

**FAIR LABOR STANDARDS ACT AND SERVICE CONTRACT ACT –
PRICE ADJUSTMENT
(July 2014)**

(a) This clause applies both to subcontracts subject to area prevailing wage determinations and subcontracts subject to collective bargaining agreements.

(b) The Seller warrants that the prices in this subcontract do not include any allowance for any contingency to cover increased costs for which adjustment is provided under this clause.

(c) The subcontract price or subcontract unit price labor or fixed hourly labor rates will be adjusted to reflect increases or decreases by the Seller in wages and fringe benefits to the extent that these increases or decreases are made to comply with:

(1) An increased or decreased wage determination applied to this subcontract by operation of law; or

(2) An amendment to the Fair Labor Standards Act of 1938 that is enacted subsequent to award of this subcontract, affects the minimum wage, and becomes applicable to this subcontract under law.

(d) Any such adjustment will be limited to increases or decreases in wages and fringe benefits as described in paragraph (c) of this clause, and to the accompanying increases or decreases in social security and unemployment taxes and workers' compensation insurance; it shall not otherwise include any amount for general and administrative costs, overhead, or profit.

(e) The Seller shall notify the Company of any increase claimed under this clause within 30 days after the effective date of the wage change, unless this period is extended by the Company in writing. The Seller shall promptly notify the Company of any decrease under this clause, but nothing in the clause shall preclude the Company from asserting a claim within the period permitted by law. The notice shall contain a statement of the amount and the change in fixed hourly rates (if this is a time-and-materials or labor-hour contract) claimed and any relevant supporting data that the Company may reasonably require. Upon agreement of the parties, the subcontract price or subcontract unit price labor rates, or fixed hourly rates shall be modified in writing. The Seller shall continue performance pending agreement on or determination of any such adjustment and its effective date.

(f) The Company or an authorized representative shall, until the expiration of three years after final payment under the subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Seller.