

Subpart 37.6 - Performance-Based Acquisition

Parent topic: [Part 37 - Service Contracting](#)

37.600 Scope of subpart.

This subpart prescribes policies and procedures for acquiring services using performance-based acquisition methods.

37.601 General.

(a) Solicitations may use either a performance work statement or a statement of objectives (see [37.602](#)).

(b) Performance-based contracts for services shall include-

(1) A performance work statement (PWS);

(2) Measurable performance standards (*i.e.*, in terms of quality, timeliness, quantity, etc.) and the method of assessing contractor performance against performance standards; and

(3) Performance incentives where appropriate. When used, the performance incentives shall correspond to the performance standards set forth in the contract (see [16.402-2](#)).

37.602 Performance work statement.

(a) A Performance work statement (PWS) may be prepared by the Government or result from a Statement of objectives (SOO) prepared by the Government where the offeror proposes the PWS.

(b) Agencies shall, to the maximum extent practicable-

(1) Describe the work in terms of the required results rather than either "how" the work is to be accomplished or the number of hours to be provided (see [11.002\(a\)\(2\)](#) and [11.101](#));

(2) Enable assessment of work performance against measurable performance standards;

(3) Rely on the use of measurable performance standards and financial incentives in a competitive environment to encourage competitors to develop and institute innovative and cost-effective methods of performing the work.

(c) Offerors use the SOO to develop the PWS; however, the SOO does not become part of the

contract. The SOO shall, at a minimum, include-

- (1) Purpose;
- (2) Scope or mission;
- (3) Period and place of performance;
- (4) Background;
- (5) Performance objectives, *i.e.*, required results; and
- (6) Any operating constraints.

37.603 Performance standards.

(a) Performance standards establish the performance level required by the Government to meet the contract requirements. The standards shall be measurable and structured to permit an assessment of the contractor's performance.

(b) When offerors propose performance standards in response to a SOO, agencies shall evaluate the proposed standards to determine if they meet agency needs.

37.604 Quality assurance surveillance plans.

Requirements for quality assurance and quality assurance surveillance plans are in [subpart 46.4](#). The Government may either prepare the quality assurance surveillance plan or require the offerors to submit a proposed quality assurance surveillance plan for the Government's consideration in development of the Government's plan.