

Cost-Sharing on Sponsored Programs

As discussed with the chairs at the August 2004 CALS Chairs' meeting, the campus has become aware of issues of how we are handling cost-sharing on sponsored programs. There has been confusion about the changes that CALS has started and we are posting the following to the CALS Research Division website and providing the documents* from the chairs' meeting as background. Please circulate to faculty and staff. Please refer general questions to Margaret Dentine (mrdentine@cals.wisc.edu) and questions on specific proposals to Carol Hillmer (chillmer@cals.wisc.edu) or Jody Bleck (jbleck@cals.wisc.edu).

Statement on cost sharing:

Cost-sharing (or matching) on grants has programmatic, administrative, and financial consequences for the University of Wisconsin and is strongly discouraged unless required by the sponsor. Voluntary commitments to cost-share (a) reduce the flexibility PIs have to conduct other research, when their effort is pledged to specific projects; (b) increase the requirements for auditable record keeping; and (c) have an adverse effect on the University's recovery of indirect (Facilities and Administrative) costs. Moderate mandatory cost-sharing, included in the specific program description, will be approved for most projects.

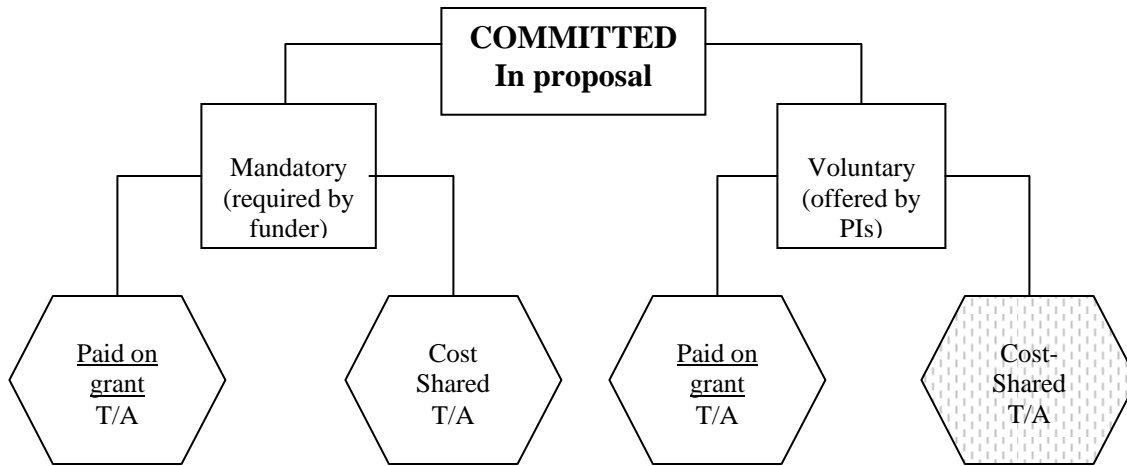
Payrolling key personnel on the grant is the preferred method to indicate and document effort on new projects. If voluntary cost-sharing is proposed, CALS will approve cost-share of no more than 10% of effort per project for these individuals. PIs should continue to accurately reflect their committed effort on research projects in the proposal budget. CALS will continue to contribute resources toward the performance of projects funded externally but explicit commitments to cost share should be minimized in proposals unless required by the sponsor.

*Refer to the following two documents:

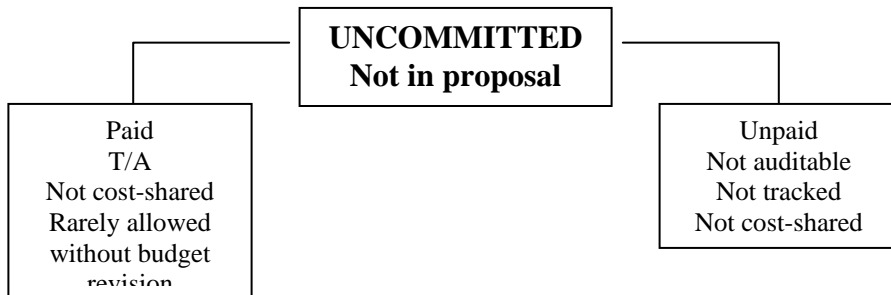
1. How We Capture Effort
2. Effort Reporting and Cost-Sharing Update

How We Capture Effort

3/10/2004



Note: most federal agencies require some mandatory effort by PIs



T/A: Must be *tracked* and is *auditable*

Voluntary cost-shared effort decreases the institutions' indirect cost rate

Effort reporting and cost-sharing update

PI expectation on grants:

Funders are satisfied with grant performance if scientific objectives are met.

Grant managers' and funder's expectation for performance on grants:

- a) Objectives will be completed within grant period
- b) Investigators will spend specific quantifiable effort on project and that effort will be documented (effort reporting)
- c) Commitments made in the proposal will be followed: program, finances, and effort
- d) Any changes to commitments will be renegotiated.

Current situation: Federal audits have been more thorough on effort than in the past. Recent large fines have been levied when effort-reporting has been challenged.

UW situation:

- Effort reporting and certification done on PAR system (Personnel Activity Reports as an after-the fact review and certification)
- Federal requirements drive the reporting system
- Commitments from proposals not all captured (focus on federal efforts)
- Poor understanding of rationale and process by faculty and staff
- Awkward paper system that is difficult to maintain and complete
- Little guidance on how to represent effort
- No prospective tools to allow planning for future commitments

Graduate School has a Research Policy Advisory Committee (RPAC) that appointed a subcommittee to review effort reporting and cost-sharing in the UW situation.

- Reviewed current effort-reporting and certification
- Considered federal and non-federal requirements and ramifications for campus
- Has determined that current system and training are inadequate
- Will make recommendations for improvements

Some key concepts:

- All effort committed on all extramural programs should be tracked and auditable (Commitments may be anywhere in submission : proposal, narratives, or budget)
- Efforts paid on grant or cost-shared must be checked and certified by individuals with first-hand knowledge.
- Funders usually require that some effort be committed by all “key personnel” (named professional researchers)
- In no case, can more than 100% of effort be committed to outside projects (probably less in order to allow time for teaching, advising and administrative duties).
- Payrolling key personnel on grants is the preferred method of showing effort.
- Voluntarily committing effort above what is required by the funder lowers the institutional indirect cost rate and should be avoided.
- Budget revisions should include revisions to matching (cost-shared) efforts