

EPA Guidance on Participant Support Costs

Original Notification Date: November 12, 2020

Revision Date: October 1, 2024

Revision Purpose: Participant support costs no longer require prior written approval from the EPA. The comprehensive updates to the Uniform Grant Guidance, (also referred to as the OMB Guidance for Federal Financial Assistance at 2 CFR Part 200, which are effective October 1, 2024, for awards on and after including this change. Additionally, the Uniform Grant Guidance at [2 CFR 200.456](#) requires participant support costs to be documented in a financial assistance recipient's or subrecipient's policies, and to be treated consistently across grants. The definition of *Participant support costs* was amended, and a definition of *Participant* was added in [2 CFR 200.1](#).

Revision Summary: The updates to the Uniform Grant Guidance 2 CFR Part 200, effective October 1, 2024, removed the requirement at [2 CFR 200.407](#) for recipients to obtain prior written approval for participant support costs. Additionally, the Uniform Grant Guidance now requires participant support costs to be documented in a recipient's or subrecipient's policies, and to be treated consistently across grants. See [2 CFR 200.456](#). Further, the definition of *Participant support costs* was amended to include costs of temporary dependent care, and a definition of *Participant* was added at 2 CFR 200.1. Moreover, the transfer of funds budgeted for participant support costs to other budget categories requires prior written approval from EPA. See [2 CFR 200.308\(f\)\(5\)](#).

Existing EPA regulations at [2 CFR 1500.1](#) supplementing the definition of *Participant support costs* in [2 CFR 200.1](#) stay in effect with the October 1, 2024, Uniform Grants Guidance update.

Guidance Summary: This Guidance provides EPA applicants, recipients, and subrecipients with information regarding EPA policies on the allowability of participant support costs. It covers types of participant support costs such as stipends and travel assistance for trainees or research project participants that are common to all Federal agencies as well as EPA-specific programs that provide rebates and subsidies for the purchase or installation of pollution abatement technologies or other direct payments to or on behalf of program participants. Some EPA subsidy, rebate, or program participant payment programs have their own statutory/regulatory requirements and associated program guidance.

Background: The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Grants Guidance or UGG) defines *Participant Support Costs* at [2 CFR 200.1](#) as: "...direct costs that support participants (see definition for *Participant* in § 200.1) and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants."

The 2 CFR Part 200 updates also add the definition for *Participant* at [2 CFR 200.1](#) and states:

Participant generally means an individual participating in or attending program activities under a Federal award, such as trainings or conferences, but who is not responsible for implementation of the Federal award. Individuals committing effort

to the development or delivery of program activities under a Federal award (such as consultants, project personnel, or staff members of a recipient or subrecipient) are not participants. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees.

EPA guidance at [2 CFR 1500.1](#) expands the definition of *Participant Support Costs* to include subsidies, rebates, and other payments to program beneficiaries to encourage participation in statutorily authorized environmental stewardship programs. The classification of items as participant support costs must be documented in the recipient's or subrecipient's written policies and procedures and treated consistently across all Federal awards.

Guidance:

1. Applicability.

EPA policies for participant support cost programs in Sections 2, 3, 4, 5, 6, 7, and 8 of this guidance apply to EPA assistance awards, EPA-funded pass-through agreements with subrecipients, and recipients' procurement contracts.

- a. For purposes of budgeting, tracking, reporting, and recipient and subrecipient required written documentation, EPA considers only participant support costs expenditures made by the recipient itself and budgeted under the "Other" object class category of the assistance award as eligible participant support costs.
- b. Participant support costs that may be included in contracts, subawards, or categories outside the "Other" object class are not classified as participant support costs, but rather as expenditures in their respective categories. Refer to section 8 below for detailed guidance on budgeting, tracking, and reporting for participant support costs.

2. Examples of Participant Support Costs.

Examples of participant support costs in EPA financial assistance agreements include but are not limited to:

- a. Costs paid directly to or on behalf of participants.
- b. Stipends for interns, fellows, trainees, or attendees at community meetings.
- c. Registration fees, training materials.
- d. Temporary dependent care and travel costs when the purpose of the trip is to participate in the project activity.
- e. Travel assistance to non-employee program beneficiaries (e.g. travel assistance that nonprofit "co-regulator" organizations provide to State and Tribal workgroup members), including per diem.
- f. Stipends and other incentives paid to participants in research experiments, focus groups, surveys or similar research activities.

Participant support costs are subject to the "Basic Considerations" for the allowability of costs described in [2 CFR Part 200, Subpart E – Cost Principles](#) (Cost Principles). The costs must be reasonable, incurred within the project period and otherwise allocable to the EPA assistance agreement, and adequately supported by accounting records.

To meet the reasonableness test, the amount of stipend payments to program participants must reflect the value of the time and effort the program participant expends participating in the programmatic activity. EPA uses the limit on the allowability of fees for individual consultants (Level IV of the Federal Executive Schedule) in [2 CFR 1500.10](#) as a “top end” benchmark for assessing reasonableness. For research participation incentives, EPA uses the compensation level in the General Services Administration’s TTS Handbook available at <https://handbook.tts.gsa.gov/18f/how-18f-works/research-guidelines/#compensating-user-research-participants> as a “top end” benchmark. For reasonable travel reimbursement determinations for program participants, EPA refers to [2 CFR 200.475](#) as a “top end” benchmark.

[2 CFR 200.456](#) requires the classification of items as participant support costs to be documented in the recipient’s or subrecipient’s written policies and procedures and treated consistently across all Federal awards. Recipients should obtain receipts for training or community meeting attendance stipends, particularly if the payments are made in cash.

EPA does not consider recipients’ costs for procurement contracts or direct purchases of equipment or supplies to be participant support costs for budgeting, tracking, and reporting purposes. See Section 8 of this Guidance.

3. Rebates and Subsidies to Promote Environmental Stewardship

Examples of allowable subsidy and rebate program costs include:

1. Rebates or other subsidies provided to program beneficiaries for purchases of commercially available, standard (“off the shelf”) pollution control equipment or low emission vehicles under the Diesel Emission Reduction Act program when the program participant, rather than the recipient, owns the equipment.
2. Subsidies or rebates provided to program participants to encourage participation in statutorily authorized programs to encourage environmental stewardship such as Best Management Practices under Clean Water Act 319 nonpoint source management programs, subsidies to promote adoption of source reduction practices by businesses under section 6605 of the Pollution Prevention Act, rebates or subsidies for wood stove replacement, low emission vehicle purchases, or purchase and installation of pollution control devices, electric vehicles and EV chargers, solar technology and similar devices that reduce emissions of greenhouse gases and other air pollutants under financial assistance programs authorized by the Clean Air Act or EPA’s annual appropriation acts.
3. Other payments to or on behalf of Project/Program beneficiaries (“other payments”) that EPA determines to be statutorily authorized.

4. Differences between Subsidy and Rebate Programs and Subawards.

The Uniform Grant Guidance (UGG) contains requirements for subrecipient monitoring and management. See [2 CFR 200.332](#). These requirements do not apply to program participants.

Recipients or subrecipients generally must exclude participant support costs from Modified Total Direct Costs (MTDC) for distribution of indirect costs. See [2 CFR 200.1](#), *Modified Total Direct Costs*. Because program participants are not *Subrecipients* as defined in [2 CFR 200.1](#), the regulatory requirements in 2 CFR Part 200, such as those for competitive procurement, do not “flow down” to program participants.

Under some EPA financial assistance programs, a recipient may fund a pollution control project at a publicly- or privately-owned facility through a subaward rather than participant support costs. Indicators that the transaction is a subaward rather than a participant support cost include whether the allowable costs to the grant support personnel and overhead (including indirect costs), operations and maintenance, design and engineering services, and post-installation sampling or monitoring activities. Funding for projects conducted at facilities owned by State, Tribal, or local governments will typically be in the form of subawards. In contrast, participant support costs for subsidies and rebates only reimburse the program participant for the one-time cost of purchasing and installing pollution control equipment at a facility.

5. Temporary Dependent Care.

The revised definition of *Participant support costs* under [2 CFR 200.1](#) and the revised coverage on the allowability of *Conference costs* in [2 CFR 200.432](#) provide that temporary dependent care costs are allowable. Recipients and subrecipients may, therefore, use EPA funds for dependent care subject to the Basic Considerations for allowability in [2 CFR Part 200, Subpart E – Cost Principles](#).

- A. Dependent Care Stipends Paid Directly to Program Participants. Dependent care stipends, as with all participant support costs, must be necessary to encourage program participant engagement in the meeting, be for a reasonable amount, and be adequately documented through receipts. Recipients and subrecipients should have a system for verifying that the program participant actually incurred the dependent care expense. Direct stipend payments are categorized as “Other” in the Standard Form 424A Budget Table and are included as line items in the “Other Direct Cost” section of Budget Narratives.
- B. Dependent Care Expenses Paid to Caregivers. As indicated in the definition of Participant support costs in [2 CFR 200.1](#), payments may be made “. . . to or on behalf of . . . program participants” so the fact that the payments are made directly to the childcare providers is not a barrier to allowability. The recipient or subrecipient needs to document why paying the dependent care providers directly is more cost effective than paying dependent care stipends to program participants. The costs for paying the childcare providers would be categorized in the budget as either “Other” or “Contractual” depending on how the childcare services are acquired.
 - i. If the recipient hires an individual care giver with the intention of paying the care giver cash or via gift cards, then the costs should be characterized as “Other” since there is generally no formal written

agreement. Under these circumstances, care giver is more analogous to program participant than a commercial contractor. The recipient or subrecipient, however, will need to maintain accounting records (e.g., receipts) for the payments.

- ii. If the recipient hires a dependent care provider that is licensed to care for groups on a commercial basis, the costs would be characterized as contractual. In most cases, micro-purchase procedures would be used to establish a formal contractual relationship. Under [2 CFR 200.441](#) and [2 CFR 200.447\(f\)](#), costs for any fines, penalties, or civil claims (including settlements) for failing to comply with dependent care regulations or other standards of care are not allowable costs under EPA financial assistance agreements because providing dependent care is not a requirement for the EPA award.

6. Other Important Regulatory Requirements.

A recipient or subrecipient must request prior written approval from the Federal agency or pass-through entity for the following program and budget-related reasons at [2 CFR 200.308\(f\)\(5\)](#): the transfer of funds budgeted for participant support costs to other budget categories.

- a) As required by the definition of *Modified Total Direct Cost* (MTDC) in [2 CFR 200.1](#), the recipient and its subrecipients must exclude participant support costs from their distribution of indirect costs if the recipient's or subrecipient's approved indirect cost rate uses MTDC as its base. State, Tribal and local government recipients subject [to 2 CFR Part 200, Appendix VII -States and Local Government and Indian Tribe Indirect Cost Proposals](#) must exclude participant support costs from their allocation base for indirect costs to the extent required by the indirect cost rate agreement negotiated with the cognizant federal agency.
- b) Under [40 CFR Part 5](#) and [40 CFR Part 7](#), recipients may not administer EPA funded participant support cost programs in a manner that discriminates on the basis of race, color, national origin, sex, age or disability.
- c) Participant support costs for stipends, travel support, tuition remission, and scholarships for programs for student educational programs are subject to the [EPA Policy on Participation in Fellowship, Internship, Scholarship and Similar Programs Funded by EPA Assistance Agreements](#). This policy does not apply to stipends to encourage participation in community meetings or research projects.

7. Potential Tax Implications of Participant Support Costs Payments.

Recipients, subrecipients, and program beneficiaries should consult their tax advisers, the U.S. Internal Revenue Service, or State, Tribal, and/or local tax authorities regarding the taxability of participant support costs. EPA does not provide advice on tax issues relating to participant support costs.

8. Budgeting, Tracking, and Reporting for Participant Support Costs.

- a) EPA financial assistance recipients should include estimated costs for direct participant support costs payments in a separate line item in the "Other" budget object class category on their Standard Form (SF)-424A, Application for Federal Assistance and budget detail narrative. Recipients track and report on participant

support costs expenditures under this category.

1. If a State recipient's accounting systems require participant support costs to be placed in different budget object cost categories than those described above, EPA will defer to the State's accounting policies as required by [2 CFR 200.302\(a\)](#). However, States must include a justification/explanation in their budget detail narrative for the placement of participant support costs in different budget object cost categories. This justification must show that the placement of participant support costs in different budget object class categories is required under written State policies. Otherwise, they must be included in the "Other" budget object class category.
2. EPA does not consider recipients' costs for procurement contracts or direct purchases of equipment or supplies to be participant support costs for budgeting, tracking, and reporting purposes. Estimated costs for recipient procurement contractors hired to manage projects that include payments to or on behalf of program participants or direct recipient purchases of equipment or supplies for transfer to program participants should be included in the applicable budget object class category on the SF-424A and budget detail narrative.