



KEAN

Office of Research & Sponsored Programs

**Participant Support Costs: Processing
Stipends on Sponsored projects**



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What is a Stipend?

- Under Federal Guidelines stipends or Fellowships are defined as support paid to or on the behalf of participants or trainees but not employees. They include, but are not limited to:
 - Subsistence Allowances,
 - Travel Allowances,
 - – Meal Allowances
 - » Housing Allowances,
 - » Registration Fees,
 - » Etc...

What is Kean's Process for processing stipends on sponsored projects?

- To ensure compliance, the following methods must be used:
 - Kean Student Participants must be processed through Financial Aid. The funds provided will need to be reviewed as part of their allowable aid package. Financial Aid will determine the impact to the aid package for each participant.
- Non-Kean Student Participants must be processed through ESM procurement as a vendor.
 - First, the non-Kean student will need to be setup as a vendor ESM, the student will need to supply Kean with their W-9 to ensure the correct address for the stipend payment.

What steps were taken in developing this process?

- Universities across the country who receive Federal awards were reviewed for policies related to processing Stipends/Fellowships. Many of these universities, followed the same process implemented at KU. Thus, KU decided to follow the same process.
- Various Kean Offices: Under the Associate Vice President for Business such as: Financial Aid Office, Accounting Office, and Procurement, consulted together after reviewing the Federal requirements, and determined this was the best approach based on our current systems.

Why is the University taking this process?

- To ensure the university is compliant with all Federal regulations.

Federal Guidelines prohibit paying participants as employees using support funds

- What are the Federal Guidelines:
- Uniform Guidance, CFR 200.75
- Federal Student Aid Handbook

Uniform Guidance, CFR 200.75

- UG 200.75 Participant Support Costs, states they are used for items such as stipends or substance 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.

Federal Student Aid Handbook

- When classifying non-FSA sources of aid, if a student receives the award because of postsecondary enrollment (for example, a scholarship from a local social club that requires a student to be attending a postsecondary school), it counts as estimated financial assistance (EFA) if it is not considered wages for employment according to federal or state rules, or if it is considered wages and is based on need.

Why does the NSF award solicitations allow for issuing payments through normal payroll systems if it is convenient?

- NSF does allow for entities to process REU payments through a payroll system that is designed to show that the payments are not wage based, but they are instead stipends.
- Our payroll system does not allow for distinction between wage payments and stipend payments.
- The only systems we have for properly processing stipend payments are our Financial Aid system for Kean students and our vendor system for non-Kean students.

Steps involved with processing payments

Kean Student Participants

- Paid through Financial Aid's Scholarship Office.
- Because they are students we must calculate stipend payments into their overall Federal Award allowance.

Non-Kean Participants

- Paid through the Vendor System.
- They don't receive a W-2



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