



# Northeastern University Research Enterprise Services

## Research Participant Support Cost Guidance

### PURPOSE

This document provides guidance for paying individuals who participate in research and other sponsored programs. Investigators often conduct research or other sponsored activities that require participation from individuals. Participants may receive a stipend, reimbursement for travel related to their participation in the program, conference registration fees, that directly benefit the participant.

The IRS treats payments for participant costs when receiving stipends as taxable income to the recipient. IRS regulations require Northeastern University to issue Form 1099-MISC for all US resident non-employees paid \$2,000 or more in a calendar year. (<https://www.irs.gov/faqs/small-business-self-employed-other-business/form-1099-nec-independent-contractors/form-1099-nec-independent-contractors>)

### RESPONSIBLE PARTIES

**PI/Department Administrator:** Determines a need for Participant Support Cost (PSC) funds for an award and is ultimately responsible for the charges on the sponsored award. Determines whether changes to the Scope of Work (SOW) or a rebudget with PSC dollars may need prior approval.

**NU-RES Grant Officer (GO):** Reviews the budget and the justification during the proposal stage to confirm costs are appropriately budgeted and classified in the proposal package. If prior approval is needed during the life of the award, the GO will serve as the liaison between the sponsor and the PI/institution and provide the necessary documentation to the sponsor.

**NU-RES Research Finance Data Specialist (DS):** Reviews new awards and sets up the account in the financial system, ensuring that restricted funds for PSC are properly separated on the General Ledger (GL), using a separate grant worktag from the main award.

**NU-RES Research Finance Analyst (RFA)** –Reviews new accounts set up by the DS, monitors each transaction to ensure that costs are categorized and expensed appropriately.

### What are Participant Support Costs?

Participant Support Costs are 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. Any additional categories of participant support costs other than those described in 2 CFR § 200.75 (such as incentives, gifts, souvenirs, t-shirts, and memorabilia) must be justified in the budget justification, and such costs will be closely scrutinized by NSF. Participant support costs paid to the participant as stipends and/or allowances are considered taxable income by the IRS. Note: Participant support costs, such as actual travel expenses, paid as a reimbursement of allowable costs (i.e., expenses connected to participation in the project that are paid for by the participant, substantiated by receipts that are provided within a reasonable period of time, and reimbursed by Northeastern) are not considered taxable income by the IRS. Participant Support



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Costs are excluded from the Modified Total Direct Cost (MTDC) base as outlined in the Northeastern University Negotiated Indirect Cost Rate Agreement (NICRA).

## Examples of PSC and not PSC

Common examples of Participant Support Costs	NOT considered a Participant Support Cost
Stipend paid directly to participant	Conference Speaker/Trainer Fee
Travel for conference	Room Rental Fee
Registration/Conference Fees	Catering
Subsistence Allowances necessary for the individual to participate in the training	Incentive payments to Participants (G6 – Other Direct Costs on an NSF budget)

## What are Subject /Participant Incentive Payments?

Subject payments/Participant incentive payments are payments to an individual to encourage them to participate in research or service. Incentives may be in the form of cash payment, gift card, raffle entries, etc. Subject payments are **NOT** considered a participant support cost. Costs for subject payments/participant incentives should be budgeted under section G6-Other Direct Costs on an NSF grant and bear full indirect costs (also referred to as F&A or IDC).

## Differences between Participant Support Costs and Subject Payments

Participant Support Costs	Subject Payments
Benefits the participant	Motivates the participant
Not an NU employee	Can be either NU or non-NU employee
Allowable with sponsor approval	Allowable with sponsor approval
No IRB protocol	IRB protocol
Subject incentive payments are not classified as PSC	Subject incentive payments should be classified as SC397-Subject Money
No F&A Incurred,-excluded from MTDC base, budgeted in child grant worktag, separate from parent worktag	Incurs F&A, part of the MTDC base; does not require a separate grant worktag

## Budgeting for Costs

For all federal awards with budgeted PSC, a separate grant worktag or “child account” is created in addition to the main Grant worktag, to track and monitor all PSC expenditures. This child account does not charge IDC on expenditures and is only used to track PSC costs. Budgets are loaded in the financial system using the Object Class 11-Participant Support Costs.

## What categories should I use to spend?

While PSCs are separated into separate grant worktags as required and budgeted at the Object Class level, actual expenses should be charged using the correct spend category to align with the specific expense type. If participants are reimbursed for travel, conference fees, and stipends, it is important to know what exactly is being charged under the larger cost category of Participant Support Costs. Below are the most commonly used spend category codes:



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WD Spend Category	Notes
SC071 Travel SC130 Office Supplies SC133 Scientific Supplies SC194 Conference/Seminars Registration SC300 Awards-Fellowship	F&A excluded as long as it is used on a child account that separates these costs from the main project
SC754 Stipend SC247 Participant Cost-Stipends	F&A excluded as long as it is used on a child account that separates these costs from the main project; Subject to IRS rules if over \$2,000 issued to a participant in one calendar year

Stipend payments to non-employees are eligible to be processed through Candex as long as these are fixed allowances paid directly to participants to help cover living expenses during the training period. These are payments to individual non-employees that are subject to IRS regulations if over \$2,000 is issued in a calendar year.

### Is Prior Approval Required?

Multiple federal agencies, including NIH and NSF, dictate that prior approval is required when moving funds out of PSC. You may rebudget funds into this category without prior agency approval. PI/Department admins should refer to the applicable grant general terms and conditions referenced in the award notice or discuss with the Grant Officer. You can also refer to this [document](#) for specific NSF prior approval matrix.

**Process if prior approval is required** If a prior approval is required to rebudget, you must reach out to your Grant Officer and provide them with the following documents:

- Complete a transaction request in ePaws2.0..
- Detailed statement justifying how the rebudget request is necessary to support the work.
- Explanation of available funds to rebudget.
- A description of the change in scope and a detailed justification.
- Budget with the changes outlined in **Excel** (<https://research.northeastern.edu/nu-res/lifecycle-management/develop-proposal/proposal-budget-forms-and-templates/>).

1. The GO will review the documents,
2. The GO will review the request and ensure that the revision and justification go to the sponsor. Once approved the PI/Department will be notified that it has been approved.
3. Necessary documents are put together and sent to the Research Finance for revisions.

### Process if prior approval is NOT required

If prior approval is not required, the request may be submitted using the WD NU-RES Request – Rebudget workflow in Workday.



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Budget revisions may be denied if there aren't enough funds available to move or if the funds are restricted for a purpose (e.g., subcontract). If funds are restricted or deemed to require approval, the PI/Department Admin will be redirected to the GO.

### **Processing of Participant Support Costs**

All eligible payments should be processed through the Candex platform available through IntelliBUY. Candex is a punchout catalog that provides a streamlined, global, and compliant mechanism for issuing payments for eligible activities. These payments do not require the payee to register with IntelliBUY, while still maintaining the review and approval of these payments through the requisition to purchase order process in Workday.

For a list of other payment types approved for Candex, please see the [Buying Method Matrix](#) available in the AskFin Portal.