Wisconsin Partnership Program
Cost Principles

BACKGROUND
The Wisconsin Partnership Program (WPP) is governed by a number of rules and requirements through the Insurance Commissioner’s Order, the Grant Agreement with the UW System Board of Regents, and the University of Wisconsin’s rules and policies as well as local, state and federal laws. Grant recipients are responsible for ensuring efficient and effective management of the Wisconsin Partnership Program grant funds.

DEFINITIONS
The WPP follows the four Federal Cost Principles (2 CFR Part 200 – Subpart E) as defined below:

Allowable – costs are allowable if they meet the conditions outlined in WPP policy, the Memorandum of Understanding and Grant Agreement, and WPP terms and conditions. Allowable costs must be project specific and necessary for the performance of the WPP award. Inclusion of an unallowable cost in a proposal does not make the cost allowable. Indirect costs such as overhead or administrative costs are unallowable. See WPP Policy on Allowable/Unallowable costs.

Reasonable – A cost is reasonable if, in its nature and amount, it does not exceed what would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In making a determination on whether or not a cost is reasonable, the Recipients should consider the following:

a) Costs are ordinary and necessary for the proper operation and efficient performance of the WPP award.
b) Pricing for comparable goods or services are within general market conditions.
c) Costs are incurred within Recipient’s established policies and practices.
d) Recipient acted with prudence in the circumstances considering their responsibilities to their organization or the University of Wisconsin System.

Allocable – Costs are allocable if they directly benefit the award in full or in part. In making a determination on allocability the following criteria should be met:

a) Cost is incurred specifically for the WPP award
b) If the cost is being split between funding sources, it can be distributed in proportions that represent a reasonable estimation of the benefits provided. The cost allocation method used should be applied consistently throughout the award period.

Consistent – costs must be treated in a consistent manner by the Recipient. Treatment of costs must apply uniformly to the WPP award and other activities of the Recipient. Costs incurred for the same purposes and in like circumstances may not be assigned to the WPP award as a direct cost and treated as an indirect cost under other funding sources.

POLICY
It is the responsibility of the Recipient to ensure that only allowable, allocable, reasonable, consistent, and direct costs are charged to WPP funding. The WPP reserves the right to question or deny any expense if it determines a cost fails to meet any one of the cost principles.

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