Stipend Policy

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DESCRIPTION
This document describes SF State’s policy regarding student stipend payments on sponsored projects, and outlines when to issue stipend payments to individuals and the basic procedure for payment.

POLICY
SF State’s Office of Research and Sponsored Programs (ORSP) processes payments to qualified students when they have been identified as a stipend recipient by the Principal Investigator (PI) in charge of an ORSP project. The associated award/contract from the sponsor must include stipends in the approved budget. ORSP follows the Internal Revenue Service’s definition to determine when a payment made to an individual qualifies as a stipend.

- A stipend payment can only be used for training and educational purposes related to a sponsored project, and
- A stipend cannot be used to pay an individual for work or services performed (i.e. administrative work, presentations, website development, cleaning laboratory equipment) or as incentive pay

The amount awarded by the stipend, either in total or incrementally, is not performance-based and generally cannot be adjusted or suspended by the PI as a result of performance. However, stipends may have accompanying terms and conditions and the stipend may be adjusted or suspended by the PI if those terms and conditions are not met. Terms and conditions may include enrollment in a particular degree program, participation in program activities, or maintaining a minimum Grade Point Average. Any such terms and conditions will generally be stipulated in the award agreement issued by the sponsor; it is the PI’s responsibility to convey such stipend terms and conditions/stipulations to the student/stipend recipient. If the PI puts in writing terms and conditions for the student to receive or continue to receive the stipend, a copy of the proposed language should be forwarded to ORSP GA for review prior to initiating the stipend process. The PI is responsible for maintaining appropriate records (i.e. copies of forms that have been signed by the student acknowledging the terms and conditions) for at least 3 years after submission of the final report (if any) or award termination, whichever is later.

There may be tax implications for the payee when a stipend is issued to them, depending upon the nature of the stipend. SF State’s Accounts Payable department assesses each stipend to determine whether it should be classified as reportable income. A stipend is only tax free when:

1. The recipient is a currently-enrolled SF State student AND
2. The stipend is used for:
   o Tuition and fees paid to enroll in or to attend SF State OR
   o Fees, books, supplies and equipment that are required for coursework
Note:

- Receipt of a stipend may impact a participant’s financial aid, so it is important for the student to contact SF State’s Financial Aid department for further information to determine if there are any implications or limits for the individual. ORSP is neither able to make this determination, nor coordinate a reply from the Financial Aid Office on the student’s behalf.
- Any amount paid for “services rendered” is considered a “wage” under IRS regulations and must be paid as salaries and wages.
- When applicable, ORSP requires that stipend payees obtain training in the responsible conduct of research, following the sponsoring agency’s requirements.

PROCESS

The PI on the project initiates the stipend payment process by identifying the student “Payee” and preparing a Stipend Appointment Form, taking care to fully complete the “Statement of Project Director” section and detail the stipend amount and payment timeline. The proposed Payee must also provide all requested information on the form and submit an accompanying Vendor Data Record (STD204) form. Both the PI and the Payee must provide all required signatures before it can be accepted as complete by ORSP. After the form has been submitted, ORSP coordinates with several other units to issue payments to qualified individuals.

For current SFSU students, this form will be routed to Financial Aid for approval before being processed in Accounts Payable. Students currently enrolled at other institutions must submit proof of enrollment with their Stipend Appointment Form.

- Current SF State students will use the SFSU Student Stipend Appointment form
- Non-SF State students will use the Non-SFSU Student Stipend Appointment form
- All Payees should also submit a Vendor Data Record (STD204) form

Nonresident Aliens must make an appointment with SF State’s Tax Specialist to determine whether there is any additional required documentation before submitting to ORSP for processing. For more information about stipend payments to Nonresident Aliens, please visit http://fiscaff.sfsu.edu/generalinformation/departments/nrat/stipend.jsp.