



OFFICE OF SPONSORED PROGRAMS

Charles R. Drew University of Medicine and Science

Guidance on Stipends on Sponsored Awards

Background:

CDU has developed the following guidance related to the charging of stipends to sponsored awards. Stipends are payments made to individuals for training and educational purposes related to a sponsored project. Stipend payments **are not** compensation for services rendered and, therefore, are not allowable on federal awards unless the purpose of the agreement is to provide training to selected participants and the charge is approved by the sponsoring agency (OMB Circular Uniform Guidance, Subpart E).

There are, however, some instances where stipend expenses are allowable. Sponsored funds intended to support training or research training will state that intention clearly in the agency program announcement. The scope of work in the proposal and award agreements should also state explicitly that training or research training of specific individuals is a purpose of the award. In such cases, stipend expenses are expected and allowable. Typical training awards include NIH "T" and "F" awards. Other awards where the training intention in CDU's proposal and award agreement is described clearly and accepted by the federal sponsor can also include stipend expenses.

Sponsored research funds generally reimburse the University for the Allowable Cost of services rendered. Stipends do not reflect payments in exchange for services and they are ordinarily not allowed on sponsored research awards. If an individual is providing benefit to a project under the direction of a principal investigator, he or she should be paid as an employee (a Research Assistant if a graduate student, an undergraduate, a predoctoral, a postdoctoral trainees and fellows).

Federal Guidance:

OMB Uniform Guidance, Cost Principles (Subpart E)

No explicit guidance exists in the Uniform Guidance for the allowability of stipends, but the Cost Principles section does address student support. The only allowance for payments to individuals that do not represent compensation for services rendered appears in §200.466, Scholarships and student aid costs, which says such payments 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."

Two sections of the Uniform Guidance Cost Principles (Subpart E), suggest that stipends should not be charged to research awards. First, §200.430 (Compensation - personal services) requires that amounts paid to individuals for their services on federal programs be documented, implying that payments to individuals which are not for services rendered should not be funded by research awards. CDU's effort reporting system does not include stipends, since these amounts do not

represent compensation for work effort. Additionally, the Uniform Guidance Cost Principles for direct and indirect costs requires that the University include all modified total direct costs allocable to benefiting activities across its major functions in determining indirect costs. If funds used to support effort directly benefiting organized research are coded as stipends, these costs are excluded from the research base in violation of the federal cost principles.

National Institutes of Health

National Institutes of Health Grants Policy Statement ([Revised November 2015](#)) states explicitly that stipends are not allowable on research grants. This definitive statement appears twice in Part II: Terms and Conditions of NIH Grant Awards Subpart A: General; Selected Items of Costs. (Section 7.9.1). Under Salaries and Wages, it states: "Payments made for educational assistance may not be paid from NIH research grant funds even when they would appear to benefit the research project." Further, under the entry for Stipends, it states: "Stipends are not allowable under research grants even when they appear to benefit the research project."

Stipend Supplementation

Kirschstein-NRSA fellows receive stipends to defray living expenses. Stipends may be supplemented by an institution from non-Federal funds provided this supplementation is without any additional obligation for the fellow. An institution can determine the amount of stipend supplementation, if any, it will provide according to its own formally established policies governing stipend support. These policies must be consistently applied to all individuals in a similar status regardless of the source of funds. Federal funds may not be used for stipend supplementation unless specifically authorized under the terms of the program from which funds are derived. Under no circumstances may PHS funds be used for supplementation.

Since the majority of our federal awards are from NIH, CDU will adhere to this guidance for all federal awards.

University Guidance:

Stipends are only allowed if there are specific training activities included in the scope of work as proposed and awarded by the federal sponsor. Outgoing federal proposals that include stipends in the budget should include a description of a training purpose in the award. Graduate student support that is not identified explicitly as "stipend" will be considered "compensation" and should carry indirect costs. OSP will review proposals to prevent submission of stipends on research awards.

During financial reviews, Finance and OSP are responsible for reviewing awards for allowable costs and other compliance concerns. Stipend expenses on a federal award should trigger verification that stipends are allowable on that award. Similarly, OSP will confirm the allowability of stipend charges on federal awards during their periodic reviews of financial activity.

For cases in which it is not clear whether stipends are allowable, OSP will review the program announcement, the award document, the budget, and the budget justification to determine allowability.

Generally Stipends are allowable on non-federal sponsored research awards, but they should be anticipated in proposal budgets and approved by the sponsor. Many sponsors are willing to fund stipends. It is important, however, to distinguish individuals who are providing services to the University from individuals who are being paid without any expectation of work effort. University human resources policies prevail over non-federal sponsor expectations. An individual who is being

paid for the services he or she provides to the University should be considered either an employee or an independent contractor.

Stipend FAQs

1. Which types of NIH awards allow stipends?

In some instances, NIH specifically identifies the "R" series of awards as research awards, but their guidance on stipend allowability seems to make a more general reference. We interpret the guidance to mean that "T" and "F" grants allow stipends, while "R" and "P" awards do not. Other programs should be evaluated on a case-by-case basis.

2. How is training grant compensation determined?

Training grant compensation is determined by NIH/National Research Service Award (NRSA) guidelines. For NRSA, they don't consider the awarding of stipend, tuition and fees, training-related expenses, and institutional allowance to be salary compensation in the same sense as a research grant or cooperative agreement. Those limits are governed by the NRSA allowance guidelines based on person type and/or experience levels outlined in the NRSA guidance for the particular fiscal year when new or continuation awards are issued.

3. Will appointing researchers as employees, rather as a stipend, increase my indirect costs?

Yes, employees are paid from compensation object codes in the 5001-5004 range. Compensation expenses take overhead. Stipends are paid from object code 5201. Stipends are excluded from overhead and are removed from total direct costs to determine modified total direct costs (MTDC).

4. Can a visitor who is an employee or faculty member from another university or a non-CDU graduate student be paid a stipend?

The employment status of an individual at his or her home institution should not determine his or her appointment status here at CDU. If he or she is providing services to the University, he or she should be either appointed as an employee or paid as an independent contractor. If he or she is visiting the University for his or her own research or educational purposes and will not be working on federal research, he or she can receive an academic appointment and be paid a stipend.

5. If I find unallowable stipends on a federal research award, can I simply journal the stipend charges to a compensation object code?

No, payments in these object codes reflect the employment or academic appointment category assigned by the appointing official. The payments carry taxation and employment liabilities for the individual and for the University that are specific to the terms of the respective appointment categories.

6. If I find unallowable stipends on a federal research award, can I simply journal the stipend charges to another fund using the same object code.

Yes, stipends can be moved off of federal research awards to funds where they are allowable as long as the transaction follows the cost transfer rules and the costs meet the conditions of allocability and allowability for the sponsored fund where the costs end up.

7. What do you do when stipend expenses appear on an invoice from a subcontractor on a federal research award?

Universities use the term "stipend" to cover a variety of affiliations for individuals, and the use of the term itself should not specifically disallow the cost. When an invoice for stipends is submitted by a subcontractor, the costs should be verified and documented as compensation before they are charged to the CDU federal research award. If possible, the subcontractor should resubmit the invoice using a more accurate description of the costs, such as compensation or salaries and wages for students or postdocs. Subcontracts on federal research awards should indicate clearly that the University will reimburse the subcontractor for expenses incurred to support the scope of work of the subcontract.

8. *Can stipends be used to pay for tuition, books, and fees?*

No. Stipends are designed to defray living expenses during the research training experience.

NIAID provides separate funds for tuition, fees, books, and other training related expenses.