



CASE WESTERN RESERVE UNIVERSITY

TO: Officers, Deans, Department Heads, Department Administrators

FROM: Paul B. Frey, Controller's Office *Paul Frey*
Jack J. George, Controller's Office *Jack J. George*
University West, 3rd Floor

RE: Updated Expense Class Listing (Exhibit A)
99XX Expense Class Explanations (Exhibit B)
New Expense Classes & Procedures (Exhibit C)
Reimbursements to Foreign Independent Contractors and Nonresident Aliens for Tax Purposes - Memos Dated 2/7/95 & 4/7/95 (Exhibit D)

DATE: May 14, 1996

Enclosed, please find an updated listing of current CWRU Expense Classifications (Exhibit A) and a detailed listing of the 99XX expense classes (*General Provisions for Selected Items of Cost that are not Chargeable to the Federal Government* - Exhibit B), including explanations. Significant changes have been made to the CWRU Expense Class list, including the deletion of over 200 unused expense classes. These deletions were made after consulting with the Management Centers, Office of Research Administration, and others. To avoid future complications and to ensure prompt processing of University charge documents, please review the updated list and adjust your University charge documents accordingly.

Also, in order to better facilitate the University's compliance with tax requirements and simplify the method of reporting and recording certain expenditures, it is necessary that we change the way the Controller's Office and the University (Management Centers, departments, etc.) report and classify certain types of payments. These expenditures involve payments for temporary help, honoraria, travel reimbursements for consultants and honoraria recipients, stipend payments for CWRU and non-CWRU individuals, prizes and awards, and payments to research subjects / study participants. These expenditures relate to expense classes 3310, 3431, 3320, 3377, 3410, 3324, 3373, 3340, and 7310 and refer to payments and / or reimbursements to U.S. Citizens and Resident Aliens for Tax Purposes. (Exhibit C) The final two affected expense classes, 3376 and 3470, refer to payments and / or reimbursements to Foreign Independent Contractors and Nonresident Aliens for Tax Purposes. (Exhibit D)

Please feel free to contact either one of us in the Controller's Office if you have any questions regarding the enclosed documents and / or the procedures associated therewith.

**CASE WESTERN RESERVE UNIVERSITY
EXPENSE CLASSIFICATIONS**

PLEASE USE ALL FOUR DIGITS BELOW IN THE 4, 5, 6, & 7, POSITIONS OF THE TOTAL ELEVEN DIGITS REQUIRED IN THE EXPENSE ACCOUNTING CODE SYSTEM. PLEASE DO NOT USE NUMBERS WHICH ARE LABELED "CONTROL."

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| 1100 FACULTY CONTROL | 1500 ADMINISTRATIVE & CLERICAL CONTROL |
| 1110 PROFESSORS-FULL TIME | 1510 ADMINISTRATIVE |
| 1115 PROFESSORS-PART TIME | 1520 PROFESSIONAL-NON TECHNICAL |
| 1120 ASSOC PROF-FULL TIME | 1550 SECRETARIAL AND CLERICAL |
| 1125 ASSOC PROF-PART TIME | |
| 1130 ASST PROF-FULL TIME | 1600 NON-ACADEMIC PROFESSIONAL |
| 1135 ASST PROF-PART TIME | 1610 NON-ACADEMIC PROFESSIONAL |
| 1140 INSTRUCTORS-FULL TIME | 1620 PROFESSIONAL-NON TECHNICAL |
| 1145 INSTRUCTORS-PART TIME | |
| 1180 EARLY RETIREES | 1700 TECHNICAL AND TRADES CONTROLS |
| 1190 VISITING PROF-FULL TIME | 1710 TECHNICIANS |
| 1195 VISITING PROF-PART TIME | 1720 TRADES |
| | |
| 1200 ACADEMIC SUPPORTING STAFF CONTROL | 1800 SERVICE CONTROL |
| 1220 GRADUATE ASSISTANTS | 1810 SERVICE |
| 1223 PROF DEGREE STUDENT-FULL TIME | |
| 1226 FELLOW TEACHING SUPPORT | 1900 FRINGE BENEFITS CONTROL |
| 1227 GRADUATE TUTOR | 1992 FRINGE BENEFITS-CWRU |
| 1228 GRADUATE STUDENTS-PART TIME | |
| 1229 GRAD STUD WITH APPT-NOT ENROLLED | |
| 1240 SPECIAL LECTURERS | 2100 FRINGE BENEFITS INSURANCE CONTROL |
| 1260 FULL TIME LECTURES | 2110 WORKMEN'S COMPENSATION |
| | 2111 UNEMPLOYMENT COMPENSATION |
| 1300 RESEARCH PERSONNEL CONTROL | 2115 OTHER HEALTH INSURANCE |
| 1310 RESEARCH ASSOCIATE | 2150 GROUP LIFE INSURANCE |
| 1320 RESEARCH SCHOLARS | 2170 LONG TERM DISABILITY |
| 1330 SENIOR RESEARCH SCIENTIST | 2180 DENTEMAX |
| 1340 PRINCIPAL RESEARCH SCIENTIST | |
| 1380 SENIOR RESEARCH ASSOCIATE | |
| | 2200 ANNUITIES CONTROL |
| 1400 STUDENT CONTROL | 2220 TIAA |
| 1410 STUD HELP-UNDERGRAD NO CONT | 2241 ANNUITY "B" - NCB |
| 1420 STUDENT HELP-GRAD NO CONT | 2260 DREYFUS |
| 1430 DORMITORY COUNSELORS | 2270 VANGUARD |
| 1450 UNDERGRAD STUD-NOT ENROLLED | |
| 1460 GRADUATE STUD-NOT ENROLLED | |

2300 FICA CONTROL
2330 FICA - EMPLOYEES CONTRIBUTIONS

2400 TUITION ASSISTANCE CONTROL
2420 TUITION ASSIST-CHILDREN
2425 TUITION ASSIST-FACULTY & STAFF
2426 TUITION ASSIST-SPOUSES
2430 TUITION REIMBURSEMENT

2500 BENELECT SUPPORT
2510 BENELECT SUPPORT

2900 FRINGE APPLIED TO BUDGET CONTROL
2990 FRINGE APPLIED TO BUDGET
2995 FRINGE-HOSPITAL BILLING
2996 FRINGE-THIRD PARTY

3000 NON-SALARY EXPENSES
3100 GENERAL SUPPLIES CONTROL
3110 STATIONARY & OFFICE SUPPLIES
3113 AFBEDDING
3114 AFBANIMAL PURCHASES
3115 AFB CAGE WASHING
3120 LAB, INST & RES SUPPLIES
3122 DEPOSITS, TANKS, DRUMS, ETC
3123 CORE LAB SUPPLIES
3126 MINOR EXPENDABLE EQUIPMENT
3130 ADVERTISING, PROMOTIONAL
3140 FOOD SUPPLIES
3150 LAUNDRY, DRY CLEANING
3160 CATALOGS, PUBLICATIONS
3170 BOOK, PERIODS, SUBSCR, BINDING

3200 INTERNAL SERVICE CONTROL
3220 TABULATING COMP. CTR. CHG
3249 PC SOFTWARE
3260 CHEMICAL WASTE DISPOSAL
3261 XEROX CHARGES
3270 ANIMAL FACILITIES
3280 CWRUNET
3290 COST CENTER CHARGES

3300 OUTSIDE SERVICES CONTROLS
3310 TEMPORARY HELP
3320 PROFESSIONAL & CONSULTING
3321 CONSULTING-FLEX BENEFITS
3324 CONSULTANT/STUDY PART TRAVEL
3340 STIPENDS/ALLOWANCES-NON CWRU
3350 PLANT SECURITY
3360 ROYALTIES
3371 PATIENT CARE
3372 SALARIES, FRINGE BENEFITS
3373 OTHER PURCHASES
3375 CABLE SERVICES
3376 REIMB FOREIGN IND CONTRACT
3377 STUDY PARTICIPANTS
3380 SUBCONTRACTS

3400 TRAVEL AND RELATED EXPENSE CONTROL
3410 TRAVEL-VISITORS
3420 TRAVEL-FACULTY
3425 TRAVEL-TRAINEE
3430 MTGS, COLLOQUIA, SEM, SYMPO
3440 ASSOC & ORGANIZ DUES
3450 MOVING EXPENSES-FAC, STAFF
3460 FACULTY RECRUITING
3470 LIVING EXPENSE-FOREIGN VISIT

3500 COMMUNICATION AND SHIPPING CONTROL
3510 TELEPHONE
3530 POSTAGE
3540 EXPRESS & SHIPPING
3545 FREIGHT OUT

3600 EQUIPMENT AND BLDG ADDITIONS CONTROL
3620 MAJOR EQUIPMENT-OPER EQUIP
3625 MAJOR EQUIPMENT-AUTO, TRUCKS
3640 BLDG ADDITION, IMPROVE
3642 AMORTIZATION OF PRIOR YEAR

3700 RENTAL CONTROLS
3710 EQUIPMENT RENTAL
3720 BUILDING RENTALS
3730 XEROX RENTAL

3800 INDIRECT EXPENSE RECOVERY CONTROL
3822 CWRU RESEARCH GRANT
3832 CWRU SPEC PROGS. EXTENS
3852 CWRU TRAINEESHIP
3882 CWRU MISC. GRANTS

4100 MAINTENANCE MATL & SUPPLIES
4110 MAIN MATERIAL, SUPPLIES
4120 GAS, OIL-VEHICLES

4200 UTILITIES CONTROL
4220 GAS-NATURAL
4240 ELECTRICITY
4250 WATER & SEWERAGE
4260 HEAT, STEAM, POWER

4300 MAINTENANCE REPAIR, AND SERV CONTROL
4310 MOVABLE EQUIPMENT MAIN CONTRACTS
4320 MOVABLE EQUIP MAIN REPAIRS
4340 PLANT MAIN SERV-INTERNAL
4350 PLANT MAIN CONTRACTS
4360 PLANT REPAIRS-PURCHASE
4370 PLANT REPAIRS-WORK ORDERS
4380 BLDG EQUIPMENT MAIN

5100 INSURANCE CONTROL
5110 GENERAL INSURANCE
5120 SELF INSURANCE
5150 STUDENT HEALTH INSURANCE

5400 ADMINISTRATIVE & PLANT CONTROL
5410 ADMINISTRATIVE CHARGES
5420 PLANT CHARGES

5500 TAXES AND LICENSES
5510 REAL ESTATE
5580 LICENSES & PERMITS

5600 GENERAL MISCELLANEOUS CONTROL
5605 FEES-MISC
5610 TRUSTEES EXPENSES
5611 LITIGATION
5620 BAD DEBTS
5640 UNALLOCATED EXPENSES
5650 INVENTORY ADJUSTMENTS
5680 SAFEKEEP. CUSTODIAL SERV
5685 BANKING SERVICE

5700 INTEREST PAID CONTROL
5730 PLANT
5740 INT PD TO CURRENT FUND

5800 PROVISION FOR RESERVES CONTROL
5810 DORMITORY-BUILDING
5820 DORMS-FURNITURE, FIXTURES
5825 EQUIP PROV-FOOD SERVICE
5850 MAJOR EQUIPMENT
5860 VAC ACC ADM. DEPT

7100 SCHOLARSHIPS CONTROL-UNDERGRAD
7110 TUITION & FEES
7120 STIPENDS

7200 FELLOWSHIPS/TRAINEESHIPS CONTROL
7210 PREDOC FELLOW-STIPENDS
7215 PREDOC FELLOW-FOREIGN
7220 PREDOC FELLOW-TUITION FEES
7250 POSTDOC FELLOW-STIPENDS
7260 POSTDOC FELLOW-TUITION FEES

7300 PRIZES AND AWARDS
7310 PRIZES AND AWARDS

7500 EMERGENCY LOANS CONTROL
7510 EMERGENCY LOANS-UNDERGRAD

8100 TRANSFER OF RESTRICTED FUND CONTROL
8110 RESTRICTED FUNDS

8200 BILLING TO OTHER DEPARTMENTS CONTROL
8210 SALARIES & WAGES
8213 LEASES/RENTAL-INTERNAL
8214 MACHINE/PARTS SALES-INT
8215 CONTRACTS-INTERNAL
8216 NON CONTRACTS-INTERNAL
8250 SUPPLIES
8260 SERVICES-INCL SAL, SUPP
8267 1108 COMPUTER SUPPORT
8269 MAILS COORDINATOR
8271 TELE. SERV-INTERNAL
8280 ADMINISTRATIVE CREDITS

8300 OVEREXPENDED SAL & SUPPLIES CONTROL
8320 RESEARCH
8330 SPECIAL PROGRAMS
8350 TRAINEESHIPS
8380 MISC. GRANTS

8400 UNIV SUPPORTED DISCRETIONARY CONTROL
8410 UNIVERSITY SUPPORTED DISC.

8800 MISC. SALES-DEPART SUPP & SERV CONTROL
8810 MISC. SALES-DEPT, SUPP, SERV
8811 TELE. SER. EXTERNAL
8813 LEASES/RENTAL-EXTERNAL
8815 CONTRACTS-EXTERNAL
8816 NON-CONTRACTS-EXTERNAL

9300 LIBRARY MATERIAL-SERVICE
9310 LIBRARY MATERIAL-SERVICE

9400 COST OF SALES CONTROL
9410 COST OF SALES-BOOKSTORE
9415 COST OF SALES-OFFICE SUPPLIES
9425 COST OF SALES-STORES

9700 LIBRARY MATERIALS MONO
9710 LIBRARY MATLS-MONO

9800 LIBRARY MATLS-HEALTH SCI CONTROL
9870 MATERIALS
9871 BINDERY
9875 BINDING

9900 OTHER DIRECT EXPENSE FUNDED
9901 ADVERTISING/PUBLIC RELATIONS
9902 ACHOLIC BEVERAGES
9903 ALUMNI ACTIVITIES
9904 BAD DEBTS
9905 CIVIL DEFENSE COSTS
9906 COMMENCEMENT/CONVOCATION COSTS
9908 PENSION COSTS
9909 INSTITUTION-FURNISHED AUTO
9910 CONTINGENCY PROVISIONS
9911 LEGAL EXPENSES
9912 DONATIONS & CONTRIBUTIONS
9913 ENTERTAINMENT COSTS
9914 FINES & PENALTIES
9915 GOODS/SERVICES-PERSONAL
9916 HOUSING & PERSONAL LIVING
9917 INSURANCE & INDEMNIFICATION
9918 INTEREST
9919 FUND RAISING
9920 INVESTMENT MGMT.
9921 LOBBYING
9922 MEMBERSHIP COSTS
9923 PREAGREEMENT
9924 RECRUITING
9925 SELLING & MARKETING
9926 SEVERANCE PAY
9927 STUDENT ACTIVITY COSTS
9928 TRAVEL COSTS
9929 TRUSTEE TRAVEL/SUBSISTENCE

99XX. GENERAL PROVISIONS FOR SELECTED ITEMS OF COST THAT ARE NOT CHARGEABLE TO THE FEDERAL GOVERNMENT

9901. Advertising and public relations costs.

9901a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs direct mail, exhibits, and the like.

9901b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

9901c. The only allowable advertising costs are those which are solely for:

9901c(1). The recruitment of personnel required for the performance by the institution of obligations arising under the sponsored agreement, when considered in conjunction with all other recruitment costs, as set forth in section 9924 (Recruiting Costs);

9901c(2). The procurement of goods and services for the performance of the sponsored agreement;

9901c(3). The disposal of scrap or surplus materials acquired in the performance of the sponsored agreement except when institutions are reimbursed for disposal costs at a predetermined amount in accordance with Attachment N, OMB Circular No. A-110; or

9901c(4). Other specific purposes necessary to meet the requirements of the sponsored agreement.

9901d. The only allowable public relations costs are:

9901d(1). Costs specifically required by sponsored agreements;

9901d(2). Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements; or

9901d(3). Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern such as notices of contract/grant awards, financial matters, etc.

9901e. Costs identified in c through d, if incurred for more than one sponsored agreement or for both sponsored work and other work of the institution, are allowable to the extent that the principles in section D and E are observed.

9901f. Unallowable advertising and public relations costs include the following:

9901f(1). All advertising and public relations costs other than as specified in subsection c, d, and e above;

9901f(2). Costs of convocations or other events related to instruction or other institutional activities including:

- (i) Costs of displays, demonstrations, and exhibits;

- (ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
- (iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

9901f(3). Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

9901f(4). Costs of advertising and public relations designed solely to promote the institution.

9902. **Alcoholic beverages.** Costs of alcoholic beverages are unallowable.

9903. **Alumni activities.** Costs incurred for, or in support of, alumni activities and similar services are unallowable.

9904. **Bad debts.** Any losses, whether actual or estimated, arising from uncollectible accounts or other claims, related collection costs, and related legal costs, are unallowable.

9905. **Civil defense costs.** Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first-aid training and supplies, firefighting training, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the institution's premises pursuant to suggestions or requirements of civil defense authorities are allowable when distributed to all activities of the institution. Capital expenditures for civil defense purposes will not be allowed, but a use allowance or depreciation may be permitted. Costs of local civil defense projects not on the institution's premises are unallowable.

9906. **Commencement and convocation costs.** Costs incurred for commencements and convocations are unallowable, except as provided in OMB Circular No. A-21, Section F7 ("Student administration and services").

9908. **Rules for pension plan costs are as follows:**

9908a. Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided

- (1) such policies meet the test of reasonableness;
- (2) the methods of cost allocation are equitable for all activities;
- (3) the amount of pension cost assigned to each fiscal year is determined in accordance with (b) below; and
- (4) the cost assigned to a given fiscal year is paid or funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

9908b. The amount of pension cost assigned to each fiscal year shall be determined in accordance with generally accepted accounting principles. Institutions may elect to follow the "Cost Accounting Standard for Composition and Measurement of Pension Cost" (4 CFR Par 412).

9908c. Premiums paid for pension plan termination insurance pursuant to the Employee Retirement Income Security Act of 1974 (Public Law 93-406) are allowable. Late payment charges on such premiums are unallowable. Excise taxes on accumulated funding deficiencies and prohibited transactions of pension plan fiduciaries imposed under the Employee Retirement Income Security Act are also unallowable.

9909. Institution-furnished automobiles. That portion of the cost of institution-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable regardless of whether the cost is reported as taxable income to the employees.

9910. Contingency provisions. Contributions to a contingency reserve or any similar provision made for events, the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. (But see also Section 9917c (self insurance program)).

9911. Legal Expenses. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement.

9911a. Definitions.

Conviction, as used herein, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.

Costs, include, but are not limited to, administrative and clerical expenses; the cost of legal services, whether performed by in-house or private counsel; the costs of the services of accountants, consultants, or others retained by the institution to assist it; costs of employees, officers and trustees, and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceedings.

Fraud, as used herein, means (i) acts of fraud or corruption or attempts to defraud the Government or to corrupt its agents, (ii) acts that constitute a cause for debarment or suspension (as specified in agency regulations), and (iii) acts which violate the False Claims Act, 31 U.S.C., sections 3729-3731, or the Anti-kickback Act, 41 U.S.C., sections 51 and 54.

Penalty, does not include restitution, reimbursement, or compensatory damages.

Proceeding, includes an investigation.

9911b.(1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, or a State, local or foreign government, are not allowable if the proceeding (1) relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute or regulation, by the institution (including its agents and employees); and (2) results in any of the following dispositions:

- (a) In a criminal proceeding, a conviction.
- (b) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of institutional liability.
- (c) In the case of any civil or administrative proceeding, the imposition of a monetary penalty.
- (d) A final decision by an appropriate Federal official to debar or suspend the institution, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation.
- (e) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in (a), (b), (c), or (d) of b.(1) above.

9911b.(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in b(1) above.

9911c. If a proceeding referred to in paragraph b. is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement entered into by the institution and the Federal Government, then the costs incurred by the institution in connection with such proceedings that are otherwise not allowable under paragraph b. may be allowed to the extent specifically provided in such agreement.

9911d. If a proceeding referred to in paragraph b is commenced by a State, local or foreign government, the authorized Federal official may allow the costs incurred by the institution for such proceedings, if such authorized official determines that the costs were incurred as a result of (1) a specific term or condition of a Federally sponsored agreement, or (2) specific written direction of an authorized official of the sponsoring agency.

9911e. Costs incurred in connection with proceedings described in paragraph b., but which are not made unallowable by that paragraph, may be allowed by the Government but only to the extent that:

- (1) The costs are reasonable in relation to the activities required to deal with the proceeding and the underlying cause of action;
- (2) Payment of the costs incurred, as allowable and allocable costs, is not prohibited by any other provision(s) of the sponsored agreement;
- (3) The costs are not otherwise recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and
- (4) The percentage of costs allowed does not exceed the percentage determined by an authorized Federal official to be appropriate considering the complexity of procurement litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States as a party, and such other factors as may be appropriate. Such percentage shall not exceed 80 percent. However, if an agreement reached under paragraph c. has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement shall be allowable.

9911f. Costs incurred by the institution in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (Pub. L. 100-700), including the cost of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.

9911g. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with defense against Government claims or appeals, or the prosecution of claims or appeals against the Government, are unallowable.

9911h. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the sponsored agreements.

9911i. Costs which may be unallowable under this section, including directly associated costs, shall be segregated and accounted for by the institution separately. During the pendency of any proceeding covered by paragraphs b. and f. of this section, the Government shall generally

withhold payment of such costs. However, if in the best interests of the Government, the Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement by the institution to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

9912. Donations and contributions.

9912a. The value of donated services and property are not allowable either as a direct or indirect cost, except that depreciation or use allowances on donated assets are permitted in accordance with OMB Circular No. A-21 Section J12a (computation of depreciation and use allowance). The value of donated services and property may be used to meet cost sharing or matching requirements, in accordance with OMB Circular No. A-110 ("Uniform administrative requirements. . .").

9912b. Donations or contributions made by the institution, regardless of the recipient, are unallowable.

9913. Entertainment costs. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

9914. Fines and penalties. Costs resulting from violations of, or failure of the institution to comply with, Federal, State, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.

9915. Goods or services for personal use. Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

9916. Housing and personal living expenses.

9916a. Costs of housing (e.g., depreciation maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees.

9916b. The term officers includes current and past officers.

9917. Insurance and Indemnification.

9917a. Costs of insurance required or approved, and maintained, pursuant to the sponsored agreement, are allowable.

9917b. Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations:

- (1) types and extent and cost of coverage must be in accordance with sound institutional practice;
- (2) costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to Government-owned property are unallowable, except to the extent that the Government has specifically required or approved such costs; and
- (3) costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted.

9917c. Contributions to a reserve for a self-insurance program are allowable, to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.

9917d. Actual losses which could have been covered by permissible insurance (whether through purchased insurance or self-insurance) are unallowable, unless expressly provided for in the sponsored agreement, except that costs incurred because of losses not covered under existing deductible clauses for insurance coverage provided in keeping with sound management practice as well as minor losses not covered by insurance, such as spoilage, breakage and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.

9917e. Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise. The Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in d above.

9917f. Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship are unallowable.

9917g. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that the research involves human subjects. Medical liability insurance costs shall be treated as a direct cost and shall be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.

9918. Interest.

9918a. Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable, except as indicated in (b) below.

9918b. The cost of interest paid to an external party is allowable where associated with the following assets, provided the assets are used in support of sponsored agreements, and the total cost (including depreciation or use allowance, operation and maintenance costs, interest, etc.) does not exceed the rental cost of comparable assets in the same locality.

9918b(1). Buildings acquired or completed on or after July 1, 1982.

9918b(2). Major reconstruction and remodeling of existing buildings completed on or after July 1, 1982.

9918b(3). Acquisition or fabrication of capital equipment completed on or after July 1, 1982, costing \$10,000 or more, if agreed to by the Government.

9919. Fund Raising. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are unallowable.

9920. Investment Management. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

9920a. Costs related to the physical custody and control of moneys and securities are allowable.

9921. Lobbying. Reference is made to the common rule published at 55 FR 6736 (2/26/90) and the Office of Management and Budget government-wide guidance and notice published at 54 FR 52306 (12/20/89) and 55 FR 24540 (6/15/90), respectively. In addition, the following restrictions shall apply:

9921a. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

- (1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity.**
- (2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;**
- (3) Any attempt to influence (i) the introduction of Federal or State legislation (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity) or (iii) any government official or employee in connection with a decision to sign or veto enrolled legislation;**
- (4) Any attempt to influence (i) the introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or**
- (5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.**

9921b. The following activities are excepted from the coverage of subsection a:

- (1) Technical and factual presentations on topics directly related to the performance of a grant, contract or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and can be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing;**
- (2) Any lobbying made unallowable by section a.(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the institution's authority to perform the grant, contract, or other agreement; or**
- (3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.**

9921c. When an institution seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs.

9921d. Institutions shall submit as part of their annual indirect cost rate proposal a certification that the requirements and standards of this section have been complied with.

9921e. Institutions shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to this section 9921 complies with the requirements of this Circular.

9921f. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when: (1) the employee engages in lobbying (as defined in subsections a and b above) 25 percent or less of the employee's compensated hours of employment during that calendar month, and (2) within the preceding five-year period, the institution has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, institutions are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

9921g. Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of this section 9921. Any such advance resolutions shall be binding in any subsequent settlements, audits or investigations with respect to that grant or contract for purposes of interpretation of this Circular; provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

9921h. Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government-sponsored agreement or regulatory matter on any basis other than the merits of the matter.

9922. Memberships, subscriptions and professional activity costs.

9922a. Costs of the institution's membership in business, technical, and professional organizations are allowable.

9922b. Costs of the institution's subscriptions to business, professional, and technical periodicals are allowable.

9922c. Costs of meeting and conferences, when the primary purpose is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, and other items incidental to such meetings or conferences.

9922d. Costs of membership in any civic or community organization are unallowable.

9922e. Costs of membership in any country club or social or dining club or organization are unallowable.

9923. Pre-agreement costs. Costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable thereunder if incurred after such date, are unallowable unless approved by the sponsoring agency.

9924. Recruiting costs.

9924a. Subject to 9924b, 9924c, and 9924d below, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well managed recruitment program. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

9924b. In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.

9924c. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution, are unallowable.

9924d. Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or indirect cost, and the newly hired employee resigns for reasons within his control within twelve months after hire, the institution will be required to refund or credit such relocation costs to the Government.

9925. Selling and marketing. Costs of selling and marketing any products or services of the institution (unless allowed under sections 9901c or OMB Circular No. A-21, Section J.34) are unallowable.

9926. Severance pay.

9926a. Severance pay is compensation in addition to regular salary and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.

9926b. Severance payments that are due to normal recurring turnover and which otherwise meet the conditions of (a) above may be allowed provided the actual costs of such severance payments are regarded as expenses applicable to the current fiscal year and are equitably distributed among the institution's activities during that period.

9926c. Severance payments that are due to abnormal or mass terminations are of such conjectural nature that allowability must be determined on a case-by-case basis. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment.

9926d. Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment are unallowable.

9927. Student activity costs. Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreements.

9928. Travel costs.

9928a. **General.** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, results in reasonable charges, and is in accordance with the institution's travel policy and practices consistently applied to all institutional travel activities.

9928a. **Lodging and subsistence.** Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as a result of an institutional policy and the amounts claimed under sponsored agreements represent reasonable and allocable costs. In the absence of an acceptable institutional policy regarding travel costs, the rates and amounts established under subchapter I of chapter 57 of title 5, United States Code, or by the Administrator of General Services, or the President (or his designee) pursuant to any provisions of such subchapter shall apply to sponsored agreements (41 U.S.C.420).

9928b. **Commercial Air Travel.** Airfare costs in excess of the lowest available commercial discount airfare, Federal government contract airfare (where authorized and available), or customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would: Require circuitous routing; require travel during unreasonable hours; excessively prolong travel; greatly increase the duration of the flight; result in increased cost that would offset transportation savings; or offer accommodations not reasonably adequate for the medical needs of the traveler. Where an institution can reasonably demonstrate to the sponsoring agency either the non-availability of discount airfare or Government contract airfare for individual trips or, on an overall basis, that it is the institution's practice to make routine use of such airfare, specific determinations of non-availability will generally not be questioned by the Government, unless a pattern of avoidance is detected. However, in order for airfare costs in excess of the customary standard commercial airfare to be allowable, e.g., use of first-class airfare, the institution must justify and document on a case-by-case basis the applicable condition(s) set forth above.

9928c. **Air travel by other than commercial carrier.** "Cost of travel by institution-owned, -leased, or -chartered aircraft," as used in this paragraph, includes the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. Costs of travel via institution-owned -leased, or -chartered aircraft shall not exceed the cost of allowable commercial air travel, as provided for in section c above.

9929. Trustees. Travel and subsistence costs of trustees, regardless of the purpose of the trip, are unallowable.

EXPENSE CLASS CHANGES IN PROCEDURE

3140 -- Food Supplies

There has been an increase in the use of this expense class to charge expenses associated with dinners, meetings, catering, and reimbursements of meals. These types of expenses should be charged either to expense class 3430 (Meetings, Colloquia, Seminars, Symposiums) or expense class 9913 (Entertainment Costs). Please use expense class 3140 to charge expenses for food supplies (e.g. coffee, sugar, etc.).

3310 -- Temporary Help

This expense class was originally established to be used to pay *Temporary Agency* invoices (such as Rogell Temps, Account Temps, etc.) for services rendered by their employees working at CWRU. Recently, however, there has been an increase in the use of 3310 to pay independent contractors or individuals performing professional services. Individuals working as independent contractors should *not* be charged under 3310; instead, please charge individuals to expense class 3320. Temporary Agencies should continue to be charged to expense class 3310.

3431 -- Honoraria Only

The PHS Grants Policy Statement (rev. April 1994, sec. 7-8) defines Honoraria as, "Not allowable when the primary intent is to confer distinction on or to symbolize respect, esteem, or admiration for the recipient. An honorarium that constitutes a payment for services rendered, such as a *speaker's fee* under a conference grant, is allowable." When someone comes to the University to give a speech, dissertation, or seminar, it is not technically an honorarium, it is consulting and we are paying them for services rendered. To eliminate the burden of interpretation of the PHS guideline and to insure consistency, **expense class 3431 will be eliminated**. Any speaker's fees should be charged to 3320 (professional, consulting). The payment will be reported on form 1099-MISC at the end of the tax year, provided that the payee accumulates payments which exceed the 1099 reporting limit, currently \$600.00.

3320 -- Professional, Consulting

Once again, citing the PHS Grants Policy Statement (sec. 7-5,6,7), consultant services are, ". . . allowable. A consultant is an individual hired to give professional advice or services for a fee but not as an employee of the hiring party. . . . The term 'consultant' also includes a firm that provides paid professional advice or services. . . . Charges to a project for consultant costs may include fees and travel costs (transportation/ per diem/ subsistence costs)." In addition, speaker's fees or lecture fees, previously known throughout the University as honoraria (expense class 3431), should be classified under this expense class, as well. By paying non-employees (independent contractors) in this way (charging expense class 3320), we will better be able to track the 1099-MISC recipients and be in compliance with US Tax Regulations.

3377 -- Reimburse Study Participation

Effective immediately, please use expense class 3377, a newly established expense class, to charge individuals (non-CWRU employees & CWRU Students not on Payroll) for participation in research studies. CWRU Faculty and Staff & CWRU Students on Payroll participating in studies should be paid through Payroll via a Payroll voucher. If travel is to be reimbursed and it is not accounted for, please charge both the subject fee and the travel reimbursement to this expense class. If your study uses petty cash rather than individual disbursement orders to pay the participants, the individual departments will have to provide the Controller's Office with a summary report / spreadsheet each quarter listing the names, social security numbers, addresses, and gross amounts of each study participant, confidentiality permitting. Study participants will receive 1099-MISC forms if their total payments meet the 1099 reporting threshold, currently \$600.00.

3410 -- Travel - Visitors

Historically, this expense class has been used to reimburse *anyone* not on CWRU payroll for travel expenses (air fare, parking, meals, hotel accommodations, etc.). 3410 should not be used to charge consultants, independent contractors, or study participants for their travel reimbursements. Rather, if the individual provides the University with all pertinent travel receipts, reimbursement of travel expenses (e.g., air fare, parking, meals, etc.) for consultants, independent contractors, or study participants should be charged to expense class 3324. Expense class 3410 should only be used for visitor travel, e.g., prospective students.

3324 -- Consultant / Study Participant Travel

Please use this expense class to reimburse consultant, independent contractor, and study participant travel, provided ALL receipts are furnished to the University. If the independent consultant / speaker is given a flat amount for travel, the reimbursement will then be charged to expense class 3320 and will be reported on form 1099-MISC at the end of the calendar year, as required by the Internal Revenue Service. Similarly, if a study participant receives a flat payment, the reimbursement will be charged to expense class 3377 and will be reported on form 1099-MISC.

3373 -- Other Purchases

This expense class has been used primarily to pay research subjects and / or study participants. It is no longer to be used for this purpose. A new expense class (3377) has been created to facilitate these types of payments.

3340 -- Stipends / Allowances - Non-CWRU

This expense class was originally established solely to pay individuals who were not CWRU students and who came here to learn in the summer (high school teachers, prospective students, trainees, etc.) From now on, please use expense class 3340 to pay all non-CWRU individuals (and CWRU Students not enrolled in the summer) who are to receive stipends. The living allowance for these individuals should be charged to this expense class, as well. These individuals will receive 1099-MISC forms (assuming, of course, that their total stipend and / or living allowance meet the 1099 reporting threshold, currently \$600.00).

7310 - Prizes and Awards

Prizes and awards must be made in the context of a University approved award program. Prizes and awards for CWRU Faculty and Staff should be paid through Payroll via a Payroll voucher. CWRU students and non-CWRU personnel should be paid through Accounts Payable via Disbursement Order charging expense class 7310. CWRU students and non-CWRU personnel will receive a 1099-MISC should their payments meet the 1099 reporting threshold, currently \$600.00.

All stipend and living allowance payments to CWRU students are to be processed via Payroll. It is no longer appropriate for the following expense classes to appear on disbursement orders:

- 7120
- 7210
- 7215
- 7230
- 7250
- 7255

Therefore, in order to pay a CWRU student under one of these expense classes, a Personnel Data form must be submitted to the Payroll Department.

3376 -- Reimburse Foreign Independent Contractors

This expense class is to be used to pay all foreign independent contractors and nonresident aliens for tax purposes for services rendered. Expense classes 3320, 3324, and 3410 should not be used to reimburse Foreign Independent Contractors. Also, please refer to the February 7, 1995 and April 7, 1995 guidelines for reimbursing foreign independent contractors regarding the appropriate procedures and the applicability of the 30% Federal Tax withholding (attached).

3470 -- Living Expenses - Foreign Visitors

This expense class is to be used to reimburse living expenses (travel, hotel accommodations, meals, etc.) for foreign independent contractors. Once again, please refer to the February 7, 1995 and April 7, 1995 guidelines for reimbursing foreign independent contractors regarding the appropriate procedures and the applicability of the 30% Federal Tax withholding (attached).

We hope the above clarifications, changes, and attachments will assist the department administrators and the Controller's Office staff to accurately record and report expenditures. We appreciate your cooperation for implementing these procedures.



CASE WESTERN RESERVE UNIVERSITY

February 7, 1995

For e152

MEMORANDUM

To: Officers, Deans, Department Heads and, Department Administrators

From: Hossein Sadid, Associate Vice President and Controller

Re: Payments to Foreign Independent Contractors

On December 28, 1993, we issued a memorandum to international scholars and students, attached, summarizing the tax liabilities of international scholars and students receiving payments as wages or scholarships. This document will address the tax liability of payments to independent contractors of foreign nationalities and related University procedures for processing these payments. We hope this document will assist department administrators and faculty who arrange professional meetings which include foreign speakers or scientists who receive honoraria, professional fees, or reimbursement of expenses from CWRU.

Who is an Independent Contractor?

Generally, independent contractors or self-employed individuals are those who receive income or reimbursement of expenses from their clients by providing personal services for which there is no employer-employee relationship. There are several common law requirements which qualify an individual as an independent contractor. Independent contractors determine fees for their services, while employers determine amounts of compensation to be paid for work performed under direct or indirect supervision. The Office of Human Resources has the responsibility of verifying the eligibility of an individual as an independent contractor before a payment is issued.

For foreign individuals, the IRS requirements for qualifying as an independent contractor are further complicated by the Immigration and Naturalization Service (INS) requirements. These requirements are outlined below:

- B-1 (Business) - - currently, can received only reimbursement of expenses associated with purpose of visit to U.S.
- B-2 (Pleasure) or WT (Visa Waiver Treaty) - - not eligible to receive any support from U.S. sources, either in cash, or in kind. Please advise your invitees that CWRU will not compensate or reimburse them if entry has occurred under these conditions.

**Memorandum
Officers, Deans, Department Heads, and Administrators**

**February 7, 1995
Page 3**

How to pay a foreign independent contractor

Before a department plans to engage a foreign individual for personal services, the department needs to ensure that the individual is present in U.S. with an appropriate visa and related documents. Specifically, the following steps should be followed:

1. Complete Notice of Prospective Independent Contractors as Short-term Scholar (enclosed) - - and forward it to Immigration Coordinator five weeks before expected arrival date.
2. Once the independent contractor's service is completed, please forward a Disbursement Order along with a copy of the Notice of Prospective Independent Contractor as Short-term Scholar (which you should have filed previously), any related correspondence regarding activity and remuneration, and applicable receipts to the Immigration Coordinator, 131 Yost Hall for approval.
3. Upon approval by the Immigration Coordinator and Human Resources, Accounts Payable will issue the payment.

Federal Tax Withholding and Reporting

Foreign Independent Contractors are liable for federal tax at the rate of 30% withheld at the source. Disbursement Order amounts requested by the department should reflect the total of agreed-upon compensation plus federal tax; departments are required to provide for the net compensation plus the 30% tax. CWRU will not participate with obtaining tax treaty benefits for Independent Contractors because of significant procedural delays encountered under IRS regulations. Total amounts paid to each Independent Contractor are reported to IRS on form 1042S.

It is important that the departments factor in 30% income tax withholding in the total budget for a foreign independent contractor's visit. The tax withholding may be refundable by the IRS to the foreign visitor (not the University) if the individual files form 1040NR. The department may consider the possible tax refund that the individual would receive in the total compensation to the foreign independent contractor. For questions regarding the tax withholding, please contact Paul Frey, Assistant Controller at ext. 4290.

We appreciate your cooperation for following these procedures. For further information, please contact Lila Krause, Immigration Coordinator at ext. 4289.

HS/tr

**Memorandum
Officers, Deans, Department Heads, and Administrators**

**February 7, 1995
Page 2**

H-1B (Temporary Worker, Specialty Occupations) - - cannot receive honorarium except from an employer who successfully obtained an approved labor condition application from the Department of Labor and an approved H-1B petition from INS; is permitted to receive occasional reimbursement of expenses associated with other related professional activities.

J-1 (Exchange Visitor) categorized as Short-term Scholar on the visa document, IAP-66 - is permitted to receive honorarium, professional fees and/or reimbursement of associated expenses from sponsor who issued the IAP. CWRU recently received approval by the U.S. Information Agency to activate the Short-term Scholar category as a component of the University's Exchange Visitor Program. Short-term Scholar is defined as a professor, research scholar, or person with similar education or accomplishments. Sponsors can issue IAPs valid for 24 hours to a maximum of four (4) months to enable Exchangees to consult, lecture, participate in professional meetings, seminars, or engage in other professional activities. The attached form has been designed to facilitate entry for these purposes.

In compliance with regulations promulgated by USIA, J-1s categorized as Professors, Researchers, or Specialists on their IAPs are required to present written approval from their current sponsors to the CWRU Immigration Coordinator before they are eligible to receive honoraria, consulting fees and/or reimbursement of expenses.

TN (Trade NAFTA) - - Citizens of Canada are exempt from passport and visa requirements but are required to pay a fee at the border crossing point; are admitted to the U.S. at a Class A point of entry after presenting evidence of Canadian citizenship, evidence of higher education (including English translations, if necessary), letter from client describing purpose of entry, activity to be performed, timeframe, fees to be paid, and other considerations to be granted; client is identified on arrival/departure record (I-94 card).

Citizens of Mexico - - employers/clients are obliged to undergo exactly the same procedures necessary to obtain H-1B status; passport and visa stamp required.

Departments should make sure that foreign individuals have proper visa before they arrive in the U.S. to perform as an independent contractor. The Immigration Coordinator will be pleased to assist you for making arrangements for foreign visitors. Please contact her by phone at ext. 4289.