

16.307 Contract clauses.

(a)

(1) The *contracting officer shall* insert the clause at [52.216-7](#), Allowable Cost and Payment, in *solicitations* and contracts when a cost-reimbursement contract or a time-and-materials contract (other than a contract for a *commercial product* or *commercial service*) is contemplated. If the contract is a time-and-materials contract, the clause at [52.216-7](#) applies in conjunction with the clause at [52.232-7](#), but only to the portion of the contract that provides for reimbursement of materials (as defined in the clause at [52.232-7](#)) at actual cost. Further, the clause at [52.216-7](#) does not apply to labor-hour contracts.

(2) If the contract is a *construction* contract and contains the clause at [52.232-27](#), Prompt Payment for Construction Contracts, the *contracting officer shall* use the clause at [52.216-7](#) with its *Alternate I*.

(3) If the contract is with an educational institution, the *contracting officer shall* use the clause at [52.216-7](#) with its *Alternate II*.

(4) If the contract is with a State or local government, the *contracting officer shall* use the clause at [52.216-7](#) with its *Alternate III*.

(5) If the contract is with a nonprofit organization other than an educational institution, a State or local government, or a nonprofit organization exempted under the OMB Uniform Guidance at 2 CFR part 200, appendix VIII, the *contracting officer shall* use the clause at [52.216-7](#) with its *Alternate IV*.

(b) The *contracting officer shall* insert the clause at [52.216-8](#), Fixed Fee, in *solicitations* and contracts when a cost-plus-fixed-fee contract (other than a *construction* contract) is contemplated.

(c) The *contracting officer shall* insert the clause at [52.216-9](#), Fixed-Fee-Construction, in *solicitations* and contracts when a cost-plus-fixed-fee *construction* contract is contemplated.

(d) The *contracting officer shall* insert the clause at [52.216-10](#), Incentive Fee, in *solicitations* and contracts when a cost-plus-incentive-fee contract is contemplated.

(e)

(1) The *contracting officer shall* insert the clause at [52.216-11](#), Cost Contract-No Fee, in *solicitations* and contracts when a cost-reimbursement contract is contemplated that provides no fee and is not a cost-sharing contract.

(2) If a cost-reimbursement research and development contract with an educational institution or a nonprofit organization that provides no fee or other payment above cost and is not a cost-sharing contract is contemplated, and if the *contracting officer* determines that withholding of a portion of allowable costs is not required, the *contracting officer shall* use the clause with its *Alternate I*.

(f)

(1) The *contracting officer shall* insert the clause at [52.216-12](#), Cost-Sharing Contract-No Fee, in

solicitations and contracts when a cost-sharing contract is contemplated.

(2) If a cost-sharing research and development contract with an educational institution or a nonprofit organization is contemplated, and if the *contracting officer* determines that withholding of a portion of allowable costs is not required, the *contracting officer shall* use the clause with its *Alternate I*.

(g) The *contracting officer shall* insert the clause at [52.216-15](#), *Predetermined Indirect Cost Rates*, in *solicitations* and contracts when a cost-reimbursement research and development contract with an educational institution (see [42.705-3\(b\)](#)) is contemplated and predetermined *indirect cost rates* are to be used.

Parent topic: [Subpart 16.3 - Cost-Reimbursement Contracts](#)