



University of Connecticut Health Center

POLICY NUMBER 2002-36

February 25, 2002

**POLICY: TYPES OF SPONSORED PROGRAMS
(RESEARCH/SPONSORED PROGRAMS)**

1.1 Gifts

In general, if the funds are subject to reporting restrictions or obligations such as licenses, fees or restricted to a specific project, they are sponsored projects, not gifts.

Gifts are all restricted and unrestricted transfers of money or property made to UCHC or UConn Foundation, or to a designated school (SOM or SODM) by an individual, group, business, or nongovernmental agency when the use of funds is NOT intended to result in direct economic benefit or any other tangible compensation (i.e., goods or services) to the donor.

1.2 External sales

A department or school may receive support by selling supplies or services outside the University community. Income from the external sale may be subject to federal taxes, and regulatory requirements imposed by Federal and State agencies (i.e., FDA).

If the activity generating the sale is supported by sponsored funds, the income from that sale is program income.

Example of Gift vs. Sponsored Project vs. External Sale:

A researcher receives a set amount of money (fixed-price award) to develop a product. These are sponsored funds and treated as a sponsored project. It is not a gift because the sponsor expects a deliverable. While the project is being conducted, the researcher sells a prototype of the deliverable. Income from this external sale is program income and handled according to the program income policy. If the prototype is sold after the project is completed, the income from the sale is treated as an external sale.

1.3 Sponsored projects

The term "sponsored project" refers to a financial award (grant, contract, or cooperative agreement) from a sponsor to conduct a specified research, training, or service project. Sponsors can be state or federal agencies, foundations, nonprofit groups, or private enterprises such as business and industry.

Limitations exist on the use of project data, or details relating to patents, or copyrights are involved.

There is a binding agreement between the University and another entity to provide economic benefit for compensation paid.

Grants, contracts, and cooperative agreements:

The University is awarded sponsored projects in the form of grants, contracts, and cooperative agreements. The type of agreement usually reflects the relationship between the sponsor and the recipient. The following descriptions point to distinctions between each type of sponsored project.

1.3.1 Grant

A grant is a pledge of support where the sponsor has little involvement in conducting the project.

Example: A federal agency might request proposals for projects involving the Americans with Disabilities Act. The PI would then propose a project in this area and it would be conducted with little involvement by the sponsor.

1.3.2 Contract

A contract is an agreement where the sponsor has more involvement and uses the project to achieve a specific outcome or deliverable.

Example: A business might request proposals to devise an electric wheelchair. Before the project begins, the sponsor and the PI might discuss features that the wheelchair should have and agree on tests that the finished product must pass. The work would then be conducted by the University PI.

1.3.3 Cooperative agreement

An agreement where the sponsor has substantial involvement in the project. The sponsor and grantee work together to achieve a specific objective.

Example: The wheelchair project would constitute a cooperative agreement if both the sponsor employees and the University PI worked together to develop the wheelchair.

1.4 Cost reimbursable vs. fixed-price and fixed-fee

All types of sponsored projects can be funded in several ways:

1.4.1 Cost reimbursable

A "cost reimbursable" agreement indicates that the sponsor funds the project to the extent described in the award notice. The University is reimbursed by the sponsor only for actual costs incurred; any unspent funds revert to the sponsor. Similarly, the University is generally not obligated to complete the work if the estimated award amount was insufficient.

Since it is inherently difficult to estimate the cost of a research project, most sponsored projects are "cost reimbursable."

1.4.2 Fixed-price

In a "fixed price" award, the PI agrees to accomplish project objectives within a specific timeframe for a set dollar amount. If the deliverables are not completed within the award period, the contract must be extended. The award amount also remains constant, even if actual costs for the project are above or below it. Any over expenditures are the responsibility of the department, and unspent funds do not revert to the sponsor.

1.4.3 Fixed-fee

In a "fixed fee" award, the PI agrees to accomplish project objectives within a specific timeframe for a set dollar amount per patient, per hour, or other unit. The total award amount is based on an estimated number of units and is subject to downward adjustment based on the actual number of units completed. Sponsor approval is required to exceed the estimated number of units. The fee per unit remains constant, even if the actual cost per unit is above or below that amount. Any over expenditures are the responsibility of the department, and earned unspent revenue does not revert to the sponsor. If the deliverables are not completed within the award period, the contract must be extended.

Dan Upton (signed)

Chief Financial Officer

4/10/02

Date

Richard Berlin, MD (signed)

Associate Dean for Research/Planning & Coordination

4/8/02

Date

Peter Deckers, MD (signed)

Executive Vice President for Health Affairs

4/10/02

Date

Replaces: NEW POLICY