

*On Track with Trade Adjustment Assistance
Community College and Career Training (TAA-CCCT)*

Subgrants vs. Subcontracts

TAA-CCCT Grants
February 22, 2012



Topics for today's session

- Review of Subgrant prohibition
- Subgrant vs. Subcontracts
- Vendors and Subcontracts
- Agreement types



Subgrant Prohibition

- Grantees do not have authority under this program to award sub-grants (pg. 22 of SGA)
 - Consortium members are ***not*** subgrants
- May award subcontracts, but must meet definition of subcontract (Attachment A to SGA)
- Contents:
 - General purpose,
 - Programmatic functions, and
 - Responsibilities that the grantee gives to the other organization along with grant funds



Subgrants vs. Subcontracts

Subgrant: An award of financial assistance in the form of money, made under a grant by a grantee to an eligible subgrantee.

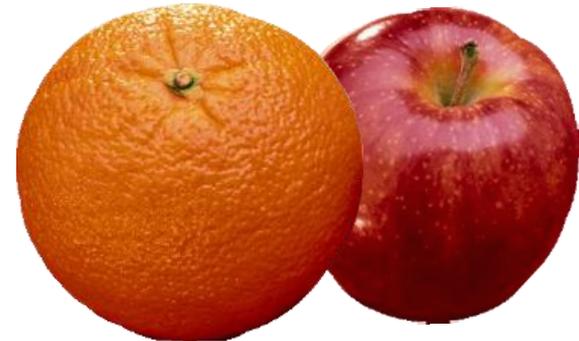


Subcontract: An agreement, purchase order, or any legal instrument issued to a third party the subcontractor, calling for the performance of a defined piece or work or production and/or delivery or specified goods and services.



Distinction between sub-grants and subcontracts

- General Purpose
- Focus
- Recipient Responsibility



General Purpose

Subgrant

- To accomplish a public purpose of support or stimulation through the grant, as authorized under statute.

Subcontract

- Purpose is to provide supplies and/or services



Focus

Subgrant

- Carries out one or more major programmatic functions in support of the goals of the grant

Subcontract

- Does not support the goals of the grant directly
- Provides supplies and/or services that are ancillary or supportive to the operation of the grant



Recipient Responsibility

Subgrant

- Has responsibility for:
 - programmatic decision making,
 - adherence to applicable Federal program compliance requirements,
- Is able to determine which participants are eligible to receive Federal financial assistance.

Subcontract

- Provides supplies and/or services for use by the prime grantee that are supportive to the operation of the grant.
- Subject to procurement regulations, but not programmatic compliance requirements
- Does not have decision-making authority pertaining to the grant.



Subcontracts

- Type of document used to establish vendor relationship



Vendors

- Contract to provide goods, supplies and/or services as part of normal business operations
- Does not directly support goals of grant; ancillary to the operation of the program
- Does not have programmatic decision making authority
- Not subject to program compliance requirements
- Subject to procurement regulations



Is it a subcontract?

Grantee issues RFP seeking to award contract to:

- Assess skills, aptitudes and career interests of participants
- Provide career advise and job search assistance
- Conduct workshops on resume writing and job interviewing techniques
- Provide referrals to services provided by workforce, education or public assistance agencies
- Help participants develop individual career plans



No...called a subcontract but...

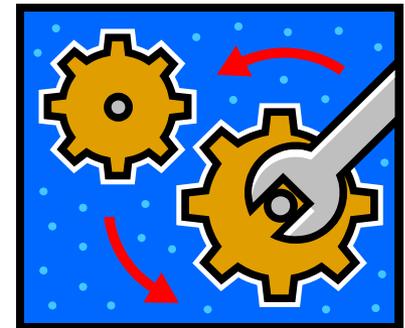
- Activities listed are all deliverables under the grant
 - Program responsibility placed on contractor, not the grantee



BUT

- Shift program responsibility to grantee
- Procure specific goods or services
- Clearly articulate what goods or services vendor is providing the grantee

COULD BECOME A SUBCONTRACT



Examples of activities in subcontracts

- Hosting meeting of SME's to assess curriculum needs
 - May be subcontract provided that:
 - Vendor is not wholly responsible for performance of grant activities
 - Vendor does not have authority to make decisions
 - Vendor provides grantee with defined deliverable (i.e. report)
 - Oversight provided by grantee
- Researching, designing and developing a program/curriculum to allow career pathway for participants to obtain professional certification
 - May be subcontract provided that:
 - As vendor/contractor they design and develop materials but do not make programmatic decisions
 - Provides grantee defined deliverable
 - Grantee utilizes these materials to provide career pathway to participants – not contractor



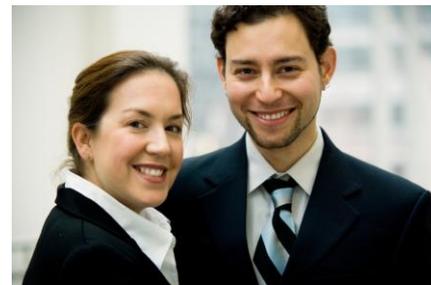
Examples continued

- Hosting and participating in Instructor Certification Training
 - May be contract provided that:
 - Contractor is providing training
 - Training must be done on behalf of the grantee and under grantee's name
 - Contractor cannot select or screen training participants or evaluate participants other rating pass/fail grade for course
 - There is a defined contract deliverable
- Creating a common project book to be used by participants
 - May be contract provided that:
 - Grantee is procuring a product (project book) that helps to achieve grant deliverable
 - The product *is not* the grant deliverable but will be used by grantee to meet its deliverable



Agreement Types - Services

- Sub grant: Prohibited
 - Example: a subgrant to an organization directing them to develop a deliverable under the statement of work on behalf of grantee
- Subcontract:
 - Individual services
 - Faculty to develop curricula under grant
 - Professional
 - Industry consultant/subject matter expert
 - Audit firms
 - Software development
 - Personal services
 - Workforce system services



Utilizing the Workforce System

- Required to consult with workforce system (SGA, page 14)
- May contract with workforce system to provide staff-assisted or customized services such as:
 - Comprehensive assessment
 - Case management
 - Participant tracking
 - Job placement
- Subgrant prohibition still applies
 - Program responsibility with grantee
 - Workforce system cannot produce deliverables on behalf of grantee



Individual Services Contracts

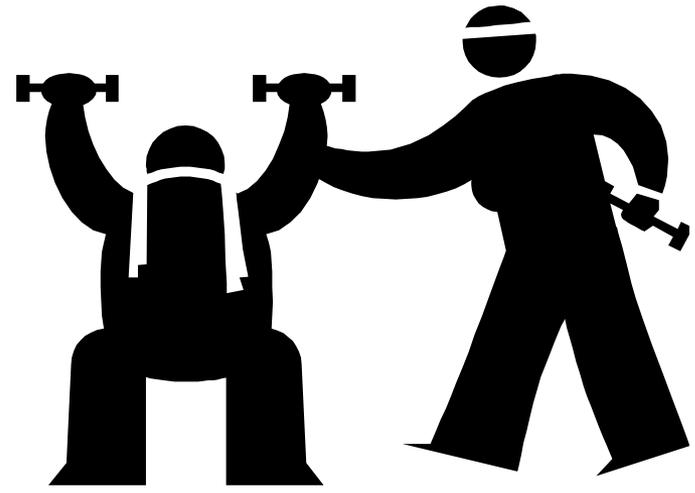


- Independent contractor and casual employee services
- When a fee or honorarium paid
- Non-employees for services performed
- Current employees for services not related to their appointments



Professional services contracts

- Professional Services defined in 2 CFR 220, Appendix A, #37
- Consultants, members of particular profession or possess a special skill
- Not officers or employees of grantee institution



Contract Types

- Cost reimbursement
- Fixed price
- Cost plus fixed fee
- Cost plus percentage of costs



Cost Reimbursement Contract

- Work is done BEFORE costs are funded
- Costs specified in contract budget
- Requires upfront capitol from contractor
- Advances may be used



Fixed Price Contracts

- Specified amount for work performed
- Payment options vary
- Purchase Order is example



Cost plus fixed fee

- Reimbursement for actual costs
- Fixed fee for profit or fee paid performance
 - Fee negotiated as a dollar amount



Cost plus percentage of costs

- UNALLOWABLE contract type under government grants



A Word About Funded Partners

- Partner is NOT the same as consortium member
- Grant funds can only be given to grant partners through sub contracts
- Activities in contract must be appropriate for a contract not a grant
- No joint achievement



Questions??



Follow up questions

- More details on proper procurement:
 - Introduction to Procurement online training
<https://etareporting.workforce3one.org/page/financial>
- Contact your FPO to discuss your SOW and whether work is a subgrant or subcontract and the appropriate procurement vehicle

