

## **RAIN-2019-G09**

### **EPA Policy on Participation in Fellowship, Internship, Scholarship and Programs Funded by EPA Assistance Agreements**

**First Revision Date:** October 25, 2019

**Original Notification Date:** August 15, 2019

**Purpose:** This Recipient/Applicant Information Notice (RAIN) informs recipients of and applicants for EPA financial assistance (grants and cooperative agreements) that EPA has established a Policy on Participation in Fellowship, Internship, Scholarship and Similar Programs Funded by EPA Assistance Agreements (Participation Policy). This Policy is effective on October 1, 2019.

**Background:** On September 26, 2018, the Office of Inspector General issued [Audit Report 18-P-0288](#). Among other things the OIG recommended that EPA require that participants in fellowship programs funded by EPA assistance agreements be citizens of the United States, its territories, or possessions, or be lawfully admitted to the United States for permanent residence as is the case for direct EPA fellowships under [40 CFR 46.135](#). EPA agreed with the OIG's recommendation. The agency is extending the policy to assistance agreements funding scholarship and tuition remission programs for consistency with EPA's regulations for training agreements, [40 CFR 45.135](#), which requires that trainees be citizens or lawfully admitted permanent residents.

There may be income tax implications when recipients pay program participants stipends, provide scholarships or tuition remission or other forms of compensation that are allowable under [2 CFR 200.1](#), [2 CFR 200.456](#) or [2 CFR 200.466](#). The responsibility for ensuring that such payments comply with Federal, state, tribal or local tax laws lies with the recipient and it is the program participant's responsibility to report income to tax authorities. As provided in [EPA's Guidance on Participant Support Costs](#) (PSCs), "recipients, subrecipients, and program beneficiaries should consult their tax advisers, the U.S. Internal Revenue Service, or state and local tax authorities regarding the taxability of PSCs. EPA does not provide advice on tax issues relating to PSCs."

Recipients may not make program participation payments to individuals who are excluded from participation in Federal Nonprocurement programs under [2 CFR Part 180](#). Federally funded fellowships and scholarships are included in the definition of Nonprocurement transaction at [2 CFR 180.970](#). Under [2 CFR 200.466](#) tuition remission and other compensation is a form of student aid that is similar to a scholarship. Participant support cost payments, scholarships, tuition remission and similar compensation for program participants are lower tiered covered Nonprocurement transactions for the purposes of [2 CFR 180.300](#) and EPA's Suspension and Debarment Term and Condition. Recipients are responsible for checking the eligibility of fellowship and internship program participants in the System for Award Management (SAM) or obtaining eligibility certifications from the program participants.

#### **Related Resources:**

[National Programmatic Term and Condition for Fellowship, Internship Programs and Similar Programs Supported by EPA Financial Assistance \(Participation Policy T&C\)](#)

[RAIN-2018-G05-02 EPA Guidance on Participant Support Costs](#)