

POLICY AND PROCEDURE STATEMENT OF GRANTS COMMITTEE

INTRODUCTION

The Wisconsin Alumni Research Foundation (WARF) contributes to the excellence of the University of Wisconsin-Madison in many ways. WARF serves as the technology transfer office of the University, assisting faculty in patenting, licensing, and monetizing their discoveries. It distributes royalties earned from technology transfer to faculty and departments to be used to further scientific research. WARF also retains a share of royalty earnings for the WARF endowment. That endowment is invested with the goal of providing a long-term source of grant making for scientific research at the University. This policy statement describes the mission, strategies, and governance of grant making of WARF and its Grants Committee as well as the roles and responsibilities of WARF's internal staff in the grant process.

MISSION

To preserve and enhance the margin of excellence of the University of Wisconsin-Madison by promoting, encouraging and aiding scientific investigation and research at the University of Wisconsin-Madison.

STRATEGIES

- Provide annual grants to the graduate school to support competitive research awards for faculty, faculty fellowships, graduate fellowships and other purposes in alignment with WARF's mission.
- Fund entities that advance scientific research at the University and contribute to the competitiveness of the University of Wisconsin-Madison, e.g., Morgridge Institute for Research (MIR).
- When appropriate, join with other donors, e.g. the State of Wisconsin and private foundations, to finance capital projects including buildings and laboratories
- When appropriate, provide funds for specialized equipment that is needed to advance scientific investigation and research or activities that promote and encourage scientific investigation and research at UW-Madison.

GOVERNANCE

Responsibilities of the WARF Board of Trustees regarding grants

The Board of Trustees delegates much of the implementation of grant policy to the Grants Committee and WARF staff, but retains ultimate responsibility for the grants process. The Board:

- Establishes the mission and objectives of grants to the University
- Approves overall grant-making policy
- Approves the budget for grant making
- Reviews and approves recommendations by the Grants Committee regarding grants to the University and WARF's affiliates, e.g. MIR.
- Maintains close and open communications with the Chancellor, Provost, Dean of the Graduate School, the governing body of the faculty and others as designated by the Chancellor

- Maintains close communications with the Chairs and Executive Directors of affiliated organizations including The Morgridge Institute and WiCell.
- Regularly reviews with the Chancellor, Provost, and Dean of the Graduate School the University's research needs and WARF's funding capacity and strategies
- Oversees and evaluates the grants made to the University and its affiliated organizations with a view to determining the best use of WARF funds in achieving its mission

Grants Committee

Composition

The Grants Committee of the WARF Board of Trustees was established in May 2009 assuming the duties previously performed by the University Relations Committee. The committee includes the Managing Director and the President of the Board of Trustees. The committee chair and members are named by the Board of Trustees.

Meetings

The Grants Committee meets at least twice per fiscal year, typically in conjunction with regularly scheduled Board of Trustee meetings. The Committee may meet either in person, via electronic mail or via conference call, as necessary. A majority of the appointed Committee members must be present to constitute a quorum, and approval of recommendations from the Committee shall be based on a majority vote of the Committee members present.

Responsibilities

As delegated by the Board of Trustees, the Grants Committee:

- Interacts with the leaders of the University, especially the Chancellor, Provost, and Dean of the Graduate School, to understand the needs of the University and the ability of WARF to support the margin of excellence for the University of Wisconsin-Madison through its grant making
- Meets regularly with leaders of The Morgridge Institute for Research, WiCell and other support organizations funded by WARF
- Provides the University and support organizations including the Morgridge Institute for Research with an estimate of monies available for grants
- Reviews grant requests and makes recommendations to the Board of Trustees
- Oversees implementation of grants policy
- Monitors, evaluates, and reports to the WARF Board of Trustees on the use of grants made to the University and to other support organizations including The Morgridge Institute
- Evaluates strategies and grants to determine their contribution to the margin of excellence of the University
 - Reviews data and reports from the University to assure compliance with grants
 - Conducts internal and external evaluations of both strategies and programs on a regular basis

WARF INTERNAL STAFF

Composition

Management of the grant-making process is performed by staff from the Finance and Executive Departments with input from the Investment Department. The Managing Director and Finance Department coordinate the activities of staff involved in the process.

Responsibilities

- Implement grant policy
- Provide University and Morgridge administration with an estimate of monies available for grants at the beginning of each fiscal year
- In conjunction with the Chair of the committee, call meetings of the Grant Committee, as necessary and assure timely preparation of materials for the meetings
- Prepare materials for the Grant Committee and Board of Trustees, including working with the Committee's Chair and University representatives to develop agendas, regular reports, evaluations, recommendations for approval and any other materials requested by the Committee
- Maintain up to date books and records on grants made
- Prepare official minutes of Grant Committee
- Maintain and update this Grant Policy Statement

GRANTS PROCEDURE

Annual University Grant Procedures:

At the Fall WARF board meeting:

WARF staff shall propose an amount to be granted to the University for the following academic year. That proposed amount should be considered sustainable within WARF's endowment resources, while taking into account intergenerational equity. Unless otherwise stated, such recommendation shall be made under the assumption that the University will generally maintain the same categories of grants as in the previous year.

This recommendation shall be acted upon by the Grants Committee and the Board and communicated to the Chancellor.

At the Winter WARF board meeting:

The Chancellor will advise the Grants Committee of any material changes requested by the University with respect to the allocation of the grant by category, changes in the amount of the grant, and any Special Grant requests.

At the Spring WARF board meeting.

The Grants Committee will act on the modifications or additions to the grant made by the Chancellor at the Winter meeting. The Grants Committee will then provide a final grant recommendation to the WARF Board of Trustees and the Board shall act on the request.

Special Grants to the University

Requests for special projects, including capital projects, may arise from time to time. Such projects should conform to the overall scientific investigation and research charter of WARF but may entail special or unusual circumstances which do not fully fit the laboratory investigation model. The Chancellor may initiate a request for such a Special Grant which will be reviewed by the Grants Committee. If deemed acceptable overall and congruent with WARF's charter, the Committee may recommend the Special Grant request to the WARF Board of Trustees for action.

The WARF Board of Trustees may propose to the Chancellor or other appropriate official of the University special projects they deem important. The Chancellor and/or the Board will arrange an evaluation and, if appropriate, a proposal to the WARF Board of Trustees for the proposed project.

In determining whether to award a Special Grant, the Board shall consider the following criteria:

- The grant should contribute to the "margin of excellence" for the University
- The grant should comply with WARF's mission to support scientific investigation and research at UW-Madison
- The grant should be supported by both faculty and administration
- To the extent practical, the grant should stipulate very definitely how and by whom the funds are to be used
 - o Grants for young researchers with exceptional potential are favored
 - o Programs or projects at the leading edge of research are favored
- A grant for multi-year projects or programs should be made only if such grant will not adversely impact WARF's Annual Grant. Multi-year grants should be reviewed annually, have a definite end date, and provide the opportunity for WARF to terminate the grant if the project or program changes or does not accomplish its original goal/s.
- Seed grants or highly leveraged grants are favored
- The grant should be publicly identified as coming from WARF

Donor Directed and Department Royalty Funds

- WARF will provide reports of fund earnings to the Graduate School and participating University departments at least annually

- The payout schedule for Donor Directed Funds and Departmental Royalty Trust Funds shall be 4.5% unless otherwise stipulated by the donor.
 - Disbursements from Department Royalty Trust Funds may exceed 4.5% when approved by the Chancellor, Dean of the Graduate School and head of the department.
 - WARF charges a 0.5% management fee for the management of these funds.
- The WARF Board of Trustees shall receive periodic reports from the University regarding the use of donor directed funds.

University Grant Review and Assessment

After each fiscal year, the University shall provide WARF with a summary of grant expenditures by grant category, including information regarding how the grant was spent by the final recipient. From the information provided, WARF staff will prepare a Grant Expenditure Review report for the Grants Committee for review at the Winter board meeting.

Periodically, the Grants Committee may request a qualitative review of portions of the WARF grant, specifying the particular information that the Committee wishes to learn about its use and effectiveness. See also Addendum A for the convention to be used to compute the percentage of the grant expenditures made directly in support of WARF's mission.

Annual MIR Grant Policy and Procedures

The WARF Board of Trustees has agreed to grant MIR start-up funding of up to \$15 million per year through fiscal year 2015. This grant may be used to support MIR Challenge Areas, and lease, occupancy and administrative costs.

During this start-up period, grant requests shall be submitted to the Grants Committee by the Executive Director of MIR at the Spring meeting. Such requests should be accompanied by a budget outlining the anticipated uses of the grant.

Prior to fiscal year 2015, the Grants Committee will establish and present to the full Board of WARF the parameters to be used to determine the grant review and evaluation process for the MIR grant following the start-up period.