



# Contracts vs. Grants

# Webinar Outline

- The Paradigm Shift
- What is a Contract?
- Important Differences
- Types of Contracts
- Get to Know the FAR
- The Contracting Process
- Infrastructure Needed
- Tips to Build Infrastructure
- Getting Started
- Contracting Resources
- Additional Training

# Paradigm Shift

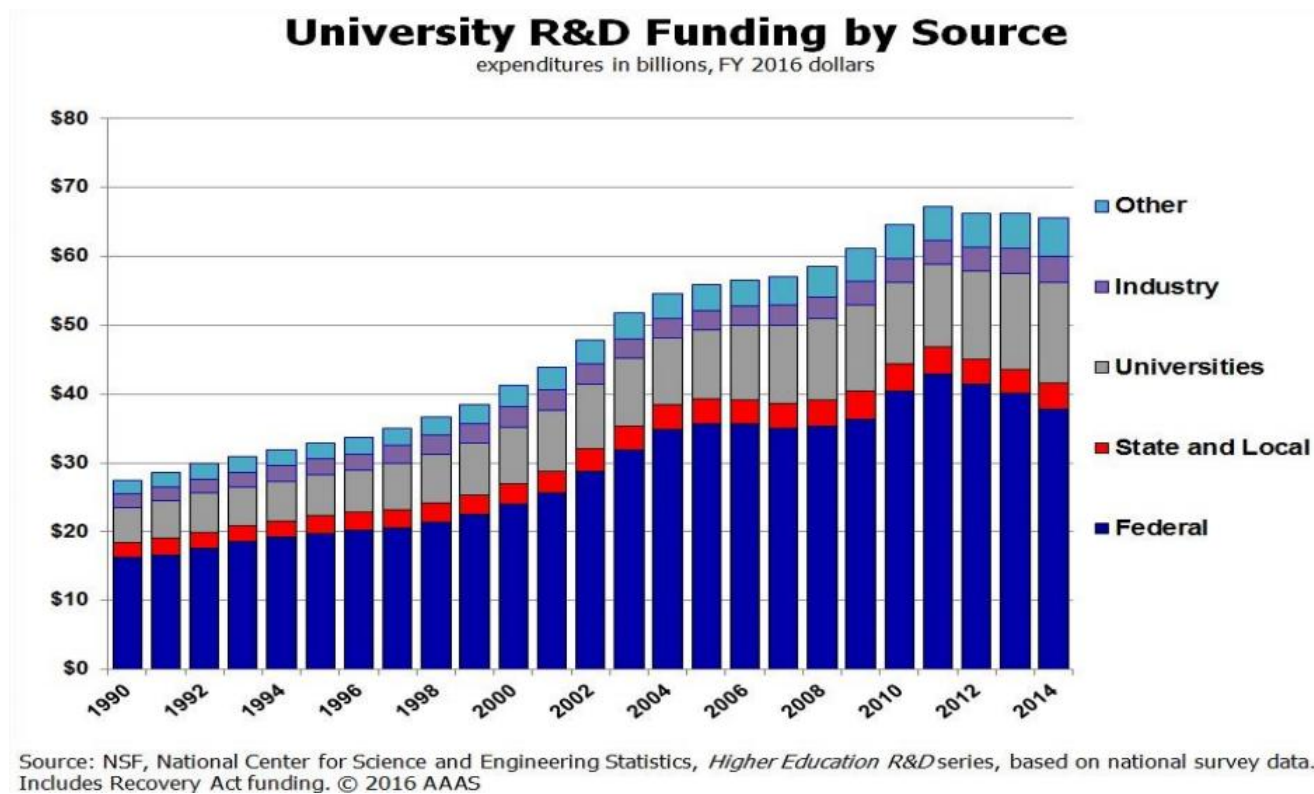
## HBCUs Should Be Pursuing More Contracts



*Dr. C. Reynold Verrett, president of Xavier University of Louisiana (left), Clarence A. Johnson a member of the Senior Executive Service for the Department of Defense, Dr. W. Franklin Evans, president of Voorhees College, and Dr. Michael Stubblefield, vice chancellor of Southern University discussed ways to create new revenue streams during a roundtable session at the 2017 NSPAA Technical Workshop in New Orleans.*

# Paradigm Shift

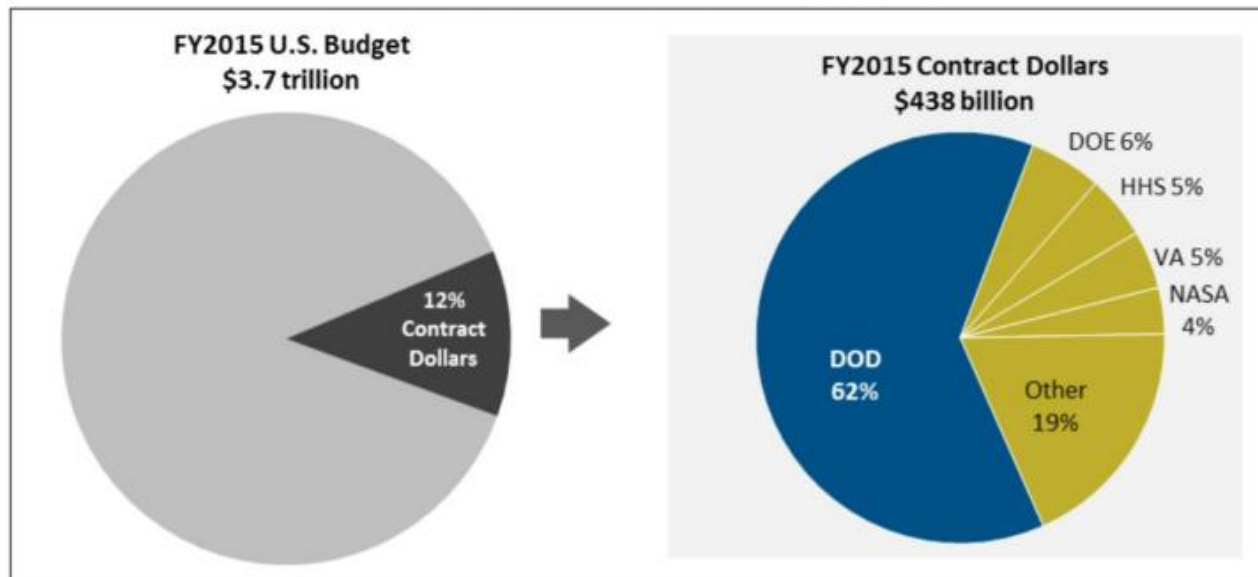
Grants ... the traditional funding source for research in academia are being reduced and becoming more competitive.



# Paradigm Shift

The amount of money the Department of Defense dedicated towards contract spending rose 7 percent in 2016.

Figure 1. Contract Obligations by Agency



Source: Federal Procurement Data System-Next Generation, April 2016. Figure created by CRS.

# Paradigm Shift

The **National Institutes of Health** has launched a pilot program to encourage Historically Black Colleges and Universities to seek biomedical research contracts from the federal government. Diane Frasier, who heads contracting activity at NIH, gave an overview of the endeavor during the 2018 HBCU Week activities sponsored by the White House Initiative on HBCUs.

## FY2018 Active HBCU Contracts with NIH

*Howard University*  
\$22,800.00

*Jackson State University*  
\$949,891.00

*Tougaloo College*  
\$1,170,589.00

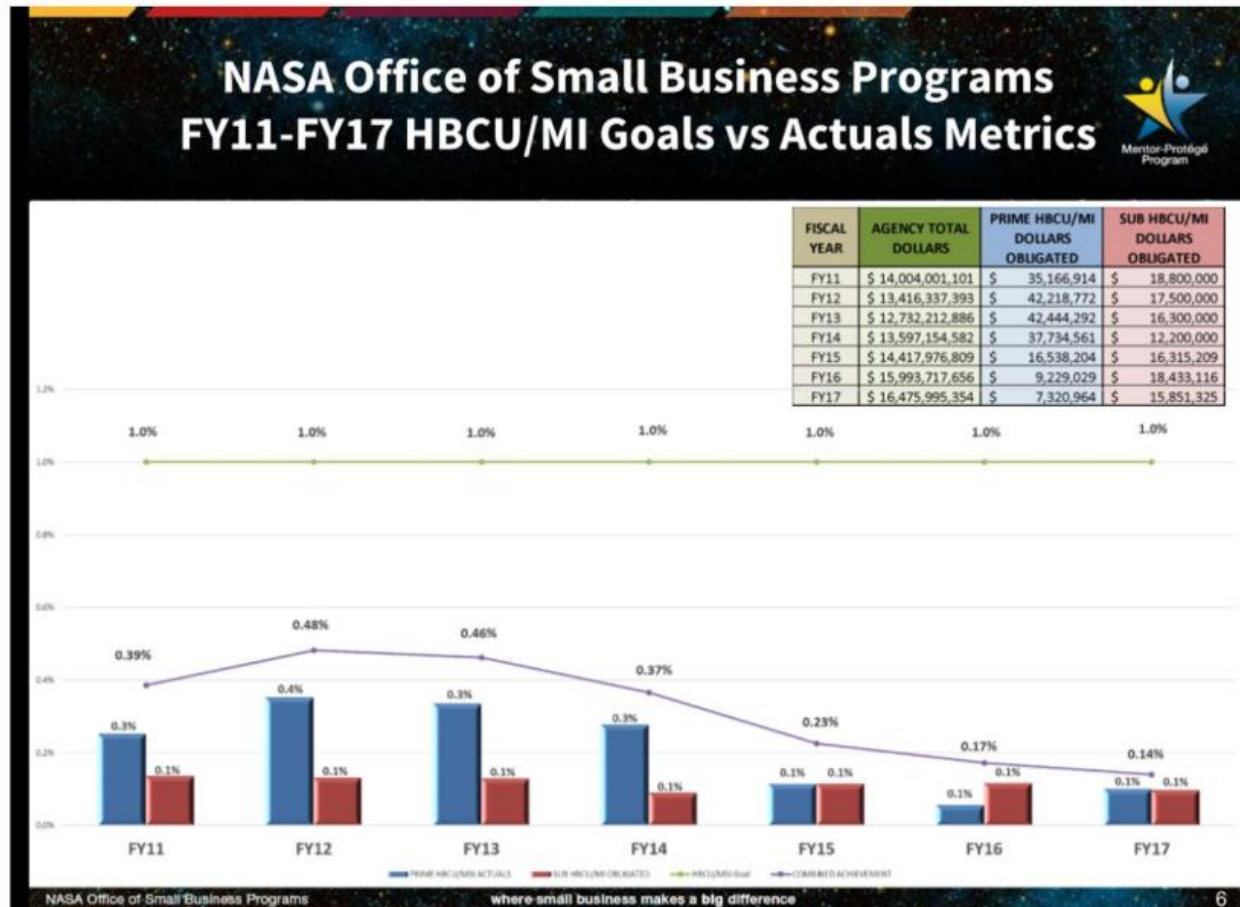
**HBCU Contracts Total: \$2,143,280.00**





# Paradigm Shift

NASA has  
a 1% goal



# What Is A Contract?



A contract is a legally binding document in which one party promises to deliver a product or service in exchange for payment.



# Important Differences

Contracts	Grants
Solicitation is Request for Proposals announced on FedBizOpps.gov	Solicitations submitted through Grants.gov or NSPIRES or an agency portal.
Terms and conditions are governed by Federal Acquisition Regulations	Terms and conditions are governed by the grant agreement
Frequent reporting requirements	Annual reporting requirements
Payment is based on invoicing requirements incorporated in the contract	Payment awarded in lump sum/Milestone payments
More restrictive budget and scope of work	Principal Investigator has more flexibility to modify the project and less responsibility to produce results

# Types of Contracts

## There are several types of contracts

- Fixed Price Contracts
- Cost Reimbursement Contracts
- Indefinite-Delivery Contracts
- Incentive Contracts
- Time - And-Materials
- Other agreements

# Types of Contracts

## Fixed Price (FFP, FPIF)

A firm-fixed-priced contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden upon contracting parties.

- Contract requirements (supplies/services) are very well defined, sufficient to accurately determine fair and reasonable price.

# Types of Contracts

## Cost Reimbursement (CR, CPFF, CPAF, CPIF)

Cost-reimbursement type of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. The contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at own risk) without the approval of the contracting officer. Cost-reimbursement contracts are suitable for use only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed price contract.

- Requirements not well defined, unable to accurately determine final price, contractor reimbursed as costs are incurred, usually up to some limit.
- Majority of performance risk assumed by government

# Types of Contracts

## Indefinite-Delivery Indefinite-Quantity (IDIQ)

- Lack of firm requirements (services/supply) and lack of firm delivery schedule over a longer (usually multi-year) planning horizon.
- Permit flexibility in defining ordering and receiving supplies/services, minimum obligation requirements usually apply



# Types of Contracts

## Incentive Contracts

Incentive contracts are appropriate when a firm-fixed-price contract is not appropriate and the required supplies or services can be acquired at lower costs, and in certain instances, with improved delivery or technical performance, by relating the amount of profit or fee payable under the contract to the contractor's performance. Incentive contracts are designed to obtain specific acquisition objectives by:

- Establishing reasonable and attainable targets that are clearly communicated to the contractor,
- Including appropriate incentive arrangements designed to motivate contractor efforts that might not otherwise be

# Types of Contracts

## Time - And-Materials

A time-and-materials contract may be used only when it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence.

- This type of contract provides no positive profit incentive to the contractor for the cost control or labor efficiency.
- Appropriate Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used.

# Types of Contracts

## Basic Agreements

A basic agreement contract is a instrument used to solidify the negotiated terms between the agency and the contractor. It contains contract clauses applying to future contracts between parties during this term and contemplate separate future contracts that will incorporate by reference or attachment the required and applicable clauses agreed upon in the basic agreement. A basic agreement is NOT a contract.

# Get To Know The FAR

The screenshot displays the ACQUISITION.GOV website. The header includes the ACQUISITION.GOV logo, a search bar, and a 'Powered By GSA' badge. A navigation bar contains links for Home, Federal Acquisition Regulation (FAR), Supplemental Regulations, Acquisition Systems, Archives, and Policy Network. The main content area is titled 'Federal Acquisition Regulation (FAR)' and includes a breadcrumb trail 'Home » Federal Acquisition Regulation (FAR)'. Below the title, it shows the FAC Number/Effective Date: 2005-101 / 10-26-2018, with options to download the entire FAR in PDF, HTML, or ePub format. A 'Full Screen' button is also present. On the left, there is a 'FAR PARTS' section with an 'Index' and a 'Table of Contents' grid. The grid lists parts 1 through 20. The main content area on the right shows the 'Title & Number' and 'Select the download format' (HTML) for 'Part 1 - Federal Acquisition Regulations System'. It lists '1.1 Purpose, Authority, Issuance' and '1.2 Administration', each with a download icon.

ACQUISITION.GOV

Home Federal Acquisition Regulation (FAR) Supplemental Regulations Acquisition Systems Archives Policy Network

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Federal Acquisition Regulation (FAR)

FAC Number/Effective Date: 2005-101 / 10-26-2018 - Download Entire FAR - PDF HTML ePub Full Screen

**FAR PARTS**

Index

Table of Contents

1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20

**Title & Number**

Select the download format

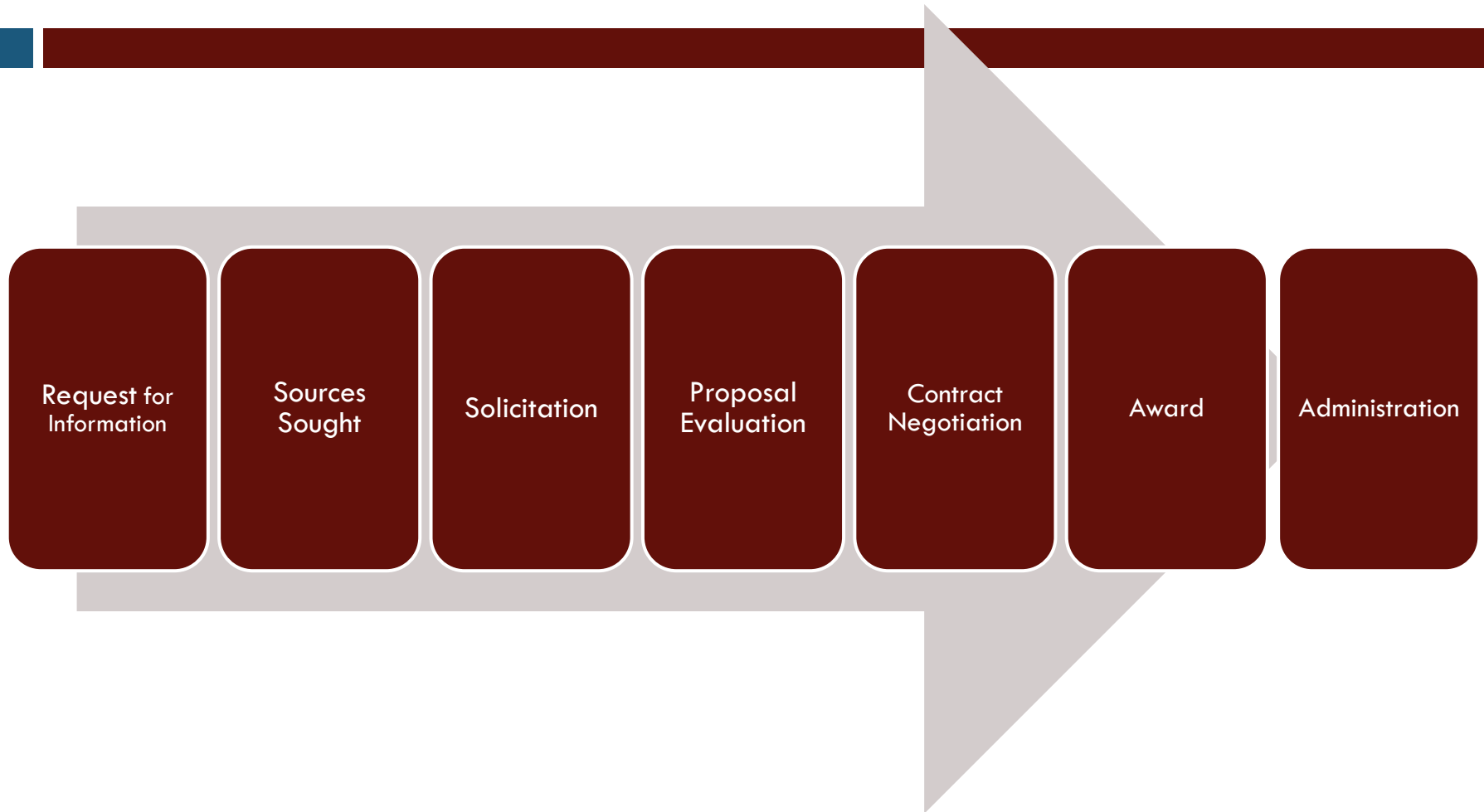
HTML

**Part 1 - Federal Acquisition Regulations System**

1.1 Purpose, Authority, Issuance

1.2 Administration

# The Contract Process





# Infrastructure Needed

- Business Development Personnel
- Contracts Manager
- Proposal Writer
- Pricing Schedule
- Administrative Support/Finance
- Faculty to Perform Contracted Services
- Students to Perform Contracted Services

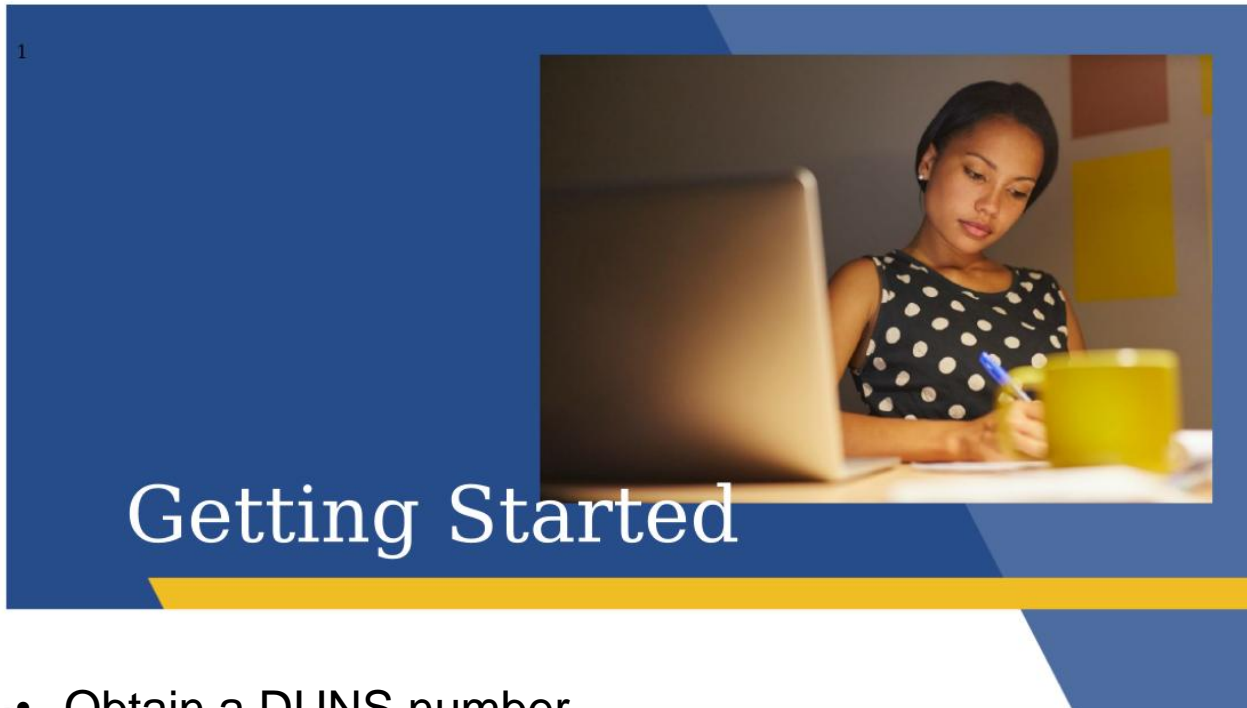
# Tips

## Build Your HBCU's Contracting Infrastructure

- **Leverage relationships** that alumni have with government agencies
- **Collaborate with other HBCUs** that are experienced in government contracting



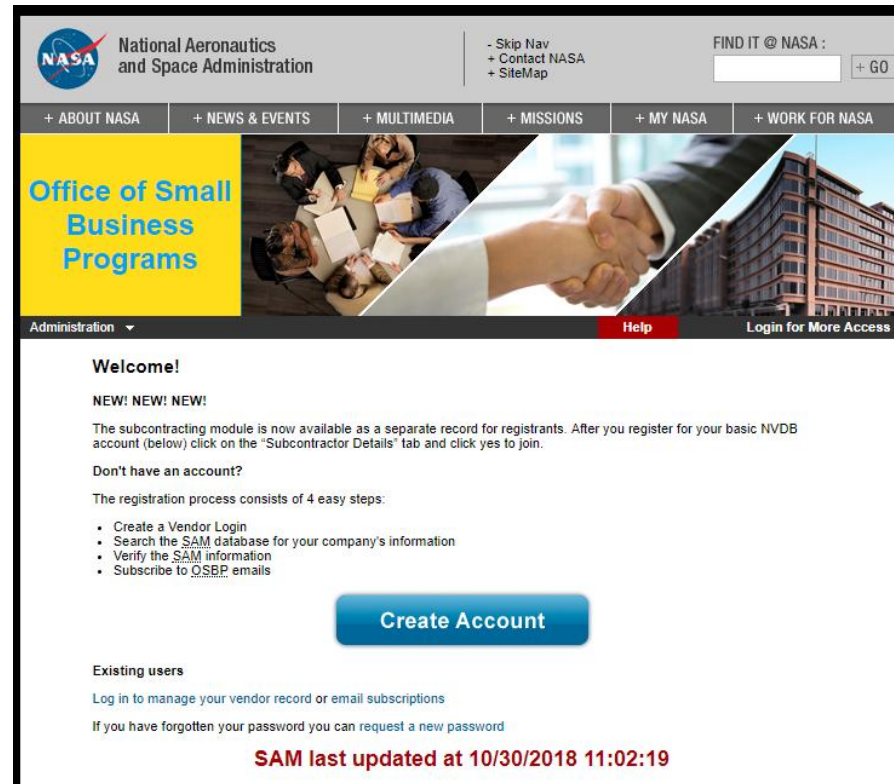
# Getting Started



- Obtain a DUNS number
- Register in the System for Award Management (SAM)
- Register in the NASA Vendor Database


# Getting Started

The NASA Vendor Database: <https://vendors.nvdb.nasa.gov>





# Resources



  
**THE KNOWLEDGE**  
SHARING CENTER

[Enter Here](#)

 This site is funded, in part, by a grant from NASA allowing free access to faculty, staff, and students of Minority Serving Institutions.

 GODADDY  
VERIFIED & SECURED  
VERIFY SECURITY

[www.TheKnowledgeSharingCenter.com](http://www.TheKnowledgeSharingCenter.com)

The Knowledge Sharing Center (KSC) is here to prepare Historically Black Colleges and Universities, as well as other Minority Serving Institutions for participating in Federal Government contract opportunities.





## Recommended Reading:

### Doing Business with the United States Government



This workbook is designed to provide a general overview of key aspects of government contracting. You'll find a 90-Day Action Plan that includes a list of "next step actions" to help you implement all that you learned. You will also find a list of government contract related acronyms that we trust you will find helpful.

**\*Available on the Knowledge Sharing Center**

## Recommended Reading

- [NIH Has Biomed Research Contracts For HBCUs](#)
- [NASA Reaches Out to Historically Black Colleges and Universities](#)
- [NASA Encourages HBCUs to Pursue Contract Opportunities](#)

\*Available on the Knowledge Sharing Center

# Summary

## Topics Discussed in This Webinar:

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# Questions?

Send them to: [vp@we-are-pmp.com](mailto:vp@we-are-pmp.com)