

Subrecipient vs Contractor Indicators

FACTOR	CONTRACTOR	SUBRECIPIENT
Activity ¹	Sell deliverables (goods/services)	Provide services
Assistance Arrangement	Buyer-seller	Financial assistance to operate a program
Closeout Package	Final invoice	Comprehensive
Control	Control is outcome focused	Control is on process
Development Costs	Absorbed	Controlled
Extent of Flexibility	Bound to adhere to specific contract terms	Latitude to make decision within terms of agreement
Federal Program Rules	N/A	Compliance
On-the-Job Training	Subrecipient developed (direct employer award)	Award to broker
Payment Basis ² .	Is paid for specific deliverable	Is paid for services whether expensed as a deliverable or not
Product	Specific outcomes	Operate a program
Performance Measured ³	Against the specific requirements of contract	Against the performance outcomes of the financial assistance award
Product Development	Develops product and delivers from inventory	Controls development
Public Policy	Contract specific clauses	Standard statement of assurances
Purpose of the Award	To provide specific goods or Services	To carry out a program goal
Receipt of Funds	Number of items delivered	Costs incurred
Risk	Risk to contractor	Share risk w/awarding agency
Type of Training Referral	Slotting on an individual referral basis	Filling a class-sized training Program
Type of Market	For sale within normal business operation; existing product tailored to the program	Customized for specific program purposes
Type of Product	Provide specific product or service ancillary to the federal program	Design a program to meet a broader goal such as performance outcomes

¹ There may be instances where it is possible to obtain the same type of services under either a contractor or a subrecipient award.

^{2,3} Federal reform efforts are now shifting emphasis from paying for process to paying for results. Such performance and outcome-based payments are possible under both contractor and subrecipient awards.