Differentiating between Gifts and Grants

August 2005
Extramural Support for Research

- Comes from outside the University
- Takes many forms
  - Gifts
  - Grants (or subgrants)
  - Contracts (or subcontracts)
  - Material Transfer Agreements
Material Transfer Agreements

Gifts

Grants

Contracts
UC Policy

July 8, 1980: Letter from UC President David Saxon

- Provides Guidance for making distinctions
- Defines characteristics of gifts vs. grants
- Indicates that decisions require judgment
UC Policy

July 28, 1993 Letter from UC Budget Director Hershman and University Controller Pastrone

- Defines characteristics of gifts, grants and contracts based on scope of research work
- Defines characteristics of sales and service activities
UC Policy

Chapter 9-500: Distinguishing between Private Gifts and Grants for Research

- Defines characteristics of gifts and grants
- States need for judgment
- Provides guidelines for administration of gifts and grants for research
UCLA Policy

Policy 921: Accepting Private Funds in Support of Specific Research Projects

- References UCOP Review of Gifts/Grants for Research
- Provides background of policy
- States criteria for differentiation
- Defines responsibilities for campus units
Recommendation of the Research Investment Committee (April 2004)

“Establish concrete guidelines and policies for the definition of gifts and grants. There are clear examples of gifts intended for research that escape overhead, draining resources for departmental administration from the receiving school and department. Establishing these guidelines, and implementing them consistently are important to minimize friction that develops between the recipient and the School.”
Gift/Grant Committee

• Examined existing guidance and policy
• Found existing guidance adequate for making most distinctions
• Found that more guidance was needed for handling private monies that don’t fit cleanly into the gift or grant categories
Gift/Grant Committee

- Recommended that all proposals for specific research studies be treated by the campus as a contract or grant proposal with appropriate overhead.
- Recommended that in general, awards to support specific research studies be accepted as grants
- Recommended additional education be developed
How to Make a Determination

- UCLA Policy 921
- UC Guidance documents
- Judgment
- Consultation
What Characterizes a Gift?

- Given in the spirit of “Disinterested Generosity”
- No contractual obligations or deliverables
- No intellectual property rights
- Awarded Irrevocably
- No required reporting (progress or financial)
What Characterizes a Grant or a Contract?

- Specified Performance Period
- Generally have to return unobligated balance
- Specific scope of work
- Financial reports
- Detailed technical/progress report or other work product
- The Right to Audit
- Other contractual obligations (e.g. patent rights)
Why is it so Difficult to Tell The Difference?

• Award documents may not always use clear or consistent language.
• Recipients expectations may not match award makers intentions.
• Award makers may think that if they are using funds budgets for philanthropic purposes that they are giving gifts regardless of the restrictions.
• Gifts may be either directed or undirected.
Making Distinctions

- Requires judgment
- Subtle distinctions
- Not based on existence of a single characteristic
- Must look at the award "in toto"
What to Do If You Receive Something for Processing and You’re Not Sure What It Is:

- Review Policies and Guidance
- Ask for more information if appropriate
- Contact Claudia Modlin in ORA at x42642, or cmodlin@resadmin.ucla.edu