

22.101-2 Contract pricing and administration.

(a) *Contractor* labor policies and compensation practices, whether or not included in labor-management agreements, are not acceptable bases for allowing costs in cost-reimbursement contracts or for recognition of costs in *pricing* fixed-price contracts if they result in unreasonable costs to the Government. For a discussion of allowable costs resulting from labor-management agreements, see [31.205-6\(b\)](#).

(b) Labor disputes *may* cause work stoppages that delay the performance of Government contracts. *Contracting officers shall* impress upon *contractors* that each *contractor shall* be held accountable for reasonably avoidable delays. Standard *contract clauses* dealing with default, excusable delays, etc., do not relieve *contractors* or subcontractors from the responsibility for delays that are within the *contractors'* or their subcontractors' control. A delay caused by a strike that the *contractor* or subcontractor could not reasonably prevent can be excused; however, it cannot be excused beyond the point at which a reasonably diligent *contractor* or subcontractor could have acted to end the strike by actions such as-

(1) Filing a charge with the National Labor Relations Board to permit the Board to seek injunctive relief in court;

(2) Using other available Government procedures; and

(3) Using private boards or organizations to settle disputes.

(c) Strikes normally result in changing patterns of cost incurrence and therefore *may* have an impact on the allowability of costs for cost-reimbursement contracts or for recognition of costs in *pricing* fixed-price contracts. Certain costs *may* increase because of strikes; *e.g.*, guard services and attorney's fees. Other costs incurred during a strike *may* not fluctuate (*e.g.*, "fixed costs" such as rent and *depreciation*), but because of reduced production, their proportion of the unit cost of items produced increases. All costs incurred during strikes *shall* be carefully examined to ensure recognition of only those costs necessary for performing the contract in accordance with the Government's essential interest.

(d) If, during a labor dispute, the inspectors' safety is not endangered, the normal functions of *inspection* at the plant of a Government *contractor shall* be continued without regard to the existence of a labor dispute, strike, or picket line.

Parent topic: [22.101 Labor relations.](#)