Participant Support Costs:
An Overview of Dos and Don’ts
Presenters

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Learning Objectives

● Provide participants with an overview of what participant support costs are and why they are special
● Learn about regulations governing participant support costs
● Learn how to budget, set up, and manage participant support costs
● Learn how to prepare for an audit of sponsored projects with participant support costs
# Roles & Responsibilities

<table>
<thead>
<tr>
<th>Stage</th>
<th>PI/Department/Division</th>
<th>Sponsored Programs Office/Grant Accounting</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Budget appropriately</td>
<td>Review budgeted costs &amp; submit proposal to sponsor</td>
<td>Review and approve or reject proposal</td>
</tr>
<tr>
<td>Award Setup</td>
<td></td>
<td>Ensure that participant support costs are able to be separately accounted for</td>
<td></td>
</tr>
<tr>
<td>Period of Performance</td>
<td>Conduct project as approved, follow budget, &amp; initiate transactions</td>
<td>Monitor expenditures; answer rebudgeting questions</td>
<td>Review interim reports; oversee progress and programmatic deliverables</td>
</tr>
</tbody>
</table>
# Roles & Responsibilities

<table>
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</thead>
<tbody>
<tr>
<td><strong>Period of Performance</strong> (continued)</td>
<td>Monitor financial progress of projects; maintain documentation; create prior approval requests</td>
<td>Review and submit prior approvals</td>
<td>Review and act upon prior approval requests; issue notifications as appropriate</td>
</tr>
<tr>
<td>Closeout</td>
<td>Review expenditures; ensure back-up documentation is complete</td>
<td>Perform final review of expenditures; close out award</td>
<td>Close out award</td>
</tr>
</tbody>
</table>
## Roles & Responsibilities

<table>
<thead>
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<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-closeout Audit</td>
<td>Provide back-up documentation; retain records for appropriate period</td>
<td>Act as liaison between sponsor/auditor and department; provide institutional response to audit &amp; implement corrective action as needed</td>
<td>Ask questions; request back-up documentation; publish audit findings</td>
</tr>
</tbody>
</table>
Participant support costs definition from 2 CFR §200.1

*Participant support costs* means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.
Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of $25,000...
The financial management system of each non-Federal entity must provide for the following (see also §§ 200.334, 200.335, 200.336, and 200.337):

1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
4. Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303.
5. Comparison of expenditures with budget amounts for each Federal award.
6. Written procedures to implement the requirements of § 200.305.
7. Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award.
Internal Controls, 2 CFR 200, Subpart D

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.

(c) Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations and the terms and conditions of Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.
Additional 2 CFR guidance

§200.456  Participant support costs

Participant support costs as defined in §200.1 are allowable with the prior approval of the Federal awarding agency.

§200.308  Revision of budget and program plans

(c) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for the following program or budget-related reasons:
(5) The transfer of funds budgeted for participant support costs to other categories of expense.
Who are participants?

- Individuals participating in a training opportunity (e.g., workshop, conference, seminar)
- NOT employees. Participants do not perform work or service. They are not required to deliver anything, though they are required to complete programmatic activities (for example, attend training).
- Students participating in NSF Research Experiences for Undergraduates (REU) program
- Teachers participating in NSF Research Experiences for Teachers (RET) program
What are allowable participant support costs?

- Costs need to be associated with an individual participant
- Funds are being provided to defray costs of participation
- See solicitation for sponsor guidance on allowable costs and propose costs aligned with regulations and guidance
What are allowable examples of participant support costs?

- Stipend (set amount of money paid to participant)
- Subsistence allowance (e.g., housing or per diem)
- Travel cost as outlined in the program solicitation
- Other costs in support of participant’s involvement (as approved by sponsor and consistent with cost principles)
- Fees (e.g., registration fees, laboratory fees)
What costs are NOT participant support costs?

- Costs for PI or project staff, such as salary and wages, fringe, or travel
- Costs for a consultant or trainer providing services to the University project or program, such as fees or travel
- Costs for a guest speaker or lecturer, such as honoraria or travel
- Conference/workshop support costs such as facility rental, catering, supplies, or media equipment rental
- Costs for collaborators, such as travel
- Human subject payments for participating in a research project

These types of costs should be on the primary project, not the participant support project.
Differences Between Sponsor Guidelines

• National Science Foundation
  o PAPPG Chapter II.C.2(g)(v): budgeting participant support costs
  o Agency-Specific Requirements: prior approval requirements

• National Institutes of Health
  o NIH GPS: “Only allowable when identified in specific FOAs.”

• Others, such as USDA Agricultural Marketing Service
  o Grant Division General Terms and Conditions: “…in connection with approved conferences, training projects, surveys, and focus groups.”
Research Experiences for Undergraduates (REU) Sites and Supplements

PROGRAM SOLICITATION

Synopsis of Program:

The Research Experiences for Undergraduates (REU) program supports active research participation by undergraduate students in any of the areas of research funded by the National Science Foundation. REU projects involve students in meaningful ways in ongoing research programs or in research projects specifically designed for the REU program. This solicitation features two mechanisms for support of student research: (1) REU Sites are based on independent proposals to initiate and conduct projects that engage a number of students in research. REU Sites may be based in a single discipline or academic department or may offer interdisciplinary or multi-department research opportunities with a coherent intellectual theme. Proposals with an international dimension are welcome. (2) REU Supplements may be included as a component of proposals for new or renewal NSF grants or cooperative agreements or may be requested for ongoing NSF-funded research projects.
Solicitation Example: **NSF REU**

**Budget.** The focus of REU Sites is the student experience, and the budget must reflect this principle. *Project costs must be predominantly for student support,* which usually includes such items as participant stipends, housing, meals, travel, and laboratory use fees. Costs in budget categories outside Participant Support must be modest and reasonable. For example, for summer REU Sites, many NSF units consider up to one month of salary for the PI, or distributed among the PI and other research mentors, to be appropriate for time spent administering and coordinating the REU Site, training mentors, and similar operational activities. (NSF expects that research mentors will be supported with appropriate salary for their research activities, though not necessarily through the REU grant.) Some budgets include costs for limited travel by project personnel and for various activities that enhance students' professional development.
Solicitation Example: **NSF REU**

An REU Site may not charge students an application fee. An REU Site may not charge students tuition, or include tuition in the proposal budget, as a *requirement* for participation (although it is permissible to offer students the *option* of earning academic credit for participation). An REU Site may not charge students for access to common campus facilities such as libraries or athletic facilities.

Student stipends for summer REU Sites are expected to be approximately $600 per student per week. Other student costs include housing, meals, travel, and laboratory use fees and usually vary depending on the location of the site. Amounts for academic-year REU Sites should be comparable on a pro rata basis. All student costs should be entered as Participant Support Costs. Indirect costs (F&A) are not allowed on Participant Support Costs.
Solicitation Example: **NSF REU**

Total project costs—excluding all direct costs and indirect costs—are generally expected not to exceed $1,350 per student per week. However, projects that involve exceptional circumstances, such as international activities, field work in remote locations, a Research Experiences for Teachers (RET) component, etc., may exceed this limit.

The Budget Justification should explain and justify all major cost items and any unusual items or situations, such as field work or international collaborations, and should address the cost-effectiveness of the project. As noted above, projects that involve an international component or field work in remote locations often have larger budgets than other projects. This feature is understandable, but the extra costs, with detailed breakdown, should be described in the Budget Justification.
# Budgeting Example

<table>
<thead>
<tr>
<th>Participant Support Project</th>
<th>Primary Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Stipend</td>
<td>*Faculty/Staff Salaries/Fringe</td>
</tr>
<tr>
<td>*Travel-transportation, airfare, lodging</td>
<td>*Room rental (for conferences)</td>
</tr>
<tr>
<td>*Subsistence-per diem (Housing/Per Diems)</td>
<td>*Supplies</td>
</tr>
<tr>
<td>*Other-(specify) Laboratory fees/Registration Fees</td>
<td>*AV/Media equipment rental (for conferences)</td>
</tr>
<tr>
<td>No F&amp;A</td>
<td>*Catering &amp; Supplies (for conferences)</td>
</tr>
<tr>
<td></td>
<td>F&amp;A</td>
</tr>
</tbody>
</table>

*Direct Budget Categories
# Example: Budget

<table>
<thead>
<tr>
<th>Section A, Senior/Key Person:</th>
<th>124,392.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section B, Other Personnel:</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Number Other Personnel:</td>
<td>0</td>
</tr>
<tr>
<td>Total Salary, Wages and Fringe Benefits (A+B):</td>
<td>124,392.00</td>
</tr>
<tr>
<td>Section C, Equipment:</td>
<td>0.00</td>
</tr>
<tr>
<td>Section D, Travel:</td>
<td>13,188.00</td>
</tr>
<tr>
<td>1. Domestic:</td>
<td>13,188.00</td>
</tr>
<tr>
<td>2. Foreign:</td>
<td>0.00</td>
</tr>
<tr>
<td>Section E, Participant / Trainee Support Costs:</td>
<td>264,400.00</td>
</tr>
<tr>
<td>1. Tuition/Fees/Health Insurance:</td>
<td>0.00</td>
</tr>
<tr>
<td>2. Stipends</td>
<td>160,000.00</td>
</tr>
<tr>
<td>3. Travel:</td>
<td>40,000.00</td>
</tr>
<tr>
<td>4. Subsistence:</td>
<td>64,400.00</td>
</tr>
<tr>
<td>5. Other:</td>
<td>0.00</td>
</tr>
<tr>
<td>6. Number of Participants/Trainees:</td>
<td>40</td>
</tr>
</tbody>
</table>
## Example: Budget, continued

<table>
<thead>
<tr>
<th>Section F, Other Direct Costs:</th>
<th>49,850.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Materials and Supplies:</td>
<td>40,000.00</td>
</tr>
<tr>
<td>2. Publications Costs:</td>
<td>0.00</td>
</tr>
<tr>
<td>3. Consultant Services:</td>
<td>0.00</td>
</tr>
<tr>
<td>4. ADP/Computer Services:</td>
<td>0.00</td>
</tr>
<tr>
<td>5. Subawards/Consortium/Contractual Costs:</td>
<td>0.00</td>
</tr>
<tr>
<td>6. Equipment or Facility Rental/User Fees:</td>
<td>0.00</td>
</tr>
<tr>
<td>7. Alterations and Renovations:</td>
<td>0.00</td>
</tr>
<tr>
<td>8. Other1:</td>
<td>9,850.00</td>
</tr>
<tr>
<td>9. Other2:</td>
<td>0.00</td>
</tr>
<tr>
<td>10. Other3:</td>
<td>0.00</td>
</tr>
</tbody>
</table>

| Section G, Direct Costs (A thru F): | 451,830.00 |
| Section H, Indirect Costs:         | 48,170.00  |
| Section I, Total Direct and Indirect Costs (G + H): | 500,000.00 |
| Section J, Fee:                    | 0.00       |
| Section K, Total Costs (I + J)     | 500,000.00 |
C. Participant/Trainee Support ($264,400)

**Student Stipends** – We request $40,000 ($4,000 per student) in years 2-5 to cover the cost of stipends that will be provided each summer the [program] program runs. A total of $160,000.

**Student Housing** – We request $16,100 ($1,610 per student) in years 2-5 to cover the costs of on-campus housing in the Living and Learning Center for the 10 weeks of the [program] summer program ($23/night for 10 weeks). A total of $64,400.

**Student Conference Travel** – We request $10,000 ($1,000 per student) in years 2-5, to cover their costs to travel to a scientific meeting to present their research results from the program. A total cost of $40,000.
D. Other Direct Costs ($49,848)

Student Research Supplies and Services – We request $10,000 each year ($1,000 per student) to cover the costs of their consumable research project supplies and services. These will vary depending on the student projects, but will include growing supplies, research specific travel, lab consumables, field sampling supplies, etc. A total cost of $40,000.

Recruitment Materials – We request $342/year to cover recruitment materials costs in years 1-4. A total of $1,368.

Clifton StrengthsFinder® Assessment – We request $120/year to cover the cost of a Clifton StrengthsFinder® Assessment for each student in years 2-5. A total of $480.

Diversity, Equity, and Inclusion Training – We request $500/year to cover DEI trainings provided by the for mentors and Fellows in years 2-5. A total cost of $2,000.

Team Building and Leadership Trainings – We request $500/year for Orientation Week team building and leadership trainings provided by the Ropes Course in years 2-5. A total cost of $2,000.

Program Meals – We request $500 to cover the cost of the Orientation Week lunch for all mentors, Project Co-Directors, and Advisory Committee members in years 2-5. We are also requesting $500 to cover the cost of biweekly Fellows’ dinners throughout the 10 weeks of the summer program for cohort team building. A total cost of $4,000.
Award Setup

● Separately account for costs
● Different options for separately accounting for costs
● Not subject to F&A (consistent with how costs were proposed)
● No rebudgeting out of participant support without prior written approval of the agency
Option 1: At least two separate projects

Create a separate project for participant support costs with 0% F&A rate (when MTDC base is used)

Set up at least two projects, at least one for primary project (non-PSC) and one dedicated to participant support costs

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAB!</td>
<td>1-Open</td>
<td>Inte</td>
</tr>
<tr>
<td>AAC:_____</td>
<td>1-Open</td>
<td>REU Participant Support</td>
</tr>
</tbody>
</table>

The participant support costs project has a 0% F&A rate applied

The primary project for the award will have the full F&A rate applied
Option 2: Use of object codes, one project

<table>
<thead>
<tr>
<th>OBJECT CODE</th>
<th>OBJECT CODE NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>6040</td>
<td>Participant payments - Budget Only</td>
</tr>
<tr>
<td>6041</td>
<td>Participant Support - Travel Allowance</td>
</tr>
<tr>
<td>6042</td>
<td>Participant Support - Stipend Allowance</td>
</tr>
<tr>
<td>6043</td>
<td>Participant Support - Subsistence Allowance</td>
</tr>
<tr>
<td>6044</td>
<td>Participant Support - Other</td>
</tr>
</tbody>
</table>
Award Management

- Follow approved scope of work and budget in accordance with sponsor terms and conditions, as well as institutional policies and procedures
- Pay stipends following institutional policies and procedures
- Code all other expenditures (travel, subsistence allowance, & other) in accordance with award setup and following institutional policies and procedures
- Create prior approval requests as necessary
Paying Stipends

- Disbursement voucher payments:
  - Used to pay individual non-employees
  - May be used for one-time, non-repetitive payments or recurring payments

- Payroll payments:
  - May be paid using payroll system for administrative convenience
  - Ensure that institution has processes in place for IRS reporting
What to pay attention to during period of performance

- Appropriate classification of expenditures; appropriate application of F&A
- Spending rate
- What was your plan? What progress are you making toward the plan?
- Will no-cost extension be needed?
- Prior approvals
Prior Approval

- Grant recipient must obtain permission from agency prior to taking action
- Formal submission, may be through email correspondence or in sponsor system
Prior Approval Request Process

- Requests are to be submitted in agency system (e.g., for NSF, in Research.gov)
  - Work with sponsored programs office
  - Two questions to address:
    - Why are there remaining funds to be reallocated?
    - How will reallocated funds (direct and indirect) be used?
- Requests are to be approved by the cognizant Program Officer
- Sponsor will issue notifications as appropriate (e.g., approval)
Best Practice: Prior Approvals

- See [Research Terms & Conditions, Appendix A, Prior Approval Matrix](#)
Prior Approval IS NOT Required When:

- Reallocating funds **WITHIN** the participant support costs subcategories of
  - Stipend
  - Travel
  - Subsistence allowance
  - Other (if costs already specified in sponsor-approved budget)

- Reallocating funds **TO** participant support costs category
  - Assuming that participant support costs are already included in the award
Prior Approval IS Required When:

- Two most common prior approval requests are
  - To reallocate participant support funds OUT of the participant support costs category and into the award’s other budget categories
    - For NSF, in Research.gov as “Reallocation of Funds Provided for Participant Support Costs”
  - To reallocate funding to the participant support costs category of “other” if proposed costs not already specified in sponsor-approved budget
    - For NSF, in Research.gov as “Additional categories of participant support costs other than those described in 2 CFR § 200.75”
Award Closeout

• Review expenditures on award
  o Primary project vs. participant support project
  o Appropriate object codes were used
  o Appropriate application of F&A

• Substantiate participant support costs
  o Ensure back-up documentation is complete
    ✓ List of program participants
    ✓ Evidence of participant attendance (e.g., log of attendees)
  o Retain records for the appropriate period
Audit Findings

- Unallowable Use of Participant Support Costs inappropriately re-budgeted $22,931 in funding provided for PSCs for one NSF award to support non-PSC expenses, which is unallowable under NSF policies without NSF Program Officer (PO) approval. XXXX agreed to reimburse NSF for these expenses.

- Employee Expenditures Charged as Participant Support were identified in five transactions, charged to four awards, totaling $4,597 as described in Table 3.

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Meal during a Workshop</td>
<td>$ 1,883</td>
</tr>
<tr>
<td>Employee Lodging during a Workshop</td>
<td>1,326</td>
</tr>
<tr>
<td>Employee Meals and Lodging during a Conference</td>
<td>647</td>
</tr>
<tr>
<td>Employee Lodging during a Workshop</td>
<td>533</td>
</tr>
<tr>
<td>PI Lodging during a Workshop</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 4,597</strong></td>
</tr>
</tbody>
</table>

Source: Auditor analysis of questioned transactions
Audit Findings

- charged two NSF awards for $1,970 in unallowable expenses because it incorrectly applied indirect costs to participant support costs as follows:
  - In July 2018, charged NSF Award No. for $1,715 in indirect costs assessed on catering expenses for participants attending a workshop. agreed to reimburse NSF for these expenses.
  - In July 2018, charged NSF Award No. for $255 in indirect costs that it erroneously assessed on participant support costs charged to an incorrect account code. agreed to reimburse NSF for these expenses.

- Unreasonable, Unallowable, or Unsupported Travel Costs charged $3,589 of unreasonable, unallowable, or unsupported travel expenses (i.e., direct costs and indirect costs, if applicable) to three NSF awards during the sampled period. Specifically, the University inappropriately charged airfare expenses for individuals that were not employees, students, or participants; PI airfare expenses after the award expired; and unallowable Visa fees to NSF awards.
Takeaways

• Participant support costs are governed by specific regulations, program solicitations, and terms and conditions; guidance may vary by agency

• Participant support costs must be proposed, budgeted, and accounted for separately, in accordance with sponsor guidance

• To ensure that participant support costs are administered appropriately, communication across the institution is critical

• Planning during the proposal, implementation during the period of performance, and thorough award closeout procedures are key to preparing an institution for audit
Resources

2 CFR Part 200, Uniform Guidance: [https://www.ecfr.gov/cgi-bin/text-idx?SID=d4d171cb28d34cda03a116e5e2914184&mc=true&node=pt2.1.200&rgn=div5](https://www.ecfr.gov/cgi-bin/text-idx?SID=d4d171cb28d34cda03a116e5e2914184&mc=true&node=pt2.1.200&rgn=div5)
Sample Policies & Procedures on NCURA Collaborate: [https://collaborate.ncura.edu/samplepoliciesandprocedures](https://collaborate.ncura.edu/samplepoliciesandprocedures) (NCURA member access only)
University of Wisconsin-Madison PSC website: [https://rsp.wisc.edu/policies/ParticipantSupport.cfm](https://rsp.wisc.edu/policies/ParticipantSupport.cfm)
Questions?
Supplementary Q&A
Short Answer

Are costs such as room rental fees, catering, hosted meals, and supplies related to an NSF-sponsored conference considered participant support costs?

No.

The participant support costs line in the NSF budget should not be for such costs. These costs should be included in the primary project.
For participant support funds, the PI only budgeted for travel and subsistence. The PI realized after the award was received that they will actually need to pay a registration fee on behalf of each participant to attend the workshops.

What budget category would this expense fall under?

**Other**

Do we need prior approval to charge these registration fees on participant support funds?

**Yes**
Short Answer

May I include conference speaker fees in the participant support section of the budget?

No.

The participant support costs category is for the support of participants or trainees only. Speakers and trainers are not considered participants and should not be included in this section of the budget. Conference speaker fees should be included as part of the primary project.
Short Answer

Our university is a subrecipient, and the project contains participant support costs. We are interested in rebudgeting out of participant support costs into another budget category. Should we submit our prior approval request to the pass-through entity that issued the subaward or to NSF?

The pass-through entity.

When a university is a subrecipient, their relationship is with the pass-through entity, and the pass-through entity is the expected to oversee administration of the subaward.
Short Answer

Our institution would like to rebudget funds out of participant support costs into another category of expense. Will there be an F&A impact?

Yes

Participant support costs are excluded from F&A, per the MTDC definition. When funds are moved from participant support to another budget category, F&A must be applied to the new budget category, also per the MTDC definition.