

## **Stipends**

### **Overview**

The terms **stipend** and **salary** can be confusing, especially as they are often used interchangeably and colloquially, resulting in improper use. In certain circumstances the university will pay a student a stipend for participation in a project or for attendance in a class. The Internal Revenue Service in code section 117 provides criteria for determining a student's eligibility and tax responsibilities for such payments. In no circumstance may a student receive a stipend for services rendered to the university or to circumvent federal, state, or university wage definitions and requirements. In other words, stipends are not salaries or wages, and they are not payment for work.

To assist in determining the eligibility for stipend payments all of the following criteria should be considered as a basis for student stipend payments:

- The activity is part of the student's overall educational program.
- The activity is for the benefit of the student as part of their educational experience, not for the primary benefit of the university.
- The activity is considered extracurricular in nature and may provide benefit to a group within the university, but not a tangible service to the university.
- The services rendered by the student are such that the university would not consider hiring an employee to perform the activity.

### **Uniform Guidance**

No explicit guidance exists in the Uniform Guidance for the allowability of stipends, but the Cost Principles section addresses student support. The only allowance for payments to individuals that do not represent compensation for services rendered appears in **§200.466, Scholarships and student aid costs**, which says such payments are allowable "...only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency."

### **National Institutes of Health**

The National Institutes of Health Grants Policy Statement states explicitly that stipends are not allowable on research grants. This definitive statement appears twice in Section 7 Cost Considerations, 7.9 Allowability of Cost/Activities, 7.9.1 Selected Items of Cost, under Fringe Benefits/IHE, it states:

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"Payments made for educational assistance (e.g., scholarships, fellowships, and financial aid costs) may not be paid from NIH research grant funds even when they would appear to benefit the research project." Further, under the entry for Stipends, it states: "Stipends are not allowable under research grants even when they appear to benefit the research project."

**National Science Foundation**

The National Science Foundation Grant Proposal Guide allows for stipends only in support of participant costs at conferences, symposia, workshops, or other specific training activities. In these cases, the scope of work should include a description of the training activity and NSF would have acknowledged in the Notice of Award (NOA) that participant costs would be funded by stipends. NSF guidelines do not provide an allowance for payments to non-employees or non-consultants for activities that benefit a research award. Certain NSF solicitations, such as S-STEM or NRT) may require participant support costs. Please consult your specific NSF solicitation for program specific guidelines.

**Determination Help**

<b>Stipend</b>	<b>Salary / Wage</b>
Payment of a living allowance for a training or learning experience from an individual award or institutional training grant.	Payment of services rendered and there is an employee/employer relationship.
The University does not control the outcome of the individual’s work product.	The University is responsible for the control over the individual’s work product.
The University does not deduct Federal taxes on behalf of the stipend recipient.	The University if responsible for payroll taxes.
F&A is not collected for expenses associated with a stipend award unless allowable by the funding agency guidelines.	F&A will be collected to the fullest extent as allowed by the sponsoring agency.
The individual is not engaging in research to further the project of the faculty PI.	The employee is engaging in research to further the project of the faculty PI.

**See Also:**

SPA Participant Support Costs Guidelines: <https://www.astate.edu/a/controller/spa/files/participant-support-costs-ug-edition.pdf>

Student Support Payment Request Guidelines: <https://www.astate.edu/a/controller/spa/files/student-payment-request-procedure.pdf>