

Frequently Asked Questions (FAQs) NSF's Revised Cost Sharing Policy Updated January 2013

1. 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, effective January 18, 2011, 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.

2. What is the effective date for the policy?

The cost sharing policy is 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 13-1), *Grant Proposal Guide* Chapter II.C.2.g(xi) and *Award & Administration Guide* Chapter II.B.1.a and II.D.

3. Does the 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.

4. 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.

5. 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 and its collaborators 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.

6. 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.

7. 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 support 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.

8. If an organization is making a voluntary uncommitted contribution of time and effort, does that need to be included in the effort reporting certification?

Institutions of Higher Education should follow the applicable cost principles and OMB Memorandum M-01-06, *Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost*

Sharing and Tuition Remission Costs, which states that voluntary uncommitted cost sharing should be treated differently from committed effort and should not be included in the organized research base for computing the F&A [Facilities and Administrative] rate or reflected in any allocation of F&A costs. Furthermore, such faculty effort is excluded from the effort reporting requirement in section J.10 of 2 CFR 220 (formerly OMB Circular A-21).

Organizations not subject to 2 CFR 220 should follow the effort reporting requirements contained in the applicable cost principles for their type of organization.

9. Can descriptions of the resources available for a project be included in sections other than Facilities, Equipment and Other Resources?

The Facilities, Equipment and Other Resources section should contain an aggregated description of the resources that the organization and its collaborators will provide to the project, should it be funded. Narrative descriptions of the resources available (both physical and personnel) should be included in the Facilities section and not in other areas of the proposal.

10. Is an organization obligated to provide the resources described in the Facilities, Equipment and Other Resources section, should an award be made? What should an awardee do if they cannot provide some of those resources?

The resources described in the Facilities, Equipment and Other Resources section are evaluated during the merit review process and NSF does have an expectation that they will be made available, should the proposal be funded. Therefore, organizations do need to ensure that they are provided if an award is made.

Should an awardee not be able to provide some of those resources, they should discuss the situation with the cognizant NSF Program Officer. Prior NSF approval is required for any change to the Facilities, Equipment and Other Resources section of an approved proposal that would constitute a change in objectives, scope or methodology (see the *NSF Award & Administration Guide* (AAG) Chapter II.B.1 for further information).

11. My proposal will contain a letter of commitment. Can the letter of commitment contain quantifiable financial information?

All resources necessary for the project should be described in the Facilities, Equipment and Other Resources section of the proposal. If a letter of commitment is also submitted, it should not contain financially quantifiable information and should not provide more information than that provided in the Facilities, Equipment and Other Resources section. See Grant Proposal Guide Chapter II.C.2.i for more information on the Facilities, Equipment and Other Resources section.

12. What about situations where senior project personnel (including the PI and any co-PIs) want to donate time to the project and not request salary support? How should this be reflected on the budget?

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. Specifying person-months but requesting no salary support on the budget would constitute voluntary committed cost sharing and therefore is not allowed. For consistency with the NSF cost sharing policy, if

person months will be requested for senior personnel, a corresponding salary amount must be entered on the budget. If no person months and no salary are being requested for senior personnel, they should be removed from section A of the budget. This can be done by clicking on the name(s) in the NSF budget format and then clicking "Check to remove". Their name(s) will remain on the Cover Sheet and the individual(s) role on the project should be described in the Facilities, Equipment and other Resources section of the proposal. This section should contain an aggregated description of the resources that the organization and its collaborators will provide to the project (both physical and personnel), should it be funded. The description should be narrative in nature and must not include any quantifiable financial information. A biographical sketch and Current and Pending Support information also are still required for the senior personnel.

For proposals requesting no effort and salary on the budget, awardees must be aware that should an award be made, 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.

14. In the past, for some doctoral dissertation and fellowship programs, person months for the student/fellow are listed on the budget but no salary. How should this be handled under the new cost sharing policy?

For these types of situations, the student/fellow should be listed on the NSF Cover Sheet but will need to be removed from the NSF budget. This can be done by clicking on their name in the budget format and then clicking "Check to remove". Because their name appears on the Cover Sheet, their name will still be included in the award notice, should the proposal be funded. The faculty advisor may continue to be listed as PI on the Cover Sheet, but should be removed from the budget. The Facilities, Equipment and Other Resources section should contain an aggregated description of the resources that the organization and its collaborators will provide to the project (both physical and personnel), should it be funded.

15. If senior project personnel plan to spend additional time working on the project, if it is funded, how should this be reflected in the proposal?

As discussed above, 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. With regard to how this should be reflected in the proposal, the budget should only show the salary being requested and the corresponding person months related to that salary for the senior personnel.

While the Current and Pending Support section may show the total person months projected to be spent working on the project by the senior personnel, the Facilities, Equipment and Other Resources section is what should be used to provide a narrative description of the resources available (both physical and personnel) to the project.

16. In solicitations that limit or do not allow indirect cost rate recovery and the organization has a federally approved rate, is that considered voluntary committed cost sharing? How should proposals to such solicitations be handled?

A limited number of programs require cost sharing and, therefore, constitute exceptions to NSF's cost sharing policy. Other than that, there are current solicitations that limit indirect cost

rate recovery that were issued prior to announcement of the change in NSF's cost sharing policy. Since they pre-date the policy change, proposers will have to follow the provisions contained in the solicitation and develop the budget in compliance with solicitation instructions. All new funding opportunities are being screened for this issue during the NSF clearance process. Any documents that contain indirect cost rate limitations will require the specific review and approval of the NSF Director.

17. I am submitting a proposal to NSF and another federal agency for potential sharing of the cost of permanent instrumentation. Should I request the full cost of the instrument or is it permissible to show the proposed cost share split in the proposal?

It is not uncommon for NSF to have joint funding opportunities with other agencies and, in some cases, to share the cost of a project or instrumentation with other partners. In such cases, the budget submitted to NSF should reflect only the amount that is being requested from NSF for the instrumentation the proposer is seeking to purchase. No information on funding from other agencies should be included in the Budget Justification.

The Facilities, Equipment and Other Resources section should contain a narrative description of the co-funding scenario. For example, "A request will be/has been submitted to (Federal Agency or other partner) for co-funding of this instrumentation." The co-funding description should not contain any financial information and should only be contained in the Facilities, Equipment and Other Resources section and not anywhere else in the proposal.

18. Can our institution voluntarily waive part or all of the indirect costs we are entitled to on a proposal or would that be considered voluntary committed cost sharing?

Waiver of any indirect costs to which the institution is entitled would be considered voluntary committed cost sharing and is therefore prohibited by NSF.

19. My award, which funded two months of PI effort, has received a 12 month no-cost extension. However, not enough funds remain to pay all of the remaining award expenses and the additional PI effort during the no-cost extension period. Is the PI required to provide additional effort?

Additional effort on the part of the PI beyond what was initially funded in the proposal is not implied by a no-cost extension. Generally, a no-cost extension is a rearrangement in the timing of when the effort will take place. The two-month commitment originally funded by NSF should be provided for by the awardee institution. However, if the PI was funded two months per year on a three year grant, the PI should provide six total months over the entire award period. A 12 month no-cost extension would not increase the PI effort to 8 total months. It simply provides an additional year in which the originally proposed effort is to take place.

20. Does the institution have to account for the voluntary uncommitted cost-shared effort in order to comply with the OMB A-21 Clarification memo regarding committing and tracking faculty effort?

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, even if a sponsored research agreement does not show effort for them, paid or unpaid by the Federal government.