

EPA Grants Participant Support Costs Webinar
December 3, 2024
Frequently Asked Questions (FAQ)

- Q1: The reference to 2 CFR 1500.1 does not seem to be the correct reference. This seems to be a procurement reference.
- A1: The [2 CFR 1500.1 Definitions Section](#) provides EPA's expanded definition of participant support costs.
- Q2: Are advisory councils subject to the Paperwork Reduction Act limitations?
- A2: Yes. Information collections by grantees and cooperative agreement recipients are subject to OMB's regulations implementing the Paperwork Reduction Act at [5 CFR Part 1320](#).
- Q3: Are advisory councils subject to the Federal Advisory Committee Act (FACA) requirements if the financial assistance is a cooperative agreement?
- A3: No. Advisory councils funded through EPA cooperative agreements do not provide advice to EPA or other Federal agencies. The advisory councils assist recipients in carrying out their EPA funded projects or programs or provide general advice to recipients in managing their organizations.
- Q4: If we, as the state, issue a subaward to a non-profit job training program for the purchase of supplies, would that be classified under supplies?
- A4: No. If you, as the state, give a subaward to a nonprofit, those costs at the SF-424 level are all under "Other." Unfortunately, the SF-424 does not have a separate line item specifically for subawards, so at the federal level, the subaward is categorized under "Other" with a line item specifying the subaward to the organization, such as for a job training program. How you, as the state, collect and organize information from your subrecipients is up to you. You may choose to require subrecipients to mirror the SF-424 budget or follow other procedures that align with state rules. As the state, you have discretion over how subrecipients structure their budgets to report back to you.
- Q5: Please differentiate between an expert panel reviewing training materials in a consultant capacity and an advisory council.
- A5: The use of consultants versus an advisory council depends on their role and the nature of their involvement. Consultants are professionals who sell their expertise in the marketplace and hiring them involves a contractual arrangement subject to federal contracting rules. This typically requires competitive procurement unless the cost is under the micro-purchase threshold. If hiring a consultant exceeds the micro-purchase threshold, competitive procurement is required.
- In contrast, an advisory council consists of community members offering advice, often to ensure outreach is culturally sensitive to the community you are addressing. Their input is not a professional service but rather informal guidance. The distinction lies in the role: consultants provide expert services or deliverables, while Advisory Councils offer general recommendations without formal service obligations. Gray areas may arise

when Advisory Council members have relevant professional expertise, but the formality and nature of their contributions differentiate the two roles.

Q6: Is prior approval required when costs are moved to participant support costs from other budget categories?

A6: Not necessarily. Under [2 CFR 200.308](#), recipients and subrecipients need approval to transfer funds out of participant support costs but not to increase them. If participant support costs are not included in the budget or scope of work, paying them could raise auditor concerns. If these costs were planned (e.g., \$100), reducing them does require prior approval, but increasing them within allowable limits in the EPA General Term and Condition "Transfer of Funds" does not.

Q7: If we provide a scholarship for a nonprofit or government entity to attend the National Brownfield Conference, can that be one lump sum amount, or can we only reimburse for costs incurred with receipts? We have tried both and the latter required much more staff time to review invoices and secure the proper documentation resulting in higher overall costs for the program.

A7: You can handle it either way, as long as your budget and scope of work clearly outline your approach. However, it's essential to ensure that any lump sum payments do not exceed actual costs. For example, you cannot provide \$20,000 for someone to attend the Brownfields Conference if their actual expenses are estimated to be around \$6,000.

Q8: Can employees of a recipient institution be considered and paid as a participant? (Not named on the award as key personnel)

A8: No, if the individual is your employee receiving a W-2, they are not considered a program participant. Refer the definition of *Participant* in [2 CFR 200.1](#). You would pay them as you typically do. However, if the question pertains to interns or non-employees, such as student interns or research fellows, who are paid as program participants rather than employees, then the answer is yes.

Q9: Will the slides and this guidance document be sent to us or how do we reference them later?

A9: The presentation from today's webinar is available for download from the [Participant Support Costs Webinar webpage](#).

Q10: We are trying to discern what activities are eligible for participant support costs in a market development program that promotes transitioning to perennial crops. A wide variety of activities could benefit these farmers, but it is not clear which could be eligible as participant support costs. For example, would specialized/modified equipment for cleaning perennial seeds that is not "off the shelf" be considered a participant support cost? Or the construction of a concrete pad to wash equipment?

A10: The proper characterization of the transaction as a participant support cost or a subaward depends on how the funding arrangements are structured. Refer to Section 4 of the EPA Guidance on Participant Costs. Essentially, participant support cost payments only encompass subsidies or rebates that cover all or part of the cost of purchase and installation of pollution control devices or other types of equipment. These payments do not include compensation for personnel costs, indirect, or other overhead costs, or the costs for hiring project management contractors. In contrast, a

subaward reimburses the subrecipient for the full suite of activities necessary to carry out a project.

Q11: Is it allowable to ask rebate recipients to report usage in order to quantify emissions reductions?

A11: Yes.

Q12: How do you identify a gift card as a participant support cost expense since the gift card does not have name?

A12: Gift cards are a “cash equivalent” instrument to compensate program participants for their involvement in an EPA funded activity. Recipients and subrecipients must maintain documentation that demonstrates that the program participant “earned” the compensation by, for example, participating in a meeting, providing information for a research project, or being a member of a neighborhood cleanup team.

Q13: For the installation cost under participant support costs, is labor cost eligible?

A13: Yes, but only if the labor charges are included in the cost of installation by the equipment vendor covered by a subsidy or rebate. A separate contract for installation services would be a procurement subject to applicable competition requirements.

Q14: Regarding sufficient records of participant support costs (accounting), is it enough to have an invoice from a participant which charges for their time? Or do you need to maintain separate documentation of their participation (through meeting attendance sheets, etc.)?

A14: From a legal standpoint, invoices are adequate records only if they include detailed documentation, such as hours worked and tasks performed, rather than vague requests for payment. This provides better accountability and supports compliance. Otherwise, recipients can document attendance through sign in sheets, meeting agendas and similar records demonstrating program participation. It’s crucial to remember that submitting false information to the government violates 18 U.S.C. 1001, which is a criminal statute with severe consequences, so all representations made by recipients, subrecipients, and program participants must be truthful and accurate.

Q15: Can subawards contain participant support costs within the budget if the activities funded through the subaward include participant support activities?

A15: Yes, subawards can include participant support costs if the activities funded through the subaward involve participant support. The subaward budget is between you and your subrecipient; you are not required to submit it to EPA unless requested to do so by a Project Officer or Grant Specialist. However, if a recipient has a question regarding an allowable cost in a subaward budget then the recipient should consult their Project Officer.

Q16: Are meals for advisory councils an indirect cost or under meals and travel?

A16: The answer to this question depends on whether the advisory council costs qualify as direct costs under the EPA award (the advisory council was formed for the sole purpose of assisting the recipient in carrying out the EPA project) or whether the advisory council costs are included in the recipient’s indirect cost rate (advisory council was formed to advise on the recipient’s overall operations). Assuming that the advisory council costs are direct, meal costs would be classified as “Contractual” if the recipient hired a caterer

to serve meals at the advisory council meeting. Direct payments to advisory council members for meals or travel expenses are categorized as “Other”.

Q17: You explained that the consultant fee cap is \$91.95 per hour, but what is the minimum amount?

A17: There is no minimum amount for consultant compensation.

Q18: Can you elaborate more on participant support costs in the situation where the participants in our advisory council are paid employees of regional organizations? Would those be categorized in our budget as contractual?

A18: We do not have enough information to answer this question. If the advisory council members are compensated for their work as employees of a regional component of the recipient, then the costs are classified as personnel/fringe even though the basis for allowability is [2 CFR 200.422](#). Advisory Council costs for compensation of non-employees is classified as “Other” unless the advisory council members are contractual consultants.

Q19: Is there a limit for total funds awarded to a subaward recipient? If so, under what conditions is that limit applicable?

A19: There are limits on the amount of subawards in some EPA grant programs (e.g. Brownfields, Environmental and Climate Justice Grantmaker) reflected in the Terms and Conditions of the awards. Additionally, as indicated in Section 11 c. of the EPA Subaward Policy when a recipient proposes to make a subaward(s) of 100% of the amount of the EPA grant, EPA staff will require a detailed explanation of how the recipient will manage that subaward(s).

Q20: What resources do you recommend for guidance on participant support cost tax implications?

A20: EPA does not provide tax advice. As indicated in Section 7 of the EPA Guidance on Participant Support Costs, EPA recommends that recipients, subrecipients, and program participants consult their tax advisors or the Internal Revenue Service.

Q21: For participant travel cost reimbursement, will participants or their employer provide receipts for travel costs to attend a training? Additionally, if they are reimbursed, should they receive a 1099 form?

A21: Yes, all program participant travel costs must be properly documented. EPA does not provide advice on tax matters.

Q22: Are all the grants on a reimbursement basis?

A22: Refer to [2 CFR 200.305\(b\)](#). Additionally, recipients may only charge grants for actual direct costs incurred and allowable indirect costs.

Q23: Can you please talk a little about indirect cost allocation? Specifically, I need to know whether the costs need a transaction level detail, or can it be a lump sum charge to the grant that is no more than the approved amount?

A23: We do not have enough information to answer this question. It is not clear to us whether the questioner has a negotiated indirect cost rate or is using the de-minimis indirect cost rate authorized by 2 CFR 200.414(f).

Q24a: We are in a high cost of living area where consultants can charge \$200-\$300 per hour. However, we can only pay up to \$91.95/hour from a federal grant (due to consultant cap), which can be perceived as inequitable. Will the consultant cap ever change? What would it take to change it?

A24a: The consultant fee cap was enacted in Public Law 111-8, and only Congress can rescind or modify the terms of that law.

Q24b: How can we work around this obstacle? We might be able to supplement with non-federal funds, for example, to bring things up to the going rate.

A24b: The consultant fee cap only applies to individual consultant compensation charged to an EPA financial assistance agreement. Recipients may use non-federal funds to supplement the individual consultant's compensation.

Q24c: Can you describe how the capped rate can be divided between salary and benefits?

A24c: The consultant fee cap applies to compensation in the form of both salary and benefits paid to the consultant. Any income reported on the IRS Form 1099 for the individual consultant is subject to the cap including benefits paid to the consultant or on behalf of the consultant by the recipient or subrecipient.

Q24d: Is it allowable to say that \$91.95 goes to salary and then additional fringe benefits may be charged on top of that? In that case, could the full hourly rate be covered by a federal grant?

A24d: No, and no.

Q25: Do we have written compliance/requirements we need to review before pollution control equipment is purchased under the grant?

A25: We assume this question relates to equipment purchased on behalf of program participants. The requirements in 2 CFR 313 on equipment and EPA's Personal Property Disposition Term and Condition apply to all equipment purchases. Additionally, the 2 CFR Part 200 Procurement Standards as interpreted in the Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements apply to equipment purchases.

Q26: Is there a way to avoid having to collect W-9s to pay participant stipends? It presents a barrier to participation for several folks.

A26: EPA does not provide advice on income tax matters.

Q27: Our local government does not have a Negotiated Indirect Cost Rate Agreement (NICRA). Do we get our cost allocation plan certified by our cognizant agency to charge internally calculated and self-certified indirect costs, or should we just have our cost allocation plan on file and available, if requested?

A27: If your local government is considered a major local government, according to 2 CFR Appendix-V-to-Part-200 B.5, then you must submit your plan annually for approval. A major local government is a local government that receives more than \$100 million in direct Federal awards. Major local governments are required to submit their cost allocation plans annually to their cognizant agency for approval. All other local governments are only required to submit their plans for Federal approval if they are specifically requested to do so by their cognizant agency. Local governments that are not required to submit their plan for Federal approval are still required to develop a plan and maintain it for audit, along with all the plan's supporting documentation.

Q28: Can you describe the post-award process for an awardee to engage in a participant support cost written agreement with the program beneficiary and the EPA?

A28: EPA is not a party to agreements with program beneficiaries. However, EPA does provide guidance on ways to document agreements between recipients and subrecipients and their program beneficiaries in the "Documenting Costs" in the EPA Participant Support Costs Frequent Questions.

Q29: Could you please break down the topic of "allocation base," participant support costs, and indirect costs?

A29: The indirect cost rate allocation base for nonprofits and institutions of higher education is *Modified total direct costs* as defined in 2 CFR 200.1. Participant support costs are excluded from Modified Total Direct Costs such that these recipients and subrecipients cannot apply their indirect cost rate to direct costs for participant support. Governmental recipients and subrecipients use the IDC allocation base in their rate agreements with their cognizant Federal agency unless the governmental entity uses the 2 CFR 200.414(f) de-minimis indirect cost rate. The de-minimis rate is also applied to Modified Total Direct Costs when calculating IDCs.

Q30: When it comes to travel support costs for participants and getting approval, is that approval just the initial approval of the travel support costs in a funding request, or does each potential recipient identified need to be approved by the EPA prior to disbursement?

A30: If international travel is involved, trip-by-trip approval is required under the terms and conditions. However, for domestic travel, once the grant is approved, EPA approves program participant travel support at time of award as long as the scope of work and budget narrative describe program participant travel.

Q31: Does EPA allow a contingency item for building a recycling facility? If so, what is the maximum percentage allowed? The purpose is to cover a potential increase in construction costs during grant implementation.

A31: Yes, reasonable contingencies for construction projects are allowable under 2 CFR 200.433. While the regulation does not specify a maximum percentage, EPA staff may question the reasonableness of contingencies that exceed 10% of construction costs.

Q32: For tracking participation, are original sign-in sheets required to be kept on file, or if we have a process for tracking event participation through a data management system, would that suffice? Attendee info is entered into the data management system for each event.

A32: Original sign-in sheets are not strictly required as long as you can show that the person attended and earned the stipend. Either physical sign-in sheets or a data management system that tracks event participation would suffice. The general record retention requirement is three years from the grant closeout, unless there is an audit or other official inquiry, in which case records must be kept for as long as the auditors need them.

- Q33: If we give a subaward, and that subrecipient wants to pay beneficiary's participant support costs, are we responsible for ensuring the subrecipient is following participant support cost guidance?
- A33: Yes, you are always, as the pass-through entity, responsible to EPA for the allowability of costs your subrecipient incurs.
- Q34: What is the minimum number of bids for a competitive process?
- A34: For contracts that are over the micro-purchase threshold (generally \$10,000) but at or below the small purchase threshold (currently \$250,000) EPA expects recipient and subrecipients to obtain bids from 3 qualified sources. For formal procurements in excess of the small purchase threshold recipients and subrecipients must take actions to provide public notice of the competition as well as the good faith efforts to encourage participation of Disadvantaged Business Enterprises in 40 CFR Part 33.
- Q35: Does moving less than 10% of participant support to another category warrant pre-approval?
- A35: Yes, 2 CFR 200.308(f)(5) provides that whenever a recipient transfers funds from participant support costs to another direct cost budget category the recipient must obtain prior approval from an authorized EPA Official. Contact your project officer to identify the authorized EPA official.
- Q36: Regarding participant support costs versus advisory council costs—advisory council costs are included under "Other" but are still assessed as an indirect cost/included in the Modified Total Direct Cost (MTDC). Is this correct?
- A36: It depends. Stipends paid to advisory council members are excluded from MTDC since they are substantially the same as stipends paid to program participants. However,
- Q37: Should advisory council stipends be excluded from MTDC Base?
- A37: Yes, advisory council stipends are excluded from the MTDC base. However, travel expenses for advisory council members are included in the MTDC base.
- Q38: Participant support costs include "subsidies, rebates, and other payments to program beneficiaries to encourage participation in" the Greenhouse Gas Reduction Fund (GGRF). For the GGRF, participant support costs may encompass expenditures related to Predevelopment Activities, Market-Building Activities, and Program Administration Activities. Could you elaborate on how to determine whether expenditures by a GGRF awardee for these types of activities should be classified as a participant support cost or a subaward?
- A38: As with other questions regarding the difference between participant support costs and subawards, as indicated in Section 4, differences between Subsidy and Rebate Programs and Subawards of the EPA Guidance on Participant Support Costs, the answer depends on what activities are being funded. Subawards provide funding for a wide range of costs including personnel and fringe benefits, contractual and indirect costs for carrying out an entire project or program for Market-Building Activities or Program Administration. In contrast, participant support costs enable individuals to participate in the recipient or subrecipient's project or program through stipends earned through attending meetings, participating in an internship program, or similar discrete activities that may be part of the recipient or subrecipient's Predevelopment or Market Building

activities. Participant support costs may also include payments to or on behalf of individuals, organizations or businesses such as subsidies to engage in Market Building activities. It is unlikely that participant support costs would be allowable as a Program Administration cost for GGRF with the exception of stipends for interns. Please direct specific questions to your GGRF Project Officer.

Q39: Is there an EPA requirement that permits subrecipients to be hand-selected, or do the typical procurement rules apply? For context, the amounts are greater than a micro-purchase but less than the Simplified Acquisition Threshold (SAT).

A39: As indicated in Section 10 and Appendix A to the EPA Subaward Policy, subawards may be entered into without competition unless the statute authorizing the program, a regulation or the terms of the Notice of Funding Opportunity and grant Terms and Conditions require competition. The amount of the subaward is not determinative.

Q40: For a focus group, are participant support cost stipends allowed to compensate participants for the time they take off from their normal activities?

A40: Yes. If someone takes time off work to attend a focus group and receives a reasonable stipend for their participation, that's allowed. Note, however, as indicated in the definition of *Participant* at 2 CFR 200.1 an employee of the grantee cannot also be a program participant and charge their time or leave to the grant and receive a stipend as a focus group participant.

Q41: Are there limitations on individuals who are ineligible to receive participant support costs? For example:

- Participants that are lobbyists or public officials acting as part of their official public duties
- Participants who receive compensation from any other source for participating in the program or project
- Participants who are not a U.S. citizen, permanent resident, or foreign national (no social Security Number or Individual Taxpayer Identification Number (ITIN))
- Participants who disclose a conflict of interest

A41: Internship stipends require that program beneficiaries be U.S. citizens or individuals lawfully admitted for permanent residence, as per agency policy. Participants must also not be suspended or debarred from federal program participation.

The fact that an individual is a lobbyist or public official in another capacity does not make them ineligible for grant-related program participation incentives, such as a travel scholarship to the Brownfields Conference. Providing a scholarship for a mayor to attend the Brownfields Conference would be allowable because the mayor is not performing day-to-day government duties at the event. What matters is the purpose of their participation, not who they are. Grant funds cannot be used to support Lobbying activities, or the General Costs of Government as indicated in 2 CFR 200.450 and 2 CFR 200.444.

Participants cannot receive compensation from multiple sources for the same activity. For example, if a trainee receives a stipend from a foundation to attend a conference or training, you cannot also charge the EPA grant for that stipend.

Q42: Can spouses of employees or officers of subaward organizations serve as consultants performing EPA funded work?

A42: Probably not. Consultants are contractors and there are stringent prohibitions on conflicts of interest in procurement described at *Conflicts of interest* 2 CFR 200.318(c)(1) that preclude subrecipient personnel from being involved in the selection or administration of contracts with their spouses or firms that employ their spouses.

Q43: Are the hourly and daily stipend combined when applied?

A43: Yes.

Q44: If I have a greenhouse gas (GHG) emission reduction project and want to collaborate with EPA by applying for a grant/funding, which address can I send this to?

A44: EPA provides information regarding applying for grants in Notices of Funding Opportunity posted on [grants.gov](https://www.epa.gov/grants).

Q45: When providing participant support costs for environmental stewardship activities, how do you determine whether they are covered by a statutorily authorized program?

A45: EPA identifies some grant programs that have statutory authority for participant support costs in 2 CFR 1500.1 and the EPA Guidance on Participant Support Costs. Contact the Project Officer for your grant for guidance if your grant is not among the identified programs.

Q46: Are human subject payments in research studies considered participant support costs by the EPA? These are incentive payments to get people to enroll/complete research studies.

A46: Yes, that would be considered research participation, assuming all Institutional Review Board requirements for human subject research are met. The payment would be for participation in a research program.

Q47: For research participants, our institution typically budgets these costs as a contracted service since it requires a tax receipt for the participant and this line item is subject to indirect costs. Are you saying that the EPA always categorizes research participants under participant support costs?

A47: Yes, unless the grantee follows competitive procurement procedures to acquire the services of the research participant EPA considers the payments to be participant support costs. The tax treatment for the participant support cost payments is not determinative of their allowability and recipients cannot avoid the limitations on applying indirect costs to participant support cost payments in Modified Total Direct Costs by mischaracterizing the costs as contractual.

Q48: For individuals who are suspended/debarred, it sounds like they may not receive a stipend for any amount. So even small participation stipends, dependent care, etc. would require a recipient to check individuals for suspension/debarment. Is that correct?

A48: Technically, yes. They would be considered program participants. The likelihood of someone attending a community meeting who is suspended or debarred is low. However, more attention should be given to participant support costs, such as subsidies to companies or stipends to interns, particularly for larger payments.

Q49: For the Solar for All (SFA) program, EPA has issued some guidance on whether loans to beneficiaries are considered participant support costs, but it is not clear. Could you elaborate on loans?

A49: EPA has made a class exception to 2 CFR 1500.1 for the Solar for All program to allow recipients to categorize “end user” loans to homeowners and businesses for installation of solar technology as participant support costs. Please pose more detailed questions to your SFA Project Officer.

Q50a: If a recipient provides grant funds for a project owner to install solar panels, can this be classified as participant support costs?

A50a: Yes.

Q50b: If so, could the project owner hire a contractor for installation without competitive procurement?

A50b: Yes.

Q50c: Does it matter if the project owner is a business versus a local government entity if the same type of project is being considered?

A50c: Not from EPA’s perspective. The 2 CFR Part 200 Procurement Standards do not apply to program participants. However, local governments may have their own ordinances or policies that require competition for contracts that apply.

Q51: Can you please go into more detail about citizenship requirements for internship stipends.

A51: Please refer to the Recipient/Applicant Information Notification: [RAIN-2019-G09 EPA Policy on Participation in Fellowship, Internship, Scholarship and Similar Programs Funded by EPA Assistance Agreements](#).

Q52: If I anticipate having participant support costs but am unsure of the timing when I sign the cooperative agreement, what is the best way to keep the option open?

A52: You should describe the activity that may include participant support cost payments in the work plan and include an estimated amount for participant support costs in a line item in the Other category. However, if you choose to re-budget amounts originally budgeted for participant support costs to other direct cost categories you must obtain approval from an Authorized EPA Official as indicated in 2 CFR 200.308(f)(5).

Q53: If a subrecipient has a research component within the project/budget narrative which is above the \$10,000 cost, does the subrecipient need to follow a competitive procurement process to select consultants and other research service contractors?

A53: Yes, if the amount of the contract(s) exceeds the micro-purchase threshold which is \$10,000 for most subrecipients, the research services must be acquired competitively. Refer to the [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#).