



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

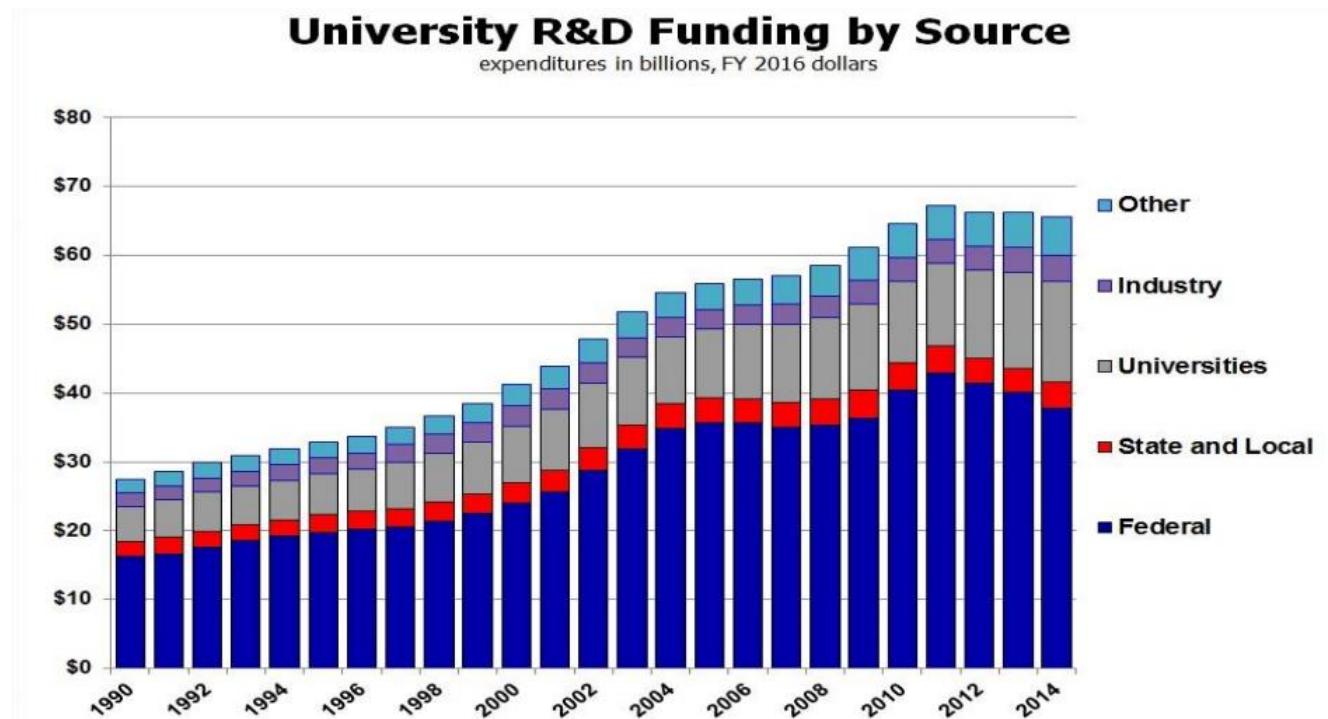
HBCUs Should Be Pursuing More Contracts



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.

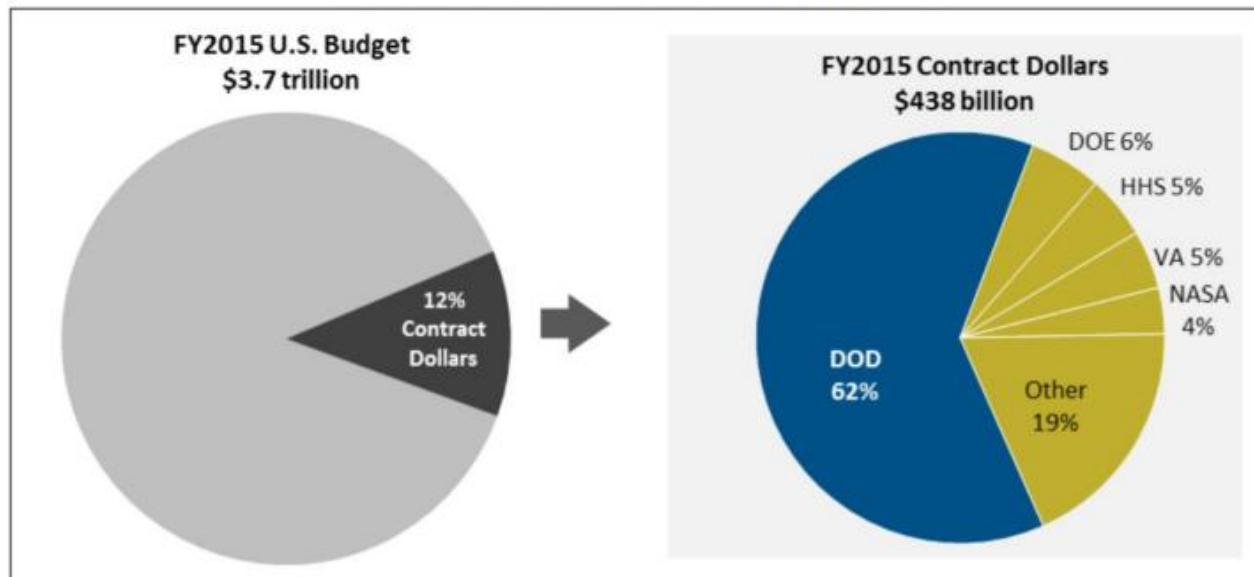


Source: NSF, National Center for Science and Engineering Statistics, *Higher Education R&D series*, based on national survey data. Includes Recovery Act funding. © 2016 AAAS

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

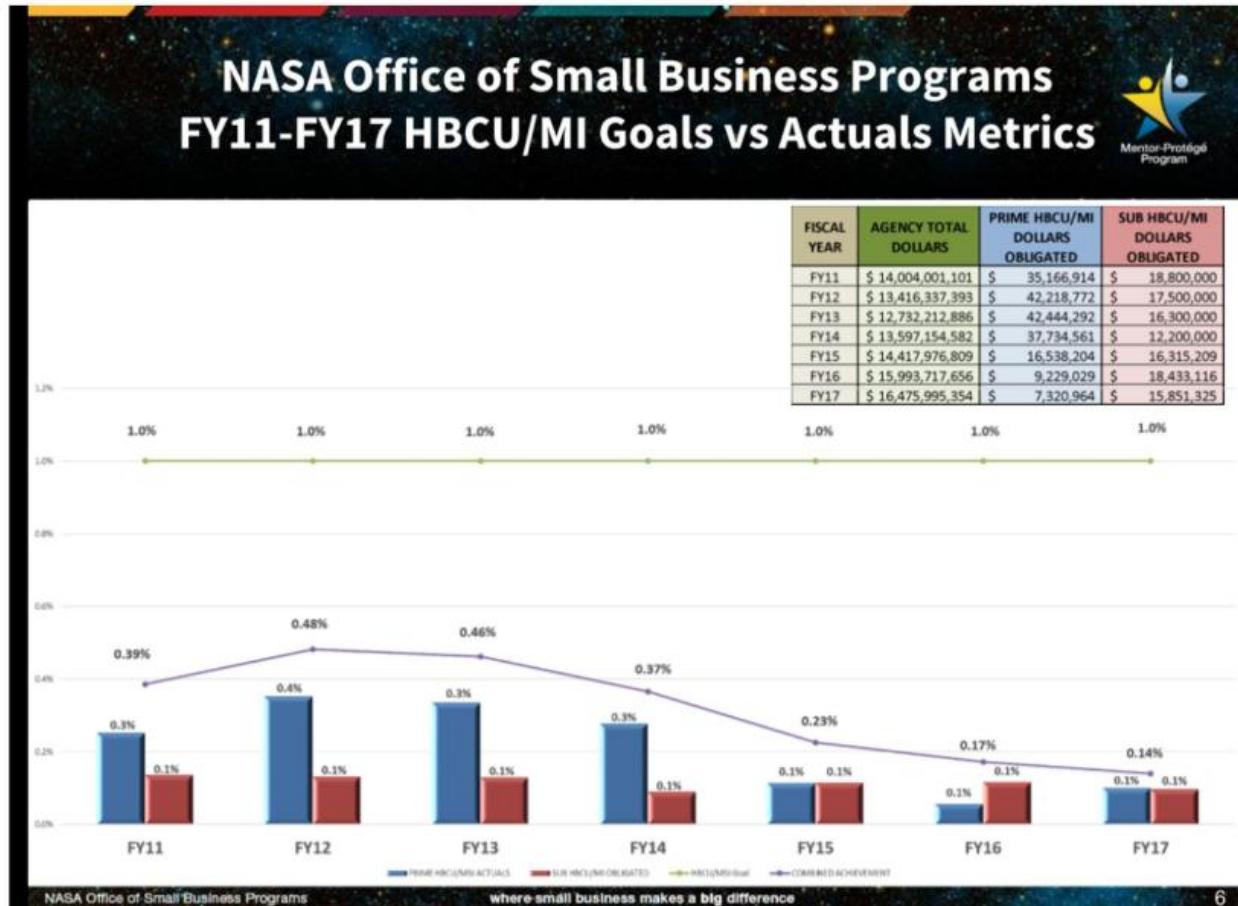
Tougaloo College
\$1,170,589.00

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.

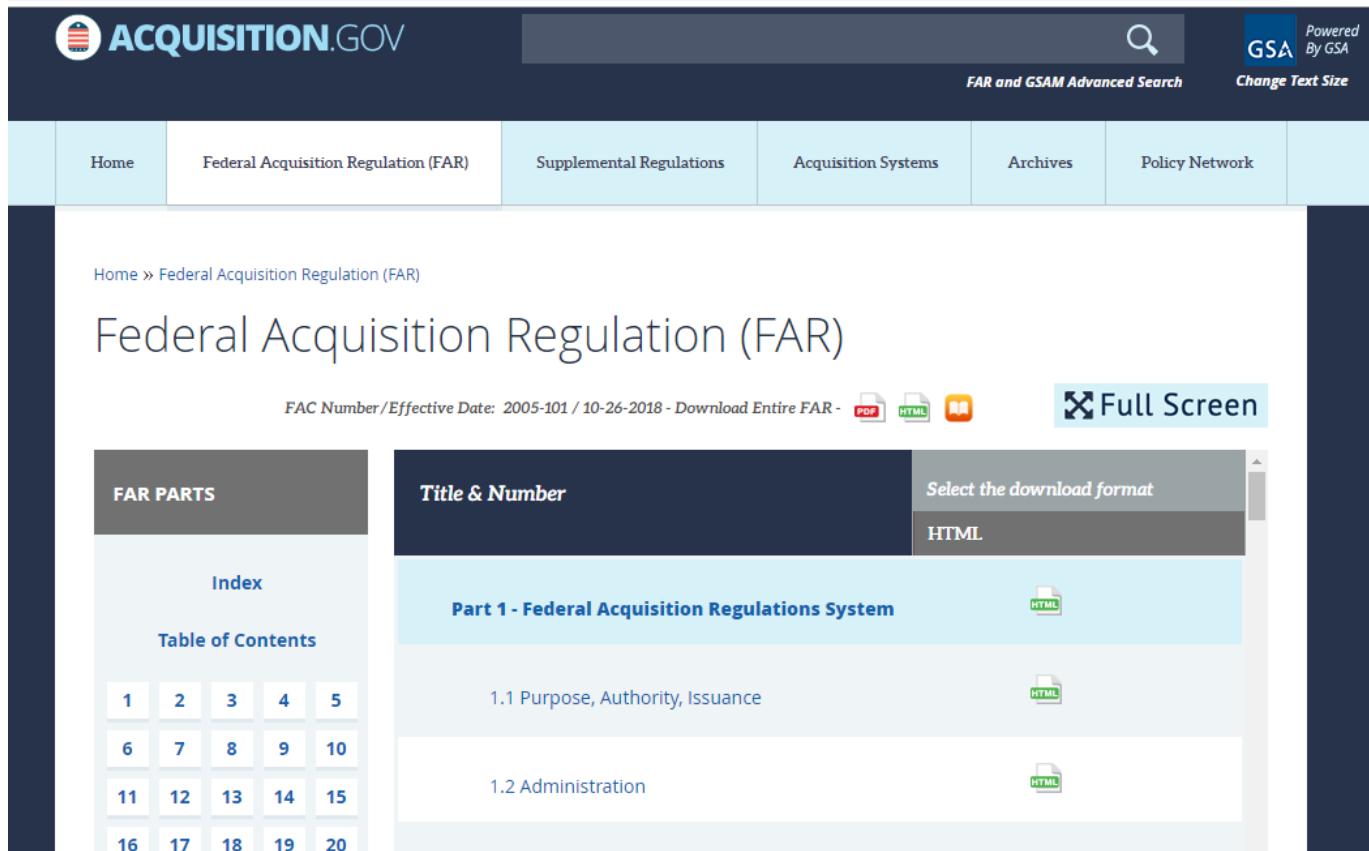
- This type of contract provides no positive profit incentive to the contractor for the cost control or labor efficiency.
- Appropriate Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used.

Types of Contracts

Basic Agreements

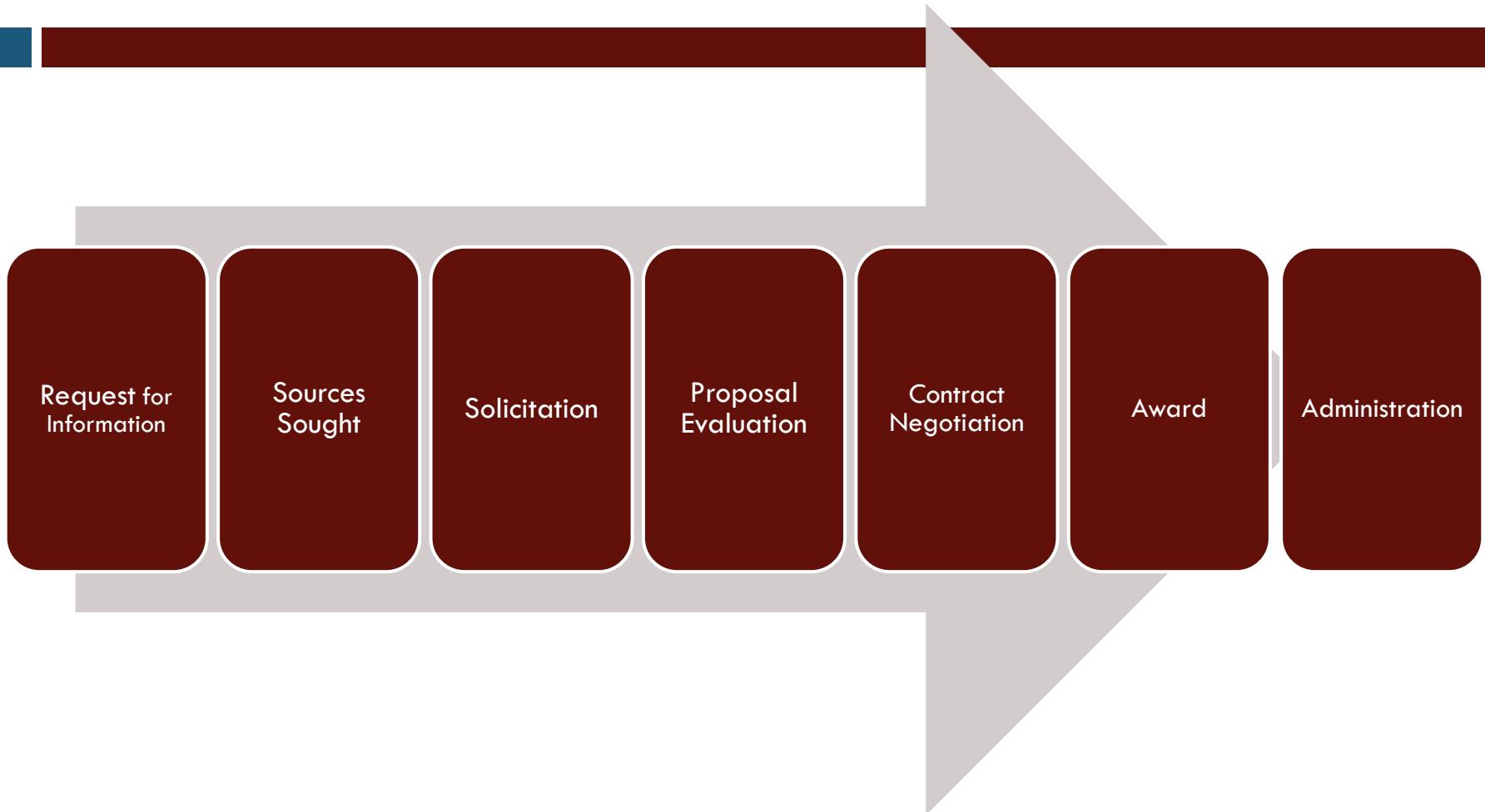
A basic agreement contract is a instrument used to solidify the negotiated terms between the agency and the contractor. It contains contract clauses applying to future contracts between parties during this term and contemplate separate future contracts that will incorporate by reference or attachment 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 shows the ACQUISITION.GOV website. The top navigation bar includes a logo, a search bar, and links for 'FAR and GSAM Advanced Search', 'GSA Powered By GSA', and 'Change Text Size'. Below the navigation is a horizontal menu with links for 'Home', 'Federal Acquisition Regulation (FAR)', 'Supplemental Regulations', 'Acquisition Systems', 'Archives', 'Policy Network', and 'Help'. The main content area displays the 'Federal Acquisition Regulation (FAR)' page. It shows the 'FAC Number/Effective Date: 2005-101 / 10-26-2018 - Download Entire FAR -' with links for PDF, HTML, and EPUB. A 'Full Screen' button is also present. On the left, a sidebar titled 'FAR PARTS' offers links to 'Index' and 'Table of Contents', with numbered buttons for pages 1 through 20. The main content area is titled 'Title & Number' and 'Select the download format' (HTML). It lists 'Part 1 - Federal Acquisition Regulations System' (HTML), '1.1 Purpose, Authority, Issuance' (HTML), and '1.2 Administration' (HTML).

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



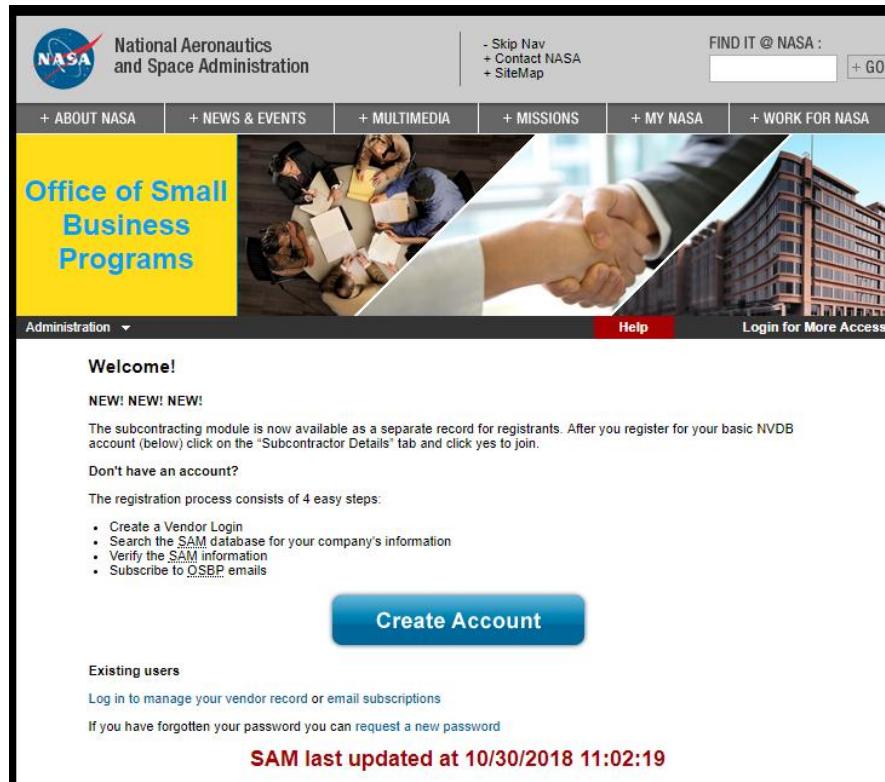
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Getting Started

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

Getting Started

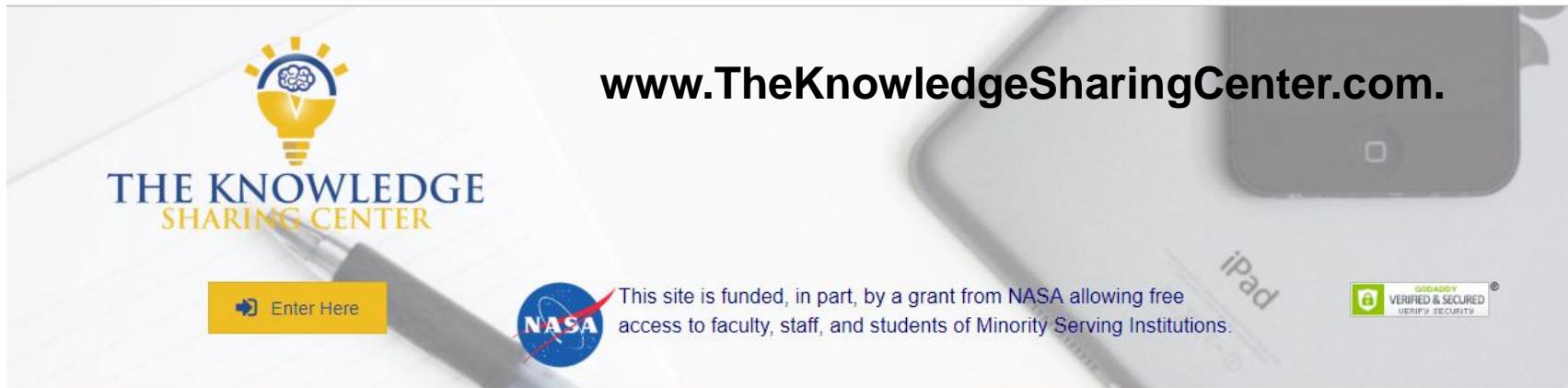
The NASA Vendor Database: <https://vendors.nvdb.nasa.gov>



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Resources



The screenshot shows the homepage of www.TheKnowledgeSharingCenter.com. The header features a yellow lightbulb icon with a brain inside, followed by the text 'THE KNOWLEDGE SHARING CENTER'. Below the header is a yellow button with a 'Enter Here' link. To the right of the button is a NASA logo. A text overlay states: 'This site is funded, in part, by a grant from NASA allowing free access to faculty, staff, and students of Minority Serving Institutions.' In the top right corner, there is a 'GODADDY VERIFIED & SECURED' logo.

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.



Resources



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

Resources



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