

UW – Madison Policy on Cost Sharing

Background

As one of the nation's leading research institutions, the University of Wisconsin – Madison recognizes the importance of providing good stewardship of institutional and extramural funds. The University's stewardship includes the responsibility for complying with federal requirements for proposing, managing, and documenting sponsored activities.

Support for the faculty's research goals is critical to the success of the University. The purpose of this document is to foster excellence in research by promoting the successful support for research activities through institutional investments in sponsored projects. Cost sharing activities are important at many stages in a research program:

- Proposing the research goals and the funding to support them
- Establishing the obligations of the University in regard to the project budget and expenditures
- Charging salary and other items of expense for the project
- Managing the sources of funds in keeping with Federal requirements
- Monitoring the University's commitments to the project
- Documenting project expenditures and the funding for project expenses

Policy Statement

It is the policy of the University of Wisconsin – Madison that all researchers who engage in sponsored projects will comply with University policies and sponsoring agency regulations regarding the proposing, charging, and reporting of cost sharing funds on those projects. The University's policy on cost sharing is applicable to both federal and non-federal sponsored projects.

Generally, the University's policy is to minimize institutional and third party cost sharing on sponsored projects. Cost sharing may be allowed when it is mandated by the sponsoring agency or when it is necessary to reflect accurately the resources that must be expended to accomplish the project objectives. It must be noted as well that most cost sharing resources are supplied by the department, school or college. In some instances, a school or college may create requirements in addition to this policy regarding cost sharing. Approval of voluntary committed cost sharing rests with the dean's and director's office.

Cost sharing occurs when the institution redirects its resources to support a specific sponsored project beyond the funding level provided by the sponsor. In some cases cost sharing allows the institution to stretch scarce resources. For example, by using cost sharing to match sponsor funds, UW may be able to purchase large, complex pieces of equipment or to construct new research facilities. In those examples UW leverages institutional funds by bringing in sponsored funds to pay part of the costs of the purchase or construction. In other instances, however, the reallocation of funds from institutional

activities to a sponsored project can have a detrimental effect on the programmatic, administrative and financial capabilities of the researcher and the University. The consequences of cost sharing commitments include:

- Reducing the flexibility of researchers to conduct other research by obligating their effort to specific projects
- Increasing the requirements for capturing, monitoring, and documenting for audit all commitments and expenditures of cost shared funds
- Decreasing the University's recovery of indirect costs (Facilities and Administrative costs) by the addition of cost sharing to the research base

Reason for the Policy

This policy was created in order to:

- Comply with the University's obligations under the federal Office of Management and Budget's regulations for cost sharing and other relevant sponsor requirements
- Provide clear direction to faculty and staff for determining cost sharing in proposals
- Promote the best possible alignment between faculty and staff activity and funding sources so as to enhance research efforts at UW – Madison
- Establish expectations for tracking, monitoring, and recording cost sharing by the University

Complete information about the University's procedures for cost sharing can be found in the document titled Guidelines for Cost Sharing. This document is available on the RSP web site at:

www.rsp.wisc.edu/costsharing