

1. CONTRACT (Proc. Inst. Ident.) NO. 300-81-0421	2. EFFECTIVE DATE 10-1-81	3. REQUISITION/PURCHASE REQUEST/PROJECT NO. 067MH10003 - RFP 81-94	4. CERTIFIED FOR NATIONAL DEFENSE UNDER EDSA REG. 2 AND/OR DMS REG. 1. RATING:
5. ISSUED BY U.S. Department of Education Office of Procurement & Assistance Mgmt Educational Research & Improvement Br. 400 Maryland AVE., SW, Wash. DC 20202	CODE	6. ADMINISTERED BY (If other than block 5) Mrs. Marie Beale Room 5678, ROB #3 202-245-2957	7. DELIVERY FOR DESTINATION <input type="checkbox"/> OTHER (See below)

8. CONTRACTOR NAME AND ADDRESS Association for Educational Communications and Technology 1126 Sixteenth Street Washington, DC 20036 <i>(Street, city, county, State, and ZIP code)</i>	CODE	FACILITY CODE	9. DISCOUNT FOR PROMPT PAYMENT
<p>263 5239 466 4780</p>			10. SUBMIT INVOICES (4 copies unless otherwise specified) TO ADDRESS SHOWN IN BLOCK 2 See Article 8 of the Special Provisions

11. SHIP TO/MARK FOR U.S. Department of Education Finance Division, Fiscal Services Branch 400 Maryland Ave., SW Washington, DC 20202	CODE	12. PAYMENT WILL BE MADE BY U.S. Department of Education Finance Division, Fiscal Services Branch 400 Maryland Ave., SW Washington, DC 20202	CODE
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13. THIS PROCUREMENT WAS ADVERTISED, NEGOTIATED, PURSUANT TO: 10 U.S.C. 2304 (a)(1) 41 U.S.C. 252 (c)(1)(Q)

14. ACCOUNTING AND APPROPRIATION DATA
Approp: 9110502 OBJ Cl: 25.32
CAN: E002145 ENI: 520885990

15. ITEM NO.	16. SUPPLIES/SERVICES	17. QUANTITY	18. UNIT	19. UNIT PRICE	20. AMOUNT
	<p><u>Cost Reimbursement</u></p> <p>Dissemination of Information Application of Technology to the Teaching of Basic Skills</p> <p>Estimated Cost _____</p> <p>Period of Performance: October 1, 1981 through September 30, 1983</p> <p>The Contractor's technical proposal in response thereto dated 7-6 -81; and revision to the technical proposal dated 9-23, 1981 are incorporated into and made a part of the contract.</p>				855,282

21. TOTAL AMOUNT OF CONTRACT \$ 855,282

CONTRACTING OFFICER WILL COMPLETE BLOCK 22 OR 26 AS APPLICABLE

22. <input type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	26. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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23. NAME OF CONTRACTOR BY <i>HS Hitchens</i> (Signature of person authorized to sign)	27. UNITED STATES OF AMERICA BY <i>John T. Hazard</i> (Signature of Contracting Officer)
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24. NAME AND TITLE OF SIGNER (Type or print) HOWARD B. HITCHENS EXEC. DIR.	25. DATE SIGNED 9/30/81	28. NAME OF CONTRACTING OFFICER (Type or print) John T. Hazard	29. DATE SIGNED 9/30/81
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TABLE OF CONTENTS
ATTACHMENT B
DEPARTMENT OF EDUCATION
SPECIAL PROVISIONS FOR
COST REIMBURSEMENT TYPE CONTRACT
CONTRACT NO. 300-81-0421
RFP NO. 81-94

<u>ARTICLE NO.</u>	<u>PAGE NO.</u>
1. DESCRIPTION/SPECIFICATIONS	2
2. GOVERNMENT PROJECT OFFICER	2
3. KEY PERSONNEL	2
4. CONTRACT ADMINISTRATOR	2
5. PERIOD OF PERFORMANCE	2
6. DELIVERABLES	2
7. PROVISIONAL AND NEGOTIATED FINAL OVERHEAD RATES	2
8. SUBMISSION OF VOUCHERS	3
9. GENERAL PROVISIONS	3
10. REVISIONS TO GENERAL PROVISIONS	3
11. DUAL COMPENSATION	6
12. AUDIO-VISUAL PRODUCTION	6
13. CONFIDENTIALITY OF INFORMATION	6
14. SUSPENSION OF WORK	6
15. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA	7
16. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - PRICE ADJUSTMENTS	8
17. SUBCONTRACTOR COST AND PRICING DATA	8
18. INCENTIVE SUBCONTRACTING PROGRAM FOR SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS	9
19. CONTROL OF PROPERTY IN POSSESSION OF CONTRACTORS	9
20. COST ACCOUNTING STANDARDS - NON-DEFENSE CONTRACT (Applicable to contractors who must comply with all of the Cost Accounting Standards because of current national defense contracts with DOD, NASA, DOE)	10
21. DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (Applicable to all Contractors who must comply with any of the Cost Accounting Standards)	12
22. ADMINISTRATION OF COST ACCOUNTING STANDARDS (Applicable to all Contractors who must comply with any of the Cost Accounting Standards)	13
23. ORDER OR PRECEDENCE	15
24. THE PRIVACY ACT	15
25. WITHHOLDING OF CONTRACT PAYMENTS	16
26. EXCUSABLE DELAYS	16
27. REPORT OF CONSULTANTS	16
28. CONTRACT FINANCIAL REPORT	16
29. PROHIBITION AGAINST THE USE OF ED FUNDS TO PAY FOR COSTS OF INFLUENCING LEGISLATION	17
30. UTILIZATION OF WOMEN-OWNED BUSINESS CONCERNS (Over \$10,000)	17
31. WOMEN-OWNED BUSINESS CONCERNS SUBCONTRACTING PROGRAM (over \$500,000 or \$1,000,000 FOR CONSTRUCTION OF ANY PUBLIC FACILITY)	17
32. UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS	18
33. ORGANIZATIONAL CONFLICTS OF INTEREST - GENERAL	19
34. RESTRICTION ON THE USE OF FORMER FEDERAL EMPLOYEES	19
35. Payment of travel expenses and fees for ED employees	19

ATTACHMENT B

CONTRACT NO. 300-81-0421ARTICLE 1. DESCRIPTION/SPECIFICATIONS

The Contractor shall, in conformance with the General and Special Provisions hereinafter set forth, furnish all personnel, materials, services, and facilities necessary to perform the requirements set forth in the Statement of Work and Technical and cost Proposals dated 7-6-81 and Best and Final Offer dated September 23, 1981

ARTICLE 2. GOVERNMENT PROJECT OFFICER

(a) The Government Project Officer is responsible for the technical aspects of the project and technical liaison with the Contractor. The Government Project Officer is also responsible for the review and approval of any and all deliverables including reports, and such other responsibilities as may be specified in the contract.

(b) The Government Project Officer is not authorized to make any commitments or otherwise obligate the Government or authorize any changes which affect the contract price, terms or conditions. Any contractor requests for changes shall be submitted in writing directly to the Contracting Officer, or through the Government Project Officer. No such changes shall be made without the written authorization of the Contracting Officer.

(c) The name and address of the Government Project

Officer is Mr. Shelton Fisher ROB #3 Bldg.
Room 3116, 7th & D Sts., SW, Washington, DDC 20202

The Government Project Officer (PO) may be changed by the Government at any time, but notification of the change, including the name and address of the successor PO, will be provided to the Contractor by the Contracting Officer in writing.

ARTICLE 3. KEY PERSONNEL

In accordance with the General Provisions Article, "Key Personnel", the following key personnel are considered to be essential to the work being performed:

NAME Henry Ingle

TELEPHONE () 202-833-4180

TITLE Project Director

NAME Delores Deardorff

TELEPHONE () 301-337-4209

TITLE Associate Director

NAME Lewis Rhodes

TELEPHONE () 301-585-8181

TITLE Associate Director

ARTICLE 4. CONTRACT ADMINISTRATOR

The Contractor shall designate one individual to be contacted during the period of the contract for prompt contract administration.

NAME Howard B. Hitchens

TELEPHONE () 202-833-4180

TITLE Executive Director

ARTICLE 5. PERIOD OF PERFORMANCE

The period of performance of this contract is from 10-1-81 through 9-30-83

ARTICLE 6. DELIVERABLES

All deliverables shall be submitted to the appropriate Department of Education Contracting Officer according to the kinds, quantities and dates indicated in the schedule of deliverables of the Statement of Work, and Contractor's proposal.

ARTICLE 7. PROVISIONAL AND NEGOTIATED FINAL OVERHEAD RATES

(a) Pending the establishment of final overhead rates, as required by Clause No. 5 of the General Provisions, the Contractor shall be reimbursed for its indirect costs on the basis of the negotiated provisional rates or at the billing rate set forth below. Those rates shall remain in effect until the contract is modified to incorporate either negotiated final overhead rates (as directed by either paragraph (b) or (g) of Clause No. 5, as applicable) or revised provisional overhead rates, as explained in paragraph (e) of Clause No. 5.

(b) The provisional overhead rate applicable to this contract is 3.4 % of FTE.

(c) In the event the Contractor has in effect more than one indirect cost rate, each such rate and the base to which it applies is displayed below in the same manner as the overhead rate displayed in paragraph (b).

ATTACHMENT B

CONTRACT NO. 300-81-0421

ARTICLE 8. SUBMISSION OF VOUCHERS

(a) The Government agrees to pay the Contractor as complete compensation for all work and services performed and materials furnished under this contract, allowable costs as defined in Clause No. 4 of the General Provisions in an amount not to exceed the estimated cost set forth elsewhere herein.

(b) If the Defense Contract Audit Agency is the Contractor's cognizant audit agency, all reimbursement vouchers under this contract shall be submitted on Standard Form 1034 directly to the cognizant Defense Contract Audit Agency field audit officer for examination and forwarding to the

Contracting Officer, U.S. Department of Education
Office of Procurement and Assistance Management
ED Research & Improvement Branch,

400 Maryland Avenue, S.W., ROB #3, 5678
(Building) (Room)

Washington, D.C. 20202

for payment in accordance with Clause No. 4 of the General Provisions.

(c) If the Defense Contract Audit Agency is not the Contractor's cognizant audit agency, all reimbursement vouchers for payment under this contract shall be submitted directly to the:

Contracting Officer, U.S. Department of Education
Office of Procurement and Assistance Management,
ED Research & Improvement Branch,

400 Maryland Avenue, S.W., ROB #3, 5678
(Building) (Room)

Washington, D.C. 20202.

ARTICLE 9. GENERAL PROVISIONS

The appropriate General Provisions (either the HEW-315, HEW-315A, or HEW-316) is checked below and is made a part of this contract.

HEW-315 (Rev. 7/76) General Provisions for Negotiated Cost Reimbursement Type Contract with Educational Institutions.

HEW-315A (Rev. 7/76) General Provisions for Negotiated Cost-Reimbursement Type Contract with Non-profit Institutions other than Educational Institutions.

HEW-316 (Rev. 7/76) General Provisions for Negotiated Cost-Plus-Fixed-Fee Type Contract.

ARTICLE 10. REVISIONS TO GENERAL PROVISIONS

Deletions and Substitutions

A. Delete from HEW 315, 315A and 316 (Rev. 7/76) Clause No. 2 - Disputes - and substitute the following:

Clause 2 - DISPUTES

(a) This contract is subject to the Contract Disputes Act of 1978 (P.L. 95-563).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved in accordance with this clause.

(c) (1) As used herein, "claim" means a written demand or assertion by one of the parties seeking, as a legal right, the payment of money, adjustment or interpretation of contract terms, or other relief, arising under or relating to this contract.

(ii) A voucher, invoice, or request for payment that is in dispute when submitted is not a claim for the purposes of the Act. However, where such submission is subsequently not acted upon in a reasonable time, or disputed either as to liability or amount, it may be converted to a claim pursuant to the Act.

ATTACHMENT B

CONTRACT NO. 300-81-0421

(iii) A claim by the contractor shall be made in writing and submitted to the Contracting Officer for decision. A claim by the Government against the contractor shall be subject to a decision by the Contracting Officer.

(d) For contractor claims of more than \$50,000, the contractor shall submit with the claim a certification that the claim is made in good faith; the supporting data are accurate and complete to the best of the contractor's knowledge and belief; and the amount requested accurately reflects the contract adjustment for which the contractor believes the Government is liable. The certification shall be executed by the contractor if an individual. When the contractor is not an individual, the certification shall be executed by the senior company official in charge at the contractor's plant or location involved, or by an officer or general partner of the contractor having overall responsibility for the conduct of the contractor's affairs.

(e) For contractor claims of \$50,000 or less, the Contracting Officer must render a decision within 60 days. For contractor claims in excess of \$50,000, the Contracting Officer must decide the claim within 60 days or notify the contractor of the date when the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the act.

(g) The authority of the Contracting Officer under the Act does not extend to claims or disputes which by statute or regulation other agencies are expressly authorized to decide.

(h) Interest on the amount found due on a contractor claim shall be paid from the date the claim is received by the Contracting Officer until the date of payment.

(i) Except as the parties may otherwise agree, pending final resolution of a claim by the contractor arising under the contract, the contractor shall proceed diligently with the performance of the contract in accordance with the Contracting Officer's decision.

B. Delete from HEW-315 and 315A (Rev. 7/76) Clause Nos. 37 - Utilization of Small Business Concerns - and 39 - Utilization of Minority Business. From HEW-316 (Rev. 7/76) delete Clause Nos. 39 - Utilization of Small Business Concerns - and 42 - Utilization of Minority Business - and substitute the following:

UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal Agency.

(b) The contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The contractor further agrees to cooperate in any studies or surveys that may be conducted by the Small Business Administration or the contracting agency which may be necessary to determine the extent of the contractor's compliance with this clause.

(c) (1) The term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and its relevant regulations promulgated pursuant thereto.

(2) The terms "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:

(i) which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(ii) whose management and daily business operations are controlled by one or more of such individuals.

The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, and other individuals found to be disadvantaged by the Small Business Administration pursuant to section 8(a) of the Small Business Act.

ATTACHMENT B

CONTRACT NO. 300-81-0421

(d) Subcontractors shall provide a notarized statement to the contractor certifying their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

C. Delete: from HEW-315 and 315A (Rev. 7/76) Clause No. 45 - "Employment of the Handicapped" and from HEW-316 (Rev. 7/76) Delete Clause No. 47 "Employment of the Handicapped" and insert in lieu thereof the following:

HEW-315 and 315A (Rev. 7/76) Clause No. 45 - Affirmative Action For Handicapped Workers.

HEW-316 (Rev. 7/76) Clause No. 47 - Affirmative Action For Handicapped Workers.

AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS

(a) The contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion, or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(c) In the event of the contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

(d) The contractor agrees to post, in conspicuous places available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.

(e) The contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.

(f) The contractor will include the provisions of this clause in every sub-contract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to section 503 of the Act, so that such provisions will be binding upon each subcontract or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

(D) HEW-315 (Rev. 7/76) Clause No. 26 - "Federal Reports Act",-Paragraph (b), the last sentence delete "at least 90 days" and substitute "at least 150 days".

(E) HEW-315A (Rev. 7/76) Clause No. 26 - "Federal Reports Act",-Paragraph (b), the third sentence delete: "at least 90 days" and substitute "at least 150 days". Paragraph (b), the last sentence delete: "Clause No. 10-Default, Subparagraph (c)" and substitute "Article 27 Excusable Delays", Attachment B.

(F) HEW-316 (Rev. 7/76) Clause No. 27 - "Federal Reports Act"-Paragraph (b), the third sentence delete: "At least 90 days" and substitute "At least 150 days". Paragraph (b), the last sentence delete: "Clause No. 10-Default, subparagraph (c)" and substitute "Article 27 - Excusable Delays", Attachment B.

(G) HEW-315 and HEW-315A Clause No. 26 and HEW-316 Clause No. 27 are supplemented as follows:

ATTACHMENT B

300-81-0421

CONTRACT NO.

OMB clearance shall not be required whenever a majority of correspondents are educational agencies or institutions (including where the information is collected from employees or students in these agencies or institutions in ways that require the assistance of the agency or institution) and whenever the purpose of the activity is to request data needed for (1) management of Federal Education programs (including the use of applications), or (2) formulation of policy related to Federal programs, or (3) research or evaluation studies related to the implementation of Federal education programs. In the above instances, FEDAC (Federal Education Data Acquisition Council) clearance must be obtained, including public announcement in the Federal Register.

(H) Delete the following from HEW-315 and HEW-315A, Clause No. 15 - RIGHTS IN DATA, AND HEW-316, Clause No. 16 - RIGHTS IN DATA: "NOTE: If the contract has been awarded by the Office of Education the above clause shall be deleted and the following substituted therefor:"

Delete from the HEW-315 and HEW-315A the following: Clause No. 15 COPYRIGHT AND PUBLICATION in its entirety.

Delete from the HEW-316 the following: Clause No. 16 COPYRIGHT AND PUBLICATION in its entirety.

I. Throughout HEW Forms 315, 315A and 316, the terms "the Department of Health, Education, and Welfare" and "Office of Education" are changed to read "the Department of Education."

ARTICLE 11. DUAL COMPENSATION

If a project staff member, subcontractor, or consultant is involved in two or more projects, at least one of which is supported by Federal funds, he may not be compensated for more than 100 percent of his time during any part of the period of dual involvement. That is, an individual is prohibited from receiving double payment for any given period of work.

ARTICLE 12. AUDIO-VISUAL PRODUCTION

Prior written approval must be obtained from the Contracting Officer for the use of any funds, including subcontracts, for planning and/or production of audio-visual materials (i.e., motion picture films, video-tapes, film strips, slide sets, tape recordings, exhibits, or combinations thereof regardless of intended use. This clause would be

applicable only for contemplated use for planning and/or production of audio-visual materials which were not approved at the time of contract award.

ARTICLE 13. CONFIDENTIALITY OF INFORMATION

The clause set forth below shall become applicable when and if the Contractor shall have access to or generate confidential information. Such information shall be specifically identified in a contract special provision at the time the contract is formed or at any time subsequent to its formation but prior to its expiration.

The contracting officer may, from time to time, identify elsewhere in this contract any confidential data that the Government will furnish to the contractor or that the contractor is expected to generate.

The contractor shall not disclose any confidential information obtained in the performance of this contract. Any presentation of any statistical or analytical material or reports based on information obtained from the studies covered by this contract will be subject to review by the Government's project officer before publication or dissemination in order to determine whether safeguards or privacy have been observed.

ARTICLE 14. SUSPENSION OF WORK

Stop Work Order

A. The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt of such an order, the Contractor shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence

of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a stop work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either - (i) Cancel the stop work order, or (ii) terminate the work covered by such order as provided in the Termination Clause(s) of this contract.

B. If a stop work order issued under this clause is canceled or the period of the order or any extension thereof expires, the contractor shall resume work. An equitable adjustment shall be made in the delivery schedule, the estimated cost, the fee if any, or a combination thereof, and in any other provisions of the contract that may be affected and the contract shall be modified in writing accordingly if: (i) the stop work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract, and (ii) the contractor asserts a claim for such adjustment within thirty (30) days after the end of the period of work stoppage; provided that, if the Contracting Officer decides the facts justify such action, he may receive and act upon any such claim asserted at any time prior to final payment under this contract.

C. If a stop work order is not canceled and the work covered by such order is terminated for the convenience of the Government, the reasonable costs resulting from the stop work shall be allowed in arriving at the termination settlement.

ARTICLE 15. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA

If any price, including profit or fee, negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sum because:

(a) The Contractor furnished cost or pricing data which was not accurate, complete and current as certified in the Contractor's Certificate of Current Cost or Pricing Data;

(b) A subcontractor, pursuant to the clause of this contract entitled "Subcontract or Cost and Pricing Data" or "Subcontractor Cost or Pricing Data-Price Adjustments" or any subcontract clause therein required, furnished cost or pricing data which was not accurate, complete and current as certified in the subcontractor's Certificate of Current Cost or Pricing Data;

(c) A subcontractor or prospective subcontractor furnished cost or pricing data which was required to be accurate, complete and current and to be submitted to support a subcontract cost estimate furnished by the Contractor but which was not accurate, complete and current as of the date certified in the Contractor's Certificate of Current Cost or Pricing Data; and

(d) The Contractor or a subcontractor or prospective subcontractor furnished any data, not within (a), (b) or (c) above, which was not accurate as submitted; the price or cost shall be reduced accordingly and the contract shall be modified in writing as may be necessary to reflect such reduction in the contract price due to defective subcontract data or a prospective subcontractor when the subcontract was not subsequently awarded to such subcontractor, will be limited to the amount (plus applicable overhead and profit markup) by which the actual subcontract, or actual cost to the contractor if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor: Provided, the actual subcontract price was not affected by defective cost or pricing data.

(Note: Since the contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification for defective cost or pricing data required to be submitted by his lower tier subcontractors).

ATTACHMENT B

CONTRACT NO. 300-81-0421

ARTICLE 16. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - PRICE ADJUSTMENTS

(a) This clause shall become operative only with respect to any modification of this contract which involves aggregate increases and/or decreases in costs plus applicable profits in excess of \$100,000 unless the modification is priced on the basis of adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. The right to price reduction under this clause is limited to defects in data relating to such modification.

(b) If any price, including profit, or fee, negotiated in connection with a price adjustment under this contract was increased by any significant sums because:

(1) The Contractor furnished cost or pricing data which was not accurate, complete and current as certified in the Contractor's Certificate of Current Cost or Pricing Data;

(2) A subcontractor, pursuant to the clause of this contract entitled "Subcontractor Cost and Pricing Data" or "Subcontractor Cost or Pricing Data-Price Adjustments" or any subcontract clause therein required, furnished cost or pricing data which was not accurate, complete and current as certified in the subcontractor's Certificate of Current Cost or Pricing Data;

(3) A subcontractor or prospective subcontractor furnished cost or pricing data which was required to be accurate, complete and current and to be submitted to support a subcontractor cost estimate furnished by the Contractor but which was not accurate, complete and current as of the date certified in the Contractor's Certificate of Current Cost or Pricing Data; or

(4) The Contractor or a subcontractor or prospective subcontractor furnished any data, not within (1), (2) or (3) above, which was not accurate, as submitted; the price shall be modified in writing as may be necessary to reflect such reduction. However, any reduction in the contract price due to defective subcontract data of a prospective subcontractor, when the subcontract was not subsequently awarded to such subcontractor; will be limited to the amount (plus

applicable overhead and profit markup) by which the actual subcontract, or actual cost to the Contractor if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Contractor; provided the actual subcontract price was not affected by defective cost or pricing data.

(Note: Since the contract is subject to reduction under this clause by reason of defective cost or pricing data submitted in connection with certain subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. It is also expected that any subcontractor subject to such indemnification will generally require substantial similar indemnification for defective cost or pricing data required to be submitted by his lower tier subcontractors.)

(c) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "disputes" clause of this contract.

ARTICLE 17. SUBCONTRACTOR COST AND PRICING DATA

(a) The Contractor shall require subcontractors hereunder to submit, actually or by specific identification in writing, cost or pricing data under the following circumstances:

(1) Prior to the award of any subcontract the amount of which is expected to exceed \$100,000 when entered into;

(2) Prior to the pricing of any contract modification which involves aggregate increases and/or decreases in costs plus applicable profits expected to exceed \$100,000; except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(b) The Contractor shall require subcontractor to certify, in substantially the same form as that used in the certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief, the cost and pricing data submitted under (a) above is accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract change or modification.

(c) The Contractor shall insert the substance of this clause including this paragraph (c) in each subcontract hereunder which exceeds \$100,000 when entered into except where the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder in excess of \$100,000, the Contractor shall insert the substance of the following clause:

SUBCONTRACTOR COST OR PRICING DATA - PRICE ADJUSTMENTS

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any modification made pursuant to one or more provisions of this contract which involves aggregate increases and/or decreases in costs plus applicable profits expected to exceed \$100,000. The requirements of this clause shall be limited to such contract modification.

(b) The Contractor shall require subcontractors to submit, actually or by specific identification in writing, cost or pricing data under the following circumstances:

(1) Prior to award of any subcontract; the amount of which is expected to exceed \$100,000 when entered into;

(2) Prior to the pricing of any subcontract modification which involves aggregate increases and/or decreases in costs plus applicable profits expected to exceed \$100,000; except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(c) The Contractor shall require subcontractors to certify, in substantially the same form as that used in the certificate by the Prime Contractor to the Government, that to the best of their knowledge and belief the cost and pricing data submitted under (b) above is accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract change or modification.

(d) The Contractor shall insert the substance of this clause including this paragraph (d) in each subcontract hereunder which exceeds \$100,000 when entered into.

ARTICLE 18. INCENTIVE SUBCONTRACTING PROGRAM FOR SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS

(For all cost-plus-fixed fee contracts in excess of \$500,000, provided the contract is not a small business concern or the contract is not for architect and engineering services).

(a) Incentive Subcontracting Program for Small Business and Small Disadvantaged Business (Applicable to Cost Plus-A-Fixed-Fee Contract with profit-making organizations and non-profit organizations receiving a fee).

(1) The contractor has established in its subcontracting plan the following goals for awards to small business and small disadvantaged business concerns:

(i) The total planned subcontract amount for the contract is \$_____.

(ii) The total planned subcontract amount for small business is \$_____.

(iii) The total planned subcontract amount for small disadvantaged business is \$_____.

ATTACHMENT B

CONTRACT NO. 300-81-0421

(2) To the extent the Contractor exceeds, or fails to meet, the subcontracting goals in the performance of this contract, the fixed fee of this contract shall be subject to adjustment in accordance with the following:

(i) If the Contractor exceeds the goal in paragraph (a)(1)(ii) of this clause, the fixed fee shall be increased by an amount equal to _____% of the dollar amount by which the actual subcontract awards exceed the goal.

(ii) If the Contractor exceeds the goal in paragraph (a)(1)(iii) of this clause, the fixed fee shall be increased by an amount equal to _____% of the dollar amount by which the actual subcontract awards exceed the goal.

(iii) If the contractor fails to meet the goal in paragraph (a)(1)(ii) of this clause, the fixed fee shall be decreased by an amount equal to _____% of the dollar amount by which the actual subcontract awards are less than the goal.

(iv) If the Contractor fails to meet the goal in paragraph (a)(1)(iii) of this clause, the fixed fee shall be decreased by an amount equal to _____% of the dollar amount by which the actual subcontract awards are less than the goal.

(3) Notwithstanding any other provisions of the clause, any adjustment of the fixed fee made under this clause shall be subject to the following limitations:

(1) No upward adjustment shall apply to:

(A) subcontractor cost overruns; (B) situations where the actual subcontract amount exceeds that estimated in the plan for work contemplated in the plan; and/or (C) subcontracts which were not included in the original subcontract plan.

(ii) In no event shall the fixed fee of this contract, as adjusted pursuant to this clause, exceed \$ _____ (10% of the estimated cost of the contract, exclusive of fee, unless the contract is for experimental, developmental, or research work in which case the total shall not exceed 15% of the estimated cost of the contract exclusive of fee).

(iii) The reserve for incentive fee in the amount of \$ _____ represents the maximum dollar amount authorized for payment of an increased fee, if any, earned by the Contractor.

(iv) In no event shall the fixed fee of this contract, as adjusted pursuant to this clause, be less than \$ _____ (which cannot be less than 50% of the negotiated fixed fee).

(v) There shall be no adjustment in fixed fee unless the net change in fee exceeds \$200.00.

(4) The individual who will administer the subcontracting program on behalf of the Contractor is _____

The subcontract goals (amounts in paragraph (a)(1) and the provisions in paragraph (a)(3) of this clause) may be revised upward or downward as a result of a modification of this contract which impacts on the original planned subcontracting effort. A revision shall be evidenced by a modification to this contract signed by the contractor and the contracting officer.

Any fee adjustment to be made under this clause shall be computed as soon as practicable after completion of the contract work. If agreement cannot be reached as to fee adjustment, the matter shall be resolved by the Disputes clause of this contract. Any adjustment shall be evidenced by a contract modification signed by the Contractor and the Contracting Officer.

Nothing in this clause shall be deemed to eliminate the requirement for competition in subcontracting as set forth in the General Provisions of this contract.

ARTICLE 19. CONTROL OF PROPERTY IN POSSESSION OF CONTRACTORS

DHEW Publication No. (HEW) (OE) 74-115, dated July 1974 entitled "Control of Property in Possession of Contractors" is attached and made a part of this contract (if applicable).

ARTICLE 20. COST ACCOUNTING STANDARDS - 2
NON-DEFENSE CONTRACT

(a) Unless the Administrator of General Services has prescribed rules or regulations exempting the Contractor or this contract from standards, rules, and regulations promulgated by the Cost Accounting Standards Board, the Contractor, in connection with this contract shall:

(1) Follow consistently the cost accounting practices established or disclosed as required by regulations of the Cost Accounting Standards Board and administered under the Administration of Cost Accounting Standards clause. If any change in disclosed practices is made for purposes of any contract or subcontract subject to those disclosure requirements, the change must be applied in a consistent manner to this contract.

(2) Comply with all Cost Accounting Standards which the Contractor is required to comply with by reason of concurrent performance of any contract or subcontract subject to the Cost Accounting Standards Clause (4 CFR 331) and administered under the Administration of Cost Accounting Standards clause. The Contractor also shall comply with any cost accounting standard which hereafter becomes applicable to such a contract or subcontract. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract. Compliance shall continue until the contractor completes performance of work under this contract.

(3) Agree to an equitable adjustment (as provided in the Changes clause of this contract, if any) if the contract cost is affected by a change which, pursuant to (2) above, the Contractor is required to make to his established cost accounting practices whether such practices are covered by a Disclosure Statement or not.

(4) Negotiate with the Contracting Officer to determine the terms and conditions under which a change to either a disclosed cost accounting practice or an established cost accounting practice, other than a change under (3) above, may be made. A change to a practice may be proposed by either the Government or the Contractor, provided, however, that no agreement may be made under this provision that will increase costs paid by the United States.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if it or a subcontractor fails to comply with the applicable Cost Accounting Standards or to follow any practice disclosed or established pursuant to subparagraph (a)(1) or (a)(2) above and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to Public Law 92-41, (50 U.S.C. app. 1215(b)(2)), or 7 percent per annum, whichever is less, from the time from the payment by the United States was made to the time the adjustment is effected.

(b) The Contractor shall permit any authorized representatives of the head of the agency, of the Cost Accounting Standards Board, or of the Comptroller General of the United States, to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause until the expiration of 3 years after final payment under this contract or such lesser time specified in the Federal Procurement Regulations (FPR) Part 1-20.

(c) Unless a contractor or subcontractor is exempt under rules or regulations prescribed by the Administrator of General Services, the Contractor (1) shall include the substance of this clause including this paragraph (c) in all negotiated subcontracts under this contract with subcontractors that are currently performing a national defense contract or subcontract that contains the clause entitled Cost Accounting Standard and that are currently required to accept the clause in applicable national defense awards and (2) shall include the substance of the consistency of Cost Accounting Practices - Non-Defense Contract clause set forth in 1-3.1204-2(b) of the FPR in negotiated subcontracts under this contract with all other subcontractors. The Contractor may elect to use the substance of the solicitation notice set forth in 1-3.1203-2(b) of the FPR in his determination of applicability of cost accounting standards of subcontracts.

CONTRACT NO. 300-81-0421

(d) The terms defined in 331.20 of Part 331 of Title IV, Code of Federal Regulations, shall have the same meaning herein. As there defined, "negotiated subcontract" means "any subcontract except a firm fixed-price subcontract made by a contractor or subcontractor after receiving offers from at least two firms not associated with each other or such contractor or subcontractor, providing (1) the solicitation to all competing firms is identical, (2) price is the only consideration in selecting the subcontractor from among the competing firms solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted".

(e) The administration of this clause by the Government shall be accomplished in conjunction with the administration of the Contractor's national defense contracts and subcontracts subject to rules and regulations of the Cost Accounting Standards Board, pursuant to the Administration of Cost Accounting Standards clause. For the purposes of the Administration of Cost Accounting Standards clause contained in this contract, references to the Cost Accounting Standards clause shall be deemed to include this Cost Accounting Standards - Non-Defense Contract clause and reference to the Disclosure and Consistency of Cost Accounting Practices clause shall be deemed to include the Consistency of Cost Accounting Practices - Non-Defense Contract Clause.

ARTICLE 21. DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES

(a) The contractor, in connection with this contract shall:

(1) Comply with the requirements of 4 CFR Parts 401, Consistency in Estimating, Accumulating and Reporting Costs, and 402, Consistency in Allocating Costs Incurred for the Same Purpose, in effect on the date of award of this contract.

(2) If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by regulations of the Cost Accounting Standards Board. The required disclosures must be made prior to contract award unless the Contracting Officer provides a written notice to the Contractor authorizing post-award submission in accordance with regulations of the Cost Accounting Standards Board. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and

commercial or financial information which is privileged and confidential, the Disclosure Statement will be protected and will not be released outside of the Government.

NOTE: In any case where a subcontractor determines that the Disclosure Statement information is privileged and confidential and declines to provide it to the Contractor or higher tier subcontractor, the Contractor may authorize direct submission of that subcontractor's Disclosure Statement to the same Government offices to which the Contractor was required to make submission of his Disclosure Statement. Such authorization shall in no way relieve the Contractor of liability if he or a subcontractor fails to comply with an applicable Cost Accounting Standard or to follow any practice disclosed pursuant to this paragraph and failure results in any increased costs paid by the United States. In view of the foregoing and since the contract may be subject to adjustment under this clause by reason of any failure to comply with rules, regulations, and Standards of the Cost Accounting Standards Board in connection with covered subcontracts, it is expected that the Contractor may wish to include a clause in each such subcontract requiring the subcontractor to appropriately indemnify the Contractor. However, the inclusion of such a clause and the terms thereof are matters for negotiation and agreement between the Contractor and the subcontractor, provided that they do not conflict with the duties of the Contractor under its contract with the Government. It is also expected that any subcontractor subject to such indemnification will generally require substantially similar indemnification to be submitted by his subcontractors.

(3) Follow consistently the cost accounting practices disclosed pursuant to (2), above, and the established cost accounting practices of the business unit. A change to such practices may be proposed, however, by either the Government or the Contractor, and the Contractor agrees to negotiate with the Contracting Officer the

ATTACHMENT B

CONTRACT NO. 300-81-0421

terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this contract, and the Disclosure Statement if affected must be amended accordingly. No agreement may be made under this provision that will increase costs paid by the United States.

(k) Agree to an adjustment of the contract price or cost allowance, as appropriate, if he or a subcontractor fails to comply with the applicable Cost Accounting Standards or to follow any practice disclosed or established pursuant to subparagraph (a)(2) or (a)(3), above, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate determined by the Secretary of the Treasury pursuant to Public Law 92-41, 85 Stat. 97, or 7 percent per annum, whichever is less, from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Contractor has complied with an applicable Cost Accounting Standard rule or regulation of the Cost Accounting Standards Board, and as to any cost adjustment demanded by the United States, such failure to agree shall be a dispute concerning a question of fact within the meaning of the Disputes clause of this contract.

(c) The Contractor shall permit any authorized representatives of the head of the agency, of the Cost Accounting Standards Board, or of the Comptroller General of the United States to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts into which he enters the substance of this clause except paragraph (b) of this section, and shall require such inclusion in all other subcontracts of any tier, except that:

(1) If the subcontract is awarded to a business unit which pursuant to Part 331 is required to follow all Cost Accounting Standards, the Cost Accounting Standards clause set forth in ASPR 7-104.83(a)(1) or FPR § 1-3.1204(a)(1) shall be inserted in lieu of this clause; or

(2) This requirement shall not apply to negotiated subcontracts where the price negotiated is based on:

(i) Established catalog or market prices of commercial items sold in substantial quantities to the general public, or

(ii) Prices set by law or regulation; or

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to accept a cost accounting standards clause by reason of section 331.30(b) of the Board's regulations.

NOTE: The terms defined in Section 331.20 of Part 331 of Title IV, Code of Federal Regulations (4) CFR 331.20 shall have the same meanings herein. As there defined, "negotiated subcontract" means "any subcontract except a firm-fixed-price subcontract made by a Contractor or Subcontractor after receiving offers from at least two firms not associated with each other or such Contractor or subcontractor, providing (1) the solicitation to all competing firms is identical, (2) price is the only consideration in selecting the subcontractor from among the competing firms solicited, and (3) the lowest offer received in compliance with the solicitation from among those solicited is accepted".

(e) Notwithstanding (d), above, if this is a contract with any agency which permits subcontractors to appeal final decisions of the Contracting Officer directly to the head of the agency or his duly authorized representative, then the contractor shall include the substance of paragraph (b) as well.

ARTICLE 22. ADMINISTRATION OF COST ACCOUNTING STANDARDS

For the purpose of administering Cost Accounting Standards requirements under this contract, the Contractor shall:

(a) Submit to the Cognizant Contracting Officer a description of the accounting change and the general dollar magnitude of the change to reflect the sum of all increases and the sum of all decreases for all contracts

ATTACHMENT B

CONTRACT NO. 300-81-0421

containing the Cost Accounting Standards clause or the Disclosure and Consistency of Cost Accounting Practices clause:

(1) For any change in cost accounting practices required to comply with a new cost accounting standard in accordance with paragraph (a)(3) and (a)(4)(A) of the Cost Accounting Standards clause within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring such change;

(2) For any change to cost accounting practices proposed in accordance with paragraph (a)(4)(3) of the Cost Accounting Standards clause or with paragraph (a)(3) of the Disclosure and Consistency of Cost Accounting Practices clause not less than 60 days (or such other date as may be mutually agreed to) prior to the effective date of the proposed change; or

(3) For any failure to comply with an applicable Cost Accounting Standard or to follow a disclosed practice as contemplated by paragraph (a)(5) and the Cost Accounting Standards clause or with paragraph (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause within 60 days (or such other date as may be mutually agreed to) after the date of the agreement of such noncompliance by the Contractor.

(b) Submit a cost impact proposal in the form and manner specified by the cognizant Contracting Officer within sixty (60) days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to (a)(1), (2), or (3), above.

(c) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with paragraph (a)(4) and (a)(5) of the Cost Accounting Standards clause or with paragraph (a)(3) and (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clauses,

(d) When the subcontract is subject to either the Cost Accounting Standards clause, or the Disclosure and Consistency of Cost Accounting Practices clause, so state in the body of the subcontract and/or in the letter of award. Self-deleting clauses shall not be used.

(e) Include the substance of this clause in all negotiated subcontracts containing either the Cost Accounting Standards clause or the Disclosure and Consistency of Cost Accounting Practices clause. In addition, include

a provision in these subcontracts which will require such subcontractors, within 30 days after receipt of award (or such other date as may be mutually agreed to) to submit the following information to the Contract Administration Office cognizant of the subcontractor's facility.

(1) Subcontractor's name and subcontract number.

(2) Dollar amount and date of award.

(3) Name of Contractor making the award.

(4) A statement as to whether the subcontractor has made or proposes to make any changes to accounting practices that affect prime contracts or subcontracts containing the Cost Accounting Standards clause or Disclosure and Consistency of Cost Accounting Practices clause unless such changes have already been reported. If award of the subcontract results in making a cost accounting standard's effective for the first time, this shall also be reported.

(f) For negotiated subcontracts containing the Cost Accounting Standards clause, require the subcontractor to comply with all Standards in effect on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data or Date of Award, whichever is earlier, except when a deviation has been granted pursuant to § 1-3.120-3(b) or ASPR 3-1204.2(b).

(g) In the event an adjustment is required to be made to any subcontract hereunder, notify the Contracting Officer in writing of such adjustment and agree to an adjustment in the price or estimated cost and fee of this contract, as appropriate, based upon the adjustment established under the subcontract. Such notice shall be given within 30 days after receipt of the proposed subcontract adjustment, and shall include a proposal for adjustment to such higher tier subcontract or prime contract as appropriate.

ATTACHMENT B

CONTRACT NO. 300-81-0421

(b) When either the Cost Accounting Standards clause or the Disclosure and Consistency of Cost Accounting Practices clause and this clause are included in subcontracts, the term "Contracting Officer" shall be suitably altered to identify the purchaser.

ARTICLE 23. ORDER OF PRECEDENCE

In the event of an inconsistency between provisions of this contract, the inconsistency shall be resolved by giving precedence in the following order:

- (a) The Special Provisions of this contract.
- (b) The General Provisions of this contract.
- (c) The Work Statement.
- (d) The contractor's proposal as amended.

ARTICLE 24. THE PRIVACY ACT

(a) The contractor agrees:

(1) To comply with the Privacy Act of 1974 and the rules and regulations issued pursuant to the Act in the design, development, or operation of any system of records on individuals in order to accomplish an agency function when the contract specifically identifies (i) the system or systems of records and (ii) the work to be performed by the contractor in terms of any one or combination of the following: (A) design, (B) development, or (C) operation;

(2) To include the solicitation notification contained in this contract in every solicitation and resulting subcontract and in every subcontract awarded without a solicitation when the statement of work in the proposed subcontract requires the design, development, or operation of a system of records on individuals to accomplish an agency function; and

(3) To include this clause, including this paragraph (3), in all subcontracts awarded pursuant to this contract which require the design, development, or operation of such a system of records.

(b) In the event of violations of the Act, a civil action may be brought against the agency involved where the violation concerns the design, development, or

operation of a system of records on individuals to accomplish an agency function, and criminal penalties may be imposed upon the officers or employees of the agency where the violation concerns the operation of a system of records on individuals to accomplish an agency function. For purposes of the Act when the contract is for the operation of a system of records on individuals to accomplish an agency function, the contractor and any employee of the contractor is considered to be an employee of the agency.

(c) The terms used in this clause have the following meanings:

(1) "Operation of a system of records" means performance of any of the activities associated with maintaining the system of records including the collection, use and dissemination of records.

(2) "Record" means any item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, his educational, financial transactions, medical history, criminal or employment history and that contains his name, or the identifying name, symbol, or other identifying particular assigned to the individual, such as finger or voice print, or a photograph.

(3) "System of records on individuals" means 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.

ATTACHMENT B

CONTRACT NO. 300-81-0421

ARTICLE 25. WITHHOLDING OF CONTRACT PAYMENTS

Notwithstanding any other payment provisions of this contract, failure of the contractor to submit required reports when due, or failure to perform or deliver required work, supplies, or services, will result in the withholding of payments under this contract unless such failure arises out of causes beyond the control, and without the fault or negligence of the contractor as defined by the clause entitled "Excusable Delays", "Default", "Termination", or "Termination for Default" as applicable. The Government shall promptly notify the contractor of its intention to withhold payment of any invoice or voucher submitted.

ARTICLE 26. EXCUSABLE DELAYS

Except with respect to failure of subcontractors, the Contractor shall not be considered to have failed in performance of this contract if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor.

Such causes may include, but are not restricted to: act of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the failure of a subcontractor to perform and if such failure arises out of causes beyond the control of both the Contractor and subcontractor and without the fault or negligence of either of them the Contractor shall not be deemed to have failed in performance of this contract, unless (a) the supplies or services to be furnished by the subcontractor were obtainable from other sources, (b) the Contracting Officer shall have ordered the Contractor in writing to procure such supplies or services from such other sources and (c) the Contractor shall have failed to comply reasonably with such order. Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of such failure and, if he shall determine that any failure to perform was occasioned by any one or more of the said causes, the delivery schedule shall be revised accordingly, subject to the rights of the Government under the termination clause hereof. (As used in this clause, the term "subcontractors" means subcontractor(s) at any tier.

ARTICLE 27. REPORT OF CONSULTANTS

The contractor must maintain a written report for the files on the results of all consultations charged to this contract. This report must include, as a minimum: (1) the consultant's name, dates, hours and amount charged to the contract; (2) the names of the contractor or subcontractor staff to whom the services are provided, and (3) the results of the subject matter of the consultations.

ARTICLE 28. CONTRACT FINANCIAL REPORT

(a) Financial reports on Form HEW-546, Financial Report of Individual Project/Contract, shall be submitted by the Contractor in accordance with the instructions which accompany the form, in an original and 2 copies, not later than thirty (30) working days after the close of the reporting period. The line entries for subdivisions of work and elements of cost (expenditures categories) to be reported within the total contract shall be as stated in paragraph (d) below. Subsequent changes and/or additions in the line entries shall be made in writing.

(b) The first financial report shall cover the period consisting of the (first full calendar month/first full three calendar months) following the date of the contract, in addition to any fractional part of the initial month.

(c) If the final payment of this contract is to be made on the basis of a desk audit, the Contracting Officer may require the Contractor to submit detailed support for costs contained in one or more interim financial reports.

(d) Expenditure categories itemized in financial reports shall be consistent with the line items of the contract budget and shall be shown separately for each task set forth in the project management plan.

CONTRACT NO. 300-81-0421ARTICLE 29. PROHIBITION AGAINST THE USE OF ED FUNDS TO PAY FOR COSTS OF INFLUENCING LEGISLATION

No part of any funds under this contract, shall be used to pay the salary or expenses of any contractor, or agent acting for the contractor, to engage in any activity designed to influence legislation or appropriation pending before the Congress.

ARTICLE 30. UTILIZATION OF WOMEN-OWNED BUSINESS CONCERNS (OVER \$10,000)

(For all contracts expected to exceed \$10,000 except (i) contracts which, including all subcontracts thereunder, are to be performed entirely outside the United States, its possessions, Puerto Rico and the Trust Territory of the Pacific Islands, and (ii) contracts for services which are personal in nature).

(a) It is the policy of the United States Government that women-owned businesses shall have the maximum practicable opportunity to participate in the performance of contracts awarded by any Federal agency.

(b) The Contractor agrees to use his best effort to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, a "women-owned business" concern means a business that is at least 51% owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management. "Women" mean all women business owners.

ARTICLE 31. WOMEN-OWNED BUSINESS CONCERNS SUBCONTRACTING PROGRAM (over \$500,000 or \$1,000,000 FOR CONSTRUCTION OF ANY PUBLIC FACILITY)

For all contracts, amendments or modifications expected to exceed \$500,000 or in the case of contracts for the construction of any public facility, \$1,000,000 which require the Utilization clause, Article 30).

(a) The Contractor agrees to establish and conduct a program which will enable women-owned business concerns to be considered fairly as subcontractors and suppliers under this contract. In this connection, the contractor shall:

(1) Designate a liaison officer who will administer the Contractor's "Women-owned Business Concerns Program."

(2) Provide adequate and timely consideration of the potentialities of known women-owned business concerns in all "make-or-buy" decisions.

(3) Develop a list of qualified bidders that are women-owned businesses and assure that known women-owned business concerns have an equitable opportunity to compete for subcontracts, particularly by making information on forthcoming opportunities available, by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of women-owned business concerns.

(4) Maintain records showing (i) procedures which have been adopted to comply with the policies set forth in this clause, including the establishment of a source list of women-owned business concerns; (ii) awards to women-owned businesses on the source list by minority and non-minority women-owned business concerns; and (iii) specific efforts to identify and award contracts to women-owned business concerns.

(5) Include the "Utilization of Women-Owned Business Concerns" clause in subcontracts which offer substantial subcontracting opportunities.

(6) Cooperate in any studies and surveys of the Contractor's women-owned business concerns procedures and practices that the Contracting Officer may from time-to-time conduct.

(7) Submit periodic reports of subcontracting to women-owned business concerns with respect to the records referred to in subparagraph (4) above, in such form and manner and at such time (not more often than quarterly) as the Contracting Officer may prescribe.

ATTACHMENT B

CONTRACT NO. 300-81-0421

(b) The Contractor further agrees to insert, in any subcontract hereunder which may exceed \$500,000 or \$1,000,000 in the case of contracts for the construction of any public facility and which offers substantial subcontracting possibilities, provisions which shall conform substantially to the language of this clause, including this paragraph (b), and to notify the Contracting Officer of the names of such subcontractors.

(c) The Contractor further agrees to require written certification by its subcontractors that they are bona fide women-owned and controlled business concerns in accordance with the definition of a women-owned business concerns as set forth in the Utilization clause (Article 30) at the time of submission of bids or proposals.

ARTICLE 22. UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency.

(b) The contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The contractor further agrees to cooperate in any studies or surveys as may be conducted by the Small Business Administration or the contracting agency which may be necessary to determine the extent of the contractor's compliance with this clause.

(c)(1) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto.

(2) The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern.

(i) Which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(ii) whose management and daily business operations are controlled by one or more of such individuals.

The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the Small Business Administration pursuant to section (3)(a) of the Small Business Act.

(d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

ATTACHMENT B

CONTRACT NO. 300-81-0421

ARTICLE 33. ORGANIZATIONAL CONFLICTS OF INTEREST -GENERAL

ARTICLE 34. RESTRICTION ON THE USE OF FORMER FEDERAL EMPLOYEES

(Reserved)

(Reserved)

ARTICLE 35. PAYMENT OF TRAVEL EXPENSES AND FEES FOR ED EMPLOYEES

The Contractor shall not use any contract funds, or funds from other sources, to pay the travel expenses of, or a fee to, ED employees for lectures, attending program functions, or any other activities in connection with this contract.