



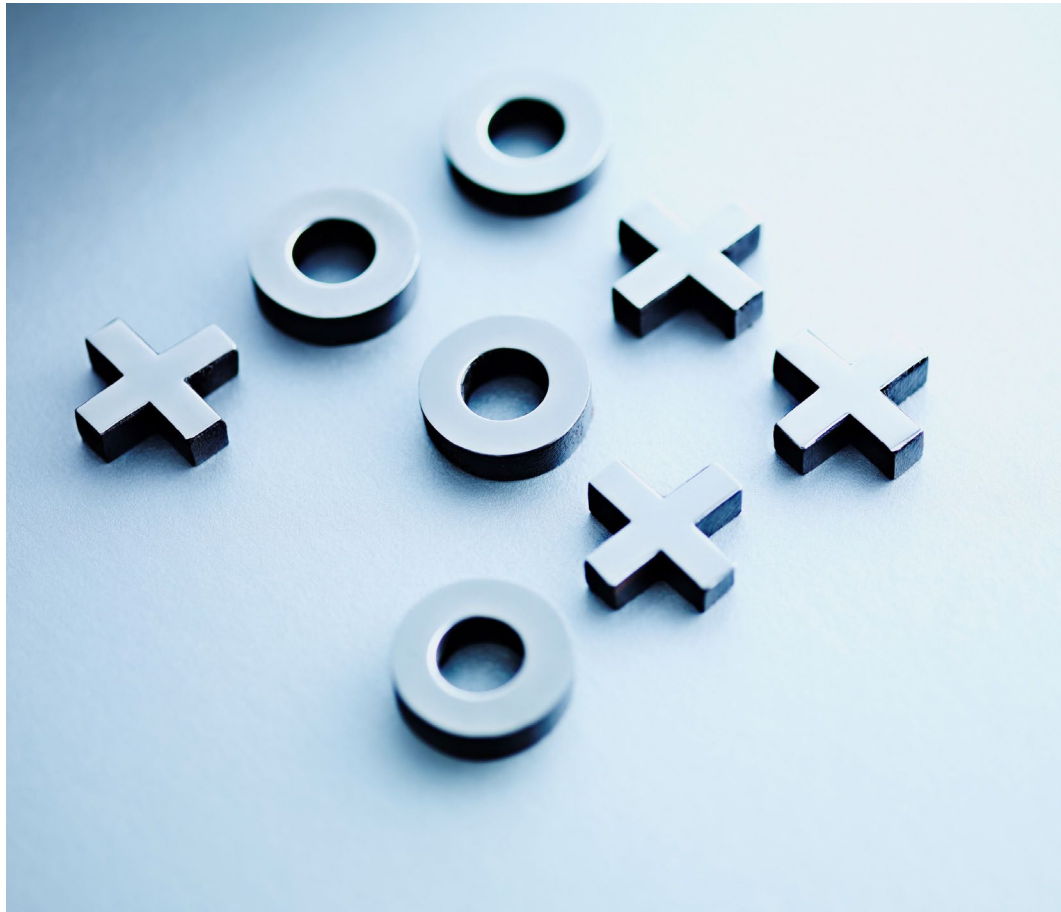
Washington State
DEPARTMENT OF
ENTERPRISE SERVICES

Economic Price Adjustments

Contracts & Procurement

MARCH 2025

STRATEGY AND DRAFTING THE CONTRACT



Strategy Considerations:

- Significant economic fluctuation
- Potential of price decrease
- Pre-determined index
 - United States Dept of Labor, Bureau of Labor and Statistics (BLS)
 - Producer Price Index (PPI)
 - Employment Cost Index (ECI)

PLANNED PRICING STRUCTURE

Yes to Economic Adjustments:

- Index adjustment
- Inflation adjustment, but subject to an annual cap
- Market index adjustment
- Scheduled performance-based adjustment
- Scheduled fixed adjustment
- Procurement IQ information



PLANNED PRICING STRUCTURE



No to Economic Adjustments:

- Fixed pricing for a short contract term
- Labor and Industries prevailing wage
- Pricing based on third-party variable rate plus Contractor's overhead



ECONOMIC ADJUSTMENT VS PRICE ADJUSTMENT

Economic Adjustment

- Big picture economic risk associated with inflation pressures
- Requires bidders provide current prices for goods/services
- Not individual contractor
- Focuses on market place conditions

Price Adjustment

- Adjust prices for reasons other than inflation
- Temporary, scheduled, or responsive to contractor conditions
- Can be for individual contractors (think tariffs)

EPA CONSIDERATIONS

- Contract default language is that a contractor has to request a price change, and the price change is completed through amendments.
- There is a version in the backgrounder for an automatic price adjustment, if it works better for your solicitation.

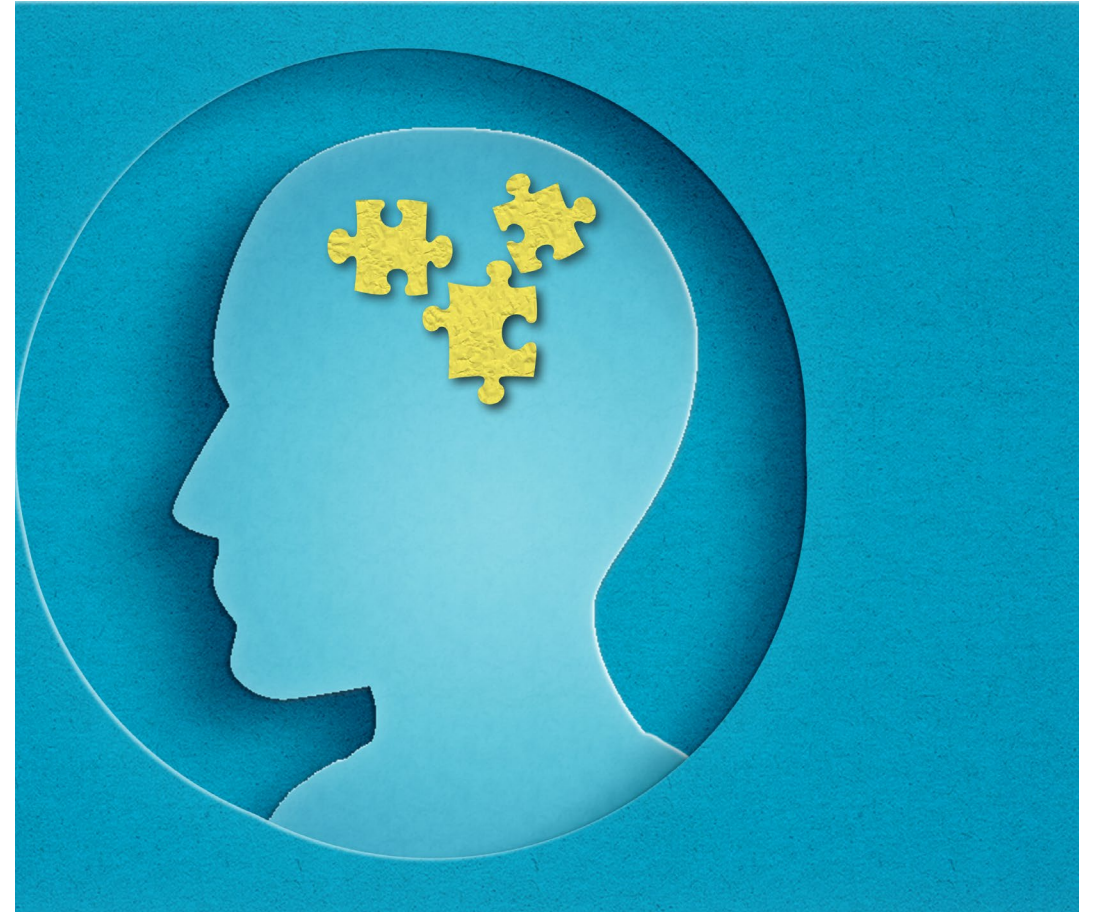
TARIFFS AND ECONOMIC PRICE ADJUSTMENTS





NO ADJUSTMENTS

- Service contracts





TEMPORARY ADJUSTMENTS



- No index pricing
- What to do?
 - Temporary Adjustment
 - Do nothing



CONTRACTOR RESPONSIBILITY

- Imported goods are subject to tariffs.
- Price change resulting from tariff.
- Breakdown of impacted prices.





TARIFF RESOURCES

- International Trade Administrator
[Import Tariffs & Fees Overview and Resources](#)
- Harmonized Tariff Schedule - [Harmonized Tariff Schedule](#)
- Procurement IQ
[Procurement White Papers | ProcurementIQ](#)