

UNIVERSITY OF CALIFORNIA, SANTA BARBARA
OFFICE OF RESEARCH

SPONSORED PROJECTS POLICY

RESEARCH CIRCULAR D.5.

POLICY ON ACCEPTANCE OF PRIVATE FUNDS FOR RESEARCH

I. References

- A. By-Laws and Standing Orders of The Regents 100.4 (dd)
- B. University of California Contract and Grant Manual, Chapter 9
- C. Office of the President Policy on Review of Gifts/Grants for Research, July 8, 1980
- D. Office of the President Guidelines on University-Industry Relations, May 17, 1989
- E. University Policy on Disclosure of Financial Interest in Private Sponsored of Research, APM-028, April 26, 1984
- F. UCSB Policy No. 3010 on Solicitation and Acceptance of Gifts, September 1, 1992

II. Policy

A. General Statement

UCSB accepts financial support from private organizations, both non-profit and for-profit, for a variety of purposes, including the conduct of research. The determination of whether financial support is being provided as a gift or a grant/contract should be based upon the guidance provided below and should depend upon the particular characteristics of the award document. This policy provides guidance on determining the appropriate classification of private funds awarded for research.

B. Characteristics of Private Gifts for Research

Private gifts are usually intended for general research support, i.e., to be used at the discretion of the recipient department or principal investigator, and are typically motivated by a philanthropic intent. *In general*, funds for the support of research are classified as gifts when the following characteristics exist:

1. The donor does not impose any contractual requirements or other enforceable obligations (including deliverables) in connection with acceptance or use of the funds.
2. The funds are awarded irrevocably.

Certain requests may be made by donors of private gifts, such as brief courtesy reports on how gift funds are used, courtesy copies of publications, or acknowledgment of the donor in publications. These requests are generally appropriate if they are not imposed through contract or grant documents (such as a written

agreement, a memo of understanding, or a unilateral grant award), and do not otherwise impede the University's use of the gift funds.

C. Characteristics of Private Grants and Contracts for Research

Grants and contracts from private sponsors are usually intended for the support of specific research projects, i.e., to be used for the execution of a particular research design in accordance with a proposed budget of expenditures. *In general*, funds for the support of research are classified as grants or contracts when one or more of the following characteristics exist:

1. Provision is made for audits by or on behalf of the grantor.
2. The grantor is entitled to receive some consideration in exchange for the funds, such as a detailed technical report of research results, or a detailed report of expenditures.
3. The testing or evaluation of proprietary products is involved.
4. The research is directed to satisfying specific grantor requirements, such as a precise statement of work.
5. A specified period of performance is prescribed, or termination is at the discretion of the grantor.
6. Funds unexpended at the end of the period of performance are to be returned to the grantor.
7. Patent or other intellectual property rights are requested by the grantor in exchange for the funds.

In most situations, not all of the above characteristics will be evident. Likewise, other characteristics not cited above may be evident. (For example, many for-profit private sponsors name technical representatives from their staff with whom regular contacts may be required.) Overall, careful judgment must be exercised to classify private funds appropriately as gifts or grants and contracts. The decision to classify a particular award as a gift instead of a grant or contract cannot be made because of the presence or absence of a single characteristic. Rather, the award must be considered *in toto* before making a judgment as to its proper classification. As noted in the University's Guidelines on University-Industry Relations, "The proper distinction between gifts and grants, with the different obligations in each case, is important to the integrity of the University's sponsored research program."

III. Procedure

A. Processing of Private Funds for Research

Whether a private award for research is classified as a gift, or as a grant or contract, it is subject to the research review process as well as to the administrative rules and procedures that apply to all University funds. Specifically:

1. When Disclosures are Required.
 - a. Initial Disclosure. Principal investigators who anticipate receiving either gift or grant and contract funds from a non-governmental private donor or grantor, including for-profits, must file a Statement of Economic Interests for Principal Investigators (Form 700-U), unless the organization providing the funding appears on the UCOP list of

exempt organizations. If completion of the 700-U form identifies a financial interest, a Disclosure of Economic Interests: Addendum must also be filed.

- b. Additional Disclosure requirements: In addition to the initial disclosure, Principal Investigators are also required to use the 700-U process to disclose financial interests in a sponsor:
 - i. When any gift, contract or grant subject to the 700-U process is renewed;
 - ii. Within ninety days after expiration in the case of a contract or grant, or after funds have been completely expended in the case of a gift, that is subject to the 700-U process.

If the financial interests of the Principal Investigator in the sponsor and the terms of the research have not changed since the initial disclosure was completed, the Principal Investigator may use the Abbreviated Addendum to Statement of Economic Interests in place of the 700-U form to satisfy the additional disclosure requirements.

2. Disclosure Review Process.

All financial interests disclosed in the 700-U form are conflicts of interest and must be subject to an independent substantive review prior to the acceptance of the funding at issue. As outlined in Academic Personnel Manual Section 028, these reviews shall be performed by the Conflict of Interest Committee, which recommends to the Vice Chancellor for Research whether the funds should be accepted by the University and if so, whether conditions should be attached to manage or eliminate the conflict of interest. The Vice Chancellor for Research must approve the acceptance of funds, and any conditions to be attached, before the funds can be accepted by the University. The Conflict of Interest Committee shall be composed of academic senate members from representative campus departments and the members shall be appointed by the Vice Chancellor for Research. The Conflict of Interest Committee may require the submission of additional documents or information, or require the Investigator to appear before the Committee, if needed to make its determination.

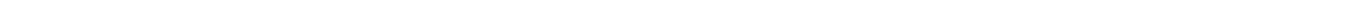
- B. Assessment of Indirect Costs. The processing of private gifts will not include the application of indirect costs by the University (i.e., those indirect costs calculated in accordance with federal OMB Circular No. A-21, and approved by the federal government). The processing of grants or contracts from private sponsors will include the application of indirect costs in accordance with University policy.

C. Responsibilities

The Development Office is responsible for the acceptance of gifts from private organizations. *The Office of Research* is responsible for the acceptance of grants and contracts.

Funds received by campus departments or principal investigators as gifts to The Regents should be submitted directly to the Development Office for processing, accompanied by a Gift/Private Grant Acceptance Report (Form UDEV 100). If the Development Office believes that further review of the classification of the funds is necessary, it may consult with the Office of Research for a determination

under this policy. If the funds are determined to be either a grant or contract, the award shall be processed through the Office of Research.



IV. Attachments

- A. Statement of Economic Interests for Principal Investigators, California Form 700-U
- B. Disclosure of Economic Interests: Addendum, UCSB Form 700-UA/800-UA
- C. Abbreviated Statement of Economic Interests
- D. UCOP List of Exempt Organizations
- D. Gift/Private Grant Acceptance Report (Form UDEV 100)

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cc: Meta Clow, Administrative Services