Participant Support Costs:
An Overview of Dos and Don'ts

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

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Roles & Responsibilities

Stage	PI/Department	Sponsored Programs Office/Grant Accounting	Sponsor
Proposal	Budget appropriately	Review budgeted costs & submit proposal to sponsor	Review and approve or reject proposal
Award Setup		Ensure that participant support costs are able to be separately accounted for	
Period of Performance	Conduct project as approved, monitor participant support budget carefully	Monitor expenditures; answer rebudgeting questions	Review interim reports; oversee progress and programmatic deliverables

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Roles & Responsibilities

Stage	PI/Department	Sponsored Programs Office/Grant Accounting	Sponsor
Period of Performance (continued)	Monitor financial progress of projects; maintain documentation; create prior approval requests	Review and submit prior approvals	Review and act upon prior approval requests; issue notifications as appropriate
Closeout	Review expenditures; ensure back-up documentation is complete	Perform final review of expenditures; close out award	Close out award

Participant support costs definition from 2 CFR §200.1 (Uniform Guidance)

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.

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MTDC definition from 2 CFR §200.1 (Uniform Guidance)

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...

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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).

EXAMPLES:

- Students participating in NSF Research Experiences for Undergraduates (REU) program
- Teachers participating in NSF Research Experiences for Teachers (RET) program

What are examples of participant support costs?

- Stipend/scholarship (set amount of money paid to participant, includes tuition & fees)

- Travel cost e.g., per diem, lodging, airline tickets, subsistence allowance

- Other costs in support of participant's involvement (as approved by sponsor and consistent with cost principles

- Fees (e.g., registration fees, laboratory fees, books & supplies)

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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 budget,** <u>not</u> the participant support budget

Budgeting Example

Example of Budgeting for PSC's

Participant Support Project Budget	Primary Project Budget
*Stipend/Scholarship	*Faculty/Staff Salaries/Fringe
*Travel-transportation, airfare, lodging	*Room rental (for conferences)
*Subsistence-per diem (Housing/Per Diems)	*Supplies
*Other-(specify) Laboratory fees/Registration Fees	*AV/Media equipment rental (for conferences)
	*Catering & Supplies (for conferences)
No F&A	F&A

*Direct Budget Categories

Example: Budget

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

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Example: Budget, continued

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

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Budget Justification Example

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 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 ▮▮▮▮▮ 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**.

Budget Justification Example, continued

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.

Use Appropriate PSC Account Codes

- OSP may elect to establish separate fund/index to track PSC's separately, but will roll up to main OSP fund/index for reporting & management purposes

- Regardless, appropriate PSC account codes must be used to correctly track expenses --
    - 62868C -- Participant Support Contracted Services
    - 62868M -- Participant Support Miscellaneous (registration fees, lab fees, housing, books, supplies
    - 62868S* – Participant Support Scholarship (stipends/ scholarships, tuition & fees)

    - 62868T -- Participant Support Travel (subsistence allowance, per diem, lodging, airline tickets)

    *62868S is the only code not allowed in ChromeRiver as Pcards aren't allowed to pay stipends, tuition & fees. All others just require receipts to document expense.

Paying Stipends

Disbursement of stipend payments:

- o Used to pay individual non-employees
- o May be used for one-time or recurring payments
  - o Use of OSP Appointment Form required
  - o Submit signed Appointment Form along with BPA to UBS for processing

Best Practice: Prior Approvals

- See [Research Terms & Conditions, Appendix A, Prior Approval Matrix](#)

Research Terms and Conditions Appendix A
Prior Approval Matrix
November 12, 2020

	Reference	RTC Overlay	NSF	DOE	NIH	USDA NIFA	DOC	NASA	DHS-GFAD	DHS-FEMA
Insurance and indemnification	200.407(q)									
Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property.	200.447(b)(2)	Required	Required	Required	Required	Required	Required	Required	Required	Required
Memberships, subscriptions, and professional activity costs, paragraph (c)	200.407(r)									
Costs of membership in any civic or community organization.	200.454(c)	Required	Required	Required	Required	Required	Required	Required	Required	Required
Organization costs	200.407(s)									
Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization.	200.455	Required	Required	Required	Required	Required	Required	Required	Required	Required
Participant support costs	200.407(t)									
Transfer of funds into the participant support cost category.	200.456	Waived	Waived[4]	Waived	Required[13]	Waived	Waived	Waived	Required	Waived
Transfer of funds budgeted for participant support costs to other categories of expense.	200.308(c)(5)	Required	Required	Required	Waived[6]	Required	Required	Required	Required	Required

* Any of the authorities may be over-ridden by a special term or condition of award.

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PURPOSE

- Funds to defray costs of participation
- 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

Audit Findings

- Unallowable Use of Participant Support Costs ███blank███ 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. ███Blank███ 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 3. Summary of Employee Expenses Charged to Participant Support

Description		Total Questioned
Employee Meal during a ████████████████████ Workshop		$ 1,883
Employee Lodging during a ████████████ Workshop		1,326
Employee Meals and Lodging during a █████████ Conference		647
Employee Lodging during a ████████ Workshop		533
PI Lodging during a ████████ Workshop		208
Total		$ **4,597**

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 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 to 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