

HARVARD UNIVERSITY



Stipends on Sponsored Awards

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Responsible Office: Office for Sponsored Programs

Background

To provide greater clarity, Harvard has developed the following guidance related to the charging of stipends to sponsored awards. Stipends are payments made to individuals for subsistence support or to defray expenses during a period of academic appointment. 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). At Harvard, the following object codes report expenses that are payments to individuals whose academic appointments with the University define them as stipendees:

- **6440** Graduate Student Stipendee;
- **6450** Stipendee, elig extended benefits;
- **6452** Stipendee, inelig extended benefits; and,
- **6455** Not Harvard Students, Other grants + Awards.

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, NASA's various fellowship programs, and NSF Doctoral Dissertation grants. Other awards where the training intention in Harvard'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 or an Employee Postdoc if a postdoctoral fellow).

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. Harvard'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

The *National Institutes of Health Grants Policy Statement (Revised December 1, 2003)* 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. 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."

National Science Foundation

The **National Science Foundation Grant Proposal Guide** allows for stipends only in support of participant costs at conferences, symposia, workshops, or other specific training activities. In these cases, the scope of work should include a description of the training activity and NSF would have acknowledged that participant costs would be funded by stipends. NSF guidelines do not provide an allowance for payments to non-employees or non-consultants for activities that benefit a **research** award.

Given this clear guidance from NIH and NSF, Harvard's two dominant federal sponsors, University policy follows this guidance for all federal awards, regardless of agency.

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 offices and tub-level research administrators will review proposals to prevent submission of stipends on research awards.

At the appointment stage, tub and department academic appointment administrators should be sure that stipends are allowable if a federal award is involved. Because awards that might allow stipends are not readily identified by fund number or other unique attribute, research administrators should coordinate with appointing officials to communicate whether or not a specific federal award can be used to fund stipends.

During financial reviews, tub or department financial managers of sponsored funds 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 financial officers 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, tub-level research administrators and OSP will review the program announcement, the award document, the budget, and the budget justification to determine allowability. If it is determined that stipends are not allowable on the grant, the department financial managers must remove expenses on stipend object codes (6440, 6450, 6452, 6455) from the grant. See below FAQ #4.

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. Please see the [Independent Contractor Policy](#).

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. Will appointing researchers as employees, rather than stipendees, increase my indirect costs?

Yes, employees are paid from compensation object codes in the 6001-6399 range. Compensation expenses take overhead. Stipends are paid from object codes in the 6400-6499 range. Stipends are excluded from overhead and are removed from total direct costs to determine modified total direct costs (MTDC).

3. Can a visitor who is an employee or faculty member from another university or a non-Harvard 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 Harvard. 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.

4. 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. If the costs are recent and fall within the current calendar year, you may be able to work with tub officials to modify the appointment retroactively.

5. 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.

6. 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 Harvard 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. A clear statement of the intent of the requirements or restrictions that the University is placing on the University community.