

Frequently Asked Questions (FAQs) NSF's Revised Cost Sharing Policy Dated 12/07/10

Why did NSF revise its cost sharing policy and what are the major changes?

The National Science Board issued a report entitled "*Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise*" (NSB 09-20, August 3, 2009), which contained eight recommendations for NSF regarding cost sharing. NSF revised its policy in order to implement the Board's recommendations. The major change is that, except when required in an NSF solicitation, inclusion of voluntary committed cost sharing is prohibited. In order to assess the scope of the project, all organizational resources necessary for the project (both physical and personnel) must be described in the Facilities, Equipment and Other Resources section of the proposal (see NSF *Grant Proposal Guide* (GPG) Chapter II.C.2.i for more information). The description should be narrative in nature and must not include any quantifiable financial information. Another change is that NSF-required mandatory cost sharing will only be required when explicitly authorized by the NSF Director.

When does the new policy go into effect?

The new *Grant Proposal Guide* becomes effective for proposals submitted or due on or after January 18, 2011. More information about the revised cost sharing policy can be found in the *Proposal and Award Policies and Procedures Guide* (NSF 11-1), *Grant Proposal Guide* Chapter II.C.2.g(xi) and *Award & Administration Guide* Chapter II.B.1.a and II.D.

Does the new policy suggest that an institution must propose a minimum threshold of paid effort for faculty or senior researchers? If not, how should the institution propose unpaid effort for senior personnel?

The Board's recommendations did not suggest changes to the existing practice of sharing in the costs of faculty salaries, and NSF has not made any changes to its current salaries and wages policy. In addition, the revised GPG coverage reminds recipients that they remain subject to the provisions of OMB M-01-06, "*Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs*," regarding requirements for committing and tracking "some level" of faculty (or senior researcher) effort as part of the organized research base.

If a PI already is charging two months of salary support per year on their active NSF award(s), should they not request support on any new proposals that are submitted? If they are not requesting salary support, would that constitute cost sharing?

As stated above, the Board noted in its report that nothing in the recommendations was meant to change NSF's current salaries and wages policy. Therefore, PIs should include in their proposals the amount of time they are planning to spend working on the project, should it be funded. Awardee organizations also may, at their discretion, continue to contribute voluntary uncommitted cost sharing to NSF-sponsored projects.

Should a PI have other NSF award(s) with salary support and the new proposal would put them over the two months of support in any one year policy, then per the GPG Chapter II.C.2.g(i), they will need to justify in the budget justification why support for the pending project is needed.

The Program Officer will consider this and determine if it is feasible to support the additional time.

The GPG directs that all organizational resources available for a project should be described in the Facilities, Equipment and Other Resources section of the proposal. The Board's report defines this to include physical and personnel resources. Since the Facilities section is not part of the budget, it does not meet the definition of cost sharing in 2 CFR § 215.23 and therefore the resources described there would not be considered voluntary committed cost sharing.

If an institution addresses voluntary committed cost sharing in the proposal narrative, how will NSF proposal reviewers respond?

The GPG is very clear that inclusion of voluntary committed cost sharing is prohibited in NSF proposals, unless specifically required by a program solicitation. Chapter II.C.2.i directs proposers to include an aggregated description of the resources that the organization will provide to the project, should it be funded. Such information must be provided in the Facilities, Equipment and Other Resources section, in lieu of other parts of the proposal such as the budget justification or project description. The description should be narrative in nature and must not include any quantifiable financial information. Reviewers will be directed to the Facilities section of the proposal and will be asked to evaluate the information during the merit review process.

What are the consequences if a proposer includes voluntary committed cost sharing in a proposal? Will the proposer be given the opportunity to remove the reference or will the proposal be returned without review?

As stated above, inclusion of voluntary committed cost sharing is prohibited for proposals submitted or due on or after January 18, 2011, unless otherwise specified in the solicitation. While references to voluntary committed cost sharing may not always be identified during initial administrative screening of proposals, should violations of the policy be found during merit review or budget negotiation, the proposer does run the risk of the proposal being returned without review or declined.

Would effort shown on the Current and Pending Support section of the proposal that is not reflected on the proposal budget be considered voluntary committed cost sharing?

The purpose of the current and pending report section is to assess possible PI and other senior personnel commitments and get a general sense of what other projects require a portion of their time. The section may include everything from planned, to pending, to current projects and NSF uses it strictly for informational purposes. Current and pending support is not part of the budget and so does not meet the definition of cost sharing in 2 CFR § 215.23. Therefore NSF would not consider effort shown on the current and pending support section to be voluntary committed cost sharing.