Approval Form and Guide for making Stipend/Fellowship Payments

A fellowship or scholarship (hereafter "fellowship") stipend payment is one made to aid a person in the pursuit of studies or research. However, if a payment is made on the condition that the individual perform some sort of teaching, research or other service, it must be treated as employee wages.

CSU is responsible for correctly classifying all stipend payments. Misclassification of employees, and failure to withhold tax when withholding is required, may expose the University to significant adverse tax consequences. If a misclassification occurs, it could result in the assessment of tax by the IRS. The resulting assessment is typically over 40% of the cost of the stipend payment.

This guide will help departments in making fellowship vs. employee determinations to help mitigate the University's risk for misclassification. Payments made to students working in a graduate assistant appointment are classified properly as wages and, therefore, this form does not apply to Graduate Assistantship appointments.

Section A

Please list the name of the program and fully describe the activity, (i.e., what will the participant be doing, how much will they be paid, and what are the expectations of the program).

Section B – Answer Yes or No

1. Is the individual required to perform past, current, or future service for CSU as a condition of receiving the payment (such as teaching or research)?	◯ Yes ◯ No
2. Is the payment made to the individual related to a specific research agreement or contractual obligation to provide research or other services to a third party?	◯ Yes ◯ No
3. Does the funding source prohibit the payment of fellowships or require that payments to individuals be considered wages/compensation for personal services?	◯ Yes ◯ No
If any of the answers are yes in this section, the payment should be treated as wages. If none of the answers are yes, continue to Section C.	

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Section C – Answer Yes or No	
1. Even if the individual is not required to perform services to receive the payment, do the activities that the person conducts primarily benefit the University's operations or research activities, as opposed to furthering the individual's training and skill development?	◯ Yes ◯ No
2. Are the individual's projects primarily determined by an advisor or supervisor with little to no discretion by the individual?	◯ Yes ◯ No
3. Does the individual serve as a replacement or substitute for an employee such as a laboratory technician?	◯ Yes ◯ No
4. Is the individual required to perform their activities according to certain planned time schedules, for example, a specified number of hours per day or week or a specified number of weeks per year?	◯ Yes ◯ No
5. Is the individual's conduct or activities subject to a similar level or type of supervision as a CSU teaching, research, or similar graduate assistant employee?	◯ Yes ◯ No
If three or more of these questions are answered Yes, the payment should be treated as wages for tax purposes. **If fewer than three questions are answered Yes,** the payment should be treated as a Fellowship for tax purposes.	

Tip: Make sure that the fellowship award letter indicates that the purpose of the program is to support the individual's studies or research and that no services are required to receive the payments. Language such as the following should appear in the award letter, and the program itself must reflect this provision: "This is a nonservice fellowship award. The individual receiving this award is not required to perform any services in exchange for the award."

Questions regarding this guide may be directed to Tax Services at BFS_Tax_Accounting@Mail.ColoState.EDU or 970-491-5509.

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How is the payment processed and which office are the forms sent to?

1. Is the recipient a CSU student?

- ◯ Yes — Sign form and email with DPSA form to aroperations@colostate.edu
- ◯ No — Proceed to Question #2

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2. Is the recipient a CSU employee?

(Any current assignment not related to student employment. Note that student employee assignments should enter Yes above in #1)

- ◯ Yes — Contact Payroll to determine disbursement method
- ◯ No — Sign form and submit with disbursement voucher **Object Code:** 6662 - (Non-Students) **Object Code:** 6658 (Students: K-12/University)

Recipient			
Department			
Kuali Acct		Amount	
Preparer Email			

Name of Preparer_____ Signature_____ Date_____

Payments made to the student account need to include the DPSA form:

DPSA Form Department Payment Processing Matrix

Only stipend payments to non-CSU students and non-CSU employees can be processed through Accounts Payable using a disbursement voucher. The recipient must be an established vendor in Kuali. To establish a new vendor, submit a vendor document and attach this form along with a completed and signed W-9. A completed copy of this form must be attached to the disbursement voucher.

W-9

If services have been provided the stipend/fellowship payment does not apply and we will need to determine how to pay the recipient, as either an employee or independent contractor. If services were provided, please submit this form to Accounts Payable:

Independent Contractor Form