Tuesday Tips is a new outreach effort by OGCA. The idea behind *Tuesday Tips* is to convey tips, tricks and other helpful information around the area of research administration. Our goal is to post on (almost every) Tuesdays. If there is something you would like to see covered on *Tuesday Tips*, email: UAF-GCReATE@alaska.edu. For more Tips visit OGCA website.

What Are the Differences Among Fixed Price and Cost Reimbursement Agreements?

Fixed price (FP) agreements have fixed payments based on a milestone payment schedule or the submission of deliverables. Cost reimbursement (CR) agreements are paid as costs are incurred and invoiced, typically monthly or quarterly.

One significant difference between fixed price and cost reimbursement agreements is the allocation of risk. With FP agreements, the University assumes greater risk while the sponsor bears the greater risk with CR agreements.

FP is appropriate if there can be a clear scope of work, a solid cost estimate, and well-articulated deliverables. These FP agreements, which involve lower administrative burden, are commonly used by for-profit sponsors and foreign entities. CR agreements are used where the work being performed cannot be precisely defined or the cost precisely estimated, which applies to much of the sponsored research projects the University undertakes.

CR agreements are commonly used by other educational institutions, hospitals, and non-profits. They allow for greater flexibility, as additional funding or period of performance may be added as mutually agreed upon, and performance of the scope of work continues until funds or period of performance is exhausted.

Visit the [OGCA website] for additional information.