

California Institute of Technology

Vice Provost for Research

**Guidelines for Accepting External Funds for
The Support of Research and Related Activities**

Introduction

These guidelines describe the various ways in which Caltech can accept funds for the support of research and related activities. The principal mechanisms are gifts and sponsored projects. The attached chart (Funds for Research and Related Activities at Caltech) provides a summary of the various other mechanisms by which funds can come into Caltech.

The focus of these guidelines is on the ways in which Caltech distinguishes between gifts and sponsored projects. The guidelines are based on the Caltech Faculty Handbook and other Institute policies, procedures, and practices involved in soliciting and accepting support from external sponsors for research and other activities, regardless of whether the support is provided by a grant, contract, gift, or other type of agreement. Externally funded activities play a critical role in the functions of Caltech's research and education programs. Caltech receives external funding for sponsored projects and gift-funded activities. In both instances, funds are typically provided in response to a formal request or proposal. The proper classification of funding as "gift," "sponsored project," "facilities use," "technical services," or other type of agreement is important because it affects, among other things, the way the Institute accounts for the funds, calculates and applies overhead, monitors compliance with sponsor requirements, and reports on the use of the funds to the sponsor or donor.

Sponsored Projects and Gifts

Sponsored projects are externally-funded activities in which a formal written agreement (e.g., a grant or contract) is entered into by the Institute and the Sponsor. A sponsored project may be thought of as an arrangement in which there is a specified statement of work, with a related, reciprocal transfer of something of value.

The following conditions characterize a sponsored agreement and distinguish such an agreement from a gift:

1. Statement of work. Sponsored projects are awarded to the Institute in response to a detailed proposal that includes a statement of work and commitment to a specific project plan.
2. Detailed financial accountability
 - a. A line item budget related to the statement of work;

- b. A specified period of performance;
- c. A requirement to return unexpended funds at the end of that period;
- d. Regular financial reporting and audit.

These conditions generally define the level of financial accountability associated with a sponsored project. While not all of the above conditions are necessary to define a sponsored project, they are collectively indicative of the increased level of financial accountability associated with such projects.

- 3. Sponsored project agreements also usually include terms and conditions for the disposition of tangible property (e.g., equipment, technical reports) or intangible property (e.g., rights in data, copyrights, and inventions). The presence of such terms and conditions in the agreement indicates that the activity is a sponsored project.
- 4. When a for-profit entity wishes to award funds to support the research of a faculty member who has a financial interest in that entity (as defined in Caltech's Policy on Conflict of Interest), a sponsored research agreement will be required. Such funding cannot be accepted as a gift.

Charitable gifts are defined as any item of value given to the Institute by a donor who expects nothing significant in return, other than appropriate recognition and disposition of the gift in accordance with the donor's wishes. The following conditions characterize a charitable gift and distinguish between gifts and sponsored projects:

- 1. Gifts may be accompanied by an agreement that restricts the use of the funds to a particular purpose, provided that (1) the purpose is in furtherance of Caltech's charitable mission, (2) Caltech has discretion and control over use of the contribution for the purpose, and (3) Caltech, as an organization, is benefitted. A donor may not designate a contribution be used to benefit a specific individual. Likewise, contributions should not be earmarked for a specific lab. There are no "deliverables" to the donor, e.g., no rights to tangible or intellectual property. Caltech acknowledges its responsibility for stewardship, and reporting to donors consistent with fulfilling this responsibility.
- 2. A gift is irrevocable. While the gift may be intended for use within a specified timeframe, there is usually no specified "period of performance" or "start" and "stop" dates.
- 3. There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports are considered to be indicators of good stewardship and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables," and are thus not in themselves sufficient to define a funding agreement as a sponsored agreement.
- 4. Unrestricted gifts are welcomed from companies in which a faculty member has a financial or managerial interest. Such gifts can be made to the Institute as a whole or

a particular division or unit within Caltech (e.g. Student Affairs), but may not be designated to support the faculty member's research. Division Chairs are responsible for the proper designation of such funds.

5. Unrestricted gifts for research are welcomed from faculty members and individuals related to the faculty member. Such gifts can be made to a division or unit within Caltech, but they shall not be designated to support the faculty member's research related to areas involving consulting or other outside interests.

Other Considerations

Funds provided by government agencies at the federal, state, or local level in support of Institute activities are treated as sponsored projects.

Funds provided by Voluntary Health Organizations or Associations, such as the American Cancer Society or the American Heart Association, are generally treated as sponsored projects.

Funds provided by private foundations, non-profit organizations or corporations can be treated as gifts or sponsored projects, depending on the sponsor's requirements and intentions. Simply knowing the source of funds does not in and of itself make it possible to determine the proper classification of particular awards. The determination will be made on the basis of a review of the proposal, statement of work, and terms of the agreement, taking into consideration the intent of the donor or sponsor. It may sometimes be necessary to contact the sponsor/donor in order to determine their intentions.

Related Activities

While the focus of these guidelines is on gifts and sponsored projects, Caltech has a number of other mechanisms for receiving support for research-related activities. These include Facilities Use Agreements, Technical Services Agreements, Shop/Sales Agreements, In-Kind Contributions (personnel and/or equipment), Material Transfer Agreements and Non-Disclosure Agreements. The characteristics of each of these various mechanisms are described on the attached chart.

Conclusion

Caltech actively seeks external funding for both sponsored projects and gift-funded projects. The Office of Sponsored Research, the Office of Foundation Relations, and the Office of Corporate Relations work together to assist faculty in the preparation and submission of proposals and in the acceptance of awards .

Proposals for sponsored projects should be submitted through the Office of Sponsored Research.

Proposals for gifts should be submitted through the Office of Foundation Relations or the Office of Corporate Relations, depending on the nature of the donor.

In some cases, the distinction between a gift and a sponsored agreement may not be particularly clear or obvious. Donors sometimes use the term “grant” when the donation qualifies as a “gift” or vice versa. When there is doubt about the proper classification and handling of a particular award to the Institute, the matter should be referred to the Vice Provost for Research for a determination.

For further information, please contact:

Office of Sponsored Research, ext. 6219

Office of Foundation Relations, ext. 6369

Office of Corporate Relations, ext. 3269

Office of Research Compliance, ext.2907

Office of Technology Transfer, ext. 3066

Vice Provost for Research, ext. 6365

FUNDS TO SUPPORT RESEARCH AND RELATED ACTIVITIES AT CALTECH

Type of Funds	Type of Activity & Statement of Work (SOW)	Source of Funds	Intellectual Property (IP)	Type of Agreement
SPONSORED RESEARCH	The SOW requires a SPECIFIC research task, with DEFINED aims and deliverables.	(1) Federal (2) Private	(1) Bayh-Dole: Caltech has option to elect to retain IP (2) (a) Generally, Sponsor receives a non-exclusive internal research license (b) If funding comes with a visiting scientist who will work at Caltech and utilize resources for the FUNDED SOW, IP will come to Caltech. Sponsor can negotiate with OTT for further licensable rights.	Sponsored Research Agreement (SRA) Perhaps Visiting Scientist Agreement (VSA)
GIFTS (Cash or Equipment)	Charitable gifts are given from a donor to Caltech. A gift is provided to Caltech, for use in Caltech's discretion, subject to any restrictions as to purpose, in furtherance of Caltech's charitable mission, and without expectation of anything significant in return. The gift may not be made to benefit a specific individual, nor should it be designated for a particular lab; however it may be designated to support a particular type of research. There is no SOW, nor are there deliverables or reports, although stewardship reporting is an acknowledged Caltech responsibility.	Private	IP belongs to Caltech. No rights or privileges are conveyed to donor.	Gift Agreement (GA)
FACILITIES USE	User Employees come to Caltech to use Unique Facilities or Specialized Equipment. The specific use and description of unique facilities is included in the SOW.	Federal and/or Private	IP belongs to the User (as long as no intellectual assistance is provided from Caltech). Generally, Caltech receives an internal research use license.	Facilities Use Agreement (FUA)
TECHNICAL SERVICES	Caltech performs technical work/service (not research) for an outside Entity. Technical work/services performed should not be readily available commercially. Description of the technical service is included in the SOW.	Federal and/or Private	Data/Product (and associated IP) belongs to Entity. IP developed at Caltech to provide work or service belongs to Caltech	Technical Services Agreement (TSA)

FUNDS TO SUPPORT RESEARCH AND RELATED ACTIVITIES AT CALTECH

Type of Funds	Type of Activity & Statement of Work (SOW)	Source of Funds	Intellectual Property (IP)	Type of Agreement
SHOP SERVICES/SALES	Caltech performs straightforward technical services which result in a deliverable item, without warranty, to an outside Entity. Description of the service and item is included in the SOW.	Federal and/or Private	Product belongs to Entity, but IP belongs to Caltech.	Shop/Sales Agreement
In Kind (Provide Scientist)	Outside entity provides Visiting Scientist to Caltech. May be in combination with SR or Gift. Description of expectations for work for Visiting Scientist and Caltech should be documented in an agreement.	Generally Private	Visiting Scientist signs Visiting Scientist Agreement (VSA). IP belongs to Caltech. Caltech generally enters into an Inter-institutional Agreement (IIA), Sponsored Research Agreement (SRA), MOU, or Gift Agreement with Sponsor/Donor which will discuss any restrictions regarding disposition of IP. Caltech may negotiate with a Sponsor to license IP separately, or in conjunction with the SR, IIA, or MOU.	VSA Perhaps SRA, GA, IIA, MOU
In Kind (Provide Equipment or Facilities)	Outside Entity provides equipment or access to Entity's Facilities for use. May be used in combination with SR or Gift. Description of expectations for work for use of Equipment/Facilities by Caltech should be documented in an agreement.	Generally Private	Caltech generally enters into an Inter-institutional Agreement (IIA), Sponsored Research Agreement (SRA), MOU, Loan Agreement, a Gift Agreement or signs the other entity's facilities use agreement with the Sponsor/Donor which will discuss any restrictions regarding disposition of IP. Caltech may negotiate with outside entity to license IP separately, or in conjunction with the SR, IIA, or MOU.	SRA, MOU, IIA, Loan Agreement, GA, Use Agreement
Material Transfer and/or Non-Disclosure Agreements	(1) Caltech owned materials or IP are loaned/transferred to another entity. (2) Another entity's materials or IP are loaned/transferred to Caltech.	Minimal funds may be paid to cover transfer costs.	(1) Ownership of IP and improvement rights remain with Caltech. Other rights may be negotiated. (2) The other entity will likely retain ownership of its own IP. Caltech will negotiate over improvement rights, if IP is to be improved by Caltech.	MTA, NDA, PIA