

What's the difference between a Contract and a Grant?

Per 2 CFR 200.331, a pass-through entity (state agency) must make determinations whether each agreement it makes for the disbursement of federal program funds assigns the party receiving the funds in the role of a subrecipient or a contractor.

CONTRACT

- A legal instrument by which a contractor purchases property, goods or services needed to carry out the project or program under an award
- Used to benefit or supplement the state through a procurement relationship for the purchase of goods and services
- Governed by 2 CFR 200.317-326 (*Procurement Standards*)
- *Characteristics of a contractor per 2 CFR 200.331(b) include:*
 - Goods and services are provided within normal business operations
 - Similar goods or services are provided to many different purchasers (non-exclusive)
 - Operating in an openly competitive environment
 - Providing goods or services that are ancillary to the implementation of the program
 - Not being subject to compliance requirements of Federal programs as a result of the contract. However, similar requirements may apply for other reasons
 - Relatively inflexible as to scope of work, budget and other change
 - Significant emphasis placed on delivery of results, product, or performance
 - Payment is based on deliverables and milestones

GRANT

- A legal instrument of financial assistance between a pass-through entity and a subrecipient to carry out a program for a public purpose.
- Used to benefit the citizens of the State through projects, initiatives and programs
- Subject to the Uniform Guidance and the award's terms and conditions
- Characteristics of a subrecipient per 2 CFR 200.331(a) include:
 - Able to determine eligibility for assistance
 - Performance is measured in relation to the established award objectives
 - Responsible for programmatic decision-making
 - Required to adhere to program requirements as defined in the award
 - Implements a public program or purpose specified in authorized statute
 - Flexible as to scope of work, budget and other changes. Does not provide for substantial involvement between the pass-through entity and the subrecipient in carrying out the activity completed by the subaward.
 - Significant emphasis placed on carrying out projects, initiatives and programs



- Subrecipients use funds to complete the objectives of a program instead of just providing goods and services

Resources:

[Sample Subrecipient Contractor Determination Tool](#) (Use this tool to determine subrecipient/vendor role)

[SLFRF Subrecipient Award Checklist](#) (Use if determined to be a subrecipient relationship)

[Contractor Procurement Checklist](#) (Use if determined to be a contractor relationship)

