INTRODUCTION TO APPLYING AND MANAGING INTERNATIONAL SPONSORED PROJECTS

MSU has a strong record with international projects with a vast majority of the knowledge being spread in different units across campus. This website has been created in an effort to provide a centralized repository of information related to international projects. This document contains guidance and references in order to assist faculty and staff with international proposal preparation and project management for cost reimbursable projects. The review and approval process for international projects is important due to the numerous components that make-up successful proposals and projects. Therefore, to develop an administratively sound international project, the PI and their administrator should work closely with the applicable departments (OSP, CGA, MSU General Counsel, Finance, Human Resources, Export Control, ISP, etc.) to develop an administratively comprehensive and manageable international project.
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MSU BUDGET PREPARATION CONSIDERATIONS (includes some post-award considerations)

Below are items to consider including in budgets for international projects. They are not applicable to all projects, and the list is not all inclusive. A checklist has been created to use with budget preparation, condensing the items below, ([link to checklist]).

1. MSU Personnel
Include all salaries for the MSU Program Director, Chief of Party, Key Personnel, Project Administrator, Graduate Assistant(s), or any other personnel that may be working on the project. For large USAID projects, the MSU Chief of Party is usually based in-country leading the technical direction.

The USAID Maximum Daily Rate may be found at [here]. For overall guidance for including MSU personnel in a budget, see our [website].

- The Employee Biographical Data (EBD) Sheet, AID Form 1420-17, is used frequently by USAID to justify employee and consultant pay levels. The required data includes nationality, accompanying family members, education and salary history. The salary history presented on the “biodata” is used to establish a comparable rate for the proposed person. The rate is then presented for approval to USAID, in accordance with the companion clause AIDAR 752.7007 “Personnel Compensation.”

- The MSU department preparing the proposal, not the individual employee, should complete the fields for the contractor’s name, contract number, position under contract, proposed salary, and duration of assignment (#s 2, and 4-7). The individual employee must complete all other fields and sign the certification (#16).

- For EBD “salary history” (#14) list each year of employment (for the last three years, NOT the last three positions) on a separate line. If the individual has held the same position for the last three years, list the position on each of the three salary history lines, with the corresponding annual salary for each year. For current salary, leave the “to” date blank if the form will not allow you to write “current” or “present.” List salary history in the currency in which it was actually paid. Do not convert foreign currency to USD. Be sure to indicate what currency is used.

- Only authorized officials for the university may sign EBDs. If a signature is required, the department must verify one of the previous salaries listed and initial next to it before submitting the EBD to OSP/CGA for signature.

2. MSU Short Term Technical Assistance (STTA)
This personnel category refers to technical project personnel (e.g. faculty, specialists, etc.) who will work on a project for brief periods of time, as opposed to consistently over the life of the project. It is specific to USAID projects, and does not include PIs, project directors, personnel living in the project host country, local staff, or administrative personnel. Salary (and fringe benefits) for STTA are budgeted in the same manner as for other types of personnel, and should normally be included in Personnel budget category.

3. Fringe Benefits
Include the fringe benefits for all of the personnel listed in the MSU Personnel and STTA sections of the budget. For overall guidance for including fringe benefits in a budget, see our [website].

4. Overseas Allowances
See the [Overseas Allowances] detailed section in this document.
5. Domestic Travel
For overall guidance for including domestic travel in a budget, see our website. Costs for domestic travel may include mileage, car rental, airfare, railway, per diem (M&IE, lodging), ground transportation/airport parking, and other miscellaneous travel costs (communication, etc.).

6. International Travel
Follow the same guidance provided for Domestic travel on our website. Additional items that are typically budgeted for international travel include international airfare (consider Fly America restrictions), per diem (M&IE, lodging), ground transportation/airport parking, local in-country transportation, passports and visas (consult with RFP for allowability), medical costs (country specific medication required for travel), Vaccines/Immunizations, HTH insurance (for non-MSU travelers), DBA insurance, and Visa Costs. Note that agency approval may be needed for international travel post award.

International Studies and Programs (ISP) provides some information to help you get prepared for traveling internationally (not with a Study Abroad program), including registering in the Travelers Abroad Database.

Vaccines/Immunizations
The Centers for Disease Control and Prevention (CDC) provides recommendations for vaccines when traveling. The MSU Travel Office provides information about MSU travel policies and procedures, rates for reimbursement, etc.

Visa Costs
Visa requirements are specific to the destination country. All required costs and fees associated with obtaining a visa for project travel, such as photo costs and shipping, should be included in the budget. Special handing and rush fees are generally unallowable as they represent optional, convenience costs. Visa information may be found here.

7. Participant Support Costs
For Participant Support Costs guidance see our website.

8. Chief of Party/Key Personnel
See the Overseas Allowances section in this document for Home Leave and Rest and Recuperation allowances to be budgeted for the Chief of Party/Key Personnel.

9. Subcontracts
See the Pre-Award Considerations for International Subrecipients section of this document for detailed information including the de minimus facilities and administrative rate.

10. In-Country Office (if applicable)
If allocable and allowable, it may be necessary to budget for costs associated with an in-country office. Typical items to budget are salary for in-country office or field staff, office space rental, telephone/fax, internet, express mail service, photocopy (monthly), miscellaneous office supplies including detergents, office computers, printers, and fax machine, in-country consultants, in-country travel for field staff (including per diems, lodging).

See the Subject Matter Expert list for people to contact for in-country assistance.

For information relating to Imprest Advance Procedures, please visit this webpage.
11. Equipment
See our website for general information on budgeting for equipment.

When budgeting large equipment items such as passenger vehicles, trucks, tractors, bulldozers or other large items. Your budget should include all related costs, such as shipping, insurance, licenses and other fees, as well as vehicle maintenance costs (e.g. fuel, oil changes, tires replacement, repairs, etc.). The PI should work with MSU Purchasing to obtain purchase and operational guidance. The PI should also work with MSU Risk Management and Insurance to obtain insurance guidance or see the Vehicle Insurance section of this document.

Awards may require prior approval agency approval for equipment purchases. Terms and conditions can be found listed in the award document, or by reference in the award. Clarification requests can be directed towards OSP Contracts Groups during award negotiation or to CGA’s Transactions Group after award execution.

Award terms and conditions will also include information regarding ownership of equipment purchased. If the agency retains title to equipment purchased, MSU may request the transfer of the title to the university, or to a separate in-country party that was involved in the project, as part of the closeout process. Title transfer requests should be directed towards Contract and Grant Administration. Specific information regarding how equipment is logged in MSU’s system can be found through MSU’s Capital Asset Management department.

12. Other Direct Costs
Other Direct costs may include materials and supplies, copy/print services, publication costs, international consultant/contractors (translators, field workers, etc.), costs of vehicle rentals or purchases (maintenance, insurance, shipping cost, licenses, gas, other fees), foreign auto physical damage insurance, and workshop/facility cost (food, room rental). For a listing of other common direct costs, please see our website.

International Consultants
The considerations for international consultant costs are the same as for domestic consultant costs. The Federal Government requires that the University carefully select consultants to ensure that they are well qualified, essential to the project and that such service is not available at the University. Departments are required to maintain records documenting the reasonableness of the cost of the service obtained, for USAID awards this often includes completion of an EBD/1420 form, and the selection process utilized to choose the Nonresident Alien Independent Contractor. It is the PI’s responsibility to ensure that the consultant’s service quote or other written cost documentation, the consultant’s resulting intellectual work or report, and all internal approvals are obtained and available for review and audit purposes. Hiring an international Independent Contractor must be done by the Nonresident Alien (NRA) Independent Contractor form. This form as well as additional information related to IRS and payments for an NRA Independent contractor can be found in Section 77 of the Manual of Business Procedures (MBP).

13. Facilities and Administrative Costs (F&A)
Please see our website for more information on F&A.

14. Budget Justification
For information on budget justifications, please visit our website.
Overseas Allowances (includes pre and post award considerations)

Overseas allowances are intended for employees who are stationed overseas. Rates are set by the U.S. Department of State and based on a percentage of income and the country of service. All allowances are not a guaranteed option and may depend on employment status. Also note, if a sponsor will not support the cost of allowances, budgeting for allowances is not a required MSU cost. A budget may also include one allowance or a combination of some, so long as the employee accepts the terms of the employment. The rates for the allowances can be found here.

The general types of allowances and benefits that impact MSU faculty and staff include:

1. Cost-of-Living Allowances
   a. Post (Cost of Living) Allowance
   b. Education Allowance
2. Recruitment and Retention Incentives
   a. Post Hardship Differential
   b. Danger Pay Allowance
3. Leave Benefits
   a. Home Leave
   b. Rest and Recuperation
4. Quarters Allowances
   a. Living Quarters Allowance
   b. Temporary Quarters Subsistence Allowance

The U.S. Internal Revenue Services (IRS) considers “incentive” allowances such as Post Hardship Differential and Danger Pay as additional compensation and therefore are included in gross income for U.S. federal income tax purposes. Other allowances such as Quarters Allowances are considered “reimbursements” and therefore are not required by the IRS to be included in gross income. This distinction is referred to as “taxable” and “not taxable” throughout the document.

SPECIAL NOTE for USAID projects (ADS Chapter 477):

- The Mission Director or designee is responsible for:
  - Authorizing, granting, revising or terminating, in accordance with applicable regulations, the following allowances for employees stationed overseas: temporary lodging, living quarters, post, supplementary post, foreign transfer, danger pay, education, post differential and educational travel.
  - Resident hire employees shall be granted only post allowance and danger pay allowance.
  - No allowances shall be granted to employees when they are in non-pay status in excess of fourteen consecutive days.

Acronym Key

ADS – Automated Directives System (USAID)
DSSR – Department of State Standardized Regulations
FAM – Foreign Affairs Manual
FAH – Foreign Affairs Handbook
Cost of Living Allowances

Cost-of-living allowances are designed to reimburse employees for certain excess costs that they incur as a result of their employment overseas. Those applicable allowances impacting MSU faculty and staff include: Post (cost-of-living) Allowance and Education Allowance. **Cost-of-living allowances are not considered a part of taxable income.**

Post (Cost of Living) Allowance:

Post allowance, also referred to as cost of living or COLA, is granted to an employee stationed at a post in a foreign area where the cost of living, exclusive of quarters costs, is substantially higher than in Washington, D.C. The post allowance is designed to permit employees to spend the same portion of their salaries for their standard living expenses as they would if they were residing in Washington, D.C. *(DSSR, Chapter 220)*

1. **Eligibility**
   a. Employees become eligible upon arrival at the new post.

2. **Budgeting post allowance**
   a. The first step in budgeting is to determine the “Annual Spendable Income” by using the table found at [https://aoprals.state.gov/Content/Documents/SpendableIncome.pdf](https://aoprals.state.gov/Content/Documents/SpendableIncome.pdf). The “Number of Persons in Family” is the number who will be residing at the post.
   b. The second step is to determine the percentage of spendable income for the country using the table found at [https://aoprals.state.gov/Web920/cola.asp](https://aoprals.state.gov/Web920/cola.asp). *(DSSR 220)*
   c. The total annual post allowance multiplies the spendable income with the post allowance percentage.
   d. Example:
      i. Dr. Smith, her spouse and three children will be residing in Zambia. Dr. Smith’s annual salary totals $126,000.
         1. Spendable income based on family size and salary = $58,800
         2. Post allowance = 20%
         3. Annual post allowance equals $11,760
   e. NOTE: Post allowances shall be computed and paid at annual rates, derived by the number of days in the calendar year to obtain a daily rate.

3. **Processing post allowance**
   a. Post Allowance is processed on a Disbursement Voucher, using Payment Reason Code O – Travel Reimbursement and object code 6489 – contractual services.
   b. Supporting documentation should be attached to the Disbursement Voucher to demonstrate the period covered by the amount and how the amount was determined (i.e. copy of appropriate Department of State COLA rate).
   c. Post Allowance should be allocated to project accounts based on employee effort for that period.

4. **Things to consider when paying post allowance**
   a. Post allowance is not taxable income.
   b. Post allowance is granted to new employees the date the employee arrives at the new post, except that no post allowance shall be paid during any period when an employee or family member is receiving payment of a temporary quarters subsistence allowance.
   c. Post allowance grant shall terminate as of the date the employee commences travel which authorizes payment of travel per diem allowance.
   d. Post allowance grant shall continue while the employee remains in the country of assignment or is outside the country of assignment for short periods of absences (up to 30 consecutive calendar days) unless the officer designated to authorize allowances determines that the grant should not continue. On the 31st day of absence, the grant is to
be terminated. (If the employee's family remains at post during this time, the post allowance grant will be reduced by one family member on the 31st day of absence.)
Education Allowance:
The purpose of the education allowance is to assist employees in providing adequate elementary and secondary education for a child or children (grades K-12) at an overseas post of assignment. (DSSR, Chapter 270)

1. Eligibility
   a. Children of employees stationed overseas who are eligible for education at the elementary or secondary school level except that such child must have attained the age of four years and must not have reached his/her 21st birthday. A child with special needs is considered to be covered by these regulations from birth.

2. Budgeting education allowance
   a. The annual education allowance may be found on the “Education Allowance” table at https://aoprals.state.gov/Web920/education_all.asp?MenuHide=1.
   b. Find the post location.
   c. Choose the rate based on the grade of the child and whether the child will be attending school at or away from post.
      i. Example:
         1. Dr. Smith has one child in 6th grade and one in 10th grade in Sydney, Australia. The sixth grader will be attending school at post and the 10th grader away from post.
         2. Allowance for the 6th grader at post is $25,050.
         3. Allowance for the 10th grader away from post is $55,700.

3. Processing education allowance
   a. Education Allowance is processed on a Disbursement Voucher, using Payment Reason Code O – Travel Reimbursement and object code 6489 – contractual services.
   b. Supporting documentation should be attached to the Disbursement Voucher to demonstrate the period covered by the amount and how the amount was determined (i.e. tuition receipt).
   c. Education Allowance should be allocated to project accounts based on employee effort for that period.

4. Things to consider when paying education allowance
   a. Education allowance is cost reimbursable up to the maximum location amount and is not taxable income.
   b. The DSSR includes a variety of information for differing circumstances. Any individual being stationed overseas and bringing school age children should read this section of the DSSR to better understand what is allowed for his/her particular situation.
   c. A school is deemed “adequate” if, upon completion of a grade at the school, a child of normal ability could enter the next higher grade at a public school in the US.
   d. When a school is “adequate”, the rates for attending a school “at post” and attending a school “away from post” will be the same.
   e. The “away-from-post” education allowance can be used to pay for tuition, room and board, unaccompanied air baggage and periodic transportation between the post and the designated boarding school.
Recruitment and Retention Incentives
Recruitment and retention incentives are allowances designed to recruit employees to posts where living conditions may be difficult or dangerous. Those applicable allowances impacting MSU faculty and staff include: Post Hardship Differential and Danger Pay. **These types of allowances are included in taxable income.**

Post Hardship Differential:
The purpose of post hardship differential is to provide additional compensation to employees for service in foreign areas where conditions of environment differ substantially from conditions of environment in the United States. (DSSR, Chapter 500 and 3 FAM 3260)

1. **Eligibility**
   a. Hardship differential shall commence as of the date of employee’s arrival at a new post.

2. **Budgeting post hardship differential**
   a. The first step in budgeting is to determine the basic compensation (salary only, no fringe, living costs or allowances should be included).
   b. The second step is to determine the percentage of basic compensation used in calculating the hardship differential by using the table found at [https://aopprals.state.gov/Web920/hardship.asp](https://aopprals.state.gov/Web920/hardship.asp).
   c. Multiply the basic compensation amount with hardship differential percentage.
   d. Example:
      i. Dr. Smith is at post in Dhaka, Bangladesh where her annual salary equals $126,000.
         1. Basic compensation = $126,000
         2. Hardship differential = 30%
         3. Annual post hardship differential equals $37,800
   e. NOTE: Post differential should not be paid while the employee is away from post.

3. **Processing post hardship differential**
   a. Post hardship differential is processed on an Additional Pay Form using wage type code 1270.
      i. The completed form should be sent to CGA either as a paper copy or as a pdf to transactions@cga.msu.edu. CGA will forward the approved form to Payroll, if applicable.
      ii. Please note the university deadline for each payroll cycle. Additional Pay Forms should be submitted to CGA three business days prior to the payroll month’s deadline. Off cycle check fees are typically unallowable on RC accounts.
   b. Supporting documentation should be included with the pay form to demonstrate the period covered by the amount and how the post hardship differential amount was determined (i.e. copy of appropriate Department of State rate).
   c. Post hardship differential should be allocated to project accounts based on employee effort for that period.

4. **Things to consider when paying post hardship differential**
   a. Post hardship differential is taxable income.
   b. Differential begins the day the employee arrives at post and continues while the employee remains at post. (For temporary employees, differential begins after 42 days at post.)
   c. For an employee who leaves post for “leave”, differential stops the day he/she leaves post for the US. If the employee spends some days in a foreign non-differential area en route to leave in the US, then the differential stops on the day of arrival in the US.
   d. Post hardship differential will not stop when the employee enters the US as long as he/she is only **transiting the US**. If the stay in the US is greater than 24 hours, the post hardship differential must terminate upon entry to the US.
   e. For an employee without family members who leaves post for “leave” or orders to a non-differential post in a foreign location, differential stops after 42 days.
f. If an employee leaves post under official travel orders to go to the US (e.g. medical evacuation, training, consultations, etc.)
g. For additional scenarios, see the Frequently Asked Questions section on the U.S. Department of State website under the Office of Allowances.
Danger Pay Allowance

The purpose of danger pay allowance is to provide additional compensation above basic compensation to employees serving at places in foreign areas where dangerous conditions that could threaten the health or well-being of an employee exist. (DSSR, Chapter 650 and 3 FAM 3270) Eligible countries are set by the US Department of State. To search authorized allowances by country, see this [website](#). For more questions related to danger pay, refer to the following [link](#).

1. Eligibility
   a. Danger pay is payable beginning the first day the employee enters the country. Employees qualify for Danger Pay Allowance after being in the country for at least four cumulative hours in one day.

2. Budgeting danger pay allowance
   a. The first step in budgeting is to determine the basic compensation (salary only, no fringe, living costs or allowances should be included).
   b. The second step is to determine the percentage of basic compensation used in calculating the danger pay by using the table found at [https://aoprals.state.gov/Web920/danger_pay_all.asp](https://aoprals.state.gov/Web920/danger_pay_all.asp).
   c. Multiply the basic compensation amount with danger pay percentage.
   d. Example:
      
      i. Dr. Smith is at post in Bujumbura, Burundi where her annual salary equals $126,000.
         1. Basic compensation = $126,000
         2. Danger pay allowance = 30%
         3. Annual post hardship differential equals $37,800
   e. NOTE: Danger pay should be paid only during the time at post or on travel status to that particular location.

3. Processing danger pay allowance
   a. Danger pay is processed on an Additional Pay Form using wage type code 1270.
      
      i. The completed form should be sent to CGA either as a paper copy or as a pdf to [transactions@cga.msu.edu](mailto:transactions@cga.msu.edu). CGA will forward the approved form to Payroll, if applicable.
      
      ii. Please note the university deadline for each payroll cycle. Additional Pay Forms should be submitted to CGA three business days prior to the payroll month’s deadline. Off cycle check fees are typically unallowable on RC accounts.
   b. Supporting documentation should be included with the pay form to demonstrate the period covered by the amount and how the danger pay amount was determined (i.e. copy of appropriate Department of State rate).
   c. Post hardship differential should be allocated to project accounts based on employee effort for that period.

4. Things to consider when paying danger pay allowance
   a. Danger pay allowance is taxable income.
   b. Danger pay may also be paid to employees on temporary duty to the post.
Leave Benefits

Home Leave
The purpose of home leave is to allow employees who are US citizens on long term overseas assignments to undergo a periodic reorientation and re-exposure to their home country. (3 FAM 3430)

1. Eligibility
   a. Home Leave is typically available for US citizens who have completed 18 months of continuous services at post. Family members may also qualify for home leave based on the eligibility of the employee.

2. Budgeting home leave
   a. The only allowable expense is the cost of airfare for the employee and other eligible travelers to the location of their address record. Applicable travel costs should be included in the budget.

3. Processing home leave
   a. Airfare costs should be processed according to university travel regulations, with consideration of award specific restrictions.

4. Things to consider for home leave
   a. Keep in mind that airfare costs may increase over time.

Rest and Recuperation
The purpose of rest and recuperation travel (R&R) is to give employees relief from their post assignment overseas. (3 FAM 3720)

1. Eligibility
   a. R&R is typically available for US citizens who have completed 24 months of continuous services, unbroken by home leave, at post for some locations overseas. Family members may also qualify for R&R. Refer to 3 FAM 3720 and 3 FAM 3722 for restrictions.

2. Budgeting R&R
   a. Allowable travel expenses should be included in the budget, as applicable for the employee and other eligible travelers.
      a. Allowable R&R locations may vary based on award. In general, travel is only allowable to either the designation overseas relief point or any US city or its Commonwealths, territories or possessions. Other locations may be chosen if specific criteria are met. Refer to 3 FAM 3720 for specific information.

3. Processing R&R
   a. Allowable travel costs should be processed according to university travel regulations, with consideration of award specific restrictions.

4. Things to consider for R&R
   a. Keep in mind that travel costs may increase over time.
   b. Reference agency specific guidelines for allowable R&R locations.
Quarters Allowances
Quarters allowances are intended to reimburse employees for substantially all housing costs at overseas posts where government housing is not provided. Those applicable allowances impacting MSU faculty and staff include: Living Quarters Allowance and Temporary Quarters Subsistence Allowance.

Living Quarters Allowance:
Living quarters allowance (LQA), is an allowance granted to an employee for the annual cost of suitable, adequate, living quarters for the employee and his/her family. (DSSR, Chapter 130)

1. Eligibility
   a. LQA will be paid to employees who have obtained residence quarters and are not receiving Temporary Quarters Subsistence Allowance.

2. Budgeting LQA (DSSR, Chapter 135.2)
   a. The annual living quarters allowance may be found on the “Annual Living Quarters Allowance in U.S. Dollars” table at https://aoprals.state.gov/Web920/lqa_all.asp?MenuHide=1
   b. Determining which group is not easy and may require information from the agency administrative/contract officers for the RFA/RFP. The table found in DSSR, Chapter 135.2 provides the government level that corresponds with each group in the table.
   c. All allowable living costs listed under “What costs are allowable under LQA?” below will be reimbursed up to the maximum amount allowed as per the table.

3. Processing Living Quarters Allowance
   a. LQA is processed on a Disbursement Voucher, using Payment Reason Code O – Travel Reimbursement and object code 6489 – contractual services.
   b. Supporting documentation should be attached to the Disbursement Voucher to demonstrate the period covered by the amount and how the amount was determined (i.e. receipts).
   c. LQA should be allocated to project accounts based on employee effort for that period.
   d. Advance payments for rent may be allowable
      i. Please review DSSR, Chapter 113.
      ii. Refundable security deposits cannot be included in the advance.

4. Things to consider when paying Living Quarters Allowance
   a. LQA is cost reimbursable and is not taxable income.
   b. Allowable costs
      i. Basic annual rent, plus any costs not included therein for heat, light, fuel, gas, electricity, water, taxes levied by the local government and required by law, insurance required by local law to be paid by the lessee.
      ii. Rental of garage space for one car only for each employee, not to exceed 25% of the employee’s applicable maximum annual quarters allowance rate, regardless of whether such space is included with the quarters
      iii. Separate rental of necessary furniture, not to exceed 25% of the employee’s applicable maximum annual quarters allowance rate, meaning rental of necessary basic furniture and/or equipment, but exclusive of radios, television sets, musical instruments, etc. from source other than landlord (rental of furniture and/or space from the same source under two agreements or contracts is considered to be rental of “furnished quarters”).
      iv. Insurance on property and/or furnishing, if such insurance is required by local law to be paid by the lessee.
      v. Agent’s fee with authorizing officer certifying that fee is customary, reasonable, and legal under local law.
vi. Interest on a loan from an American institution to finance “key money” paid to a landlord.

vii. Garbage and trash disposal.

viii. Mandatory as opposed to optional fees required for maintenance of common areas (“condominium fees”).

c. Unallowable costs. The following are costs that may NOT be included in rent:

i. Concierge or notary’s fees

ii. Agent’s fee except under conditions stated above

iii. Telephone installation or maintenance

iv. Deterioration of property or furnishings

v. Servant’s wages or maintenance

vi. Tips

vii. Cleaning

viii. Storage

ix. Garden or lawn service (except as stated above)

x. Servants’ quarters, unless considered part of the same property with the living quarters

xi. Any other extraneous expenses not directly related to rent as such.
Temporary Quarters Subsistence Allowance:

Temporary quarters subsistence allowance (TQSA) is an allowance granted to an employee for a period not to exceed 90 days after first arrival at a new post in a foreign area or for a period not to exceed 30 days immediately preceding final departure from the post subsequent to the necessary vacating of residence quarters. NOTE: Post allowance shall not be paid for any period during which the temporary quarters subsistence allowance is paid. (DSSR, Chapter 120)

1. Eligibility
   a. The TQSA begins upon first arrival at a new post.
   b. The location of the temporary quarters must be within reasonable proximity of the post.

2. Budgeting TQSA
   a. The costs reimbursed vary by the number of days staying in temporary quarters. Please see DSSR 123.3 for details concerning the amount allowable.

3. Processing Temporary Quarters Subsistence Allowance
   a. TQSA is processed on a Disbursement Voucher, using Payment Reason Code O – Travel Reimbursement and object code 6489 – contractual services.
   b. Supporting documentation should be attached to the Disbursement Voucher to demonstrate the period covered by the amount and how the amount was determined (i.e. receipts).
   c. TQSA should be allocated to project accounts based on employee effort for that period.

4. Things to consider when paying Temporary Quarters Subsistence Allowance
   a. TQSA is cost reimbursable and is not taxable income.
   b. Allowable TQSA costs
      i. Total amount of the reasonable and necessary expenses for the employee and family members for:
         1. Meals, including tax
         2. Service charges and tips
         3. Laundry/dry cleaning
         4. Temporary lodging (including room and bath, heat, light, fuel, water and the cost of service fees and taxes imposed by the management or local government)
         5. Or, the total of the maximum rates for such period, whichever is less.
      ii. Supporting receipts or other appropriate documentation for the daily cost of temporary lodging shall be provided.
      iii. Only actual subsistence expenses incurred, which are reasonable in amount and incident to the occupancy of temporary quarters, shall be reimbursed.
Insurance Requirements & Resources

**Definitions**

**HTH Insurance** - “HTH Worldwide” Insurance is Michigan State University’s international health insurance provider. It includes coverage for medical expenses, accidental death and dismemberment, medical evacuation and repatriation. This coverage is available for both outbound international travels (departing from the United States) as well as inbound travel to the United States (traveling to the United State). Go [here](#) for more information. All individuals traveling on behalf of MSU are automatically enrolled if they take the following steps: (1) complete a pre-trip travel authorization for each traveler; (2) register the trip in the International Travelers Abroad Database. More information can be found [here](#).

**MSU Travelers Abroad Database**

**Q.** Are MSU travelers in MSU Travelers Abroad Database automatically registered for HTH Insurance?

**A.** As stated above, all individuals traveling on behalf of MSU are automatically enrolled if they take the following steps: (1) complete a pre-trip travel authorization for each traveler; (2) register the trip in the International Travelers Abroad Database. More information can be found [here](#).

**Q.** Who must register in the Travelers Abroad Database?

**A.** Contact your department or unit’s travel administrator to confirm you are being registered in the Travelers Abroad Database if you travel internationally on university business. If your department or unit is not yet using the database, the travel administrator should contact the International Health and Safety Intern by email or telephone (517-884-2174) to obtain access. Please visit this [website](#) for more information.

**Q.** What is the importance of registering in the Travelers Abroad Database?

**A.** Enrolling in the International Travelers Abroad Database allows the university to share important health and safety information pre-departure, and to provide emergency support services available from MSU, if necessary. This information can be found [here](#).

**Health Insurance**

**MSU Faculty Travelers**

- **Faculty working on MSU project abroad** - MSU’s international health care coverage (HTH) is intended for business travel. Business travel is defined as performing work overseas on behalf of MSU which has been approved as such by their department. The coverage is limited to 180 days. If faculty conducting MSU business are residing abroad on a long-term basis, health coverage is provided by the employee’s domestic health care provider. Questions regarding long-term coverage should be directed to MSU [Human Resources](#) at 517-353-4434 or the employees insurance provider.

- **Faculty wishing to stay in a foreign country beyond project performance period** - MSU’s international health care coverage is not applicable for personal/leisure travel. To purchase comparable coverage from the same service provider, contact HTH Worldwide. A quote can be obtained by contacting HTH by phone at 1-888-243-2358 or online at [www.hthtravelinsurance.com](http://www.hthtravelinsurance.com).

**MSU Student Travelers**

- **All Students on a MSU Study Abroad Program** - Insurance for students participating in MSU Study Abroad Program through the Office of Study Abroad (OSA) are [automatically enrolled](#) in HTH Worldwide Insurance.
Students NOT on MSU Study Abroad Program - If travel is not arranged through OSA, insurance coverage is available through the Office of Risk Management and Insurance for both inbound and outbound international travel. Refer to the Office of Risk Management and Insurance website for most up-to-date information.

Students traveling on their own and not on an approved MSU travel authorization - Contact your domestic health care insurance provider for coverage determination, if applicable. To purchase coverage comparable to coverage provided by MSU from the same service provider, contact HTH Worldwide. A quote can be obtained by contacting HTH by phone at 1-888-243-2358 or online at www.hthtravelinsurance.com.

Students wishing to stay in a foreign country beyond project performance period - MSU’s international health care coverage (HTH) is not applicable for personal/leisure travel. To purchase comparable coverage from the same service provider, contact HTH Worldwide. A quote can be obtained by contacting HTH by phone at 1-888-243-2358 or online at www.hthtravelinsurance.com.

MSU (non-international) students at MSU – MSU offers health, dental and vision coverage to students and their eligible dependents from HR recommended providers.

International Student Travelers

International students at MSU - All MSU international students are required to carry health insurance and are automatically enrolled through the HR recommended provider. More information can be found here.

International students working on MSU research project abroad - International students can purchase the Student Health Insurance but this does not include life insurance.

Visiting Faculty/Scholars

Visiting Faculty/Scholars – please visit this website for more information.

Flight/Travel/Life/Property/Scholars

MSU Student Travelers

Flight/Travel/Life Insurance while on MSU Study Abroad Program as a student - Flight and Travel Insurance are not included as part of the program fee. Flight insurance may be purchased at most international airports. Flight insurance covers you only when you are on the airplane and will not remove the need for more inclusive coverage. Should you wish to secure travel insurance for your luggage and other personal effects or cancellation coverage, an insurance agent or travel agent can provide you with information. Student Health Insurance does not automatically include life insurance. Students can purchase Repatriation and Medical Evacuation insurance from HR recommended provider.

Visiting Faculty and Scholars

Life Insurance for foreign faculty and scholars coming to MSU – Visit the Human Resources website for information on eligibility and options for purchasing life insurance policies.
All Travelers

- **Travel Insurance coverage for an accompanying spouse or dependent that is not traveling on an approved MSU travel authorization** - Information can be found on Risk Management and Insurance website. Travel insurance coverage can be purchased.

- **Property Insurance while working on MSU project abroad** - MSU property insurance information can be found [here](#).

- **Personal Property** - MSU does not provide coverage for personal property. Any questions regarding travel on MSU business can be directed to MSU Travel Office.

- **Foreign Liability Insurance** - Foreign Liability Insurance coverage is applicable for all individuals that are conducting MSU business outside of the United States. It provides coverage for defense costs and payment of claims resulting from injuries to third parties or damage to property of others that arise from MSU operations. This is a blanket policy and therefore, enrollment is not required.

Vehicle Insurance

- **Insurance for University owned vehicles that are scheduled for use in foreign countries** - For more information on insurance for University owned vehicles that are scheduled for use in foreign countries, please visit [this website](#).

- **Renting cars internationally** - National and Enterprise car rental are MSU preferred car rental companies worldwide. MSU contract does not provide for loss damage and liability insurances outside the United States. Travelers are encouraged to purchase these insurance types when renting cars internationally. Eligibility for car rentals through MSU contracts includes faculty, staff, graduate students on university business, and retirees. For more information regarding rental vehicle policies including insurance, refer to MSU Manual of Business Procedures, Section 70, Part III A Transportation Regulation, Ground Transportation, Item 3.d. The program summary for National and Enterprise Car Rental is available [here](#).

- **Insurance on vehicles in the US and abroad: university owned vehicles, privately owned vehicles, rental vehicles** - For information on this topic, please visit this [website](#) or contact MSU Travel Office at 517-355-5000.

Defense Base Act (DBA) Insurance

**DBA Insurance** - Defense Base Act Insurance is required on federal contracts for employees working outside the United States. Please note that DBA insurance is a requirement for all federal contracts with international activity. In the event you have a cooperative agreement or grant, funded by the federal government, please refer to the solicitation for DBA compliance requirements.

The primary goal of the Defense Base Act (DBA) was to cover military workers outside the United States; however, today the Defense Base Act insurance is typically required for almost any contract with an agency of the U.S. Government, for work outside the U.S., whether military in nature or not. DBA Insurance provides life and disability insurance in the event that civilian contractors are injured, killed, or kidnapped in the course of their work for US Government Agencies such as the various branches of the Department of Defense, United States Agency for International Development (USAID) or the State Department.

Failure to obtain DBA insurance carries stiff penalties, and it may result in fines from the USG and possible loss or termination of contract.
If the contract is funded by USAID, DBA insurance must be obtained by Allied World National Assurance Company as there is a sole source agreement between USAID and Allied World. Contact information for Allied World is found at the following web address:  http://www.alliedworldinsurance.com/usa-casualty-usaid.

For budgeting purposes, when calculating the DBA coverage insurance cost, it is recommended to budget 2% of the total salaries and wages, unless advised otherwise by the sponsoring agency.
International Subrecipients (includes pre and post award considerations)

An international subrecipient is a non-federal, non US entity that receives a subaward from a pass through entity to complete a part of the pass through entity’s award. According to the Uniform Guidance (2 CFR 200), a subrecipient 1) Determines who is eligible to receive what financial assistance, 2) Has its performance measured against whether the objectives of the federal program are met, 3) Has responsibility for programmatic decision-making, 4) Has responsibility for adherence to applicable federal program compliance responsibilities, and 5) Uses the federal funds to carry out a program of the organization as compared to providing goods and services for a program of the pass-through entity.

International subrecipients can be more complex and challenging than domestic subrecipients for several reasons, including foreign governing laws, currency fluctuations, language barriers, cultural differences, political and safety risk factors, and local infrastructure.

Pre-Award Considerations

Prior to Proposal Submission

- **Scope of work**
  - A clear and explicit scope of work (SOW) will reduce the risk of misinterpretation. The SOW should be developed by the MSU PI along with their sub-recipient counterpart.

- **Budget and Budget Narrative**
  - **F&A/Indirect Cost Rate.**
    - The Uniform Guidance (2 CFR 200) allows subrecipients without a negotiated F&A rate to use a 10% de minimus rate for federally funded projects. However, if subrecipients use the de minimus rate on a project budget, they must continue to use it for all subsequent projects with MSU.
    - Sponsors may provide more specific guidance or further restrictions on subrecipient F&A rates (i.e. NIH allows up to a maximum 8% de minimus F&A rate). Specific restrictions should be reviewed in the agency specific guidelines, RFP, and/or award.
    - If the subrecipient does not have a negotiated F&A rate and chooses not to utilize the 10% de minimus rate, they may budget all costs as direct costs for federally funded projects. Keep in mind that cost principles (allowability, reasonableness, allocability, and consistent treatment) must apply.
  - **Standard Financial fees.**
    - International subrecipients may incur standard financial/banking fees, such as wire transfer fee, which should be considered when preparing their budget.
  - **Additional Restrictions.**
    - Rate of pay justification may be requested for personnel included in subrecipient budgets. Pay should be reasonable and commensurate with the work being performed.
    - If the project will be federally funded, all flights must be compliant with the Fly America Act. This may result in additional costs that should be represented in the subrecipient’s budget.
    - There may be expenses, such as gifts for visitors, that a subrecipient believes are allowable due to customary behaviors, but would be unallowable per MSU or agency restrictions. Subrecipients should be aware of all potential restrictions when preparing their budget.

Prior to Subaward Execution

- **Subrecipient Commitment Form**
  - Subrecipients are expected to provide audit, such as a completed single audit, or other financial information in addition to the completed Subrecipient Commitment Form.
  - If the subrecipient does not have a DUNS number, please note that one will be required at the time of award for federal funded projects.

- **Compliance Documentation**
If applicable, the subrecipient must show evidence of animal or human subject protection approval. If they intend to be covered by MSU’s compliance approval, this must be clearly documented and specific protocol provided.

If applicable, the appropriate Conflict of Interest and Export Control documentation must be provided.

Subaward Considerations

- **Type of Subaward Agreement**
  - **Cost Reimbursable**
    - Most international subawards at MSU will be issued as a cost reimbursable agreement, in which expenses must be incurred and then reimbursement requested.
    - Expenses incurred may be audited by MSU or MSU’s prime sponsor. Documentation must be kept on file by the subrecipient for all project expenses.
  - **Fixed Payment Schedule**
    - A fixed payment schedule sets payment amounts at set intervals, not based on deliverables. This is a type of cost reimbursable agreement, as at the end of the subaward, payments issued in excess of actual costs must be returned to MSU.
    - This type of subaward is rarely used, but may be required by some sponsors.
  - **Fixed Price**
    - Fixed price subawards pay based on a deliverable schedule and are issued by MSU on a limited basis.
    - The Uniform Guidance limits federally funded fixed price subawards to $150,000.
    - If deliverables are met, full payment is issued regardless of actual costs incurred.
    - For fixed price subawards, budgets are audited at the time subawards are being negotiated to establish reasonableness of deliverable amounts.

- **Terms and conditions**
  - Terms and conditions from MSU’s prime award will be included in the subaward. MSU may elect to include additional terms and conditions based on the subrecipient.
  - At times, due to a language barrier or other factors, international subrecipients do not fully understand the subaward restrictions. This may result in a project delay, withholding of payment, or non-compliance situation which could negatively impact project success.
    - It is recommended that the PI and department administrator conduct a meeting (in person, phone, skype, etc) with the subrecipient at the beginning of the project to communicate subaward expectations, ensuring that the subrecipient understands all restrictions. It may be beneficial for OSP/CGA to also participate in these meetings.
  - **Cash Advances/Repayment Schedule**: International subrecipients often need cash on hand in order to begin or continue project work due to their entity’s financial limitations and/or location. Advance payments are high risk for MSU, as expenses have not yet been incurred.
    - All advance requests must be based on need and justification may be requested by OSP/CGA and are typically incorporated into the subaward document. The most common advance amount represents three months operating expenses. It is uncommon for MSU to provide more than 25% of a total award amount to a subrecipient.
    - A repayment schedule details when supporting documentation must be submitted to MSU in order to reconcile an advance payment. Departments should work with subrecipients to develop a reasonable schedule that meets the needs of the subrecipient but also minimized university risk. It may be beneficial for subrecipients to maintain the advance balance until the end of the project so that project activities are not affected by lack of cash on hand.

- **Required Annual Updates**
- **Risk Assessment.** Subrecipient risk level is established at the time of subaward and reassessed on an annual basis, based on the fiscal period end date of the most current audit/financial report or the date of assessment when there is no report available.
- **Annual debarment check.** CGA uses Visual Compliance to check the debarment status of subrecipients on an annual basis.

- **Payment Requirements**
  - All required documentation such as invoices, PI certification, or receipts, if applicable, must be included on the KFS transaction.
    - Typically an invoice, in English and USD is required prior to payment for cost reimbursable and fixed price subawards.
    - Additional documentation may be required based on MSU’s risk assessment of the subrecipient. High risk subrecipients on cost reimbursable subawards must provide supporting documentation for all expenses for which payment is being requested. Low risk subrecipients on cost reimbursable subawards often only need to provide a certified invoice at the time payment is requested.
  - There are two financial object codes (6593: Subcontract Payments <= $25,000; 6594: Subcontract Payments > $25,000) that can be used for payments on subaward invoices, dependent on the total that has been already paid on the subaward to date.
  - MSU departments are encouraged to provide international subrecipients with an invoice/financial statement template to ensure that all required information is submitted on the reimbursement request.

- **Other**
  - Subawards will be issued by MSU in English. Subrecipients may need the subaward translated during negotiation and execution.
    - Translations services are available at an additional cost by MSU, as well as by outside services.
  - An ECCORW form may be required specifically for international subrecipients.

**Post Award Considerations**

- **Required Annual Updates**
  - **Risk Assessment.** Subrecipient risk level is established at the time of subaward and reassessed on an annual basis, based on the fiscal period end date of the most current audit/financial report or the date of assessment when there is no report available. Risk level is stored in CGA’s Account Explorer, in addition to the expiration date of the assessment.
  - **Annual debarment check.** CGA uses Visual Compliance to check the debarment status of subrecipients on an annual basis. The search results are stored in CGA’s Account Explorer, in addition to the expiration date of the search.

- **Subrecipient Payment Processing**
  - Subrecipients must be set up as vendors in KFS prior to payment by the department. Please contact accounting for assistance.
  - All subaward payments should be routed in KFS as a Disbursement Voucher, Payment Reason Type Q.
  - There are two financial object codes that can be used for payments on subaward invoices, dependent on the total that has been paid on the subaward to date.
    - 6593: Subcontract Payments <= $25,000
    - 6594: Subcontract Payments > $25,000
  - All required documentation such as invoices, PI certification, or receipts, if applicable, must be included on the KFS transaction.