

APPLICATION OF THE VALUE ENGINEERING PROGRAM

CHECK SHEET

Value Engineering (VE) has two major aspects. It is a financial incentive to get contractors and subcontractors to reduce the cost of our systems, supplies, and services and a rigorous methodology to maximize cost reduction. The VE process is unique because it lowers overall cost without degrading performance, reliability, maintenance, or safety. Generally, Federal regulations require a VE incentive clause in contracts more than \$100,000. Contracting Officers can insert the clause in contracts less than \$100,000 if authorized by the Chief of the Contracting office.

Listed below are questions a contracting officer should consider when determining whether to add solicitation and contractual coverage for VE efforts at \$100,000 or more.

1. Is the project an initial production contract for a major system program as defined in AGAR 434? If yes, use a VE clause.
2. Is the project an initial major systems research and development contract? If yes, use a VE clause.
3. Is the project for research and development other than full-scale development? If yes, do not use a VE clause.
4. Is the contract for construction? Except for incentive type contracts, include a VE clause.
5. Are engineering services from not-for-profit or nonprofit organizations? If yes, do not add a VE clause.
6. Will the contract use personal services? If yes, do not use a VE clause.
7. Does your contract provide for product improvement or upgrades? If yes, do not use a VE clause.
8. Are you purchasing commercial products that do not require special packaging specifications or other special requirements? If yes, do not use a VE clause.
9. Has the Secretary determined that your contract or the types of contracts you plan to award are exempt from VE requirements? If yes, do not use a VE clause.