

STRATEGIC USE OF CONSULTANTS

Activity 4: Creating Strong Contracts

Determining Payment for Consultants

Prior to finalizing a contract with a consultant, you will need to negotiate the consultant's hourly rate or amount of payment as well as the payment method.

Table 1 describes the pros and cons of two **methods of payment**.

Table 1

Payment Method	Definition	Best Uses	Pros	Cons
Hourly Rate	Consultant is paid for each hour work.	Time-limited consulting agreements (e.g., T/TA)	<ul style="list-style-type: none"> Only pay for the actual time consultant works Easy to track hours worked and costs 	Number of hours worked not directly related to completing a task or deliverable
Fixed Contract	Price for services is determined in advance and the amount of payment is not contingent on the time spent performing the work.	<ul style="list-style-type: none"> Long-term projects where there is a clear deliverable (e.g., producing a training video) Projects where payment terms can be linked to completing specific products or benchmarks 	Pays for the completion of a deliverable or service rather than just hours worked	Can be difficult to determine a fair price

The rate you pay a consultant will vary, depending on the skill you are hiring for, the education and work experience of the consultant, and the average salary and wages in your state or locality, among other factors. Additionally, your organization should set a range of consultant rates that ensures equity with the salaries of staff members with similar levels of education and experience.

Tips for Determining and Negotiating the Consultant Rate

- Call other Head Start programs in your area to see what they have paid for similar consultant services. If no programs in your area have hired a consultant to provide similar services, contact your regional Head Start office to see if someone there can connect you with a program that has.

- Identify several consultants who can provide the services you need and compare their rates. Of course, in choosing consultants you also will want to take into account factors other than their rates, including their experience and the quality of their work.
- Remember that a consultant's hourly or daily rate may be higher than the comparable wages of a regular employee with similar qualifications because consultants need to pay for their own health insurance and applicable taxes.



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