

## FUNDING GUIDELINES

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# PHILANTHROPIC VS. SPONSORED PROJECT

### OVERVIEW

Funding derived from sources outside Texas A&M University-Corpus Christi (TAMU-CC) is an essential component of the University's financial health and its ability to undertake and sustain vital research, scholarship, and education. The classification of external funding as a philanthropic grant or sponsored project is critical to ensure that proper compliance and accounting procedures are followed.

This document provides guidance to distinguish between philanthropic grants to be administered through the Institutional Advancement (IA) and sponsored projects (restricted grants) to be administered through the Office of Sponsored Research Administration (OSRA). Determination of whether a proposal being submitted, and subsequent external funding, is a philanthropic grant or a sponsored project should be made in consultation between OSRA and IA.

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### PHILANTHROPIC GRANTS

Philanthropic grants (or gifts) typically carry no obligations between donor and recipient and are often unrelated (or only indirectly related) to the business interests or mission of the donor. Therefore, in general, a gift may be an unrestricted donation to the University, or a donation whose use may be restricted to an academic area or to a defined group of academic, departmental, or other TAMU-CC activities. Within the restrictions set by the terms of a gift agreement or funding proposal, the specific ways in which funds are used, and the methods of implementing the intent of the donor, are left to the discretion of TAMU-CC or as proposed in the funding

proposal. A gift may be directed by a donor to support the work of a specific department or PI, but in these cases, the department or PI typically would have broad discretion as to the design and implementation of specific academic activities for which funds received would be used. However, it is not unusual for a donor to expect a report on the general uses of funds donated (for example, a list of activities or projects that have been supported by a gift) or even a report detailing line-item expenses. If a gift made for a restricted purpose has not, however, been spent according to the donor's restrictions, a donor may have grounds to rescind and recoup the gifted funds.

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## SPONSORED PROJECTS

In sponsored projects (grants, cooperative agreements, and contracts), the business interests or mission of the source of external funds is most often related directly to the uses proposed by the recipient. Sponsors typically provide funding on the basis of a specific project or research plan. The budget is for a specified period of time, with funds unused at the expiration of the time period sometimes reverting to the sponsor. The plan most often involves an identified PI or group of PIs and specifies goals and objectives, as well as the methodologies and approaches to be used, and it is to pursue the program or research plan that the funds are typically awarded. Sponsors expect TAMU-CC to be fully accountable for assuring that the program or research is conducted with financial,

ethical, and scientific integrity and in compliance with all applicable federal and state laws and regulations. In a sponsored project, both TAMU-CC and the PI(s) are responsible for reporting on progress and results to the sponsor at intervals or milestones identified in the award document. Sponsors usually stipulate as part of the terms and conditions of an award that they have discretion to audit all expenditures and to disallow and demand repayment of any funds deemed by the sponsor to have been expended for purposes other than direct support of the defined activities. If the funded program or research is not pursued as described, or the contracted deliverables not attained, sponsors may recoup all or some of the funds provided from TAMU-CC.

### ***Other Factors to Consider:***

In some cases, the distinction between a philanthropic grant and a sponsored project is ambiguous and requires consideration of many factors, including but not limited to the mission of and potential benefit received by the funder; the scope of work; whether there are any defined activities, and if so, their nature and the specificity with which they are defined; the terms of accountability for use of funds and deliverables. Alternately, some external funding can initially resemble a gift because its terms may lack detail about activities to be funded but may require a mechanism by which a funder would be asked periodically to approve specific program or research activities and/or specific uses of portions of funds; such funding would therefore likely be considered as a sponsored project, because of the lingering control of the funder over specific activities for which the funds would be used and/or the budgets for those activities.

A consultation between the Executive Director of External Relations in Institutional Advancement and the Associate Vice President for Research may be needed when there is not a clear delineation. It may also be necessary to consult the Executive Director of Advancement Services, PI, or another requestor.

In resolving issues related to the classification of a proposal or award, TAMU-CC personnel must maintain an appropriate balance between the interests and preferences of the donor/sponsor and the University's administrative policies and objectives. In some cases, it may be necessary to contact the donor/sponsor for clarification of intent and requirements, and/or to discuss the planned use of the funds. Such contacts may involve appropriate TAMU-CC faculty or staff, development officer, OSRA staff, or IA staff, depending on the nature of the question and relationship with the donor/sponsor.

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## ADMINISTRATION

Once a determination of whether external funding is/will be a philanthropic grant or sponsored project, the requestor of the funds should work with the appropriate entity for the administration of the external funding, including any proposal preparation activities, acceptance of funding, and management of those funds. For projects administered through OSRA, all university policies apply.

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## EXTERNAL REPORTING

Financial accountability for sponsored projects is the responsibility of OSRA. Financial reporting for philanthropic grants is the responsibility of IA. The requestor of the funds is generally heavily involved in compiling information and writing narratives for these reports.

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## KEY POINTS

### PHILANTHROPIC GIFT/GRANT

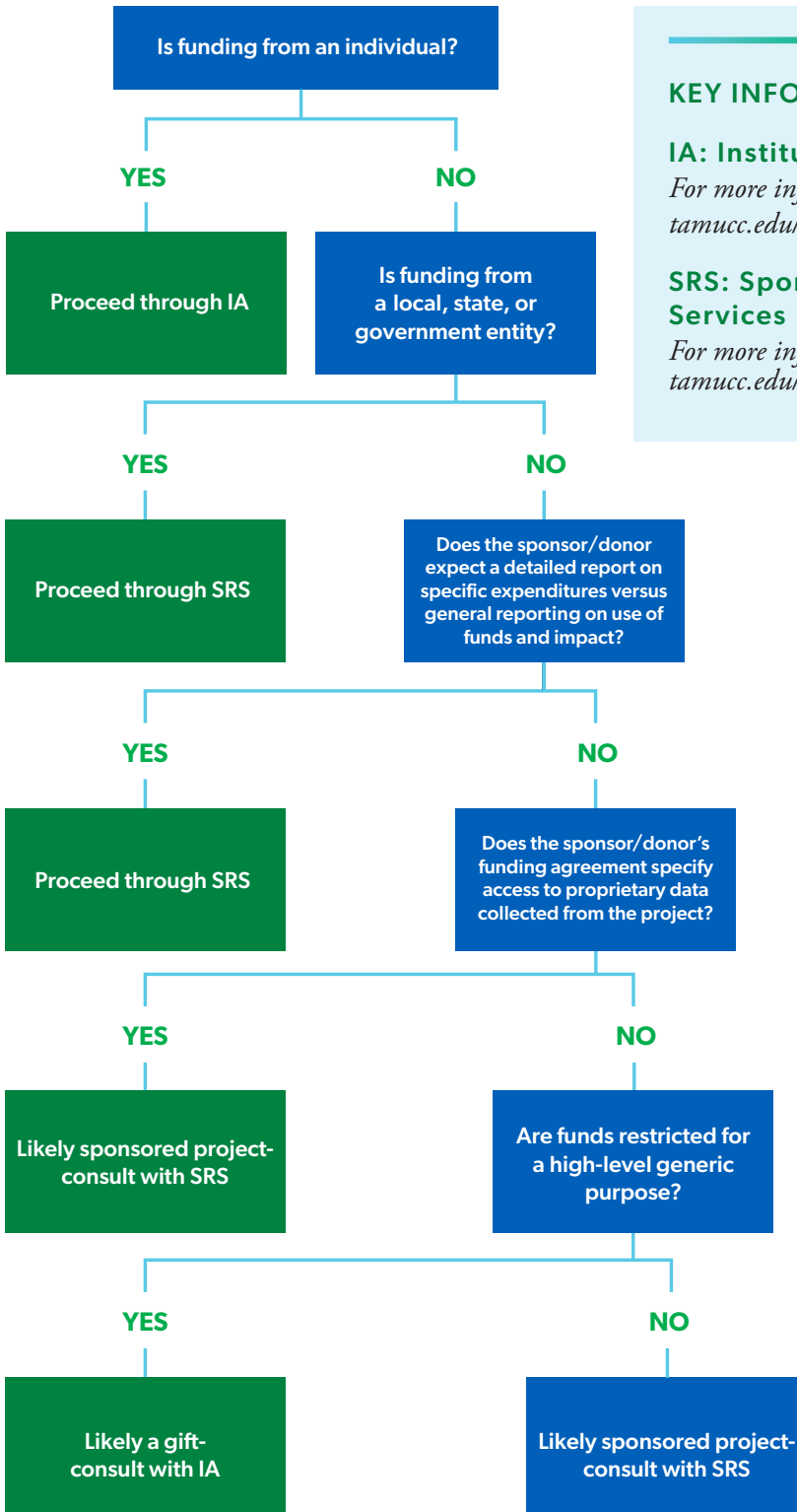
- Funder may request general reporting on progress
- Funder involvement in the methodology and implementation required to carry out the activities of award is limited
- Changes may require approval from funder
- Indirect costs are typically limited or not allowed (this may also be true of sponsored projects)

### SPONSORED PROJECTS

- Project furthers business/ organization objectives
- Incremental funding is typically dependent on milestones and achievement dates
- It is required that the funder approves the project goals and objectives as well as the methodologies to be used
- Changes require approval by the funder
- Proposal calls for a detailed line-item budget, including appropriate overhead and indirect costs

## DETERMINATION CHECKLIST

Use this checklist to help you determine where your project best aligns.



### KEY INFORMATION

#### IA: Institutional Advancement

For more information, visit:  
[tamucc.edu/institutional-advancement](http://tamucc.edu/institutional-advancement)

#### SRS: Sponsored Research Services

For more information, visit:  
[tamucc.edu/research/losra/pre-award](http://tamucc.edu/research/losra/pre-award)