

# TYPES OF GOVERNMENT CONTRACTS

## FIXED-PRICE

Work is delivered for a set price.

**ADVANTAGE:** Clear requirements, predictable budget

**RISK:** Contractor carries the burden if costs run over.

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## TIME AND MATERIALS (T&M)

Government pays for actual labor hours at set rates, plus material costs

**ADVANTAGE:** Flexible scope simple to start

**RISK:** Can get expensive if not tightly managed

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## INDEFINITE DELIVERY

Used when timing or quantities are uncertain. Task orders define the work

**ADVANTAGE:** Flexibility for government, steady opportunities for awardees

**RISK:** True competition happens at the task-order level

## COST-REIMBURSEMENT

Government reimburses allowable costs and adds a fee.

**ADVANTAGE:** Safer for contractors, ideal for R&D and uncertain work

**RISK:** Government absorbs cost growth

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## LABOR-HOUR

Similar to T&M but only covers labor (no materials)

**ADVANTAGE:** Works well for short-term or quick assignments

**RISK:** Oversight required to avoid inefficiency

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## OTHER TRANSACTION (OTA)

Special contracts outside traditional regulations

**ADVANTAGE:** Streamlined and accessible for startups and innovators