

# Differentiating between Gifts and Grants or...

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# Extramural Support for Research

- Comes from *outside* the University
- Takes many forms
  - Gifts
  - Grants (or subgrants) or Cooperative Agreements
  - Contracts (or subcontracts) including Clinical Trial Agreements
  - Material Transfer Agreements
- Does *not include* Sales and Service Activities

Material Transfer Agreements

**Gifts**

Grants or  
Cooperative  
Agreements

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 as the provision of *standardized goods and services*

# 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 Support for Research from Nongovernmental Organizations

- Provides background and UC policies
- Defines gifts, grants and contracts and MTAs
- Provides criteria for differentiating among gifts, contracts or grants, and MTAs vs. sales and service activities
- 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

# What Characterizes a Gift?

- Given in the spirit of “Disinterested Generosity”  
(IRS term)
- No contractual obligations or deliverables
- No intellectual property rights
- Awarded irrevocably
- No required reporting (progress or financial)
- Not given in response to solicitation of support for a specifically-defined research project

# What Characterizes a Contract or Grant?

- Specified performance period
- Generally have to return unobligated balance
- Specific scope of work
- Required 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
- Recipient's expectations may not match award maker's 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're Not Sure

- Review Policies and Guidance
- Ask for more information if appropriate
- Confer with OCGA, OIP-ISR or Gift Administration
- If still unsure, contact Claudia Modlin, Coordinator, Research Policy and Compliance, at x42642, or [cmodlin@research.ucla.edu](mailto:cmodlin@research.ucla.edu)