



NOAA

April 2021

2021 Financial Assistance Workshop

Grants vs Contracts

Acquisition and Grants Office
Grants Management Division






Contract vs Grant


What is the Difference?




Federal Grant and Cooperative Agreement Act, 31 U.S.C. Section 6301 – 6308:




Establishes the legal instruments to use to reflect particular relationships between the United States Government and a State, local government, or other recipient, based on the principal purpose.



Procurement Contract: Use when the principal purpose of the instrument is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the recipient.



Grant: Use when the principal purpose of the relationship is to transfer a thing of value to the recipient to carry out a public purpose of support or stimulation authorized by a law of the United States, and substantial involvement is not expected between the executive agency and the recipient carrying out the activity in the agreement.



Cooperative Agreement: Use when the principal purpose of the relationship is the same as a grant, but substantial involvement is expected between the executive agency and the recipient carrying out the activity in the agreement.



Procurement Guidance



Rules governing procurement under a grant award outlined in 2 CFR 200 sections §200.317 – §200.327

- **§200.317 Procurements by states.**
When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered *materials* and ensure that every purchase order or other contract includes any clauses required by section §200.327 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow §200.318 General procurement standards through 200.327 Contract provisions.
- **§200.318 General procurement standards.**
(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

The Differences...

GRANT

- Respond to published Notice of Funding Opportunity (NOFO) (Grants.gov)
- Grantee ready access to funds when needed
- Proposals evaluated based on NOFO
- Grantee can terminate
- Generally no right to protest

CONTRACT

- Respond to solicitation through Published Announcement (FedBizOpps)
- Pay for delivery after receipt
- Price is considered
- No contractor right to terminate
- Right to protest

The Differences...

GRANT

- Objective is a final progress report, final financial report, and completion of project
- [2 CFR Part 200 Uniform Guidance](#)
- [DOC Financial Assistance Standard Terms and Conditions](#)
- [Bureau Specific Administrative Standard Award Conditions](#)

CONTRACT

- Deliverable is a required product or service
- Non Federal entity procurement procedures

The Similarities...

- Provide Federal funds as authorized by law
- Regulated by program or procurement rules or policies
- Competitively and Non-Competitively awarded
- Awarded subject to available appropriations
- Competitive awards are based on solicitation
- Awarded to responsible parties, judged best able to meet authorized purpose based on bid, a negotiation, or proposal that addresses a particular set of criteria.

Characteristics - Grants/Contracts

GRANT

- Work funded by a grant benefits the public good
- Requires specific description of costs
- The nature of work is defined by statute
- Contains language regarding the right to revoke an award, withhold funding, or terminate the award.
- Scope of work defined by the recipient in grant application and implementation

CONTRACT

- Work funded by a contract benefits the Recipient
- Financing may be on a cost reimbursement or fixed price basis
- Contracts are used to obtain specific goods and services under specific conditions
- Recipient right and duty to inspect goods and services
- Scope of work defined by federal agency

Characteristics - Grants/Contracts

GRANT

- Primarily competitive selection
- Programmatic and Financial Reports
 - During the life of the award
 - At the conclusion of the project
- Project results are released to the Public
- Award contains terms and conditions on the use of funds, Example: Budgetary Restrictions

CONTRACT

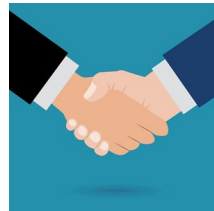
- Strict adherence to [CICA](#)
- Specific deliverables, reports, or milestones
- Project results or product delivered to the Recipient
- Award subject to more restrictive conditions outlines in a contractual instrument

Agreement Clauses

- Subaward agreements should contain language binding the subrecipient to Federal, State, and local regulations.
- Should indicate payment only for the work described in the agreement.
- Should indicate the agreement is funded by federal funds.
- Should indicate the agreement is subject to 2 CFR Part 200, Department of Commerce Financial Assistance Standard Terms and Conditions, Administrative Standard Award Conditions for NOAA Financial Assistance Awards. State and local regulations.
- Should include NOAA Specific Award Conditions (If applicable).

Cooperative Agreement vs Contract

- In general terms, “substantial involvement” refers to the degree to which the government is directly performing or implementing parts of the award program.
- In a grant, the federal government provides an oversight and monitoring role only.
- In a cooperative agreement, federal employees participate more closely in performing the program.




When you read “cooperative,” think “working closely.”

Substantial Involvement Factors Under a Cooperative Agreement

- Requirement that the recipient collaborate, train, or detail with NOAA
- Specify direction or redirection of scope of work based on inter-related projects
- NOAA requirement to approve sub-award provisions
- NOAA authority to halt an activity if performance specifications not met
- Use of government facilities or equipment
- Conditions will be described in a Specific Award Condition (SAC)



Examples of NOAA Cooperative Agreements




Snow water storage is a critical aspect of river forecasting and water management strategies across the northern tier and mountainous United States



NOAA scientists will **collaborate** with grantee Principal Investigator and university students.



Monitor off-shore fisheries



NOAA scientists will **collaborate** with recipient, **participate** in data management decisions, **manage** the data collected, **attend meetings** to develop sampling procedures, **assist** with protocol design and planning of survey activities, **participate** in planned survey activities, **monitor** recipient's performance.

Fee, Profit, or Revenue?

GRANT

CONTRACT

- The non-Federal entity may not earn or keep any profit, unless expressly authorized by the terms and conditions or statutory authorization of the award
- Any revenue generated resulting from award activities is considered program income

- Profit is allowable under a contract



Grant Program Income

Income earned by the non-Federal entity that is generated by a grant activity during the period of performance ([2 CFR 200.307](#))

DOC/NOAA uses the additive method, unless otherwise specified

Additive Method: Program income **must be added to the Federal award** by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

Deductive Method: Program income must be deducted from total allowable costs to determine the net allowable costs. **Must be used to reduce the Federal award and non-Federal entity contributions** proportionally.

Questions?

You may also submit questions to
GMD.Services@noaa.gov

Please remember to complete your surveys, and contact your respective Grants Management Specialist with any additional questions.

