March 24, 2011

Subject: Guidelines for Use of Living Allowances for Unpaid Appointments

Attached please find guidelines that govern the use of Subsistence Payments / Living Allowances for unpaid positions. Historically, these funds were intended to provide a stipend for living expenses incurred by Visiting Academics (Visiting Fellows/Critics/Scientists/Scholars) who are not otherwise paid by Cornell and who are appointed through collaborative research arrangements for a period not to exceed 12 months.

Recent audits show the inappropriate disbursement of living allowances. Such funds cannot be drawn from grants and/or paid from sources specified for salary. Any funds disbursed as a living allowance in a manner not permitted by the attached guidelines can also create workers compensation liability and unacceptable institutional risk. The audit findings require us to clarify and narrow the allowable conditions under which such payments must be made.

The use of these funds is specifically for living expenses and must not in any way be used as a means of compensation for work performed.

We have structured the guidelines to permit disbursement of living allowances when a clear need is demonstrated and in a manner that does not place the institution in conflict with Sponsored Program, Workers Compensation, or Tax requirements.

Any exceptions to these guidelines must be authorized by the CALS Senior Associate Deans. These guidelines will be in effect for all requests for subsistence payments / living stipends made after April 1, 2011. The college recognizes that current arrangements need to transition to comply with these new guidelines. If you have questions about how these guidelines impact current appointees, please contact your local Human Resources representative.

Sincerely,

Jan P. Nyrop
Senior Associate Dean

Max J. Pfeffer
Senior Associate Dean
GUIDELINES AND REQUIREMENTS-LIVING ALLOWANCES
Effective Date: April 1, 2011

Caution: The guidelines do not apply to “post doctoral fellowships and post doctoral fellowship job titles.” The post doctoral fellowship job title is used when the sponsor requires non-wage payments (i.e. fellowship). This includes NRSA training grants, grants that Sponsored Financial Services deems to be equivalent to NRSA training grants or sponsor authorized fellowships for post doctoral fellows).

Use of Living Allowances/Stipends for Unpaid Appointments
Background: We have reviewed CALS practices related to the use of Subsistence Payments/Living Allowances and have concluded that additional documentation is required for these payments to help ensure consistency and sound business practices, including, but not limited to compliance with Sponsored Program, Workers Compensation or Tax requirements.

Historically these payments have been intended to provide support for living expenses incurred by any unpaid appointment including but not limited to Visiting Academics (Visiting Fellows/Critics/Scientist/Scholars) in support of collaborative research arrangements that do not exceed 12 months.

Guidelines/Requirements:
Any request for a Living Allowance/Stipend to any unpaid appointment requires the following documentation:

- Appointment Title and Term of Appointment.
  - The actual appointment must not exceed 12 months.
  - The “expected” term of the visit at Cornell must not exceed 12 months.
  - The allowance/stipend must not exceed 12 months.
  - NOTE: The length of stay is in alignment with the spirit of Visiting Fellow/Visiting Critic/Visiting Scientist/Visiting Scholar appointment requirements on Page 35 of the Faculty Handbook. [http://theuniversityfaculty.cornell.edu/handbook/Chapter2.pdf]

- Identification of the individual’s permanent residence, which must be more than 100 miles from “Cornell.”

- For foreign nationals, a complete Foreign National Questionnaire, [http://www.dfa.cornell.edu/dfa/cms/tax/foreign/].

- The source of funding to support these allowances, which must not require “work,” an expectation of performance of a specific activity. If work is identified by the “funding source,” payments should be processed as salary through payroll.

- For payments made on sponsored funds, the following must also be included:
  - A copy of the approved budget and agreement.
  - Agreement and/or budget that clearly approved the use of funds as subsistence/fellowship payments.

Implementation
- Any request to provide a Living Stipend after April 1, 2011 must conform to these guidelines. The college recognizes that some current arrangements will need to
transition as a result of these new guidelines. The college will work with Principal Investigators (PIs) to make these transitions on a case-by-case basis.

- The CALS Research office and BSC offices will utilize the above guidelines to assess budgets containing these types of payments as well as transactions involving payments governed by these guidelines.
- All grants/programs contracted after April 1, 2011, must conform explicitly to the above guidelines.

**Case Examples**

**Acceptable Use of Living Stipend**

- Grant-supported research specifically budgets for and authorizes funds to be used to provide living stipends to enable collaboration between Cornell and another institution. The collaborator is appointed as an unpaid academic at Cornell, while simultaneously retaining an appointment at home institution. Grant funds are utilized to provide a living stipend to the collaborator during a period not to exceed 12 months in duration.

**Unacceptable Use of Living Stipend**

- A recent PhD is identified and wishes to support research on a grant. The individual does not retain an academic appointment at any other institution, and the Cornell Principal Investigator wishes to appoint the individual at Cornell in an unpaid academic title to enable them to complete research activities. The Cornell PI wishes to provide a Living Stipend to the appointee to offset living costs. This would not be an appropriate use of a Living Stipend, even if the grant allows such payments.
- A Graduate Student from another University who is pursuing a PhD/Masters Degree is identified to support research on a grant over the summer. The grant allows for use of Living Stipends. The Cornell Principal Investigator wishes to appoint the individual at Cornell in an unpaid academic title for the summer. The Cornell PI wishes to provide a Living Stipend to offset the living costs for the appointee. This would not be an appropriate use of a Living Stipend, even if the grant allows such payments.
- A Masters-level Researcher is identified to support research in a PI’s lab on faculty start-up funds. The individual does not retain an academic appointment at any other institution, and the Cornell PI wishes to appoint the individual at Cornell in an unpaid academic title to enable them to complete research activities. The Cornell PI wishes to provide a Living Stipend to offset living costs for the researcher. The individual lives in Syracuse, NY. This would not be an appropriate use of a Living Stipend.

**Alternatives for the above cases to enable and support collaboration**

- In each of the above cases, the PI may appoint the individual to a paid academic title. For a term less than 1 year in duration, no search would be required, and payments would be made through payroll.