

ORSO Guideline 28

Characteristics of Fixed Price Agreements and Cost-reimbursable Agreements

WASHINGTON STATE UNIVERSITY

The Office of Research

Office of Research Support and Operations

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Projects under fixed price agreements:

- These are similar to purchase orders in which a work product is delivered, i.e., container of chemicals or a computer.
- Routine in nature.
- The statement of work is well-defined.
- The outcome is relatively certain.
- Failure is very unlikely.
- The University bears the risk that a project does not stay within the budget and must cover any excess.
- They are generally short-term in nature (< 1yr.)
- Costs are known.

Projects under cost-reimbursable agreements:

- These are for research and development.
- They include basic research where the outcome is not known and the researcher intends to find an answer whether in the Sponsor's favor or not. This is especially true when IP is involved.
- Provide results of the research associated with the statement of work and not delivering a work product (i.e., a widget)
- The University does not bear the risk and is funded to find an answer.
- They are generally longer in term.
- Complete costs are not always known.