**SUBRECIPIENT COLLABORATOR VS. CONSULTANT/CONTRACTOR**

**ISU GUIDELINES**

**May 2016**

**Background:** Iowa State University (ISU) Principal Investigators (PIs) commonly work with peers in their fields on sponsored research projects. These peers can be from other educational institutions, government entities, industry, or even sole proprietorships. Benefits of such collaborations are numerous, and include:

* augmenting ISU PI competencies
* strengthening ISU proposals
* building professional networks and relationships
* enhancing quality and outcomes of the research

How the role of the external entity is detailed and described in the proposal’s statement of work determines the appropriate contract type (subrecipient agreement, professional services agreement, purchase order) that will be executed by ISU. There are significant differences between the role of a subrecipient collaborator and the role of a consultant/contractor.

**The Subrecipient Collaborator Role:** Subrecipient collaborators, often named as Co-PIs in an ISU proposal, usually assume substantive, programmatic roles in a research project. Such roles are described in the ISU proposal. Subrecipient collaborators may be designated in the proposal as:

* leading a specific project task or co-leading a specific project task
* collaborating on a number of project tasks which results in a substantive contribution
* providing an important programmatic project role
* participating substantively in the project design
* engaging in project research and programmatic decision-making
* collaborating to achieve project objectives
* creating and co-authoring project publications without transfer of ownership to ISU
* providing cost share or matching funds
* working on development of intellectual property without transfer of ownership to ISU

**The Consultant/Contractor Role:**  Consultants are typically used for limited or specialized advice, analyses and services (“brain and briefcase for a fee”). Consultants do not perform significant or influential project roles, and are not responsible for the design and conduct of the project. Contractors, aka vendors, are used to provide goods or services that will be owned by ISU. Consultants/Contractors may be designated in the proposal as:

* providing goods or services based on instructions of the ISU PI
* providing goods or services considered to be ancillary to the project
* providing expert advice or analysis in support of the project
* providing specialized evaluation services in support of the project
* providing patentable or copyrightable technology or products that will be owned by ISU

**ISU Guidelines:**

* The treatment of an external entity in the proposal’s budget must be consistent with the description of the external entity in the proposal’s statement of work.
* An external entity designated as Co-PI, co-Project Lead, Task Lead, Co-leader or key personnel cannot be budgeted as a consultant, and must be budgeted as a subrecipient.
* Subrecipient agreements cannot be issued to individuals or sole proprietors.

**Useful Tools and Information:**

1. 2 CFR Part 200.330 outlines criteria to consider when making subrecipient vs. contractor determinations. External entities performing significant project roles should be classified as subrecipients. Consultants would typically be classified as contractors.
2. The Federal Demonstration Partnership (FDP) has a checklist available to assist in determining whether an external entity is appropriately classified as a subrecipient or contractor. This checklist is available at: <http://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_153319.pdf> and on the OSPA web site.
3. Subrecipient Agreements issued by OSPA or OIPTT are used for subrecipient collaborators. Subrecipients are normally subject to all prime sponsor requirements, including ownership of intellectual property, publication rights, and have the responsibility to adhere to all other sponsor restrictions or requirements in the prime agreement.
4. Consultant terms are defined by agreement and are never cost-reimbursable. Payment is based on delivery of goods or services rather than reimbursement of allowable costs. Professional Service Agreements issued by ISU Purchasing are used for consultants.
5. Contractor(vendor) terms are defined using ISU procurement policies and procedures. Contractor agreements and Purchase Orders are issued by ISU Purchasing.

**ISU Purchasing Bid Limits:**

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| Value | Classification | Minimum Bid Requirements |
| $3,000 and above (***federal funds***) | All | A price reasonableness evaluation must be performed and documented to ensure ISU is paying a reasonable price. |
| $1 - $24,999 | Supplies | Orders may be processed based on estimated cost. Fax quotes, phone quotes, or letter quotes from at least one vendor may be prudent. |
| $2,001 - $24,999 | Services | Departments may choose contractors and develop PSAs under $25,000, except where a conflict of interest exists. However, departments will be expected to document the selection process they have followed for all PSAs in excess of $2,000. |
| $5,000 - $24,999 | Equipment | Purchasing agent's discretion is utilized to determine pricing method and need for competitive bidding. Any equipment purchase requires a minimum of one phone, fax, or written bid (offer) be obtained to establish fixed pricing. |
| $25,000 - $249,000 | All | Requires written competitive bids be obtained, unless sole source request is approved. |
| $250,000 or \*\* | Equipment/Supplies | Requires written quotations be obtained and may require a formal sealed bidding procedures when price is the only factor. |