FAR 39.002)</p>
Monitoring Methods	<p>Techniques and procedures used by the Contracting Officer or a representative of the Contracting Officer to observe and document contractor performance.</p>
Motor Vehicle	<p>An item of equipment, mounted on wheels and designed for highway and/or land use, that:</p> <ol style="list-style-type: none">a. Derives power from a self-contained power unit; orb. Is designed to be towed by and used in conjunction with self-propelled equipment. (FAR 8.1101)
Moving Average Cost	<p>An inventory costing method under which an average unit cost is computed after each acquisition by adding the cost of the newly acquired units to the cost of the units of inventory on hand and dividing this figure by the new total number of units. (FAR 31.001)</p>

Multi-Year Contract	A contract for the purchase of supplies or services for more than one, but not more than five, program years. A multi-year contract may provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds, and (if it does so provide) may provide for a cancellation payment to be made to the contractor if appropriations are not made. The key distinguishing difference between multi-year contracts and multiple year contracts is that multi-year contracts, buy more than one year's requirement (of a product or service) without establishing and having to exercise an option for each program year after the first. (FAR 17.103)
Multiple Service Locations	The various locations or delivery points in the utility supplier's service area to which it provides service under a single contract. (FAR 41.101)
Multiple Year Contracts	Contracts having a term of more than 1 year regardless of fiscal year funding. The term includes multi-year contracts. (FAR 22.1001)
NAFTA Country	See North American Free Trade Agreement Country.
NAFTA Country Construction Material	A construction material that -- <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of a NAFTA country; or b. In the case of a construction material which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in a NAFTA country into a new and different construction material distinct from the materials from which it was transformed. (FAR 25.401)
NAFTA Country End Product	<ol style="list-style-type: none"> 1. A Canadian end product or a Mexican end product. (FAR 25.401) 2. An article that: <ol style="list-style-type: none"> a. Is wholly the growth, product, or manufacture of a NAFTA country, or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed in a NAFTA country into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of those incidental services does not exceed that of the product itself. (FAR 52.225-9(a))
Naphtha	A refined petroleum distillate falling within a distillation range overlapping the higher gasoline and the lower kerosenes. (FAR 25.108(d)(2)(ii)(G))
National Defense	Any activity related to programs for military or atomic energy production or construction, military assistance to any foreign nation, stockpiling, or space. (FAR 2.101)
National Industries for the Blind (NIB)	Nonprofit agency designated to represent people who are blind in Government contracting under the Javits-Wagner-O'Day Act. (FAR 8.701)
National Security System	Any telecommunications or information system operated by the United States Government, the function, operation, or use of which: <ol style="list-style-type: none"> a. Involves intelligence activities; b. Involves cryptologic activities related to national security; c. Involves command and control of military forces; d. Involves equipment that is an integral part of a weapon or weapons system; or e. Is critical to the direct fulfillment of military or intelligence missions. This does not include a system that is to be used for routine administrative and business applications, such as payroll, finance, logistics, and personnel management applications. (FAR 39.002)

Natural Gas Products	Liquids (under atmospheric conditions), including natural gasoline, that: a. Are recovered by a process of absorption, adsorption, compression, refrigeration, cycling, or a combination of these processes, from mixtures of hydrocarbons that existed in a vaporous phase in a reservoir, and b. When recovered and without processing in a refinery fuel oil, gasoline, jet fuel, or naphtha. (FAR 25.108(d)(2)(ii)(H))
Negative Instant Contract Savings	In value engineering, the increase in the instant contract cost or price when the acceptance of a value engineering change proposal results in an excess of the contractor's allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected. (FAR 48.001)
Negotiation Outcome	In general, there are three possible outcomes to every negotiation. These outcomes are known as "win/win," "win/lose," and "lose/lose." Any negotiation can conceivably result in any of these outcomes, but different negotiation styles can make one or the another more likely.
Negotiation Plan	Contents may vary based on agency and contracting activity requirements, but the plan should include information such as the following: a. Background (e.g., contract, contractor, and negotiation situation); b. Major and minor negotiation issues and objectives (both price and non-price); c. Negotiation priorities and positions on key issues (including minimum, objective, and maximum positions on price); and d. Negotiation approach.
Negotiations	Exchanges, in either a competitive or sole source environment, between the Government and offerors, that are undertaken with the intent of allowing the offeror to revise its proposal. (FAR 15.306(d))
Net Acquisition Savings	In value engineering, total acquisition savings, including instant, concurrent, and future contract savings, less Government costs. (FAR 48.001)
Net Present Value	The difference between the discounted present value of benefits and the discounted present value of costs. (OMB Circular A-94, App A)
Neutral Person	An impartial third party, who serves as a mediator, fact finder, or arbitrator, or otherwise functions to assist the parties to resolve the issues in controversy. A neutral person may be a permanent or temporary officer or employee of the Federal Government or any other individual who is acceptable to the parties. A neutral person must have no official, financial, or personal conflict of interest with respect to the issues in controversy, unless such interest is fully disclosed in writing to all parties and all parties agree that the neutral person may serve. (FAR 33.201)
New	Composed of previously unused components, whether manufactured from virgin material, recovered material in the form of raw material, or materials and by-products generated from, and reused within, an original manufacturing process; provided that the supplies meet contract requirements, including but not limited to, performance, reliability, and life expectancy. (FAR 52.211-5(a))
NISH	Nonprofit agency designated to represent participating nonprofit agencies serving people with severe disabilities other than blindness in Government contracting under the Javits-Wagner-O'Day Act. (FAR 8.701)
No-Cost Settlement	A termination settlement at no cost to the Government or the contractor. (FAR 49.109-4)
No-Setoff Commitment	A contractual undertaking pledging that, to the extent permitted by the Assignment of Claims Act, payments by the designated agency to the assignee under an assignment of claims will not be reduced to liquidate the indebtedness of the contractor to the Government. (FAR 32.801)

Nominal Interest Rate	An interest rate that is not adjusted to remove the effects of actual or expected inflation. Market interest rates are generally nominal interest rates. (OMB Circular A-94, App A)
Nominal Values	Economic units measured in terms of purchasing power of the date in question. A nominal value reflects the effects of general price inflation. (OMB Circular A-94, App A)
Nonconforming Services	Services that do not conform in all respects to contract requirements. (FAR 46.407(a))
Nonconforming Supplies	Supplies that do not conform in all respects to contract requirements. (FAR 46.407(a))
Nondevelopmental Item	Means: <ul style="list-style-type: none"> a. Any previously developed item of supply used exclusively for Governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement; b. Any item described in Paragraph a of this definition that requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or c. Any item of supply being produced that does not meet the requirements of Paragraph a or b solely because the item is not yet in use. (FAR 2.101)
Nonmanufacturer Rule	A contractor under a small business set-aside or 8(a) contract must be a small business under the applicable size standard and must provide either its own product or that of another domestic small business manufacturing or processing concern. (FAR 19.001)
Nonpersonal Services Contract	A contract under which the personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the Government and its employees. (FAR 37.101)
Nonprocurement Common Rule	The procedures used by Federal Executive Agencies to suspend, debar, or exclude individuals or entities from participation in nonprocurement transactions under Executive Order 12549. Examples of nonprocurement transactions are grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurance, payments for specified use, and donation agreements. (FAR 9.403)
Nonprofit Agency Serving People Who Are Blind	A qualified nonprofit agency employing people who are blind approved by the Committee to furnish a commodity or a service to the Government under the Javits-Wagner-O'Day Act. (FAR 8.701)
Nonprofit Agency Serving People with Other Severe Disabilities	A qualified nonprofit agency employing people who have severe disabilities other than blindness approved by the Committee to furnish a commodity or a service to the Government under the Javits-Wagner-O'Day Act. (FAR 8.701)
Nonprofit Organization	<ol style="list-style-type: none"> 1. A university or other institution of higher education or an organization granted nonprofit status under the Internal Revenue Code of 1954 and exempt from taxation under the Internal Revenue Code, or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute. (FAR 27.301) 2. Any corporation, foundation, trust, or institution operated for scientific, educational, or medical purposes, not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual. (FAR 45.301)

Nonrecurring Costs	Those costs which are generally incurred on a one-time basis and include such costs as plant or equipment relocation, plant rearrangement, special tooling, special test equipment, preproduction engineering, initial spoilage and rework, and specialized work force training. (FAR 17.103)
Nonsegregated Facilities	Facilities that are not segregated. See segregated facilities.
Nonseverable	Property that cannot be removed after erection or installation without substantial loss of value or damage to the property or to the premises where installed. (FAR 45.301)
Nonsponsor	Any other organization, in or outside of the Federal Government, which funds specific work to be performed by the Federally Funded Research and Development Center and is not a party to the sponsoring agreement. (FAR 35.017)
Nonverbal Communication	Verbal exchanges account for only a fraction of the messages people send and receive. Research has shown that between 70 and 90 percent of the entire communication spectrum is nonverbal, including: <ol style="list-style-type: none">Body language;Physical environment; andPersonal attributes such as:<ol style="list-style-type: none">Physical appearance;Vocal cues; andTouch.
Normal Cost	The annual cost attributable, under the actuarial cost method in use, to years subsequent to a particular valuation date. (FAR 31.001)
Normal Distribution	See normal probability distribution.
Normal Probability Distribution	Also referred to as a Normal Distribution. The continuous distribution most commonly used in statistics to make inferences about a population from sample data.
Normal Workweek	A workweek of 40 hours. Outside the United States, its possessions, and Puerto Rico, a workweek longer than 40 hours must be considered normal if: <ol style="list-style-type: none">The workweek does not exceed the norm for the area, as determined by local custom, tradition, or law; andThe hours worked in excess of 40 in the workweek are not compensated at a premium rate of pay. (22.103-1)
North American Free Trade Agreement (NAFTA) Country	Canada or Mexico. (FAR 25.401)
Notice	Standard Form (SF) 98, Notice of Intention to Make a Service Contract and Response to Notice, and SF 98a, Attachment A. (FAR 22.1001)
Notice of Award	In construction, a notice to the contractor of contract award that includes: <ol style="list-style-type: none">Identification of the invitation for bids;Identification of the contractor's bid;The award price;Advice to the contractor that any required payment and performance bonds must be promptly executed and returned to the Contracting Officer;The date of commencement of work, or advise that a notice to proceed will be issued. (FAR 36.213-4)
Notice of Termination	A written notice to the contractor that the contract is being terminated for convenience or default. (FAR 49.102(a))

Novation Agreement	A legal instrument: <ol style="list-style-type: none"> a. Executed by the: <ol style="list-style-type: none"> (1) Contractor (transferor), (2) Successor in interest (transferee), and (3) Government; b. By which, among other things, the transferor guarantees performance of the contract, the transferee assumes all obligations under the contract, and the Government recognizes the transfer of the contract and related assets. (FAR 42.1201)
Number of Employees	A measure of the average employment of a business concern and means its average employment, including the employees of its domestic and foreign affiliates, based on the number of persons employed on a full-time, part-time, temporary, or other basis during each of the pay periods of the preceding 12 months. <ol style="list-style-type: none"> a. If a business has not been in existence for 12 months, it is the average employment of such concern and its affiliates during the period that such concern has been in existence based on the number of persons employed during each of the pay periods of the period that such concern has been in business. b. If a business has acquired an affiliate during the applicable 12-month period, include the affiliate's number of employees during the entire period, rather than only its employees during the period in which it has been an affiliate. c. Do not include the employees of a former affiliate, even if such concern had been an affiliate during a portion of the applicable 12-month period. (FAR 19.101)
Off-the-Shelf Item	An item produced and placed in stock by a contractor, or stocked by a distributor, before receiving orders or contracts for its sale. The item may be commercial or produced to military or Federal specifications or description. (FAR 46.101)
Offer	A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. A response to an invitation for bids or a request for proposals is an offer. A response to a request for quotations is a quote not an offer. (FAR 2.101)
Offeror	Any person who has submitted an offer.
Office Furniture	Furniture, equipment, fixtures, records, and other equipment and materials used in Government offices, hospitals, and similar establishments. (FAR 47.201)
Office of Federal Procurement Policy Act	Established the requirements for the Federal Acquisition Regulation system. (FAR 1.103)
Officer of an Agency	See employee of an agency.
Operation of a System of Records	<ol style="list-style-type: none"> 1. Performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records. (FAR 24.101) 2. Performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records. (FAR 52.224-2(c)(1))
Option	A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or may elect to extend the term of the contract. (FAR 17.201)
Optional Use Federal Supply Schedule	When an agency is not identified as a mandatory schedule user, schedule use is optional. Orders should be placed with the schedule contractor that provides the best value. (FAR 8.404(b))

Ordering Office	<ol style="list-style-type: none">1. Any activity in an entity of the Government that places orders for the purchase of supplies or services under the Javits-Wagner-O'Day Act Program. (FAR 8.701)2. Any Government activity issuing a purchase order for supplies or services.3. Any Government activity issuing a delivery order or task order under an indefinite delivery contract.
Ordinary Liquidation Rate	See liquidation rate -- ordinary method.
Organization Costs	Except as provided in Paragraph b below, the term includes: <ol style="list-style-type: none">a. Expenditures in connection with:<ol style="list-style-type: none">(1) Planning or executing the organization or reorganization of the corporate structure of a business, including mergers and acquisitions;(2) Resisting or planning to resist the reorganization of the corporate structure of a business or a change in the controlling interest in the ownership of a business; and(3) Raising capital (net worth plus long-term liabilities).b. The cost of activities primarily intended to provide compensation are considered compensation for personal services, not organizational costs. (FAR 31.205-27)
Organizational Conflict of Interest	Because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage. (FAR 9.501)
Original Complement of Low Cost Equipment	A group of items acquired for the initial outfitting of a tangible capital asset or an operational unit, or a new addition to either. The items in the group individually cost less than the minimum amount established by the contractor for capitalization for the classes of assets acquired but in the aggregate they represent a material investment. The group, as a complement, is expected to be held for continued service beyond the current period. Initial outfitting of the unit is completed when the unit is ready and available for normal operations. (FAR 31.001)
Other Work	Any current or scheduled work of the contractor, whether Government or commercial, other than work related to the terminated contract. (FAR 49.001)
Overhead	<ol style="list-style-type: none">1. Indirect costs other than those related to general and administrative expense and selling expenses. (FAR 31.203(b))2. A general term often used to identify any indirect cost.
Overhead Rate	The indirect cost rate used by a concern to recover overhead.
Overhead Should-Cost Review	Should-cost review to evaluate indirect costs, such as fringe benefits, shipping and receiving, facilities and equipment, depreciation, plant maintenance and security, taxes, and general and administrative activities. It is normally used to evaluate and negotiate a forward pricing rate agreement with the contractor. When an overhead should-cost review is conducted, a separate audit report is required. (FAR 15.407-4(c)(1))
Overprinting	Standard and optional forms used in Government contracting may be overprinted with names, addresses, and other uniform entries that are consistent with the purpose of the form and that do not alter the form in any way. Exception approval for overprinting is not needed. (FAR 53.104)
Overriding Negotiation Themes	Government negotiators should always keep in mind the following basic attitudes when negotiating Government contracts: <ol style="list-style-type: none">a. Think win/win;b. Sell your position;c. Win results not arguments;d. Everything is negotiable; ande. Make it happen.

Overtime	Time worked by a contractor's employee in excess of the employee's normal workweek. (FAR 22.103-1)
Overtime Premium	The difference between the contractor's regular rate of pay to an employee for the shift involved and the higher rate paid for overtime. It does not include shift premium. (FAR 22.103-1)
Ozone-Depleting Substance	Any substance designated as: <ul style="list-style-type: none"> a. Class I by the Environmental Protection Agency, including but not limited to chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or b. Class II by the Environmental Protection Agency, including but not limited to hydrochlorofluorocarbons. (FAR 23.802)
Paramount Lien	If the security for Government financing is in the form of a lien, such lien is paramount to all other liens and is effective immediately upon the first payment, without filing, notice, or other action by the United States. <ul style="list-style-type: none"> a. The contract must specify what the lien is upon (e.g., the work in process, the contractor's plant, or the contractor's inventory). The contract must also give the Government a right to verify the existence and value of the assets. b. Provision of Government financing must be conditioned upon a contractor certification that the assets subject to the lien are free from any prior encumbrances. Prior liens may result from such things as capital equipment loans, installment purchases, working capital loans, various lines of credit, and revolving credit arrangements. (FAR 32.202-4(b))
Partial Payments	Payments for accepted supplies and services that are only a part of the contract requirements are authorized under law. Office of Management and Budget Circular A-125, Prompt Payment, requires agencies to pay for partial delivery of supplies or partial performance of services unless specifically prohibited by the contract. Although partial payments generally are treated as a method of payment and not as a method of contract financing, using partial payments can assist contractors to participate in Government contracts without, or with minimal, contract financing. (FAR 32.102(d))
Partial Set-Aside for Small Business	Also referred to as a partial small business set-aside. A portion of an acquisition restricted for participation by small business concerns. (FAR 19.502-3(a))
Partial Small Business Set-Aside	See partial set-aside for small business.
Partial Termination	The termination of a part, but not all, of the work that has not been completed and accepted under a contract. (FAR 49.001)
Past Performance File	Location for maintaining contractor performance evaluations. Location can be a separate file or database, but must be readily accessed by contracting office personnel. Interim evaluations should be retained for the duration of the contract and included with the final evaluation in the file. The evaluations must not be retained to provide source selection information for longer than three years after completion of contract performance. (FAR 42.1503)
Past Performance Information	Relevant information, for future source selection purposes, regarding a contractor's actions under previously awarded contracts. It includes, for example, the contractor's record of conforming to contract requirements and to standards of good workmanship; the contractor's record of forecasting and controlling costs; the contractor's adherence to contract schedules, including the administrative aspects of performance; the contractor's history of reasonable and cooperative behavior and commitment to customer satisfaction; and generally, the contractor's business-like concern for the interest of the customer. (FAR 42.1501)

Patent Defect	Any defect which exists at the time of acceptance and is not a latent defect. (FAR 46.101)
Patent Infringement Bond	A bond that secures fulfillment of the contractor's obligations under a patent provision. (FAR 28.001)
Pay-As-You-Go Cost Method	A method of recognizing pension cost only when benefits are paid to retired employees or their beneficiaries. (FAR 31.001)
Payment	Payment is an essential contract element consideration. It satisfies the Government's obligation to compensate the contractor according to the terms of the contract.
Payment Bond	A bond that assures payments as required by law to all persons supplying labor or material in the prosecution of the work provided for in the contract. (FAR 28.001)
Payment Date	The date on which a check for payment is dated or, for an electronic funds transfer the specified payment date. (FAR 32.902)
Penal Amount	See penal sum.
Penal Sum	Also referred to as penal amount. The amount of money specified in a bond (or a percentage of the bid price in a bid bond) as the maximum payment for which the surety is obligated or the amount of security required to be pledged to the Government in lieu of a corporate or individual surety for the bond. (FAR 28.001)
Pension Plan	A deferred compensation plan established and maintained by one or more employers to provide systematically for the payment of benefits to plan participants after their retirements; provided, that the benefits are paid for life or are payable for life at the option of the employees. Additional benefits such as permanent and total disability and death payments, and survivorship payments to beneficiaries of deceased employees may be an integral part of a pension plan. (FAR 31.001)
Pension Plan Participant	Any employee or former employee of an employer or any member or former member of an employee organization, who is or may become eligible to receive a benefit from a pension plan which covers employees of such employer or members of such organization who have satisfied the plan's participation requirements, or whose beneficiaries are receiving or may be means eligible to receive any such benefit. A participant whose employment status with the employer has not been terminated is an active participant of the employer's pension plan. (FAR 31.001)
Performance Bond	A bond that secures performance and fulfillment of the contractor's obligations under the contract. (FAR 28.001(f))
Performance Requirement	Contract requirement stated in terms of performance required under the contract.
Performance-Based Contracting	Also referred to as performance-based service contracting. Structuring all aspects of an acquisition around the purpose of the work to be performed as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work. (FAR 37.101)
Performance-Based Contracts	A service contract that: <ol style="list-style-type: none"> a. Describes requirements in terms of results required rather than the methods of performance of the work; b. Uses measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) and quality assurance surveillance plans; c. Specifies procedures for reductions of fee or for reductions to the price of a fixed-price contract when services are not performed or do not meet contract requirements; and d. Includes performance incentives where appropriate. (FAR 37.601)

Performance-Based Payments	Contract financing payments made on the basis of -- <ol style="list-style-type: none"> a. Performance measured by objective, quantifiable methods; b. Accomplishment of defined events; or c. Other quantifiable measures of results. (FAR 32.102(f))
Performance-Based Service Contracting	See performance-based contracting.
Person	<ol style="list-style-type: none"> 1. A corporation, partnership, business association of any kind, trust, joint-stock company, or individual. (FAR 3.502-1) 2. A corporation, partnership, business association of any kind, trust, joint-stock company, or individual. (FAR 52.203-7(a)) 3. An individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law. (FAR 3.801)
Personal Property	Property of any kind or interest in it except real property, records of the Federal Government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines. (FAR 45.601)
Personal Services Contract	A contract that, by its express terms or as administered, makes the contractor personnel appear, in effect, to be Government employees (see 37.104). (FAR 37.101)
Personal, Fatigue, and Delay (PF&D) Allowance	A combination of allowances used in labor-time standard development to consider worker personal needs, fatigue, and unavoidable delays associated with the work.
Planner	The designated person or office responsible for developing and maintaining a written plan, or for the planning function in those acquisitions not requiring a written plan. (FAR 7.101)
Plans and Specifications	Drawings, specifications, and other data for and preliminary to the construction. (FAR 36.102)
Plant Clearance	All actions relating to the screening, redistribution, and disposal of contractor inventory from a contractor's plant or work site. The term "contractor's plant" includes a contractor operated Government facility. (FAR 45.601)
Plant Clearance Officer	An authorized representative of the Contracting Officer assigned responsibility for plant clearance. (FAR 45.601)
Plant Clearance Period	The period beginning on the effective date of contract completion or termination and ending 90 days (or such longer period as may be agreed to) after receipt by the Contracting Officer of acceptable inventory schedules for each property classification. The final phase of the plant clearance period means that period after receipt of acceptable inventory schedules. (FAR 45.601)
Plant Equipment	Personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment. (FAR 45.101)
Plant Protection Costs	Costs of items such as: <ol style="list-style-type: none"> a. Wages, uniforms, and equipment of personnel engaged in plant protection; b. Depreciation on plant protection capital assets; and c. Necessary expenses to comply with military requirements. (FAR 31.205-29)
Plant Reconversion Costs	Costs incurred in restoring or rehabilitating the contractor's facilities to approximately the same condition existing immediately before the start of the Government contract, fair wear and tear excepted. (FAR 31.205-31)

Pollution Prevention	Any practice that: <ol style="list-style-type: none">Reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment (including fugitive emissions) prior to recycling, treatment, or disposal, and reduces the hazards to public health and the environment associated with the release of such substances, pollutants, and contaminants; orReduces or eliminates the creation of pollutants through increased efficiency in the use of raw materials, energy, water, or other resources. (FAR 23.703)
Pool	<ol style="list-style-type: none">A group of concerns that have:<ol style="list-style-type: none">Associated together in order to obtain and perform, jointly or in conjunction with each other, defense production or research and development contracts;Entered into an agreement governing their organization, relationship, and procedures; andObtained approval of the agreement by either:<ol style="list-style-type: none">The Small Business Administration under Section 9 or 11 of the Small Business Act; orA designated official under Part V of Executive Order 10480, August 14, 1953 and Section 708 of the Defense Production Act of 1950. (FAR 9.701)See also indirect cost pool.
Population	<ol style="list-style-type: none">The set of all possible observations of a phenomenon under analysis.A group of individual persons, objects, or item from which samples are taken for statistical analysis.
Positions That Will Be Filled From Within the Contractor's Organization	Employment openings for which no consideration will be given to persons outside the Contractor's organization (including any affiliates, subsidiaries, and parent companies) and includes any openings that the Contractor proposes to fill from regularly established recall lists. (FAR 52.222-35(a))
Possessions	The Virgin Islands, Johnston Island, American Samoa, Guam, Wake Island, Midway Island, and the Guano Islands, but does not include Puerto Rico, leased bases, or trust territories. (FAR 2.101)
Postaward Conference	A meeting between Government and contractor representatives after award of a contract and prior to commencement of work to discuss significant elements of administering the contract including any unusual or significant contract requirements (e.g., labor clause requirements). (FAR 42.503-1)
Postaward Conference Report	Prepared and signed by the Conference Chairperson appointed by the Contracting Officer, the report must cover all items discussed, including areas requiring resolution, controversial matters, the names of the participants assigned responsibility for further actions, and the due dates for the actions. (FAR 42.503-3)
Postaward Letter	A letter or other written form of postaward orientation. It should identify the Government representative responsible for administering the contract and cite any unusual or significant contract requirements. (FAR 42.504)
Postaward Orientation	A postaward conference, letter, or other form of written communication to aid both Government and contractor personnel to achieve a clear and mutual understanding of all contract requirements, and identify and resolve potential problems. (FAR 42.500 and 42.501(a))
Postconsumer Material	A material or finished product that has served its intended use and has been diverted or recovered from waste destined for disposal, having completed its useful life as a consumer item. Postconsumer material is a part of the broader category of recovered material. (FAR 23.402)

Postmark	A printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. (FAR 52.215-1(c)(3)(iii))
Power of Attorney	The authority given one person or corporation to act for and obligate another, as specified in the instrument creating the power; in corporate suretyship, an instrument under seal which appoints an attorney-in-fact to act in behalf of a surety company in signing bonds. See also attorney-in-fact. (FAR 28.001)
Practical Application	To manufacture, in the case of a composition or product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms. (FAR 27.301)
Preaward Survey	An evaluation by a surveying activity of a prospective contractor's capability to perform a proposed contract. (FAR 9.101)
Prebid Conference	A meeting used, generally in complex acquisitions, as a means of briefing prospective bidders and explaining complicated specifications and requirements to them as early as possible after the invitation for bids (IFB) has been issued and before the bids are opened. It must never be used as a substitute for amending a defective or ambiguous invitation for bids. (FAR 14.207)
Precious Metals	Uncommon and highly valuable metals characterized by their superior resistance to corrosion and oxidation. Included are silver, gold, and the platinum group metals -- platinum, palladium, iridium, osmium, rhodium, and ruthenium. (FAR 45.601)
Preconstruction Conference	An orientation meeting between representatives of the Government and a successful construction contract offeror prior to the start of construction at the work site (FAR 36.212)
Preconstruction Letter	An orientation letter or other written communication from the Contracting Officer to a successful construction contract offeror prior to the start of construction at the worksite. (FAR 36.212)
Preconstruction Orientation	A conference or letter to inform the successful construction contract offeror of significant matters of interest related to the contract, including: <ul style="list-style-type: none"> a. Statutory matters such as labor standards and subcontracting plan requirements; and b. Other matters of significant interest, including who has authority to decide matters such as contractual, administrative (e.g., security, safety, and fire and environmental protection), and construction responsibilities. (FAR 36.212(a))
Precontract Costs	Costs incurred before the effective date of the contract directly pursuant to the negotiation and in anticipation of the contract award when such incurrence is necessary to comply with the proposed contract delivery schedule. (FAR 31.205-32)
Prediction Interval	A range of values which you are confident contains the true value of the cost or price which you are trying to predict using a regression equation. For example, a prediction interval could permit you to state that you are 90 percent confident that the range includes the true value of the dependent variable.
Preliminary Meeting	A meeting to prepare Government representatives for a postaward conference. Purposes include: <ul style="list-style-type: none"> Establishing an understanding of conference roles and responsibilities; Developing a conference agenda; Forming a unified Government team, and Identifying any unusual or significant contract requirements. (FAR 42.503-1(a)(5))

Prenegotiation Objectives	The Government's initial negotiation position. (FAR 15.406-1(a))
Prenegotiation Objectives	Objectives for a negotiation that are established prior to initiating negotiations.
Preponderance of the Evidence	Proof by information that, compared with that opposing it, leads to the conclusion that the fact at issue is more probably true than not. (FAR 9.403)
Present Value	The relative worth of a benefit received or cost expended at a specified time in the future when the applicable discount rate is considered.
Presolicitation Conference	A meeting held prior to issuing the solicitation to involve potential offerors in the acquisition process. (FAR 10.002(b)(2)(viii))
Presolicitation Notice	<ol style="list-style-type: none">1. A notice sent to concerns on the solicitation mailing list, in lieu of initially forwarding complete bid sets. Use is at the discretion of the Contracting Officer, but is particularly suitable when invitations for bids and solicitation mailing lists are lengthy. It must:<ol style="list-style-type: none">a. Specify the final date for receipt of requests for a complete bid set,b. Briefly describe the requirement and furnish other essential information to enable concerns to determine whether they have an interest in the invitation, andc. Notify concerns that, if no bid is to be submitted, they should advise the issuing office in writing if future invitations are desired for the type of supplies or services involved. Drawings, plans, and specifications normally will not be furnished with the presolicitation notice. The return date of the notice must be sufficiently in advance of the mailing date of the invitation for bids to permit an accurate estimate of the number of bid sets required. Bid sets must be sent to concerns that request them in response to the notice. (FAR 14.205-4(c))2. A notice sent to prospective bidders about a construction requirement sufficiently in advance of the invitation for bids to stimulate the interest of the greatest number of prospective bidders. Such notices must:<ol style="list-style-type: none">a. Describe the proposed work in sufficient detail to disclose the nature and volume of work (in terms of physical characteristics and estimated price range);b. State the location of the work;c. Include tentative dates for issuing invitations, opening bids, and completing contract performance;d. State where plans will be available for inspection without charge;e. Specify a date by which requests for the invitation for bids should be submitted;f. Notify recipients that if they do not submit a bid they should advise the issuing office as to whether they want to receive future presolicitation notices;g. State whether award is restricted to small businesses;h. Specify any amount to be charged for solicitation documents; andi. Be publicized in the Commerce Business Daily. (FAR 36.213-2)
Price	<ol style="list-style-type: none">1. Cost plus any fee or profit applicable to the contract type. (FAR 15.401)2. The amount paid for a supply or service.
Price Analysis	The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit. (FAR 15.404-1(b)(1))

Price Based on Adequate Price Competition

A price is based on adequate price competition if:

- a. Two or more responsible offerors, competing independently, submit priced offers that satisfy the Government's expressed requirement and if:
 - (1) Award will be made to the offeror whose proposal represents the best value where price is a substantial factor in source selection; and
 - (2) There is no finding that the price of the otherwise successful offeror is unreasonable. Any finding that the price is unreasonable must be supported by a statement of the facts and approved at a level above the Contracting Officer;
- b. There was a reasonable expectation, based on market research or other assessment, that two or more responsible offerors, competing independently, would submit priced offers in response to the solicitation's expressed requirement, even though only one offer is received from a responsible offeror and if:
 - (1) Based on the offer received, the Contracting Officer can reasonably conclude that the offer was submitted with the expectation of competition, e.g., circumstances indicate that:
 - (A) The offeror believed that at least one other offeror was capable of submitting a meaningful offer; and
 - (B) The offeror had no reason to believe that other potential offerors did not intend to submit an offer; and
 - (2) The determination that the proposed price is based on adequate price competition, is reasonable, and is approved at a level above the Contracting Officer; or
- c. Price analysis clearly demonstrates that the proposed price is reasonable in comparison with current or recent prices for the same or similar items, adjusted to reflect changes in market conditions, economic conditions, quantities, or terms and conditions under contracts that resulted from adequate price competition. (FAR 15.403-1(c)(i))

Price Evaluation Adjustment for Small Disadvantaged Business Concerns

A price adjustment factor set by the Department of Commerce that is used in the evaluation of offerors submitted by a small disadvantaged business concerns in competitive acquisitions that exceed the simplified acquisition threshold, unless the acquisition is set-aside for small business concerns or awarded under the 8(a) program. (FAR 19.1101 and 19.1102)

Price Index Number

A quantity that measures relative price changes from one time period to another.

Price Set by Law or Regulation

A price set by a pronouncements in the form of a periodic ruling, review, or similar action of a Governmental body, or embodied in the law. (FAR 15.403-1(c)(3)(i)(2))

Price-Related Factors

Elements that can be quantified and used with price to determine the most advantageous bid for the Government. They include:

- a. Foreseeable costs or delays to the Government resulting from such factors as differences in inspection, locations of supplies, and transportation;
- b. Changes made, or requested by the bidder, in any of the provisions of the invitation for bids, if the change does not constitute a ground for bid rejection;
- c. Advantages or disadvantages to the Government that might result from making more than one award;
- d. Federal, state, and local taxes; and
- e. Origin of supplies, and, if foreign, the application of the Buy American Act or any other prohibition on foreign purchases. (FAR 14.201-8)

Pricing

The process of establishing a reasonable amount or amounts to be paid for supplies or services. (FAR 31.001)

Primary Sponsor

The lead agency responsible for managing, administering, or monitoring overall use of the Federally Funded Research and Development Center under a multiple sponsorship agreement. (FAR 35.017)

Prime Contract	<ol style="list-style-type: none"> 1. A contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind. (FAR 3.502-1) 2. A contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind. (FAR 52.203-7(a))
Prime Contractor	<ol style="list-style-type: none"> 1. A person who has entered into a prime contract with the United States. (FAR 3.502-1) 2. Any person who holds, or has held, a Government contract subject to E.O. 11246. (FAR 22.801) 3. A person who has entered into a prime contract with the United States. (FAR 52.203-7(a))
Prime Contractor Employee	<ol style="list-style-type: none"> 1. Any officer, partner, employee, or agent of a prime contractor. (FAR 3.502-1) 2. Any officer, partner, employee, or agent of a prime contractor. (FAR 52.203-7(a))
Privately Owned U.S.-Flag Commercial Vessel	<p>A vessel:</p> <ol style="list-style-type: none"> a. Registered and operated under the laws of the United States; b. Used in commercial trade of the United States; c. Owned and operated by U.S. citizens, including a vessel under voyage or time charter to the Government; and d. A Government-owned vessel under bareboat charter to, and operated by, U.S. citizens. (FAR 47.501)
Procurement	All stages involved in the process of acquiring supplies or services, beginning with the determination of a need for supplies of services and ending with contract completion or closeout.
Procurement Executive	See senior procurement executive.
Procurement List	A list of supplies (including military resale commodities) and services that the Committee has determined are suitable for purchase by the Government under the Javits-Wagner-O'Day Act. (FAR 8.701)
Procuring Activity	<ol style="list-style-type: none"> 1. A component of an executive agency having a significant acquisition function and designated as such by the head of the agency. Unless agency regulations specify otherwise, the term is synonymous with the term "contracting activity". (FAR 6.003) 2. A component of an executive agency having a significant acquisition function and designated as such by the head of the agency. Unless agency regulations specify otherwise, the term procuring activity is synonymous with "contracting activity". (FAR 9.201)
Procuring Contracting Officer (PCO)	A Contracting Officer who enters into contracts on behalf of the Government. May assign postaward administration functions to an Administrative Contracting Officer or termination functions to a Termination Contracting Officer.
Producer Price Index (PPI)	Published monthly by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) measures price changes at the producer/wholesale level for 15 major commodity groups.
Production Surveillance	<p>A function of contract administration used to determine contractor progress and to identify any factors that may delay performance. It involves Government review and analysis of:</p> <ol style="list-style-type: none"> a. Contractor performance plans, schedules, controls, and industrial processes; and b. The contractor's actual performance under them. (FAR 42.1101)

Professional and Consultant Services	Services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor. Examples include those services acquired by contractors or subcontractors in order to enhance their legal, economic, financial, or technical positions. Professional and consultant services are generally acquired to obtain information, advice, opinions, alternatives, conclusions, recommendations, training, or direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other forms of representation. (FAR 31.205-33)
Professional Employee	The term embraces members of those professions having a recognized status based upon acquiring professional knowledge through prolonged study. Examples of these professions include accountancy, actuarial computation, architecture, dentistry, engineering, law, medicine, nursing, pharmacy, the sciences (e.g., biology, chemistry, and physics, and teaching). To be a professional employee, a person must not only be a professional but must be involved essentially in discharging professional duties. (FAR 22.1102)
Profit	<ol style="list-style-type: none"> 1. The difference between total cost and revenue. 2. The amount realized by a contractor after the cost of performance (both direct and indirect) are deducted from the amount to be paid under the terms of the contract.
Profit Center	The smallest organizationally independent segment of a company charged by management with profit and loss responsibilities. (FAR 31.001)
Program Manager	The person responsible for program plans, funding, schedules, and timely completion within cost limitations. Planning responsibilities include developing acquisition strategies and promoting full and open competition.
Program Should-Cost Review	Should-cost review conducted to evaluate significant elements of direct costs, such as material and labor, and associated indirect costs, usually associated with the production of major systems. When a program should-cost review is conducted relative to a contractor's proposal, a separate audit report on the proposal is required. (FAR 15.407-4(b)(1))
Progress Payments Based on a Percentage or Stage of Completion	May be used as a payment method under agency procedures. Agency procedures must ensure that payments are commensurate with work accomplished, which meets the quality standards established under the contract. These payments may not exceed 80 percent of the eligible costs of work accomplished on undefinitized contract actions. (FAR 32.102(e))
Progress Payments Based on Costs	<p>Payments for contractor progress under a fixed-price contract. Payments are based on a percentage (e.g., 80 percent) of the costs incurred by the contractor in performing the contract considering limits related to the fixed-price. This form of contract financing does not include:</p> <ol style="list-style-type: none"> a. Payments based on the percentage or stage of completion accomplished; b. Payments for partial deliveries accepted by the Government; c. Partial payments for a contract termination proposal; or d. Performance-based payments. (FAR 32.102(b) and FAR 32.501)
Project Inspector	See Quality Assurance Specialist.
Project Wage Determination	Issued at the specific request of a contracting agency. It is used only when no general wage determination applies, and is effective for 180 calendar days from the date of the determination. However, if a determination expires before contract award, it may be possible to obtain an extension to the 180-day life of the determination. Once incorporated in a contract, a project wage determination normally remains effective for the life of the contract. (FAR 22.404-1(b))
Projected Average Loss	The estimated long-term average loss per period for periods of comparable exposure to risk of loss. (FAR 31.001)

Projected Benefit Cost Method	Any of the several actuarial cost methods which distribute the estimated total cost of all the employees' prospective benefits over a period of years, usually their working careers. (FAR 31.001)
Prompt Payment	The Government has strict policies on making invoice payments to contractors. Most payments are due the 30th day after the designated billing office has received a proper invoice from the contractor or the 30th day after Government acceptance of supplies delivered or services performed by the contract, whichever is later. Agencies must pay an interest penalty, without request from the contractor, for late invoice payments or improperly taken discounts. (FAR 32.903 and 32.905)
Prompt Payment Discount	See discount for prompt payment.
Proper Invoice	A bill or written request for payment which meets the minimum standards specified in the applicable prompt payment and other terms and conditions contained in the contract for invoice submission. (FAR 32.902)
Property	<ol style="list-style-type: none">1. All property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property. (FAR 45.101)2. All of the below-described items acquired or produced by a contractor that are or should be allocable or properly chargeable to a contract under sound and generally accepted accounting principles and practices.<ol style="list-style-type: none">a. Parts, materials, inventories, and work in process;b. Special tooling and special test equipment to which the Government is to acquire title under any other clause of a contract;c. Nondurable (i.e., noncapital) tools, jigs, dies, fixtures, molds, patterns, taps, gauges, test equipment, and other similar manufacturing aids, title to which would not be obtained as special tooling; andd. Drawings and technical data, to the extent the Contractor or subcontractors are required to deliver them to the Government by other clauses of a contract. (FAR 52.232-16(d)(2))3. As used in payment clauses, includes all of the below-described items acquired or produced by a contractor that are or should be allocable or properly chargeable to a contract under sound and generally accepted accounting principles and practices.<ol style="list-style-type: none">a. Parts, materials, inventories, and work in process;b. Special tooling and special test equipment to which the Government is to acquire title under any other clause of a contract;c. Nondurable (i.e., noncapital) tools, jigs, dies, fixtures, molds, patterns, taps, gauges, test equipment, and other similar manufacturing aids, title to which would not be obtained as special tooling; andd. Drawings and technical data, to the extent the Contractor or subcontractors are required to deliver them to the Government by other clauses of a contract. (FAR 52.232-32(f)(2))
Property Administrator	An authorized representative of Contracting Officer assigned to administer the contract requirements and obligations relating to Government property. (FAR 45.501)

- Proposal**
1. An offer in response to a request for proposals. (FAR 2.101)
 2. Any offer or other submission used as a basis for pricing a contract, contract modification, or termination settlement or for securing payments thereunder. (FAR 31.001)
 3. Means:
 - a. A final indirect cost rate proposal submitted by the Contractor after the expiration of its fiscal year which:
 - (1) Relates to any payment made on the basis of billing rates; or
 - (2) Will be used in negotiating the final contract price; or
 - b. The final statement of costs incurred and estimated to be incurred under the Incentive Price Revision clause, which is used to establish the final contract price. (FAR 52.242-3(a))
- Proposal Modification**
1. A change made to a proposal before the solicitation closing date and time, or made in response to an amendment, or made to correct a mistake at any time before award. (FAR 15.001)
 2. A change made to a proposal before the solicitation's closing date and time, or made in response to an amendment, or made to correct a mistake at any time before award. (FAR 52.215-1(a))
- Proposal Revision**
1. A change to a proposal made after the solicitation closing date, at the request of or as allowed by a Contracting Officer, as the result of negotiations. (FAR 15.001)
 2. A change to a proposal made after the solicitation closing date, at the request of or as allowed by a Contracting Officer as the result of negotiations. (FAR 52.215-1(a))
- Protest**
- Also referred to as a bid protest or protest against award. A written objection by an interested party to any of the following:
- a. A solicitation or other request by an agency for offers for a contract for the procurement of property or services;
 - b. The cancellation of the solicitation or other request;
 - c. An award or proposed award of the contract; or
 - d. A termination or cancellation of an award of the contract, if the written objection contains an allegation that the termination or cancellation is based in whole or in part on improprieties concerning the award of the contract. (FAR 33.101)
- Protest After Award** A protest filed before contract award.
- Protest Against Award** See protest.
- Protest Before Award** A protest filed before contract award.
- Provision** See solicitation provision.
- Public Body** Any State, Territory, or possession of the United States, any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico, any agency or instrumentality of any of the foregoing, any Indian tribe, or any agency of the Federal Government. (FAR 45.601)
- Public Building**
1. Also referred to as a public work. A building, the construction, prosecution, completion, or repair of which, is carried on directly by authority of, or with funds of, a Federal agency to serve the interest of the general public regardless of whether title thereof is in a Federal agency. (FAR 22.401)

- Public Building (cont)**
2. Any building owned by the United States that is generally suitable for office or storage space or both for the use of one or more Federal agencies or mixed ownership corporations, its grounds, approaches, and appurtenances.
 - a. Public buildings do not include any building on the public domain.
 - b. Buildings on the following are not public buildings:
 - (1) Properties of the United States in foreign countries;
 - (2) Native American and Native Eskimo properties held in trust by the United States;
 - (3) Lands used in connection with Federal programs for agricultural, recreational, and conservation purposes, including research in connection therewith;
 - (4) Lands used in connection with river, harbor, flood control, reclamation, or power projects; or for chemical manufacturing or development projects; or for nuclear production, research, or development projects;
 - (5) Land used in connection with housing and residential projects;
 - (6) Properties of the United States Postal Service;
 - (7) Military installations (including any fort, camp, post, naval training station, airfield, proving ground, military supply depot, military school, or any similar facility of the Department of Defense, but not including the Pentagon);
 - (8) Installations of the National Aeronautics and Space Administration, except regular office buildings; and
 - (9) Department of Veterans Affairs installations used for hospital or domiciliary purposes.
 - c. Buildings leased to the Government are not public buildings unless the building is leased pursuant to a lease-purchase contract. (FAR 22.1202)

Public Relations All functions and activities dedicated to:

- a. Maintaining, protecting, and enhancing the image of a concern or its products; or
- b. Maintaining or promoting reciprocal understanding and favorable relations with the public at large, or any segment of the public. The term public relations includes activities associated with areas such as advertising, customer relations, etc. (FAR 31.205-1(a))

Public Relations and Advertising Costs Include the costs of media time and space, purchased services performed by outside organizations, as well as the applicable portion of salaries, travel, and fringe benefits of employees engaged in public relations and advertising activities. (FAR 31.205-1(c))

Public Work See public building.

Public-Work Contract Any contract for a fixed improvement or for any other project, fixed or not, for the public use of the United States or its allies, involving construction, alteration, removal, or repair, including projects or operations under service contracts and projects in connection with the national defense or with war activities, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project. (FAR 28.305(a))

Publication Means:

- a. The placement of an advertisement in a newspaper, magazine, trade or professional journal, or any other printed medium; or
- b. The broadcasting of an advertisement over radio or television. (FAR 5.501)

Purchase Order An offer by the Government to buy supplies or services, including construction and research and development, upon specified terms and conditions, using simplified acquisition procedures. (FAR 13.001)

Qualification Requirement	A Government requirement for testing or other quality assurance demonstration that must be completed before award of a contract. (FAR 9.201)
Qualification Requirement	A Government requirement for testing or other quality assurance demonstration that must be completed before award. (FAR 52.209-1(a))
Qualified Bidders List (QBL)	A list of bidders who have had their products examined and tested and who have satisfied all applicable qualification requirements for that product or have otherwise satisfied all applicable qualification requirements. (FAR 9.201)
Qualified Manufacturers List (QML)	A list of manufacturers who have had their products examined and tested and who have satisfied all applicable qualification requirements for that product. (FAR 9.201)
Qualified Products List (QPL)	A list of products which have been examined, tested, and have satisfied all applicable qualification requirements. (FAR 9.201)
Quality Assurance Representative	See Quality Assurance Specialist.
Quality Assurance Specialist	Also referred to as a Quality Assurance Representative or Project Inspector. An authorized representative of Contracting Officer responsible for inspecting and accepting or recommending rejection of supplies or services. In executing that responsibility, they must determine whether the contractor has satisfied its contract obligations pertaining to item quality and quantity.
Quantity Price Discount	Voluntarily price reduction offered by a firm to customers acquiring quantities of a product. Unit prices normally decline as volume increases, primarily because fixed costs are being divided by an increasing number of units.
Questioning	The use of questions to probe the position of the other party.
Quick-Closeout Procedure	A procedure used for contract closeout in advance of the determination of final indirect cost rates. Contracting officers must use the procedure if: <ol style="list-style-type: none"> The contract is physically complete; The amount of unsettled indirect cost to be allocated to the contract is relatively insignificant as defined in the FAR; and Agreement can be reached on a reasonable estimate of dollars allocable to the contract. (FAR 42.708(a))
Quick-Closeout Rates	Indirect cost rates used in contract closeout using the quick-closeout procedure. (FAR 42.708(a))
Quotation	See quote.
Quote	Also referred to as a quotation. <ol style="list-style-type: none"> A statement of current prices. Response to a request for quotations. A quote is not considered an offer that could bind the quoter to a contract if accepted. (FAR 2.101)
Quoter	Any person who has submitted a quote.
Range	The difference between the highest and lowest observed values in a data set.
Rated Order	A prime contract for any product, service, or material (including controlled materials) placed by a Delegate Agency under the provisions of the DPAS in support of an authorized program and which require preferential treatment, and includes subcontracts and purchase orders resulting under such contracts. (FAR 11.601)
Rates	May include rate schedules, riders, rules, terms and conditions of service, and other tariff and service charges, e.g., Facilities use charges. (FAR 41.101)
Ratification	The act of approving an unauthorized commitment by an official who has the authority to do so. (FAR 1.602-3(a))
Real Dollar Values	See constant dollar values. (OMB Circular A-94, App A)

Real Interest Rate	An interest rate that has been adjusted to remove the effect of expected or actual inflation. Real interest rates can be approximated by subtracting the expected or actual inflation rate from a nominal interest rate. (OMB Circular A-94, App A)
Real Property	Land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment. (FAR 45.101)
Realization Factor	A measure of overall performance used in a work measurement system. It is calculated by dividing the actual time to perform the work by the standard time.
Reasonable Compensation	With respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government. (FAR 52.203-12(a))
Reasonable Payment	<ol style="list-style-type: none">1. A payment in an amount that is consistent with the amount normally paid for such services in the private sector. (FAR 3.801)2. A payment in an amount that is consistent with the amount normally paid for such services in the private sector. (FAR 52.203-12(a))
Reasonableness	A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. (FAR 31.201-3(a))
Receiving Report	Written evidence which indicates Government acceptance of supplies delivered or services performed by the contractor. It must, as a minimum, include the following: <ol style="list-style-type: none">a. Contract number or other authorization for supplies delivered or services performed;b. Description of supplies delivered or services performed;c. Quantities of supplies received and accepted or services performed, if applicable;d. Date supplies delivered or services performed;e. Date supplies or services were accepted by the designated Government official (or progress payment request was approved if being made under the Payments Under Fixed-Price Construction Contracts clause or the Payments Under Fixed-Price Architect-Engineer Contracts clause);f. Signature, or when permitted by agency regulations, electronic equivalent, printed name, title, mailing address, and telephone number of the designated Government official responsible for acceptance or approval functions; andg. If the contract provides for the use of Government certified invoices in lieu of a separate receiving report, the Government certified invoice also must contain this information. (FAR 32.902 and 32.905(f))
Recipient	Includes the contractor and all subcontractors. This term excludes Indian tribes, tribal organizations, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.
Reconditioned	<ol style="list-style-type: none">1. Restored to the original normal operating condition by readjustments and material replacement. (FAR 11.001)2. Restored to the original normal operating condition by readjustments and material replacement. (FAR 52.211-5(a))
Record	<ol style="list-style-type: none">1. Item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history, and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint or voiceprint or a photograph. (FAR 24.101)

Record (cont)	2. Item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history, and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint or voiceprint or a photograph. (FAR 52.224-2(c)(3))
Record Drawings	Drawings submitted by a contractor or subcontractor at any tier to show the construction of a particular structure or work as actually completed under the contract. (FAR 36.102)
Records	Includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form. (FAR 52.214-26(a))
Recoupment	The recovery by the Government of Government-funded nonrecurring costs from contractors that sell, lease, or license the resulting products or technology to buyers other than the Federal Government. (FAR 35.001)
Recovered Material	<ol style="list-style-type: none"> 1. Waste materials and by-products which have been recovered or diverted from solid waste including postconsumer material, but such term does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process. (FAR 23.402) 2. Waste materials and by-products which have been recovered or diverted from solid waste including postconsumer material, but such term does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process. (FAR 52.211-5(a))
Recruiting and Training Agency	Any person who refers workers to any contractor or subcontractor or provides or supervises apprenticeship or training for employment by any contractor or subcontractor. (FAR 22.801)
Recurring Costs	Costs that vary with the quantity being produced, such as labor and materials. (FAR 17.103)
Recycling	The series of activities, including collection, separation, and processing, by which products or other materials are recovered from the solid waste stream for use in the form of raw materials in the manufacture of products other than fuel for producing heat or power by combustion. (FAR 23.703)
Regression Analysis	A quantitative technique used to establish a line-of-best-fit through a set of data to establish a relationship between one or more independent variable and a dependent variable. That line is then used with a projected value of the independent variable(s) to estimate a value for the dependent variable.
Regularly Employed	<ol style="list-style-type: none"> 1. With respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person must be considered to be regularly employed as soon as he or she is employed by such person for 130 working days. (FAR 3.801)

Regularly Employed (cont)	2. With respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person must be considered to be regularly employed as soon as he or she is employed by such person for 130 working days. (FAR 52.203-12(a))
Reinsurance	A transaction which provides that a surety, for a consideration, agrees to indemnify another surety against loss which the latter may sustain under a bond which it has issued. (FAR 28.001)
Related Contract	A Government contract or subcontract for supplies or services under which the use of the facilities is or may be authorized. (FAR 52.245-7(a))
Relocation Costs	Costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period, but in either event for not less than 12 months) of an existing employee or upon recruitment of a new employee. (FAR 31.205-35)
Remanufactured	1. Factory rebuilt to original specifications. (FAR 11.001) 2. Factory rebuilt to original specifications. (FAR 52.211-5(a))
Remedy Coordination Official	The person or entity in the agency who coordinates within that agency the administration of criminal, civil, administrative, and contractual remedies resulting from investigations of fraud or corruption related to procurement activities. (FAR 32.006-2)
Rent	See leasing.
Reportable Property	Contractor inventory that must be reported for screening before disposition as surplus. (FAR 45.601)
Reporting Activity	The Government activity that initiates the Report of Excess Personal Property (or when acceptable to GSA, by data processing output). (FAR 45.601)
Request for Information (RFI)	A document used to obtain price, delivery, other market information, or capabilities for planning purposes when the Government does not presently intend to issue a solicitation. (FAR 15.202(e))
Request for Proposals (RFP)	A solicitation for offers under negotiation procedures.
Request for Quotations (RFQ)	A solicitation for quotes. Commonly used under simplified acquisition procedures.
Requirements Contract	An indefinite-delivery contract that provides for filling all actual purchase requirements of designated Government activities for supplies or services during a specified contract period, with deliveries or performance to be scheduled by placing orders with the contractor. (FAR 16.503(a))
Residential Construction	The construction, alteration, or repair of single family houses or apartment buildings of no more than four (4) stories in height, and typically includes incidental items such as site work, parking areas, utilities, streets and sidewalks, unless there is an established area practice to the contrary. (FAR 22.404-2(c)(2))
Residual Fuel Oil	A topped crude oil or viscous residuum that, as obtained in refining or after blending with other fuel oil, meets or is the equivalent of Military Specification Mil-F-859 for Navy Special Fuel Oil and any more viscous fuel oil, such as No. 5 or Bunker C. (FAR 25.108(d)(2)(ii)(I))

Residual Value	The proceeds, less removal and disposal costs, if any, realized upon disposition of a tangible capital asset. It usually is measured by the net proceeds from the sale or other disposition of the asset, or its fair value if the asset is traded in on another asset. The estimated residual value is a current forecast of the residual value. (FAR 31.001)
Responsible Audit Agency	The agency that is responsible for performing all required contract audit services at a business unit. (FAR 42.001)
Responsible Official	The Contracting Officer or other official designated under agency procedures to administer the collection of contract debts and applicable interest. (FAR 32.601)
Responsible Prospective Contractor	A contractor that: <ul style="list-style-type: none"> a. Has adequate financial resources to perform the contract, or the ability to obtain them; b. Is able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments; c. Has a satisfactory performance record; d. Has a satisfactory record of integrity and business ethics; e. Has the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them. f. Has the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and g. Is otherwise qualified and eligible to receive an award under applicable laws and regulations. (FAR 9.101 and 9.104)
Restricted Computer Software	<ol style="list-style-type: none"> 1. Computer software developed at private expense and that is a trade secret; is commercial or financial and confidential or privileged; or is published copyrighted computer software; including minor modifications of such computer software. (FAR 27.401) 2. Computer software developed at private expense and that is a trade secret; is commercial or financial and is confidential or privileged; or is published copyrighted computer software, including minor modifications of such computer software. (FAR 52.227-14(a))
Restricted Rights	<ol style="list-style-type: none"> 1. The rights of the Government in restricted computer software as set forth in a Restricted Rights Notice, if included in a data rights clause of the contract, or as otherwise may be included or incorporated in the contract. (FAR 27.401) 2. The rights of the Government in restricted computer software, as set forth in a Restricted Rights Notice or as otherwise may be provided in a collateral agreement incorporated in and made part of a contract, including minor modifications of such computer software. (FAR 52.227-14(a))
Retainage	A percentage of a progress payment withheld based on unsatisfactory contract progress under a construction contract. The percentage withheld must not exceed 10 percent of the approved estimated amount of progress under the terms of the contract and may be adjusted as the contract approaches completion to recognize better than expected performance, the ability to rely on alternative safeguards, and other factors. Upon contract completion of all contract requirements, retained amounts must be paid promptly. (FAR 32.103)
Royalties	Any costs or charges in the nature of royalties, license fees, patent or license amortization costs, or the like, for the use of or for rights in patents and patent applications in connection with performing a contract or any subcontract. (FAR 52.227-9(b))
Rule of Thumb Salami	In cost estimating, a relationship commonly used to estimate product cost or price. The negotiator using this tactic makes one demand at a time rather than requesting everything all at once.

Salvage	Property that, because of its worn, damaged, deteriorated, or incomplete condition or specialized nature, has no reasonable prospect of sale or use as serviceable property without major repairs, but has some value in excess of its scrap value. (FAR 45.501)
Sample	A subset of the population of interest that is selected in order to make some inference about the whole population.
Sanctioned EU End Product	An article that: a. Is wholly the growth product or manufacture of a sanctioned member state of the EU; or b. In the case of an article which consists in whole or in part of materials from another country or instrumentality, has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that from which it was so transformed in a sanctioned member state of the EU. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to its supply; provided, that the value of these incidental services does not exceed that of the product itself. (FAR 25.1001)
Sanctioned EU Services	Services to be performed in a sanctioned member state of the EU when the contract is awarded by a contracting activity located in the United States or its territories. (FAR 25.1001)
Sanctioned European Union (EU) Construction	Construction to be performed in a sanctioned member state of the EU and the contract is awarded by a contracting activity located in the United States or its territories. (FAR 25.1001)
Sanctioned Member State of the EU	Austria, Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Sweden, and the United Kingdom. (FAR 25.1001)
Scrap	Personal property that has no value except for its basic material content. (FAR 45.501)
Screening	Serviceable or usable property included in the contractor's inventory schedules that is not purchased or retained by the prime contractor or subcontractor or returned to suppliers must be screened for use by Government agencies before disposition by donation or sale. Agencies must assure the widespread dissemination of information concerning the availability of contractor inventory. (FAR 45.608-1)
Screening Completion Date	The date on which all screening is to be completed. It includes screening within the Government and the donation screening period. (FAR 45.601)
Sealed Bid	See bid.
Sealed Bidding	A method of contracting that employs competitive bids, public bid opening, and awards. Award is made to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government consider only price and price-related factors included in the invitation. (FAR 14.101)
Secondary Delegation of Contract Administration	A contract administration office (CAO) that has been delegated administration of a contract or a contracting office retaining contract administration may request supporting contract administration from the CAO cognizant of the contractor location where performance of specific contract administration functions is required. (FAR 42.202(e))

Segment	<ol style="list-style-type: none"> 1. One of two or more divisions, product departments, plants, or other subdivisions of an organization reporting directly to a home office, usually identified with responsibility for profit and/or producing a product or service. The term includes Government-owned contractor-operated (GOCO) facilities, and joint ventures and subsidiaries (domestic and foreign) in which the organization has a majority ownership. The term also includes those joint ventures and subsidiaries (domestic and foreign) in which the organization has less than a majority of ownership, but over which it exercises control. (FAR 31.001) 2. One of two or more divisions, campus locations, or other subdivisions of an educational institution that operate as independent organizational entities under the auspices of the parent educational institution and report directly to an intermediary group office or the governing central system office of the parent educational institution. Two schools of instruction operating under one division, campus location or other subdivision would not be separate segments unless they follow different cost accounting practices, for example, the School of Engineering should not be a treated as a separate segment from the School of Humanities if they both are part of the same division's cost accounting system and are subject to the same cost accounting practices. The term includes Government-owned contractor-operated (GOCO) facilities, Federally Funded Research and Developments Centers (FFRDCs), and joint ventures and subsidiaries (domestic and foreign) in which the institution has a majority ownership. The term also includes those joint ventures and subsidiaries (domestic and foreign) in which the institution has less than a majority of ownership, but over which it exercises control. (FAR 9903.201-2(c)(2))
Segregated Facilities	Any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise. (FAR 52.222-21(a))
Self-Insurance	The assumption or retention of the risk of loss by the contractor, whether voluntarily or involuntarily. Self-insurance includes the deductible portion of purchased insurance. (FAR 31.001)
Self-Insurance Charge	A cost which represents the projected average loss under a self-insurance plan. (FAR 31.001)
Selling Expense	Indirect costs related to selling the product(s) produced by the firm. (FAR 31.203(b))
Semivariable Cost	Costs that include both fixed and variable cost elements. Costs may increase in steps or increase relatively smoothly from a fixed base.
Senior Procurement Executive	Also referred to as procurement executive. The appointed individual responsible for management direction of the acquisition system of the executive agency, including implementation of the unique acquisition policies, regulations, and standards of the executive agency. (FAR 2.101)
Sensitive Property	Government property for which the theft, loss, or misplacement could be potentially dangerous to the public health or safety, or which must be subject to exceptional physical security, protection, control, maintenance or accountability, including but not limited to hazardous property, precious metals, arms, ammunition, and explosives and classified property.
Separate Contract	A utility services contract (other than a GSA areawide contract, an authorization under an areawide contract, or an interagency agreement), to cover the acquisition of utility services. (FAR 41.101)

- Service Contract**
1. Any Government contract, the principal purpose of which is to furnish services in the United States through the use of service employees, except as exempted under Section 7 of the Service Contract Act, or any subcontract at any tier thereunder. (FAR 22.1001)
 2. A contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a nonpersonal or personal contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Some of the areas in which service contracts are found include the following:
 - a. Maintenance, overhaul, repair, servicing, rehabilitation, salvage, modernization, or modification of supplies, systems, or equipment;
 - b. Routine recurring maintenance of real property;
 - c. Housekeeping and base services;
 - d. Advisory and assistance services;
 - e. Operation of Government-owned equipment facilities, and systems;
 - f. Communications services;
 - g. Architect-Engineering;
 - h. Transportation and related services; and
 - i. Research and development. (FAR 37.101)
- Service Contract Act** The Service Contract Act of 1965, as amended. It requires that service contracts over \$2,500 contain mandatory provisions regarding minimum wages and fringe benefits, safe and sanitary working conditions, notification to employees of the minimum allowable compensation, and equivalent Federal employee classifications and wage rates. (FAR 22.1001 and 22.1002-1)
- Service Employee** Any person engaged in the performance of a service contract other than any person employed in a bona fide executive, administrative, or professional capacity. The term includes all such persons regardless of any contractual relationship that may be alleged to exist between a contractor or subcontractor and such persons. (FAR 22.1001 and 22.1202)
- Service Life** The period of usefulness of a tangible capital asset (or group of assets) to its current owner. The period may be expressed in units of time or output. The estimated service life of a tangible capital asset (or group of assets) is a current forecast of its service life and is the period over which depreciation cost is to be assigned. (FAR 31.001)
- Serviceable Property** Also referred to as usable property. Property that has a reasonable prospect of use or sale either in its existing form or after minor repairs or alterations. (FAR 45.601)
- Services**
1. (For the New Mexico Gross Receipts and Compensating Tax) All activities engaged in for other persons for a consideration, which activities involve predominately the performance of a service as distinguished from selling or leasing property. Services include:
 - a. Activities performed by a person for its members or shareholders. In determining what is a service, the intended use, principal objective or ultimate objective of the contracting parties must not be controlling.
 - b. Construction activities and all tangible personal property that will become an ingredient or component part of a construction project. Such tangible personal property retains its character as tangible personal property until it is installed as an ingredient or component part of a construction project in New Mexico. However, sales of tangible personal property that will become an ingredient or component part of a construction project to persons engaged in the construction business are sales of tangible personal property. (FAR 29.401-6)
 2. Includes services performed, workmanship, and material furnished or utilized in the performance of services. (FAR 52.246-4(a))

Set-Aside for Small Business	The reserving of an acquisition exclusively for participation by small business concerns. A set-aside may be open to all small businesses. A set-aside of a single acquisition or a class of acquisitions may be total or partial. (FAR 19.501(a))
Setoff	A reduction in contract payment to liquidate the indebtedness of the contractor to the Government. (FAR 32.611)
Settlement Agreement	A written agreement in the form of an amendment to a contract settling all or a severable portion of a settlement proposal. (FAR 49.001)
Settlement by Determination	If the contractor and TCO cannot agree on a termination settlement, or if a settlement proposal is not submitted within the period required by the termination clause, the TCO must issue a determination of the amount due consistent with the termination clause, including any cost principles incorporated by reference. (FAR 49.109-7)
Settlement Negotiation Memorandum	A memorandum prepared by the Termination Contracting Officer at the conclusion of negotiations the principal elements of the settlement for inclusion in the termination case file and for use by reviewing authorities. (FAR 49.110(a))
Settlement Proposal	A proposal for effecting settlement of a contract terminated in whole or in part, submitted by a contractor or subcontractor in the form, and supported by the data, required by this part. A settlement proposal is included within the generic meaning of the word "claim" under false claims acts. (FAR 49.001)
Severance Pay	Also referred to as dismissal wages. A payment in addition to regular salaries and wages by contractors to workers whose employment is being involuntarily terminated. (FAR 31.205-6(g)(1))
Shall	The imperative. (FAR 2.101)
Sharing Base	In value engineering, the number of affected end items on contracts of the contracting office accepting the value engineering change proposal. (FAR 48.001)
Sharing Period	In value engineering, the period beginning with acceptance of the first unit incorporating the value engineering change proposal (VECP) and ending at the later of: <ul style="list-style-type: none"> a. 3 years after the first unit affected by the VECP is accepted or, b. 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. (FAR 48.001)
Shift Premium	The difference between the contractor's regular rate of pay to an employee and the higher rate paid for extra-pay-shift work. (FAR 22.103-1)
Shipment	Freight transported or to be transported. (FAR 47.001)
Shop Drawings	Drawings submitted by the construction contractor or a subcontractor at any tier or required under a construction contract, showing in detail: <ul style="list-style-type: none"> a. The proposed fabrication and assembly of structural elements; b. The installation (i.e., form, fit, and attachment details) of materials or equipment; or c. Both. (FAR 36.102)

Should-Cost Review	A specialized form of cost analysis. A should-cost review differs from traditional evaluation methods because it do not assume that a contractor’s historical costs reflect efficient and economical operation. Instead, the review evaluates the economy and efficiency of the contractor’s existing work force, methods, materials, facilities, operating systems, and management. The review is accomplished by a multi-functional team of Government contracting, contract administration, pricing, audit, and engineering representatives. The objective is to promote both short and long-range improvements in the contractor’s economy and efficiency in order to reduce the cost of performance of Government contracts. In addition, by providing rationale for any recommendations and quantifying their impact on cost, the Government will be better able to develop realistic objectives for negotiation. (FAR 15.407-4(a))
Should-Pay Estimate	See should-pay price.
Should-Pay Price	Also referred to as referred to as a should-pay estimate. An estimate of the price that you should pay for a supply or service based on available information.
Signature or Signed	The discrete, verifiable symbol of an individual which, when affixed to a writing with the knowledge and consent of the individual, indicates a present intention to authenticate the writing. This includes electronic symbols. (FAR 2.101)
Significant Revision	A revision that alters the substantive meaning of any coverage in the FAR System having a significant cost or administrative impact on contractors or offerors, or significant effect beyond the internal operating procedures of the issuing agency. It does not include editorial, stylistic, or other revisions that have no impact on the basic meaning of the coverage being revised. (FAR 1.501-1)
Significant Weakness	A proposal flaw that appreciably increases the risk of unsuccessful contract performance. (FAR 15.301)
Silence	The absence of mention in negotiations. In other words, a negotiator using this tactic does not say anything about a negotiation point. The primary hope is that the issue will not come up. If the issue does come up, the negotiator remains silent or avoids it by talking about something else. This tactic is generally used when negotiators do not want to disclose weaknesses in their position.
Simple Price Index Number	A quantity that measures relative price changes for a single item over time.
Simplified Acquisition Procedures	The methods prescribed in FAR Part 13 for making purchases of supplies or services. (FAR 2.101)
Simplified Acquisition Threshold	\$100,000, except that in the case of any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation or a humanitarian or peacekeeping operation, the term means \$200,000. (FAR 2.101)
Simplified Contract Format	For firm-fixed-price or fixed-price with economic price adjustment acquisitions of noncommercial supplies and services, the Contracting Officer may use the simplified contract format in lieu of the uniform contract format. The Contracting Officer has flexibility in preparation and organization of the simplified contract format. However, the following format should be used to the maximum practical extent: <ul style="list-style-type: none"> a. Solicitation/contract form; b. Contract schedule; c. Clauses; d. List of documents and attachments (if necessary); and e. Representations and instructions.
Single Moving Average	Data collected over two or more time periods (normally at least three) are summed and divided by the number of time periods. That average then becomes a forecast for future time periods. Forecasts assume that there is no trend in the data.

Single, Governmentwide Point of Entry	Also referred to as Governmentwide point of entry. One point of entry to be designated by the Administrator of the Office of Federal Procurement Policy that will allow the private sector to electronically access procurement opportunities Governmentwide. (FAR 4.501)
Single-Movement Contracts	Contracts awarded for unique transportation services that are not otherwise available under carrier tariffs or covered by Department of Defense or General Services Administration contracts (e.g., special requirements at origin and/or destination). (FAR 47.204)
Site Inspection and Examination of Data	Also referred to as a site visit. An opportunity arranged by the Contracting Officer for prospective offerors to inspect the work site and to examine data available to the Government which may provide information concerning the performance of the work, such as boring samples, original boring logs, and records and plans of previous construction. The data should be assembled in one place and made available for examination. The solicitation should notify offerors of the time and place for the site inspection and data examination. If it is not feasible for offerors to inspect the site or examine the data on their own, the solicitation should also designate an individual who will show the site or data to the offerors. (FAR 36.210)
Site of Construction	The general physical location of any building, highway, or other change or improvement to real property that is undergoing construction, rehabilitation, alteration, conversion, extension, demolition, or repair; and any temporary location or facility at which a contractor, subcontractor, or other participating party meets a demand or performs a function relating to a Government contract or subcontract. (FAR 22.801)
Site of The Work	<p>In construction:</p> <ol style="list-style-type: none"> a. The term is limited to the physical place or places where the construction called for in the contract will remain when work on it is completed, and nearby property (as described in Paragraph b of this definition) used by the contractor or subcontractor during construction that, because of proximity, can reasonably be included in the site. b. Except as provided in Paragraph c of this definition, fabrication plants, mobile factories, batch plants, borrow pits, job headquarters, tool yards, etc., are parts of the "site of the work", provided they are dedicated exclusively, or nearly so, to performance of the contract or project, and are so located in proximity to the actual construction location that it would be reasonable to include them. c. The term does not include permanent home offices, branch plant establishments, fabrication plants, or tool yards of a contractor or subcontractor whose locations and continuance in operation are determined wholly without regard to a particular Federal contract or project. In addition, fabrication plants, batch plants, borrow pits, job headquarters, yards, etc., of a commercial supplier or material man which are established by a supplier of materials for the project before opening of bids and not on the project site, are not included in the term. Such permanent, previously established facilities are not a part of the "site of the work", even if the operations for a period of time may be dedicated exclusively, or nearly so, to the performance of a contract. (FAR 22.401)
Site Visit	<ol style="list-style-type: none"> 1. Offerors or quoters are urged and expected to inspect the site where services are to be performed and to satisfy themselves regarding all general and local conditions that may affect the cost of contract performance, to the extent that the information is reasonably obtainable. (FAR 52.237-1(a)) 2. See site inspection and examination of data.
Size Standard	A maximum level of average employment or annual revenue at which a firm can qualify as a small business.

Small Business Concern	A concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the appropriate criteria and size standards presented in the FAR. (FAR 19.001)
Small Business Concern Owned and Controlled by Women	See woman-owned small business concern.
Small Business Firm	A small business concern as defined under law and implementing regulations of the Administrator of the Small Business Administration. (FAR 27.301)
Small Business Innovation Research (SBIR) Rights	The rights in SBIR data set forth in the SBIR Rights Notice. (FAR 52.227-20)
Small Business Innovation Research (SBIR) Act	Requires agencies with a budget for extramural research and development of more than \$10 million to spend 1.25 percent of their budget with small businesses in SBIR contracts.
Small Business Innovation Research (SBIR) Contracts	Contracts issued in two phases under the provisions of the SBIR Act. Phase I provides \$50,000 to demonstrate the feasibility of the proposed innovation. Phase II provides for development of the proposed innovation.
Small Business Innovation Research (SBIR) Data	Data first produced by a Contractor that is a small business firm in performance of a small business innovation research contract which are not generally known, and which data without obligation as to its confidentiality have not been made available to others by the Contractor or are not already available to the Government. (FAR 52.227-20)
Small Business Set-Aside	See set-aside for small business.
Small Business Subcontractor	Any concern that: <ol style="list-style-type: none">In connection with subcontracts of \$10,000 or less has a number of employees, including its affiliates, that does not exceed 500 persons; andIn connection with subcontracts exceeding \$10,000, has a number of employees or average annual receipts, including its affiliates, that does not exceed the size standard set forth in the FAR for the product or service it is providing on the subcontract. (FAR 19.701)
Small Disadvantaged Business Concern	Means: <ol style="list-style-type: none">For subcontractors, a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one of these entities, that has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and that meets the requirements of 13 CFR 124.

Small Disadvantaged Business Concern (cont)	<p>b. For prime contractors, generally an offeror that represents, as part of its offer, that it is a small business under the size standard applicable to the acquisition; and either:</p> <p>(1) It has received certification from the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B, and</p> <p>(i) No material change in disadvantaged ownership and control has occurred since its certification;</p> <p>(ii) Where the concern is owned by one or more disadvantaged individuals, the net work of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and</p> <p>(iii) It is listed, on the date of its representation, on the register of small disadvantaged business concerns maintained by the Small Business Administration; or</p> <p>(2) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted. In this case a contractor must receive certification as an SDB by the SBA prior to contract award. (FAR 19.001)</p>
Sole Source Acquisition	A contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source. (FAR 6.003)
Solicitation	<ol style="list-style-type: none"> 1. A document sent to prospective contractors by a Government agency requesting submission of an offer, quote, or information. 2. The process of issuing a document requesting submission of an offer, quote, or information and obtaining responses.
Solicitation Provision	Also referred to as a provision. A term or condition used only in solicitations and applying only before contract award. (FAR 52.101)
Source Selection	The process of identifying which offeror(s) will receive a contract in a competitive negotiated acquisition. (FAR 15.300)
Source Selection Authority (SSA)	The person responsible for making the source selection decision. While the SSA may use reports and analyses prepared by others, the source selection decision must represent the SSA's independent judgment. (FAR 15.308)
Source Selection Decision	The decision on which offeror(s) will receive a contract in a competitive negotiated acquisition.
Source Selection Evaluation Board	Any board, team, council, or other group that evaluates bids or proposals. (FAR 3.104-3)

Source Selection Information	<p>Any of the following information which is prepared for use by a Federal agency for the purpose of evaluating a bid or proposal to enter into a Federal agency procurement contract, if that information has not been previously made available to the public or disclosed publicly:</p> <ol style="list-style-type: none">Bid prices submitted in response to a Federal agency invitation for bids, or lists of those bid prices before bid opening.Proposed costs or prices submitted in response to a Federal agency solicitation, or lists of those proposed costs or prices.Source selection plans.Technical evaluation plans.Technical evaluations of proposals.Cost or price evaluations of proposals.Competitive range determinations that identify proposals that have a reasonable chance of being selected for award of a contract.Rankings of bids, proposals, or competitors.Reports and evaluations of source selection panels, boards, or advisory councils.Other information marked as source selection information based on a case-by-case determination by the head of the agency or designee, or the Contracting Officer, that its disclosure would jeopardize the integrity or successful completion of the Federal agency procurement to which the information relates. (FAR 3.104-3)
Source Selection Plan	<p>A plan established prior to solicitation release to guide the source selection process. The format of the plan will depend on agency and contracting activity policies. However, it should include or provide for the following:</p> <ol style="list-style-type: none">Basis for the best value decision;Source selection organization;Proposal evaluation criteria; andEvaluation procedures.
Spearman's Rank Correlation Coefficient	<p>Comparison of a calculated coefficient with a table value tests the existence of a trend in a data set. Commonly used to test for a trend in time-series data to support a decision on what estimating technique to use in developing a forecast.</p>
Special Competency	<p>A special or unique capability, including qualitative aspects, developed incidental to the primary functions of the Federally Funded Research and Development Center to meet some special need. (FAR 35.017)</p>
Special Fuels Excise Tax	<p>An excise tax imposed at the retail level on diesel fuel and special motor fuels. (FAR 29.201(a))</p>
Special Items Screening	<p>Special screening procedures established for the following types of property:</p> <ol style="list-style-type: none">Special test equipment with standard components;Special test equipment without standard components;Printing equipment; andNuclear materials. (FAR 45.608-5)
Special Test Equipment	<p>Either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes. (FAR 45.101)</p>

Special Tooling	Jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment and manufacturing aids, all components of these items, and replacement of these items, which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. It does not include material, special test equipment, facilities (except foundations and similar improvements necessary for installing special tooling), general or special machine tools, or similar capital items. (FAR 45.101)
Specifically Authorized Representative (SAR)	A person designated in writing by the Contracting Officer as a representative to communicate with the contractor interpreting requirements of a negotiated research and development or supply contract for the acquisition of a major weapon system or principal subsystem. (FAR 52.243-7(a))
Specification	A document intended primarily for use in acquisition that clearly describes the essential technical requirements for items, materials, or services, including the criteria for determining that requirements have been met.
Specified Payment Date	The date which the Government has placed in the electronic funds transfer payment transaction instruction given to the Federal Reserve System as the date on which the funds are to be transferred to the contractor's account by the financial agent. If no date has been specified in the instruction, the specified payment date is 3 business days after the payment office releases the EFT payment transaction instruction. (FAR 32.902)
Sponsor	The executive agency which manages, administers, monitors, funds, and is responsible for the overall use of a Federally Funded Research and Development Center. Multiple agency sponsorship is possible as long as one agency agrees to act as the primary sponsor. In the event of multiple sponsors, the term "sponsor" refers to the primary sponsor. (FAR 35.017)
Spread-Gain Actuarial Cost Method	Any of the several projected benefit actuarial cost methods under which actuarial gains and losses are included as part of the current and future normal costs of the pension plan. (FAR 31.001)
Standard Cost	Any cost computed with the use of preestablished measures. (FAR 31.001)
Standard Deviation	In statistical analysis, the square root of the variance. It is one of the two most popular measures of dispersion. The other is the variance.
Standard Error of the Estimate (SEE)	A measure of the accuracy of the regression equation. It indicates the variability of the observed points around the points predicted by the regression line. Given a value for the independent variable and the SEE, you should be able to establish a probability statement that a stated range includes the true value of the dependent variable.
Standard Error of the Mean	The standard error of the mean is equal to the population standard deviation divided by the square root of sample size when the population is normally distributed. When population standard deviation is known, use the sample standard deviation to estimate the population standard deviation.
Standard Industrial Classification (SIC)	A code published by the Government in the Standard Industrial Classification Manual. These codes classify and define activities by industry categories and is the source used by the Small Business Administration as a guide in defining industries for small business size standards. (FAR 19.102(g))
Standard Screening	Screening of serviceable property with a line item value of \$1,000 or more (\$500 for furniture) that does not meet the criteria for another screening category. (FAR 45.608-2)
Standard Time	A measure of the time it should take a qualified worker to perform a particular task.

State	<ol style="list-style-type: none">1. A State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers. (FAR 3.801)2. A State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers. (FAR 52.203-12(a))
State and Local Taxes	Taxes levied by the States, the District of Columbia, Puerto Rico, possessions of the United States, or their political subdivisions. (FAR 29.301)
Statement of Work	Also referred to as a work statement. A document that defines service contract requirements in clear, concise language identifying specific work to be accomplished. It must be individually tailored to consider the period of performance, deliverable items, if any, and the desired degree of performance. In the case of task order contracts, the statement of work for the basic contract need only define the scope of the overall contract. Individual task orders must define specific task requirements. (FAR 37.602-1)
Statistic	A numerical characteristic of a sample.
Statistical Analysis	An examination of available data using statistics.
Statistics	A science which involves collecting, organizing, summarizing, analyzing, and interpreting data in order to facilitate the decision-making process. These data can be facts, measurements, or observations.
Stock Record	A perpetual inventory record which shows by nomenclature the quantities of each item received and issued and the balance on hand. (FAR 45.501)
Stop-Work Order	Under a negotiated fixed-price supply, cost-reimbursement supply, research and development, or service contract, a contract clause permits the Contracting Officer to order the contractor to stop work, if a work stoppage is required for reasons such as advancement in the state-of-the-art, production or engineering breakthroughs, or realignment of programs. Generally, a stop-work order will be issued only if it is advisable to suspend work pending a decision by the Government and a supplemental agreement providing for the suspension is not feasible. Issuance of a stop-work order must be approved at a level higher than the Contracting Officer. (FAR 42.1303)
Stratified Sampling	A method of drawing a sample from a population that allows the analyst to concentrate on the items meriting 100 percent analysis while using random sampling procedures to identify any general pattern of other items in the population.
Studies, Analyses and Evaluation Services	Contract services that provide organized, analytical assessments/evaluations in support of policy development, decision-making, management, or administration. Included are studies in support of R&D activities. Also included are acquisitions of models, methodologies, and related software supporting studies, analyses or evaluations. (FAR 37.201)
Subcontract	<ol style="list-style-type: none">1. A contract or contractual action entered into by a prime contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract. (FAR 3.502-1)2. A transfer of commercial items between divisions, subsidiaries, or affiliates of a contractor or subcontractor. (FAR 12.001)3. Includes a transfer of commercial items between divisions, subsidiaries, or affiliates of a contractor or a subcontractor. (FAR 15.401)4. Any agreement (other than one involving an employer-employee relationship) entered into by a Government prime contractor or subcontractor calling for supplies and/or services required for performance of the contract, contract modification, or subcontract. (FAR 19.701)

Subcontract (cont)	<ol style="list-style-type: none"> 5. Any agreement or arrangement between a contractor and any person (in which the parties do not stand in the relationship of an employer and an employee) -- <ol style="list-style-type: none"> a. For the furnishing of supplies or services or for use of real or personal property, including lease arrangements that, in whole or in part, is necessary to the performance of any one or more Government contracts, or b. Under which any portion of the contractor's obligation under any one or more Government contracts is performed, undertaken, or assumed. (FAR 22.801) 6. Any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to purchase orders, and changes and modifications to purchase orders. (FAR 44.101) 7. A contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract. (FAR 52.203-7(a))
Subcontractor	<ol style="list-style-type: none"> 1. Any person, other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract. The term includes any person who offers to furnish or furnishes general supplies to the prime contractor or a higher tier subcontractor. (FAR 3.502-1) 2. Any person who holds, or has held, a subcontract subject to E.O. 11246. (FAR 22.801) 3. Any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor. (FAR 44.101) 4. Any person, other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract. The term includes any person who offers to furnish or furnishes general supplies to the prime contractor or a higher-tier subcontractor. (FAR 52.203-7(a))
Subcontractor Employee	Any officer, partner, employee, or agent of a subcontractor. (FAR 52.203-7(a))
Subject Invention	Any invention of the contractor conceived or first actually reduced to practice in the performance of work under a Government contract; provided, that in the case of a variety of plant, the date of determination defined in the Plant Variety Protection Act must also occur during the period of contract performance. (FAR 27.301)
Subject Matter Expert	An individual possessing the prerequisite knowledge skills and abilities demonstrating competence in a field of endeavor.
Subliminal Nonverbal Messages	Messages are communicated to the subconscious mind of the receiver. Receivers of subliminal messages are not consciously aware of the message. For example, police and military uniforms subliminally communicate the authority of those wearing them.
Subordination Agreement	An agreement whereby a contractor's creditor subordinates its security interest in contractor-held property to the security interest held by the Government. In other words, the creditor agrees to relinquish its claim to any property properly claimed by the Government under the agreement.
Substantial Evidence	Information sufficient to support the reasonable belief that a particular act or omission has occurred. (FAR 32.006-2)

Substantially as Follows	Also referred to as substantially the same as. That authorization is granted to prepare and utilize a variation of that provision or clause to accommodate requirements that are peculiar to an individual acquisition; provided, that the variation includes the salient features of the FAR provision or clause, and is not inconsistent with the intent, principle, and substance of the FAR provision or clause or related coverage of the subject matter. (FAR 52.101)
Substantially the Same as	See substantially as follows.
Substantive Performance	Performance that deviates only in minor respects from contract requirements.
Summary Record	A separate card, form, document or specific line(s) of computer data used to account for multiple quantities of a line item of special tooling, special test equipment, or plant equipment costing less than \$5,000 per unit. (FAR 45.501)
Sunk Cost	A cost incurred in the past that will not be affected by any present or future decision. Sunk costs should be ignored in determining whether a new investment is worthwhile. (OMB Circular A-94, App A)
Supplemental Agreement	A contract modification that is accomplished by the mutual action of the parties. (FAR 43.101)
Supplies	<ol style="list-style-type: none">1. All property except land or interest in land. It includes (but is not limited to) public works, buildings, and facilities; ships, floating equipment, and vessels of every character, type, and description, together with parts and accessories; aircraft and aircraft parts, accessories, and equipment; machine tools; and the alteration or installation of any of the foregoing. (FAR 2.101)2. Includes but is not limited to raw materials, components, intermediate assemblies, end products, and lots of supplies. (FAR 52.246-2(a))3. Includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the contract does not include the Warranty of Data clause, data. (FAR 52.246-3(a))4. The end item furnished by the Contractor and related services required under the contract. The word does not include data. (FAR 52.246-17(a))5. The end items furnished by the Contractor and related services required under a contract. The word does not include data. (FAR 52.246-18(a))6. The end items furnished by the Contractor and related services required under a contract. Except when a contract includes the clause entitled Warranty of Data, supplies also means data. (FAR 52.246-19(a))
Surety	An individual or corporation legally liable for the debt, default, or failure of a principal to satisfy a contractual obligation. (FAR 28.001)
Surplus Property	Contractor inventory not required by any Federal agency. (FAR 45.601)
Surplus Release Date (SRD)	The date on which screening of personal property for Federal use is completed and the property is not needed for any Federal use. On that date, property becomes surplus and is eligible for donation. (FAR 45.601)
Surprise	Negotiators may introduce a behavior, issue, or goal at an unexpected point in the proceedings. The negotiator plans an apparently spontaneous event (e.g., an emotional outburst) to surprise or shock the other negotiator. In general, the surprise tactic is used to disrupt negotiations and move the other negotiator away from the negotiation plan.
Surveying Activity	The cognizant contract administration office or, if there is no such office, another organization designated by the agency to conduct preaward surveys. (FAR 9.101)
Suspended	A contractor temporarily disqualified from Government contracting and Government-approved subcontracting. (FAR 9.403)

Suspending Official	An agency head or a designee authorized by the agency head to impose suspension. (FAR 9.403)
Suspension	Action taken by a suspending official to disqualify a contractor temporarily from Government contracting and Government-approved subcontracting; a contractor so disqualified is suspended. (FAR 9.403)
Suspension of Work	Under construction or architect-engineer contracts, a contract clause permits the Contracting Officer to order the contractor to suspend work for a reasonable period of time. If the suspension is unreasonable, the contractor may submit a written claim for increases in the cost of performance, excluding profit. (FAR 42.1302)
Synopsis	<ol style="list-style-type: none"> 1. A notice of a proposed contract action exceeding \$25,000 furnished by an agency for publication in the Commerce Business Daily as required by the Small Business Act (15 U.S.C. 637(e)) and the Office of Federal Procurement Policy Act (41 U.S.C. 416). (FAR 5.201) 2. A notice furnished by an agency for publication in the Commerce Business Daily of a contract action exceeding \$25,000 (the dollar threshold is not a prohibition against publicizing an award of a smaller amount when publicizing would be advantageous to industry or to the Government) that is: <ol style="list-style-type: none"> a. Subject to the Trade Agreements Act; or b. Likely to result in the award of any subcontracts. (FAR 5.301)
System of Records on Individuals	<ol style="list-style-type: none"> 1. A group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual. (FAR 24.101) 2. A group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual. (FAR 52.224-2(c)(3))
Systems and Other Concept Formulation Studies	Analyses and study efforts either related to specific independent research and development efforts or directed toward identifying desirable new systems, equipment or components, or modifications and improvements to existing systems, equipment, or components. (FAR 31.205-18(a))
t Distribution	A distribution commonly used in statistics to make inferences about a population from sample data. As the sample size increases, the shape of the t distribution approaches the shape of the normal probability distribution.
T-test for the Significance	Comparison of a calculated T value with a table value tests the significance of a regression equation. It permits analysts to identify situations where, because of sampling error, a regression relationship may have a rather high coefficient of determination when there is no real relationship between the independent and dependent variables (i.e., there is no statistical significance).
Take It or Leave It	A negotiator using this tactic presents two alternatives, take the current offer as proposed or give up any chance of reaching an agreement. A negotiator using this tactic might use words such as "My best offer is on the table and I have no room to compromise further."
Tangible Capital Asset	An asset that has physical substance, more than minimal value, and is expected to be held by an enterprise for continued use or possession beyond the current accounting period for the services it yields. (FAR 31.001)
Tanker	A vessel used primarily for the carriage of bulk liquid cargoes such as liquid petroleum products, vegetable oils, and molasses. (FAR 47.501)
Target Cost	The estimated cost of a contract as initially negotiated, adjusted for any change in contract requirements. (FAR 52.216-10(b)(1))

Target Fee	The fee initially negotiated on the assumption that a contract would be performed for a cost equal to the estimated cost initially negotiated, adjusted for any change in contract requirements. (FAR 52.216-10(b)(2))
Task Order	An order for services placed against an established contract or with Government sources. (FAR 2.101)
Task Order Contract	A contract for services that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of orders for the performance of tasks during the period of the contract. (FAR 16.501-1)
Tax	Includes fees and charges for doing business that are levied by the government of the country concerned or by its political subdivisions. (FAR 52.229-6(b))
Taxpayer Identification Number (TIN)	<ol style="list-style-type: none"> 1. The number required by the IRS to be used by the offeror in reporting income tax and other returns. (FAR 4.901) 2. The number required by the IRS to be used by the offeror in reporting income tax and other returns. (FAR 52.204-3(a))
Technical Analysis	Review by personnel having specialized knowledge, skills, experience, or capability in engineering, science, or management of the proposed types and quantities of materials, labor, processes, special tooling, facilities, the reasonableness of scrap and spoilage, and other factors set forth in the proposal(s) in order to determine the need for and reasonableness of the proposed resources, assuming reasonable economy and efficiency. (FAR 15.404-1(e)(1))
Technical Data	<ol style="list-style-type: none"> 1. Data other than computer software, which are of a scientific or technical nature. (FAR 27.401) 2. Data (other than computer software) which are of a scientific or technical nature. (FAR 52.227-14(a))
Technical Direction	An interpretation of Statement of Work requirements provided by a representative of the Contracting Officer. Representatives of the Contracting Officer have no authority to alter Statement of Work. The Statement of Work can only be altered through use of a contract modification signed by the Contracting Officer.
Technical Negotiation Objectives	Goals based on Government's requirements and its evaluation of the contractor's technical proposal based on those requirements. Generally, they should center on whether the contractor can effectively and efficiently meet Government requirements.
Telecommunications Carrier	A person engaged in providing telecommunications services.
Telegraphic Bid	A bid submitted by telegraph or mailgram. (FAR 14.202-2)
Term Form	A form of cost-plus-fixed-fee contract that describes the scope of work in general terms and obligates the contractor to devote a specified level of effort for a stated time period. If contract performance is considered satisfactory by the Government, the fixed-fee is payable at the expiration of the agreed-upon period, upon contractor statement that the level-of-effort specified in the contract has been expended in performing the contract work. Renewal for further periods of performance is a new acquisition that involves new cost and fee arrangements. (FAR 16.306(d)(2))
Terminated Portion of The Contract	The portion of a terminated contract that relates to work or end items not completed and accepted before the effective date of termination that the contractor is not to continue to perform. For construction contracts that have been completely terminated for convenience, it means the entire contract, notwithstanding the completion of, and payment for, individual items of work before termination. (FAR 49.001)
Termination Case File	A separate case file for each termination established by the Termination Contracting Officer responsible for negotiating the final settlement. This file will include memoranda and records of all actions relative to the settlement. (FAR 49.105-3)

Termination Contracting Officer (TCO)	<ol style="list-style-type: none"> 1. A Contracting Officer who is settling terminated contracts. (FAR 2.101) 2. A Contracting Officer who is settling terminated contracts. (FAR 49.001)
Termination Costs	The incurrence of costs or the special treatment of costs that would not have arisen had the contract not been terminated. (FAR 31.205-42)
Termination for Convenience	<ol style="list-style-type: none"> 1. The Contracting Officer may terminate performance of work under the contract in whole or, from time to time, in part if the Contracting Officer determines that a termination is in the Government's interest. (FAR 52.249-2(a)) 2. The procedure which may apply to any Government contract, including multi-year contracts. As contrasted with cancellation, termination can be effected at any time during the life of the contract (cancellation is effected between fiscal years) and can be for the total quantity or a partial quantity (whereas cancellation must be for all subsequent fiscal years' quantities). (FAR 17.103)
Termination for Default	The exercise of the Government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations. (FAR 49.401)
Termination Gain or Loss	An actuarial gain or loss resulting from the difference between the assumed and actual rates at which pension plan participants separate from employment for reasons other than retirement, disability, or death. (FAR 31.001)
Termination Inventory	Any property purchased, supplied, manufactured, furnished, or otherwise acquired for the performance of a contract subsequently terminated and properly allocable to the terminated portion of the contract. It includes Government-furnished property. It does not include any facilities, material, special test equipment, or special tooling that are subject to a separate contract or to a special contract requirement governing their use or disposition. (FAR 45.601)
Termination Liability	A contingent Government obligation to pay a utility supplier the unamortized portion of a connection charge and any other applicable nonrefundable service charge as defined in the contract in the event the Government terminates the contract before the cost of connection facilities has been recovered by the utility supplier. (FAR 41.101)
Testing	That element of inspection that determines the properties or elements, including functional operation of supplies or their components, by the application of established scientific principles and procedures. (FAR 46.101)
Third Party Draft	An agency bank draft, similar to a check, that is used to acquire and to pay for supplies and services. (FAR 13.001)
Time	Calculated using calendar days, unless otherwise specified, and will include Saturdays, Sundays, and legal holidays. However, if the last day falls on a Saturday, Sunday, or legal holiday, then the period includes the next working day. (FAR 52.215-1(a))
Time-and-Materials Contract	A contract that provides for acquiring supplies or services on the basis of: <ol style="list-style-type: none"> a. Direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and b. Materials at cost, including, if appropriate, material handling costs as part of material costs. (FAR 16.601(a))
Time-Series Analysis	Identification of a trend related to time and using the trend to forecast future costs or events.
Title III Industrial Resource	Materials, services, processes, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) established or maintained under the authority of Title III, Defense Production Act. (FAR 52.234-1(a))
Title III Project Contractor	A contractor that has received assistance for the development or manufacture of an industrial resource under the Defense Production Act. (FAR 52.234-1(a))

Total Contract Cost	The sum of direct and indirect costs allocable to a contract, incurred or to be incurred, less any allocable credits, plus any allocable cost of money. (FAR 31.201-1(a))
Total Cost Basis	When use of the inventory basis is not practicable or will unduly delay settlement, the total-cost basis may be used to settle a fixed-price contract termination for convenience if approved in advance by the Termination Contracting Officer. (FAR 49.206-2(b))
Total Set-Aside for Small Business	Also referred to as a total small business set-aside. An individual acquisition or class of acquisitions restricted for participation by small business concerns. (FAR 19.502-2)
Total Small Business Set-Aside	See total set-aside for small business.
Toxic Chemicals	Reportable chemicals currently listed and added pursuant to Emergency Planning and Community Right-to-Know Act (EPCRA), except for those chemicals deleted by the Environmental Protection Agency using the statutory criteria of EPCRA. (FAR 23.904)
Tradeoff Process	In a negotiated acquisition, a procedure that permits consideration of tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced proposal. The perceived benefits of the higher priced proposal must merit the additional cost and the rationale must for tradeoffs must be documented in the contract file. (FAR 15.101-1(c))
Trainee	A person registered and receiving on-the-job training in a construction occupation under a program which has been approved in advance by the U.S. Department of Labor, Employment and Training Administration, as meeting its standards for on-the-job training programs and which has been so certified by that Administration. (FAR 22.401)
Transportation Costs	Include freight, express, cartage, and postage charges relating to goods purchased, in process, or delivered. (FAR 31.205-45)
Transportation Term Contracts	Indefinite delivery requirements contracts for transportation or for transportation-related services. They are particularly useful for local drayage and office relocations within a metropolitan area. (FAR 47.203(a))
Travel Costs	Costs for transportation, lodging, meals, and incidental expenses. (FAR 31.205-46(a))
Trial Balloon	A tentative plan offered to test the reaction of a particular audience.
Two-Phase Design-Build Selection Procedures	A selection method in which a limited number of offerors (normally five or fewer) is selected during Phase One to submit detailed proposals for Phase Two. (FAR 36.102)
Two-Step Sealed Bidding	A combination of competitive procedures designed to obtain the benefits of sealed bidding when adequate specifications are not available. <ol style="list-style-type: none">Step 1 consists of the request for, submission, evaluation, and (if necessary) discussion of a technical proposal. No pricing is involved.Step 2, involves the submission of sealed priced bids by those who have submitted acceptable technical proposals in Step 1. (FAR 14.501)
Type of Contract	See contract type.
U.S.-Flag Air Carrier	An air carrier holding a certificate under section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371). (FAR 47.401)
U.S.-Flag Vessel	Either a Government vessel or a privately owned U.S.-flag commercial vessel. (FAR 47.501)

Unallowable Cost	Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)
Unauthorized Commitment	An agreement that is not binding solely because the Government representative who made it lacked the authority to enter into that agreement on behalf of the Government. (FAR 1.602-3(a))
Unbalanced Pricing	Despite an acceptable total evaluated price, the price of one or more contract line items is significantly over or understated as indicated by the application of cost or price analysis techniques. (FAR 15.404-1(g)(1))
Unclassified Bid	Any bid that does not contain classified information (confidential, secret, or top secret).
Uncompensated Overtime	The hours worked without additional compensation in excess of an average of 40 hours per week by direct charge employees who are exempt from the Fair Labor Standards Act. Compensated personal absences such as holidays, vacations, and sick leave must be included in the normal work week for purposes of computing uncompensated overtime hours. (FAR 52.237-10(a))
Uncompensated Overtime Rate	The rate that results from multiplying the hourly rate for a 40-hour work week by 40, and then dividing by the proposed hours per week. For example, 45 hours proposed on a 40-hour work week basis at \$20 per hour would be converted to an uncompensated overtime rate of \$17.78 per hour $((\$20.00 \times 40) \div 45 = \$17.78)$. (FAR 52.237-10(a))
Undermining	The negotiator using this tactic attempts to put the other party on the defensive using threats, insults, or ultimatums. Although this tactic often backfires because most people resent verbal attacks, it can sometimes be effective when used against an easily intimidated negotiator.
Unfair Trade Practices	The commission of any or the following acts by a contractor: <ul style="list-style-type: none"> a. A violation of Section 337 of the Tariff Act of 1930 as determined by the International Trade Commission. b. A violation, as determined by the Secretary of Commerce, of any agreement of the group known as the "Coordination Committee" for purposes of the Export Administration Act of 1979, or any similar bilateral or multilateral export control agreement. c. A knowingly false statement regarding a material element of a certification concerning the foreign content of an item of supply, as determined by the Secretary of the Department or the head of the agency to which such certificate was furnished. (FAR 9.403)
Unfinished Oils	One or more of several petroleum oils identified in the FAR, or a mixture or combination of those oils, that are to be further processed other than by blending by mechanical means. (FAR 25.108(d)(2)(iii))
Unfunded Pension Plan	A defined benefit pension plan for which no funding agency is established for the accumulation of contributions. (FAR 31.001)
UNICOR	See Federal Prison Industries, Inc.

Uniform Contract Format (UCF)	<p>The solicitation and contract format commonly used for most noncommercial supplies and services. The format is divided in parts and sections:</p> <p>Part I -- The Schedule:</p> <ul style="list-style-type: none">A Solicitation/contract form;B Supplies or services and prices;C Description/specifications;D Packaging and marking;E Inspection and acceptance;F Deliveries or performance;G Contract administration data; andH Special contract requirements. <p>Part II -- Contract Clauses:</p> <ul style="list-style-type: none">I Contract clauses. <p>Part III -- List of Documents, Exhibits, and Other Attachments:</p> <ul style="list-style-type: none">J List of documents, exhibits, and other attachments. <p>Part IV -- Representations and Instructions:</p> <ul style="list-style-type: none">K Representations, certifications, and other statements of bidders;L Instructions, conditions, and notices to bidders; andM Evaluation factors for award. (FAR 15.204-1(a), FAR Table 15-1)
Unilateral Modification	<p>A contract modification that is signed only by the Contracting Officer. Unilateral modifications are used, for example, to --</p> <ul style="list-style-type: none">a. Make administrative changes;b. Issue change orders;c. Make changes authorized by clauses other than a changes clause (e.g., Property clause, Options clause, Suspension of Work clause, etc.); andd. Issue termination notices. (FAR 43.103(b))
Unique and Innovative Concept	<p>When used relative to an unsolicited research proposal, it means that in the opinion and to the knowledge of the Government evaluator, the meritorious proposal is the product of original thinking submitted in confidence by one source; contains new novel or changed concepts, approaches, or methods; was not submitted previously by another; and is not otherwise available within the Federal Government. In this context, does not mean that the source has the sole capability of performing the research. (FAR 6.003)</p>
Unit	<p>In value engineering, the item or task to which the Contracting Officer and the contractor agree the value engineering change proposal applies. (FAR 48.001)</p>
Unit Credit Cost Method	<p>See accrued benefit cost method.</p>
Unit Improvement Curve	<p>An improvement curve model based on the assumption that as the total volume of units produced doubles the cost per unit decreases by some constant percentage.</p>
United States	<ul style="list-style-type: none">1. The 50 States and the District of Columbia. (FAR 2.101)2. The States, the District of Columbia, the Virgin Islands, the Commonwealth of Puerto Rico, and the possessions of the United States. (FAR 22.801)3. Includes any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Outer Continental Shelf Lands as defined in the Outer Continental Shelf Lands, American Samoa, Guam, Northern Mariana Islands, Wake Island, and Johnston Island but does not include any other territory under U.S. jurisdiction or any U.S. base or possession within a foreign country. (FAR 22.1001)

United States (cont)	<ol style="list-style-type: none"> 4. Includes the States, the District of Columbia, the Virgin Islands, the Commonwealth of Puerto Rico, and Guam. (FAR 22.1308(a)(1)(i)) 5. For the Buy American Act, the United States, its possessions, Puerto Rico, and any other place subject to its jurisdiction, but does not include leased bases or trust territories. (FAR 25.101) 6. The 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States. (FAR 47.401) 7. The United States, its territories and possessions, the Commonwealth of Puerto Rico, the U.S. Trust Territory of the Pacific Islands, and the District of Columbia. (FAR 52.219-23(a)) 8. The 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States. (FAR 52.247-63(a))
Unlimited Rights	<ol style="list-style-type: none"> 1. The rights of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so. (FAR 27.401) 2. The right of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so. (FAR 52.227-14(a))
Unsettled Contract Change	Any contract change or contract term for which a definitive modification is required but has not been executed. (FAR 49.001)
Unsolicited Proposal	A written proposal for a new or innovative idea that is submitted to an agency on the initiative of the offeror for the purpose of obtaining a contract with the Government, and that is not in response to a request for proposals, Broad Agency Announcement, Small Business Innovation Research topic, Small Business Technology Transfer Research topic, Program Research and Development Announcement, or any other Government-initiated solicitation or program. (FAR 15.601)
Unusual Contract Financing	Any financing not deemed customary contract financing by the agency. Unusual contract financing is financing that is legal and proper under applicable laws, but that the agency has not authorized Contracting Officers to use without specific reviews or approvals by higher management. (FAR 32.001)
Unusual Progress Payments	Any progress payments based on cost that do not meet the limits set forth for customary progress payments. Use must be approved by the head of the contracting activity. (FAR 32.501)
Usable Property	See serviceable property.
Utility Distribution System	Includes distribution and transmission lines, substations, or installed equipment forming an integral part of the system by which gas, water, steam, electricity, sewerage, or other utility services are transmitted between the outside building or structure in which the services are used and the point of origin, disposal, or connection with some other system. It does not include communication services. (FAR 45.501)
Utility Service	A service such as furnishing electricity, natural or manufactured gas, water, sewerage, thermal energy, chilled water, steam, hot water, or high temperature hot water. (FAR 41.101)
V Loan	See guaranteed loan.

Value Engineering	<ol style="list-style-type: none">1. An analysis of the functions of a program, project, system, product, item of equipment, building, facility, service, or supply of an executive agency, performed by qualified agency or contractor personnel, directed at improving performance, reliability, quality, safety, and life-cycle costs. (FAR 48.001) An organized effort to analyze the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life cycle cost consistent with required performance, reliability, quality, and safety. (FAR 52.248-2(b))
Value Engineering Change Proposal (VECP)	<p>A proposal that:</p> <ol style="list-style-type: none">a. Requires a change to the instant contract to implement; andb. Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; provided, that it does not involve a change:<ol style="list-style-type: none">(1) In deliverable end item quantities only;(2) In research and development (R&D) items or R&D test quantities that are due solely to results of previous testing under the instant contract; or(3) To the contract type only. (FAR 48.001)
Value Engineering Proposal	<ol style="list-style-type: none">1. In connection with an A-E contract, a change proposal developed by employees of the Federal Government or contractor value engineering personnel under contract to an agency to provide value engineering services for the contract or program. (FAR 48.001)2. In connection with an A-E contract, a change proposal developed by employees of the Federal Government or contractor value engineering personnel under contract to an agency to provide value engineering services for the contract or program. (FAR 52.248-2(b))
Variable Cost	<p>In cost-volume-profit analysis, costs of each unit that remain constant no matter how many units are made in the relevant range of production. Total variable cost increases as the total number of units produced increases.</p>
Variance	<ol style="list-style-type: none">1. The difference between a preestablished measure and an actual measure. (FAR 31.001)2. In statistical analysis, the variance of a sample is the average of the squared deviations between each observation and the mean. It is one of the two most popular measures of dispersion. The other is the standard deviation.
Veteran of the Vietnam Era	<p>A person who:</p> <ol style="list-style-type: none">a. Served on active duty for a period of more than 180 days, any part of which occurred between August 5, 1964, and May 7, 1975, and was discharged or released therefrom with other than a dishonorable discharge; orb. Was discharged or released from active duty for a service-connected disability if any part of such active duty was performed between August 5, 1964, and May 7, 1975. (FAR 52.222-35(a))
Virgin Material	<ol style="list-style-type: none">1. Previously unused raw material, including previously unused copper, aluminum, lead, zinc, iron, other metal or metal ore, or any undeveloped resource that is, or with new technology will become, a source of raw materials. (FAR 11.001)2. Previously unused raw material, including previously unused copper, aluminum, lead, zinc, iron, other metal or metal ore, or any undeveloped resource that is, or with new technology will become, a source of raw materials. (FAR 52.211-5(a))
Vocal Cues	<p>Nonverbal messages communicated by the sound of the human voice, can provide valuable information.</p>
Vocational Training	<p>Preparing and maintaining a noncollege level program of instruction, including but not limited to on-the-job, classroom, and apprenticeship training, designed to increase the vocational effectiveness of employees. (FAR 31.205-44)</p>

Wage and Hour Division	The unit in the Employment Standards Administration of the Department of Labor to which is assigned functions of the Secretary of Labor under the Service Contract Act. (FAR 22.1001)
Wage Determination	A determination of minimum wages or fringe benefits made under the Service Contract Act applicable to the employment in a given locality of one or more classes of service employees. (FAR 22.1001)
Wages	The basic hourly rate of pay; any contribution irrevocably made by a contractor or subcontractor to a trustee or to a third person pursuant to a bona fide fringe benefit fund, plan, or program; and the rate of costs to the contractor or subcontractor which may be reasonably anticipated in providing bonafide fringe benefits to laborers and mechanics pursuant to an enforceable commitment to carry out a financially responsible plan or program, which was communicated in writing to the laborers and mechanics affected. The fringe benefits enumerated in the Davis-Bacon Act include medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing; unemployment benefits; life insurance, disability insurance, sickness insurance, or accident insurance; vacation or holiday pay; defraying costs of apprenticeship or other similar programs; or other bona fide fringe benefits. Fringe benefits do not include benefits required by other Federal, state, or local law. (FAR 22.401)
Walsh-Healey Act	See Walsh-Healey Public Contracts Act.
Walsh-Healey Public Contracts Act	Also referred to as the Walsh-Healey Public Contracts Act. Requires that (unless exempted), all contracts subject to the Act and entered into by any executive department, independent establishment, or other agency or instrumentality of the United States, or by the District of Columbia, or by any corporation (all the stock of which is beneficially owned by the United States) for the manufacture or furnishing of materials, supplies, articles, and equipment (referred to in this subpart as supplies) in any amount exceeding \$10,000, must include or incorporate by reference the stipulations required by the Act pertaining to such matters as minimum wages, maximum hours, child labor, convict labor, and safe and sanitary working conditions. (FAR 22.602)
Warranty	A promise or affirmation given by a contractor to the Government regarding the nature, usefulness, or condition of the supplies or performance of services furnished under the contract. (FAR 46.701)
Warranty Costs	Costs arising from fulfillment of any contractual obligation of a contractor to correct defects in the products, replace defective parts, or make refunds in the case of inadequate performance. (FAR 31.205-39)
Waste Prevention	Any change in the design, manufacturing, purchase, or use of materials or products (including packaging) to reduce their amount or toxicity before they become municipal solid waste. Waste prevention also refers to the reuse of products or materials. (FAR 23.703)
Waste Reduction	Preventing or decreasing the amount of waste being generated through waste prevention, recycling, or purchasing recycled and environmentally preferable products. (FAR 23.703)
Water Act	Clean Water Act. (FAR 52.223-2(a))
Weakness	A proposal flaw that increases the risk of unsuccessful contract performance. A significant weakness in the proposal is a flaw that appreciably increases the risk of unsuccessful contract performance. (FAR 15.301)

Weighted Average Cost	An inventory costing method under which an average unit cost is computed periodically by dividing the sum of the cost of beginning inventory plus the cost of acquisitions by the total number of units included in these two categories. (FAR 31.001)
Wet Noodle	A wet noodle is slick and difficult to pin down. The same can be said of negotiators using the wet noodle tactic. They are difficult to pin down on any issue because they give qualified or noncommittal responses. Users of this tactic avoid making firm commitments or concessions whenever possible.
Win/Lose Negotiation Style	Negotiation based on power and using that power to force one negotiator's will on the other. That power could be real or only perceived by the other negotiator.
Win/Lose Outcome	Occurs when one party involved in a negotiation is perceived as having done significantly better at the expense of the other. This type of negotiation tends to be highly competitive, with a large degree of mistrust on both sides.
Win/Win Negotiation Style	Negotiation based on the merits of the situation to obtain a satisfactory result.
Win/Win Outcome	Also referred to as a both-win outcome. Occurs when both sides achieve long-term satisfaction with negotiation results. Negotiations emphasize developing a mutually beneficial agreement. For example, awarding a contract at a fair and reasonable price is in the best interest of both the contractor and the Government.
Women-Owned Business Concern	A concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women. (FAR 52.204-5(b))
Women-Owned Small Business Concern	A small business concern: a. Which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and b. Whose management and daily business operations are controlled by one or more women. (FAR 19.001)
Work	<ol style="list-style-type: none">1. See building for definition related to construction.2. Includes data when the contract does not include the Warranty of Data clause. (FAR 52.246-8(a))3. Includes, but is not limited to, materials, workmanship, and manufacture and fabrication of components. (FAR 52.246-12(a))
Work Hours and Safety Standards Act	Requires that certain contracts contain a clause specifying that no laborer or mechanic doing any part of the work contemplated by the contract shall be required or permitted to work more than 40 hours in any workweek unless paid for all such overtime hours at not less than 1 1/2 times the basic rate of pay. (FAR 22.301)
Work Measurement	The use of labor-time standards to measure and control the time required to perform a particular task or group of tasks.
Work Measurement System	A management system designed to analyze the touch labor content of an operation, establish labor-time standards for that operation, measure and analyze variances from those standards, and continuously improve both the operation and the labor standards used in that operation.
Work Measurement System Plan	A program for implementing, operating, and maintaining work measurement of operation activities.
Work Statement	See statement of work.

Work-in-Process	Material that has been released to manufacturing, engineering, design or other services under the contract and includes undelivered manufactured parts, assemblies, and products, either complete or incomplete. (FAR 45.501)
Written	See in writing.
Year 2000 Compliant	Information technology that accurately processes date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it. (FAR 39.002)