

Participant Support Costs Information for Recipients

The EPA SFA team has put together an overview sheet outlining how to determine participant support costs (PSC), subawards, and other costs like contracts. The second section of the document provides an extensive set of examples of participant support cost and subawards based on SFA applications. This resource should serve as an initial guide as you put together your workplans, however, the EPA SFA team will also be sending out further guidance in the coming weeks.

Participant Support Costs vs. Subaward Overview and Requirements

Participant Support Cost	
Definitions	<p>Participant Support Costs</p> <ul style="list-style-type: none"> Indicators that the transaction is a participant support cost: subsidies, rebates or other payments (incl. revolving loan) to a program beneficiary/end user for the one-time cost of purchasing and installing equipment to encourage participation in statutorily authorized programs to encourage environmental stewardship. This excludes costs such as personnel, indirect costs, operations and maintenance, and design and engineering services. Participant support costs can flow down to subrecipients through subawards (see EPA Guidance of Participant Support Costs 7. (1)). CFR 200.1 defines participant support costs as “direct costs for items such as stipends or subsistence 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.” EPA regulations at 2 CFR 1500.1(a)(1) expand 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,” which includes the Greenhouse Gas Reduction Fund. In this program, participant support costs are primarily a form of financial assistance to projects which enable low-income and disadvantaged communities to deploy or benefit from zero-emissions technologies.
	<p>Program Beneficiary/End User</p> <ul style="list-style-type: none"> “Program beneficiary” means an entity (either an individual or an organization) that receives financial assistance or technical assistance from the recipient or a subrecipient as an end-user. Expenditures for financial assistance or technical assistance to program beneficiaries are in the form of participant support costs, as defined in 2 CFR 1500.1. A program beneficiary is distinct from a subrecipient, as defined in 2 CFR 200.1. The end-user will vary across projects and program designs. Section 134 of the Clean Air Act directs EPA to provide grants for recipients to provide financial assistance to emissions- and air-pollution-reducing projects: which in practice requires providing financial assistance to entities (both individuals and organizations) for them to implement such projects. These recipients of financial assistance are “end-users” of the funds and best characterized as program beneficiaries of the GGRF. Below we provide rules of thumb for identifying the end-use by program type. However, not all cases will be categorized as such. Project officers will review budget classifications. <p><i>Examples:</i></p> <ul style="list-style-type: none"> For single-family rooftop solar programs, the asset owner is the end-user/program beneficiary. For multifamily rooftop solar program, the asset owner is the end-user/program beneficiary. Community Solar <ul style="list-style-type: none"> For community solar projects that are financed with SFA funds the asset owner is the end-user/program beneficiary. For community solar projects that are already built (i.e. providing financial assistance to a utility or a developer to subsidize subscriptions to an established community solar farm), the costs would be considered a subaward.

Workplan Requirements	<p>The recipient is precluded from drawing down funds for participant support costs until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must:</p> <ol style="list-style-type: none"> describe the activities that will be supported by the participant support costs; specify the range of funding to be provided through the participant support costs; identify which types of entities will have title to equipment (if any) purchased with a rebate or subsidy; establish source documentation requirements (e.g., invoices) for accounting records; and describe purchasing controls to ensure that the amount of the participant support cost is determined in a commercially reasonable manner as required by 2 CFR 200.404.
Terms and Conditions	<p>EPA Guidance on Participant Support Costs</p> <p>The recipient may provide financial assistance and project-deployment technical assistance to enable low-income and disadvantaged communities to deploy and benefit from eligible zero emissions technologies in the form of participant support costs.</p> <p>The recipient agrees to the following eligibility, restrictions, timelines, and other programmatic requirements on participant support costs, in addition to other requirements included in the terms and conditions of this award agreement:</p> <ol style="list-style-type: none"> The recipient and program beneficiaries are responsible for taxes, if any, on payments made to or on behalf of entities participating in this program that are allowable as participant support costs under 2 CFR 200.1, 2 CFR 200.456, or 2 CFR 1500.1. EPA encourages the recipient and program beneficiaries to consult their tax advisers, the U.S. Internal Revenue Service, or state and local tax authorities regarding the taxability of subsidies, rebates and other participant support cost payments. However, EPA does not provide advice on tax issues relating to these payments. Participant support cost payments are lower tiered covered Nonprocurement transactions for the purposes of 2 CFR 180.300 and the Suspension and Debarment General Term and Condition. The recipient, therefore, may not make participant support cost payments to entities excluded from participation in Federal Nonprocurement programs under 2 CFR Part 180 and must ensure that subrecipients adhere to this requirement as well. The recipient is responsible for checking that program participants are not excluded from participation through either (1) checking the System for Award Management (SAM) or (2) obtaining eligibility certifications from the program participants. <p>The recipient agrees to reporting and transaction documentation of participant support costs in support of the reporting requirements in the Performance Reporting Programmatic Term and Condition.</p>
Examples	<ul style="list-style-type: none"> An individual would receive financial assistance in the form of a loan to deploy an eligible project in their home. In this case, the individual is the end-user and is considered the program beneficiary. An organization (including a for-profit or a non-profit) would receive financial assistance in the form of a loan to deploy an eligible project in their business. In this case, the organization is the end-user and is considered the program beneficiary. A developer would receive financial assistance in the form of a loan guarantee that guarantees a particular loan the developer makes to deploy an eligible project—with the loan made using non-GGRF funds. In this case, the developer is the end-user and is considered the program beneficiary.

Subaward

Definition	<p>2 CFR 200.1 defines a subaward as “an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity.” Since subawards may come in other forms (i.e., loans), the term “subgrant” denotes a subaward in the form of a grant. However, financial assistance provided by a subrecipient may be a PSC.</p>	
Workplan Requirements	General Subawards	<p>The recipient is precluded from drawing down funds for subawards until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must include:</p> <ul style="list-style-type: none"> a) The aggregate amount for subawards in the “Other – Subawards” budget category of their SF424A. b) A description of activities to be supported c) The amount for each subaward d) The name and, if available, type of entity (non-profit, for-profit, governmental) e) Duration of subaward f) Receive approval of guidelines established in the grant T&Cs g) Prior to making subawards, ensure that each subrecipient has a “Unique Entity Identifier” (UEI)
	Subawards as part of a Revolving Loan Fund	<p>The recipient agrees to provide written guidelines for all subawards provided as part of a revolving loan fund. The recipient is precluded from drawing down funds for subawards provided as part of a revolving loan fund until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must:</p> <ul style="list-style-type: none"> a) describe the activities that will be supported by the subawards; b) specify the range of funding to be provided through the subawards; c) identify which types of entities (i.e., governmental, non-profit, for-profit) will receive the subawards; and d) specify how the subrecipients are eligible subrecipients in accordance with EPA’s Subaward Policy. Additionally, if a recipient plans to subaward to a for-profit entity the recipient’s response to (d) must specifically describe how the for-profit subrecipient will only receive reimbursement for their actual direct or approved indirect costs such that the subrecipient does not “profit” from the transaction.
Terms and Conditions	Subawards	<ul style="list-style-type: none"> • The recipient must establish and follow a system that ensures all financial assistance agreements are in writing and contain all of the elements required by 2 CFR 200.332(a), including the indirect cost provision of 2 CFR 200.332(a)(4) for subawards. EPA has developed an optional template for subaward agreements available in Appendix D of the EPA Subaward Policy, which may also be used for such subaward agreements. <p>EPA Subaward Policy</p>

	Subawards to For-Profit Entities	<p>The recipient is authorized to provide subawards to for-profit entities as included in the EPA-approved Solar for All Workplan. The recipient agrees to require that for-profit entities that receive such subawards:</p> <ol style="list-style-type: none"> 1. Can only recover their eligible and allowable direct and indirect costs from EPA-funded activities, including recovering the portion of their overhead costs attributable to the activities by applying either a Federally approved indirect cost rate, as authorized by 2 CFR 200.414(f), or the de-minimis rate if the subrecipient does not have a Federally approved rate; 2. Comply with the Management Fees General Term and Condition, which is incorporated by reference into the Establishing and Managing Subawards General Term and Condition; 3. Account for and use program income under the rules for program income pursuant to 2 CFR 1500.8(b) and the terms and conditions of the award agreement; 4. Be subject to the same requirements as non-profit subrecipients under 2 CFR Part 200 Subparts A through E, as federal awarding agencies are authorized to apply 2 CFR Part 200 Subparts A through E to for-profit entities in accordance with 2 CFR 200.101(b); and 5. Select an independent auditor consistent with the criteria set forth in 2 CFR 200.509 and obtain an independent audit substantially similar in scope and quality to that of the Single Audit (see 2 CFR 200.500 et. seq.); the subrecipient must submit the audit to the recipient within 9 months of the end of the recipient's fiscal year or 30 days after receiving the report from an independent auditor, whichever is earlier; as provided in 2 CFR 200.337(a) the recipient must provide EPA, the EPA Office of Inspector General, and the Comptroller General with access to the subrecipient's independent auditor reports.
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	Subawards as part of a Revolving Loan Fund	<p>In accordance with section 2.0 <i>Applicability and Effective Date</i> and the definition of <i>Subaward</i> in section 3.0 of the EPA Subaward Policy, the EPA Subaward Policy does not apply to the recipient's subawards from the capitalization of a revolving loan fund.</p> <p>EPA does not consider the remaining portion of the award as a capitalization of a revolving loan fund for the purposes of 2 CFR 1500.8(d). As such, all subgrants made by the recipient are subject to the EPA Subaward Policy.</p> <p>The following requirements apply when the recipient provides Subawards under 2 CFR 200.1 as part of a revolving loan fund. These requirements apply to the recipient and subrecipient in lieu of those specified in the Establishing and Managing Subawards General Term and Condition.</p> <ol style="list-style-type: none"> 1. The recipient agrees to provide written guidelines for all subawards provided as part of a revolving loan fund. The recipient is precluded from drawing down funds for subawards provided as part of a revolving loan fund until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must: (a) describe the activities that will be supported by the subawards; (b) specify the range of funding to be provided through the subawards; (c) identify which types of entities (i.e., governmental, non-profit, for-profit) will receive the subawards; and (d) specify how the subrecipients are eligible subrecipients in accordance with EPA's Subaward Policy. Additionally, if a recipient plans to subaward to a for-profit entity the recipient's response to (d) must specifically describe how the for-profit subrecipient will only receive reimbursement for their actual direct or approved indirect costs such that the subrecipient does not "profit" from the transaction. 2. The recipient must establish and follow a system that ensures all financial assistance agreements are in writing and contain all of the elements required by 2 CFR 200.332(a), including the indirect cost provision of 2 CFR 200.332(a)(4) for subawards. EPA has developed an optional template for subaward agreements available in Appendix D of the EPA Subaward Policy, which may also be used for such subaward agreements. 3. The subrecipient must comply with the internal control requirements specified at 2 CFR 200.303 and is subject to the 2 CFR Part 200, Subpart F, Audit Requirements. The pass-through entity must include a condition in all financial assistance agreements that requires subrecipients to comply with these requirements. No other provisions of the Uniform Grant Guidance, including the Procurement Standards, apply directly to the subrecipient. 4. Prior to making the subaward, the recipient must ensure that the subrecipient has a "unique entity identifier." This identifier is required for registering in the System for Award Management (SAM) and by 2 CFR Part 25 and 2 CFR 200.332(a)(1). The unique entity identifier (UEI) is generated when an entity registers in SAM. Information on registering in SAM and obtaining a UEI is available in the General Condition of the pass-through entity's agreement with EPA entitled "<i>System for Award Management and Universal Identifier Requirements.</i>"
Examples		<ul style="list-style-type: none"> • A state organization, other than the recipient, that will receive funds in a grant or loan from the recipient to provide financial assistance to deploy an eligible project. • A grant or loan provided to a for-profit or non-profit entity to subsidize end-user projects.

Participant Support Cost Decision Support and Examples:

The financial product/program design models shown below are examples and may not cover all scenarios. If you have questions regarding the categorization of financial products/flow of funds, please contact your project officer.

PSC vs. Subaward vs. Contract Decision Support

- Is there profit in the transaction between the recipient and other entity?
 - If yes, it's a contract.
 - If no, it may be a PSC or subaward.
- Is the financial assistance going to an end user and are the costs only for purchasing and installing the zero-pollution control technology? For example, the recipient directly provides a loan to a homeowner to purchase a rooftop solar system.
 - If yes, it's a PSC.
 - If no, it's a subaward.
- Is the financial assistance going to an intermediary to run the program? For example, a recipient provides funds to an intermediary (municipality, CDFI, etc.) to run their program and provide the financial assistance to end users.
 - If yes, it's a subaward.

Examples:

Please note these will not cover all scenarios but serve as a rule of thumb. Projects officers will review costs and determine if they are categorized correctly in the recipient's budget table. Please note, financial assistance provided by a subrecipient may be a PSC.

	Project Type	Financial Assistance	Model	Example	Flow of Funds to Program Beneficiary/End-User	Owner of the equipment
Participant Support Costs	Rooftop Residential - SFH, MFH	Revolving Loan Fund	Direct loan to homeowner from recipient	Direct loan or grant to a homeowner from the recipient	Recipient → Homeowner	Homeowner or multifamily building owner
			Loan --> Lease	Low-cost loan is provided to a developer directly from the selected applicant and savings are passed on through a lease	Recipient → Developer-lessor	Third Party Owner --> option to flip
		Grant/Subsidy	Direct grant to homeowner from recipient/selected applicant	Direct loan or grant to a homeowner from the selected applicant	Recipient → Homeowner	Homeowner or multifamily building owner

			Grant --> Lease	Program provides a grant/incentive to developers who construct solar then offer a lease to homeowners	Recipient → Developer-lessor	Third Party Owner --> option to flip
	Community Solar	Grant/Subsidy	Subsidized development	Program subsidizes the development of a community solar farm for a certain discount on costs to customers.	Recipient → Developer	Third Party Owner
Subawards	Rooftop Residential - SFH, MFH	Subaward Revolving Loan Fund	Loan provided through a secondary lender	Funds are passed through to a private or quasi-public lending institution (CDFIs etc) and loaned or granted out through that institution	Recipient → Lender → Homeowner	Homeowner or multifamily building owner
			Loan provided through a secondary public entity	City or other public entity as a pass-through entity then providing the loan for SFH or MFH projects.	Recipient → Public Entity → Homeowner	Homeowner or multifamily building owner
		Subaward Grant/Subsidy Program	Grant provided to homeowners through a secondary public entity	City or other public entity as a pass-through entity then providing the grant for SFH or MFH projects.	Recipient → Public Entity → Homeowner	Homeowner or multifamily building owner
	Community Solar	Subaward RLF	Loan provided through a secondary public entity	City or other public entity as a pass-through entity then distributed as a loan.	Recipient → Public Entity → Homeowner	Developer

		Subaward Grant/Subsidy Program	Grant provided through a secondary public entity	City or other public entity as a pass-through entity then distributed as a grant.	Recipient → Public Entity → Homeowner	Developer
			Subscription subsidy	Grant provided to a utility for subscription to an already built community solar project.	Recipient → Community solar farm/Utility	Utility or developer
Contract	Rooftop Residential - SFH	Direct install - Purchase (awardee directly purchases and owns the asset)		Program directly purchases and owns the solar systems	Recipient → Contractor → Homeowner	Recipient
Other		Credit Enhancement - Loan Loss Reserve		State sets up a loan loss reserve fund for lenders to pull from if loans are defaulted on.		Recipient