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**Office of Grant and Contract Services**

**Guidance on Non-Employee and Student  
Employee Support on Sponsored Projects**

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As always, the terms of the individual Award, and then the federal sponsor regulations should be reviewed to determine if there are any award- or agency- specific regulations or guidelines regarding the any of the topics covered below. If both the award and the federal agency are silent, then the federal regulations (Uniform Guidance) should be followed.

## Participant Support Costs

### **What are Participant Support Costs?**

Participant support costs (as defined in 2 CFR 200.75) 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. The Uniform Guidance (2 CFR 200) requires prior approval of the Federal Agency in order to incur Participant Support Costs under federally sponsored awards. The Participant Support Costs must be incurred within the period of performance of the project and be specifically allowed by the sponsoring agency.

### **Who is a participant?**

A participant is defined as the recipient (not the provider) of a service or training associated with a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity. Participants do not perform work or services for the project or program unless it is for their own benefit. Participants may include students, scholars, and scientists from other institutions, representatives from the private sector, teachers, and state or local government agency personnel.

### **What costs are not considered Participant Support Costs?**

Participant Support Costs do not include honoraria for guest speakers; expenses for the PI, project staff or collaborators to attend project meetings, conferences, or seminars; payments to GRAs; or payments made to research subjects as an incentive for recruitment or participation in a research project. Participant Support Costs are not intended to pay the costs of hosting a conference or training program – room rental and supplies are typically not considered Participant Support Costs.

### **Budgets and Participant Support Costs**

Participant Support Costs must be accounted for separately and therefore are listed as a separate category on the budget at proposal stage and award stage. A separate UTShare budget account (G4130 Participant Expenses and/or G4135 Participant Stipends) specifically for Participant Support Costs will be established by OGCS upon receipt of an award including Participant Support Costs. The Administering Department is responsible for reviewing these UTShare accounts to ensure that they have been set up in accordance with the budget and to notify OGCS in a timely manner if modifications are required.

### **F&A and Participant Support Costs**

The Uniform Guidance states that Participant Support Costs are exempt from F&A in federally sponsored projects.

For Non-Federal awards, sponsor-specific and/or award-specific guidelines should be utilized to determine if F&A is allowable on the Participant Support Costs. In general, awards that specify a Modified Total Direct Cost Basis would have Participant Support Costs excluded. Awards that use a Total Direct Cost Basis would include Participant Support Costs in the F&A base. If there is no sponsor-specific or award-specific guidance, then the full F&A rate for the award should be charged.

### **Subawards**

If a subaward is issued where participant support has been budgeted, the PI must monitor subawardee invoices to ensure that the Participant Support Costs are being accounted for separately, and that these costs are allowable and allocable.

### **Rebudgeting Participant Support Costs**

Any rebudgeting of Participant Support Costs to another budget category requires the approval of the Federal agency. For non-Federal sponsors, award specific guidelines should be consulted before rebudgeting Participant Support Costs.

### **Participant Tuition**

Certain programs may allow for tuition to be paid for Participant as part of their participation in a program. Budget allowing, full tuition costs should be included on the budget submitted to the sponsor. As Participants are not employees of UTA and are not considered STEM GRAs (or STEM GTAs), Participant tuition is not governed under the same limitations as STEM tuition reimbursement.

### **NSF Guidance**

Additional Information on Participant Support Costs provided in the NSF Proposal & Award Policy Newsletter, Issue II, May/June 2017:

#### **“Participant Support Costs Explained**

The Policy Office receives questions related to many aspects of proposal and award policy. The most common questions as of late, however, revolve around the topic of participant support costs. The policy as stated in Proposal & Award Policies & Procedures Guide (PAPPG) Chapter II.C.2g(v) defines the participant support budget category as direct costs “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 NSF-sponsored conferences or training projects.”

This definition is straight from the Uniform Guidance (2 CFR § 200.75). In accordance with the PAPPG, participant support costs must be specified, itemized and justified in the budget justification of the proposal; indirect cost recovery is not permitted.

The questions we receive cover a wide range of issues related to participant support, so we have included a representative sampling below. Of course, you can always send your specific questions to [policy@nsf.gov](mailto:policy@nsf.gov).

*Q: May I include conference speaker fees in the participant support costs section of the budget?*

A: No, the participant support 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.

*Q: We would like to rebudget our NSF award to move funds out of the participant support category. Do we need NSF approval to do this?*

A: Yes. While NSF does provide rebudgeting authority for many categories, you must receive the approval of the cognizant NSF program officer to reallocate funds out of the participant support category. You may, however, rebudget funds into this category without prior NSF approval.

*Q: How should student employees be budgeted?*

A: A student cannot be compensated partially as an employee and as a participant on the same grant. It is up to the proposing organization to determine whether they should be a student employee or a participant based on the role of the student in the project. Student employees are compensated for services rendered and their level of compensation is tied to the number of hours worked. Participant support costs should be used to defray the costs of students participating in a conference or training activity related to the project.

*Q: Are costs such as room rental fees, catering, supplies, etc. related to an NSF-sponsored conference considered participant support costs?*

A: No, the participant support cost line in the NSF budget should not be used for such costs.

*Q: Do participant support costs apply for all participants, or do they only apply for non-awardee organization participants?*

A: Participants from the submitting institution and other institution(s) could be considered participants.

*Q: May human subjects that are being paid as survey takers be considered participants?*

A: No, the participant support section of the budget may not be used to provide incentive payments to research subjects. Human subject payments should be included online G6 of the NSF budget under “Other Direct Costs,” and indirect costs should be calculated on the payments in accordance with the organization’s federally negotiated indirect cost rate.

*Q: We are preparing a Research Experiences for Undergraduate Research (REU) proposal. Is it acceptable to categorize students as both employees and participants if we have made the appropriate determination?*

A: No, the REU program is different in that the goal of the program is to provide a practical educational experience for undergraduate students, rather than simply a job.

The role of an REU student differs from the role of a student employee because the REU program is aimed at developing the students’ research skills and providing a high-quality mentoring experience. Based on this role, an REU student is considered a participant in a training activity and funds for their support should be included as a stipend in the participant support cost section of the budget

If you don’t see your specific question here, feel free to send it to [policy@nsf.gov](mailto:policy@nsf.gov)!”

## Tuition

Tuition is the charge or fee for instruction, as at a private school or a college or university.

Tuition is different from a Scholarship which is an amount of money that is given by any person or entity to help pay for a student's education. Scholarships can typically be used to pay for any type of cost, not necessarily tuition. The scholarship funds can be given directly to the student or to the educational institution.

### **UTA STEM Tuition and Federal Policies**

The Uniform Guidance (2 CFR 200) provides regulations for tuition under two sections:

200.431(j) Fringe Benefits

200.466 Scholarships & Student Aid Costs

There are two instances when tuition is allowed on a federal award:

Paid as a fringe benefit for a graduate student holding a STEM GRA Appointment as defined by the recipient institution. (2 CFR 200.431(j))

The purpose of the federal award is to provide training to selected participants (e.g., Training Grant or Fellowships) and the sponsor allows tuition charges on the award (2 CFR 200.466); and

Under § 200.431(j), fringe benefits in the form of tuition are allowable so long as the fringe benefits are:

In compliance with the recipient institutions (UTA) policies; and

Applied equitably to all students regardless of the funding source.

UTA policy, UT Arlington STEM Doctoral Research and Teaching Assistant Fellowship Policy, states that only those graduate students who have a STEM GRA or STEM GTA appointment are eligible to have their tuition covered.

Tuition is **not allowed** on a federal sponsored award unless the student has met the eligibility requirements per UTA policy, or the purpose of the award is to train selected participants.

Note that a STEM GTA/ STEM GRA appointment is considered full-time effort with 50% time engaged in compensated work. The balance of time is expected to be expended on his/her studies.

### **Tuition Fees**

Only those parts of the tuition and fees that are covered under the UTA STEM policy (excludes Statutory Tuition and Graduate Tuition Differential) are allowable expenses on a federally sponsored Award.

### **Partial Graduate Student Appointments**

If the STEM GRA/STEM GTA has multiple funding sources, the cost of tuition must be allocated to those funding sources in proportion to the effort expended. For example, if the STEM GRA/STEM GTA's effort was allocated 40/60 on two awards, then the tuition cost would also be allocated 40/60 on those same two awards

As the purpose of a STEM GRA/STEM GTA is to work on the federally sponsored award, their compensation must be commensurate with their effort directed towards that award. So if only half of their salary is paid from the award then only half of their tuition would be allocable to the award. If their full salary is paid from the award then their full tuition allowance would normally be expected to be paid from the award.

### **Non-Federal Award Policies**

If tuition is provided under a non-federal award, the award and the individual sponsor's policies and procedures should be followed.

## **Scholarships**

Scholarships and Fellowships are typically not allowable costs on Federal research Awards as they are considered to be student aid and would offer no benefit to the research project activities.

Per the Uniform Guidance:

§200.466 Scholarships and student aid costs.

(a) Costs of scholarships, fellowships, and other programs of student aid at IHEs are allowable only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency.

## Program Specific Guidelines

### NSF Graduate Research Fellowship Program (GRFP)

NSF GRFP funding is applied for individually by the Graduate Student but awarded to UTA as an Institution. NSF GRFP Fellows are not employees of UTA and must be provided with the stipend at least on a monthly basis. GRFP stipends are not subject to F&A or fringe benefits expenses. Fellowships can either start in the summer (June) or fall (September). From the [GRFP Administrative Guide for Fellows and Coordinating Officials](#):

“Stipend - The annual, 12-month GRFP stipend amount is specified in each year’s Program Solicitation. The stipend is pro-rated in monthly increments (e.g., completion of the final academic term of graduate study after nine months of Tenure results in nine-twelfths of the annual stipend). No dependent, research, or travel allowances are provided. Only Fellows on Tenure and compliant with all Fellowship Terms and Conditions are eligible to receive stipend payments. If a Fellow does not conform to the Standards of Conduct of the GRFP Institution and/or the NSF, NSF reserves the right to withhold a Fellow’s stipend payments and to terminate a Fellowship.

Fellowship stipends are managed by the GRFP Institution. For disbursement procedures and schedules, Fellows should check with the CO. Regardless of the exact stipend payment schedule, NSF requires that the stipends be reported in no less than 1-month increments. 2 CFR §200.68 (OMB Uniform Guidance) specifically excludes the costs of scholarships, fellowships, and other programs of student aid from indirect cost rate recovery; therefore, GRFP Institutions should ensure that Stipend Payments are not reduced by items that the GRFP Institution would normally consider indirect costs or fringe benefits.

#### Income Tax

Stipends may be considered taxable income. Fellows may find it helpful to consult the US Internal Revenue Service (IRS) Tax Topic 421: Scholarship and Fellowship Grants and Publication 970: Tax Benefits for Education. These are available at <http://www.irs.gov>. Specific questions regarding the taxation of Fellowship funding and personal tax liability should be referred to the IRS. As such, NSF will not respond to questions regarding tax issues.

Fellows are not, in any sense, considered salaried employees of the NSF. NSF will not deduct funds from the stipend or pay any additional amounts, such as Social Security Taxes. NSF also will not issue W-2 or 1099 Forms. GRFP Institutional policies regarding the withholding of taxes from stipend payments vary, and Fellows bear the responsibility of filing and paying any taxes due.

### Cost-of-Education (COE) Allowance

The Fellowship provides a fixed COE allowance to the GRFP Institution, not to the Fellow. The COE allowance is specified each year in the Program Solicitation. The actual use of the COE allowance is at the discretion of the GRFP Institution. The COE allowance is without regard to the actual amount of tuition and fees involved. While on Tenure, Fellows are exempt from paying required tuition and fees normally charged to graduate students of similar academic standing. For Fellows in good standing on Tenure for six months, the GRFP Institution is entitled to receive the full COE allowance. For Fellows on Tenure for one to five months, the GRFP Institution is entitled to receive half of the COE allowance. Tuition and Fees

### Required

While on Tenure, Fellows are exempt from paying required tuition and fees normally charged to graduate students of similar academic standing.

### Optional/Refundable

While on Tenure, Fellows may be required to pay any fees or deposits that are refundable in whole or in part, that are optional (e.g., non-required coursework or tuition at other institutions not considered part of the Fellow's principal program of study), or that were incurred prior to the actual start of Fellowship (e.g., an admission application fee)."

## NSF Research Experiences for Undergraduates (REU)

NSF offers support for undergraduate students through the funding of REU sites and REU supplemental funding to existing NSF awards. NSF requires the budget for REU students to be placed under Participant Support Costs but allows the institution to determine the best way to pay the students. [NSF 19-582](#):

"The REU experience is a research training experience paid via a stipend, not employment (work) paid with a salary or wage. In this case, the student's training consists of closely mentored independent research. For administrative convenience, organizations may choose to issue payments to REU students using their normal payroll system."

UTA establishes a separate project in UTShare for REU supplements that budgets for both salary and applicable fringe (8.3% for undergraduate students). F&A is not charged on this project.

# UTA Processing Guidance

## NSF Graduate Research Fellowship Program (GRFP)

Since NSF GRFP Fellows are not employees of UTA and must be provided with the stipend at least on a monthly basis, it is recommended that the stipend be communicated to the Fellow using an APS form.

A service indicator should be requested so the GRFP qualifies for in-state tuition (as some GRFPs might be out-of-state or international). Regular scholarship disbursement forms should be used to request the full tuition and fees be paid. We don't use the STEM form because it routes to COS and VPR offices which don't need to be involved in GRFP disbursement approval. I've copied the Biology admin that handles GRFP stuff in case my statement needs correcting or you have further questions Sherri. GRFP



processing is confusing to say the least and we are always trying to find better ways to process their salary and tuition.