National Science Foundation

Implementation of the Revised NSF Cost Sharing Policy

SRA Webinar Series

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SRA International

NATIONAL SCIENCE FOUNDATION

Ask Early, Ask Often!

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Topics

- Historical Context of Existing Cost Sharing at NSF
- America COMPETES Act Legislation & Associated NSB Reports on Cost Sharing
- NSF Revised Cost Sharing Policy
- Q&A

Historical Context of Cost Sharing at NSF

- Cost sharing policy at NSF
  - A desire in the 1950s and 1960s to bring additional resources from external sources into the nation's Research & Development enterprise.
  - Was viewed as a valuable mechanism for affirming the longstanding partnership between colleges and universities and the Federal government in science and engineering research and education.

Current Cost Sharing Policy

- Our current cost sharing policy was approved at the NSB's 382nd meeting on October 13-14th, 2004. At that meeting, the Board was presented with an update on cost sharing that included the following considerations:

  - Many small, baccalaureate, and minority serving institutions do not have the financial resources to cover the costs of compliance and participate in cost sharing;
  - Testimony from small institutions addressed the tradeoff between hiring faculty versus participating in cost sharing in order to apply for NSF instrumentation support or other initiatives;
  - These dilemmas increasingly have driven a "have and have not situation" among institutions.

Current Cost Sharing Policy (Cont'd)

- Compliance mandates for universities and research institutions have increased substantially over the last ten years
  - Patriot Act, Select Agents, VISAs, Human Subjects, HIPAA, Export Controls, Environmental Health and Safety, etc.
- Many recipient institutions are at or above the administrative cap in F&A and do not recover these increased costs of compliance
  - 85% of major universities are at or above the cap

Current Cost Sharing Policy (Cont'd)

- Tuition does not cover the full costs of education, let alone the costs of research, so institutions must turn to:
  - Earnings on endowments, unrestricted gifts, etc. to fund cost sharing and the increased cost of compliance.
- Audits continued to reveal accounting and documentation problems related to cost sharing and cost sharing was listed as a management challenge for the agency in FY 2002.

Current Cost Sharing Policy (Cont'd)

- In consideration of these factors, at the October 2004 meeting, the Board approved a revision to the existing cost sharing policy to eliminate program-specific cost sharing.
  - No new solicitation may require program-specific cost sharing.
  - NSF Program Officers may discuss with Principal Investigators the "bottom line" award amount, but may not [re]negotiate or impose cost sharing or other institutional commitments.
  - Any reduction of 10% or more from the amount proposed should be accompanied with a corresponding reduction in the scope of the project.

Current Cost Sharing Policy (Cont'd)

- An institution, at its discretion, could include cost sharing, however, on Line M.
- All solicitations that previously contained cost sharing have been reissued in conformance with the new policy.
- Cost sharing was no longer listed as a management challenge for the Foundation in the FY 2007 OIG annual statement.
  - It is noted under "Post-award administration policies", which states "Cost-sharing commitments by the institutions have become less of an issue since the National Science Board decided to eliminate non-statutory cost-sharing requirements in 2004, but commitments that pre-date that policy change continue to pose problems."

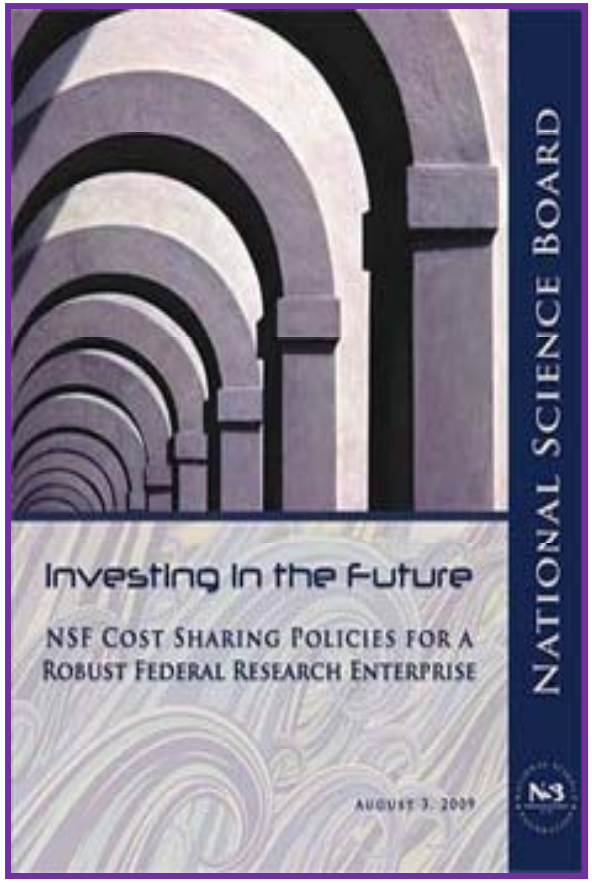
Current Cost Sharing Policy (Cont'd)

- Previously, in accordance with prior Congressional requirements, NSF required that each grantee share in the cost of NSF research projects resulting from unsolicited proposals, at a minimum level of 1%.

- The NSF Appropriations no longer contain this requirement and therefore the statutory cost sharing requirement is eliminated effective for awards made on or after June 1, 2007.

America COMPETES Act (ACA) Section 7013: Cost Sharing

- NSB Cost Sharing Report
  - ACA directed NSB to evaluate decision to eliminate cost sharing
  - This is a second comprehensive report which provides specific recommendations to NSF
  - NSF has made revisions to its existing cost sharing policy and has received clearance from OMB to proceed with implementation these recommendations



http://www.nsf.gov/nsb/publications/pub_summ.jsp?ods_key=nsb0920

NSB Cost Sharing Report (Cont'd)

NSB-09-20, Investing in the Future: NSF Cost Sharing Policies for a Robust Federal Research Enterprise

For more information about file formats used on the NSF site, please see http:/www./nsf.gov/help/plugins.jsp.

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Report Motivation,
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Introduction,
Overview of Cost Sharing,
Recent NSF Cost Sharing Policy,
Views on Cost Sharing,
Recommendations,
Other Findings and Recommendations,
Conclusion, and
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Appendix A: NSB Policy on Cost Sharing (PDF, 272kb)

Appendix B: Implementation Plan (PDF, 104kb)

Appendix C: Abridged History of Federal and NSF Cost Sharing Policies (PDF, 172kb)

Appendix D: Roundtable I - December 7, 2007
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NSB Publications, and
Back Cover (PDF, 559kb)

NSB Recommendations

RECOMMENDATIONS*

Recommendation 1

NSF should define and communicate, both internally and externally, a set of overarching principles to guide the limited application of mandatory cost sharing in NSF programs. NSF may implement mandatory cost sharing in individual programs where deemed appropriate according to established principles. Mandatory cost sharing should be applied to only a small fraction of NSF programs, and all mandatory cost sharing requirements must be subject to approval by the NSF Director.[17]

Mandatory cost sharing represents an appropriate eligibility requirement placed upon proposing institutions or jurisdictions for certain competitive grants for which non-Federal financial support and commitment are considered foundational to program success. Factors that may justify the inclusion of programmatic mandatory cost sharing requirements include, but are not limited to, capacity-building, linkages with industry, procurement or support for facilities or permanent equipment, and long-term sustainability. The Board believes that mandatory cost sharing requirements should be the exception rather than the rule.

Recommendation 2

NSF should continue its current practice of not requiring mandatory cost sharing in unsolicited proposals.

Historically, mandatory cost sharing for unsolicited proposals was required only in the form of statutory cost sharing. Prior to June 1, 2007, recipients of awards resulting from unsolicited proposals were required to contribute a minimum of one percent of the costs of the project or one percent of the aggregate costs of all NSF-sponsored projects at their institutions subject to the statutory requirement. The statutory cost sharing requirement was eliminated effective with awards made on or after June 1, 2007.[18] Additional mandatory cost sharing requirements have never been considered appropriate for unsolicited proposals, largely because

Summary of NSB Recommendations

Recommendation 1

NSF should define and communicate, both internally and externally, a set of overarching principles to guide the limited application of mandatory cost sharing in NSF programs.

Recommendation 2

NSF should continue its current practice of not requiring mandatory cost sharing in unsolicited proposals.

NSB Recommendations (Cont'd)

Recommendation 3

NSF should enhance its training of program officers to avoid unintended implicit or explicit requests for voluntary committed cost sharing during the budget negotiation process, and to ensure consistent application of NSF cost sharing policy.

NSB Recommendations (Cont'd)

Recommendation 4

In applying mandatory cost sharing, NSF programs should continue to exercise discretion in setting requirements that take into account the diverse attributes of institutions (e.g., size, research intensity, character/mission) so long as the requirements and rationale are clearly identified in program solicitations and are consistent with the principles developed by NSF in response to Recommendation 1.

NSB Recommendations (Cont'd)

Recommendation 5

NSF should reinstate mandatory cost sharing for the following programs for which cost sharing is foundational to strategic programmatic goals: the Engineering Research Centers (ERC) program, the Experimental Program to Stimulate Competitive Research (EPSCoR), and the Industry/University Cooperative Research Centers (I/UCRC) program. In accordance with the America COMPETES Act (P.L. 110-69), mandatory cost sharing is also implemented in the Major Research Instrumentation Program and the Robert Noyce Teacher Scholarship Program.

NSB Recommendations (Cont'd)

Recommendation 6

NSF should prohibit voluntary committed cost sharing in all components of both solicited and unsolicited proposals. To ensure that reviewers, NSF program officers, and grantee officials have sufficient information regarding investigator capabilities and institutional resources, NSF should broaden the intent and usage of the existing Facilities, Equipment, and Other Resources (FER) section of proposals.

NSB Recommendations (Cont'd)

Recommendation 7

With the exception of programs requiring mandatory cost sharing and expectations for grantee institutions to continue the existing practice of sharing in the costs of faculty salaries, NSF should redouble its efforts to ensure that agency funding committed to programs is commensurate with the science goals to be achieved by funded projects within the program, and by the program overall.

NSB Recommendations (Cont'd)

Recommendation 8

NSF should periodically and systematically review its cost sharing policies and their impacts and report its findings to the Board.

NSF's Revised Cost Sharing Policy

- In response to statutory requirements, and, as recommended by the National Science Board, mandatory cost sharing has been implemented for the following programs:
  - Major Research Instrumentation Program;
  - Robert Noyce Scholarship Program;
  - Engineering Research Centers;
  - Industry/University Cooperative Research Centers;
  - Experimental Program to Stimulate Competitive Research
    - Cost sharing for these programs must be identified on Line M of the approved budget.

NSF's Revised Cost Sharing Policy (Cont'd)

- Mandatory NSF-required programmatic cost sharing will rarely be approved for an NSF program.
  - To request consideration of mandatory programmatic cost sharing requirement in an NSF solicitation, the program must develop a **compelling justification regarding why non-Federal financial support and commitment is considered foundational to programmatic success.** Such requests to require cost sharing must be explicitly approved by the NSF Director.

NSF's Revised Cost Sharing Policy (Cont'd)

- Inclusion of voluntary *committed* cost sharing will be prohibited in solicited & unsolicited proposals.
  - To be considered voluntary committed cost sharing, the cost sharing must meet all of the standards of 2 CFR § 215.23, to include identification of cost sharing on the NSF budget.
  - Line M will be "greyed out" in FastLane.
- Organizations may, at their own discretion, continue to contribute any amount of voluntary uncommitted cost sharing to NSF-sponsored projects.

NSF's Revised Cost Sharing Policy (Cont'd)

- The Facilities, Equipment & Other Resources section of the proposal should be used to provide a comprehensive description of all resources **(both physical and personnel)** necessary for, and available to a project, without reference to cost, date of acquisition, and whether the resources are currently available or would be provided upon receipt of the grant.

Facilities, Equipment & Other Resources

Facilities, Equipment, and Other Resources

Instructions: Identify the facilities to be used at each performance site listed and, as appropriate, indicate their capacities, pertinent capabilities, relative proximity, and extent of availability to the project. Use "Other" to describe the facilities at any other performance sites listed and at sites for field studies.

Laboratory:

Clinical:

Animal:

Computer:

Facilities, Equipment & Other Resources (Cont'd)

Office:

Other:

MAJOR EQUIPMENT:

List the most important items available for this project and, as appropriate identifying the location and pertinent capabilities of the items.

OTHER RESOURCES:

Provide any information describing the other resources available to the project. Identify support services such as consultant, secretarial, machine shop, and electronics shop, and the extent to which they will be available for the project. Include an explanation of any consortium/contractual arrangements with other organizations.

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NSF's Revised Cost Sharing Policy

- NSF program officers may discuss the "bottom line" award amount with PIs, but may not renegotiate or impose cost sharing or other organizational commitments.

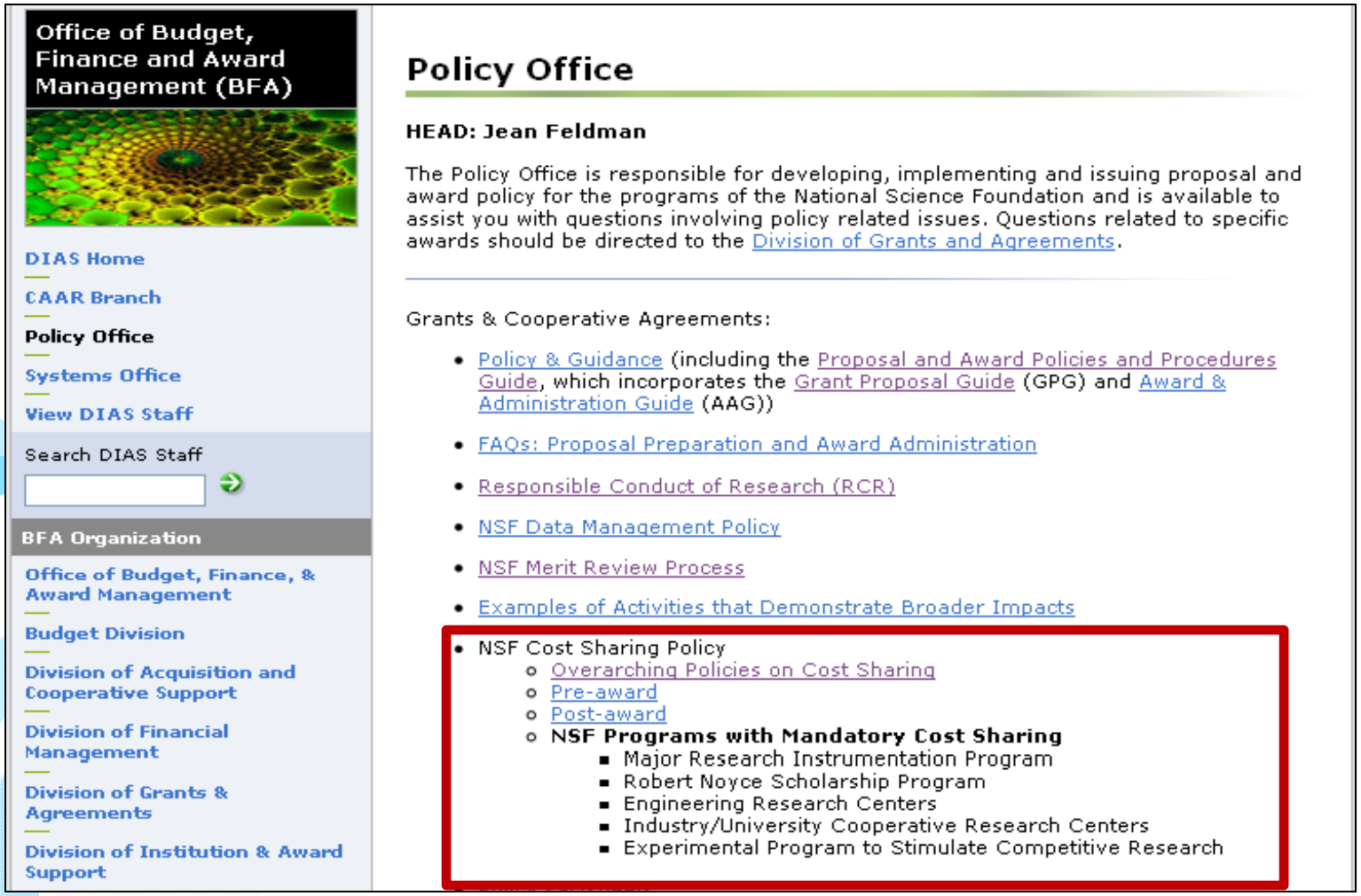
- NSF Program Officers may not impose or encourage programmatic cost sharing requirements.

And, as a reminder….

- Per Recommendation 7 of the NSB Report, there is a continued expectation for grantees to continue the existing practice of sharing in the costs of faculty salaries; and

- NSF grantees 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.

NSF Cost Sharing Policies Online



http://www.nsf.gov/bfa/dias/policy/index.jsp

Key Documents

- FY 2011 NSF Budget Request to Congress
- Proposal & Award Policies & Procedures Guide (NSF 11-1)
- Science & Engineering Indicators

For More Information….

Ask Early, Ask Often

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