

# Stipend Policy

## 1 OVERVIEW

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It is the policy of the California State University, Dominguez Hills Foundation (“Foundation”)<sup>1</sup> to maintain, control, and protect the assets of the Foundation. This policy seeks to define and document the procedures relating to Stipends.

## 2 DEFINITION

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### **Stipend**

A one-time or series of payments given to a currently enrolled student, for participation in an internship, apprenticeship, fellowship, or approved Grant program. A stipend is often distinct from a wage or salary because it does not necessarily represent comparable payment for work performed, or for which service cannot be measured in terms of a task. Stipends awards are usually lower than what would be expected as a permanent salary for similar work. This is because the stipend is complemented by other benefits such as accreditation, instruction, food, and/or types of accommodations.

Sponsoring agencies and faculty commonly use the terms “Stipend” or “Participant Support” to describe this student financial assistance. Federal and State tax regulations do not define the term ‘stipend’ but use the terms ‘scholarship’ and ‘fellowship’:

### **Scholarship**

A scholarship generally is an amount paid for the benefit of a student at an educational institution to aid in the pursuit of studies. The student may be in either a graduate or an undergraduate program.

### **Fellowship**

A fellowship grant generally is an amount paid for the benefit of an individual to aid in the pursuit of study or research.

### **STIPENDS VS. WAGES**

A stipend payment can only be used for training and educational programs. A stipend cannot be used to pay an individual for work or services performed, or as incentive pay. In some instances, the stipend recipient may be required to attend certain classes or perform certain activities, as a condition of receiving the stipend. These can still be considered stipends and not considered services (wages), as long as the (educational) benefit of the activities lays clearly with the recipient and the paying institution does not derive any benefit from the activities.

Stipends cannot be used in exchange for goods and services rendered. Any amount paid for a service rendered is considered a “wage” under the IRS regulations and must therefore be processed and taxed as a salary or wage. This includes payment for teaching, research, or other services rendered as a condition for receiving the

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<sup>1</sup> “Foundation” shall include those auxiliary organizations supported by the Foundation, including but not limited to the Dominguez Hills Corporation and Philanthropic Foundation (collectively, the “Auxiliaries”).

scholarship or tuition reduction. These payments are considered compensation even if the services are a condition of receiving the grant or are required of all candidates for the degree.

**It is the responsibility of the Authorized Account Signer and/or Principal Investigator to ensure that the payment requested constitutes a true 'stipend' payment and is not a taxable fee for service.**

### 3 PROCEDURE

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Stipends are requested through the Principal Investigator or authorized signer, who send documentation to Foundation Accounting ([refer to Foundation Staff Contact List](#)). Then, Foundation Accounting sends the request to Post Award for review. Please use the following when sending to Foundation Accounting:

**Subject:** Stipend Request – Account Number, Vendor Name

After Post Award approves, Foundation Accounting sends student support notification to the CSUDH Financial Aid Office and processes the payment to the Vendor.

#### 3.1 VENDOR DATA RECORD FORM

A Vendor Data Record Form must be completed and on file with the Foundation to process a Stipend for non-CSUDH students. Payment via ACH is strongly recommended.

#### 3.2 STIPEND CERTIFICATION AND PAYMENT REQUEST FORM

The Foundation's Stipend Certification and Payment Request Form must be completed and approved by the Office of Research and Sponsored Programs or Foundation Administration Office before payment can be processed. The student's ID number must be indicated on the payment request.

#### 3.3 STUDENT SUPPORT NOTIFICATION FORM

The Foundation's Student Support Notification form must be completed for CSUDH Students and forwarded to the Financial Aid office to track financial aid as well as determine the impact on existing financial aid.

#### 3.4 GRANTS & CONTRACTS/POST AWARD

For Grants & Contracts/Post Award accounts, please refer to your Post Award Analyst for grant-specific requirements or visit the [Grants & Contracts Policies and Procedures page](#).

### 4 APPROVER RESPONSIBILITY

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It is the responsibility of the requester and authorized signer on the Account to ensure all Stipend requirements are met prior to submitting a Payment Request.

Foundation Accounting and/or the Post Award Analyst for Grants & Contract Accounts will review supporting documentation to ensure the payment is correctly classified as a Stipend prior to processing payment. In addition, the Post Award Analyst reviews for allowability and that the funds are available to cover the expense.

## 5 TAXATION

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The material contained herein is for informational purposes only and does not constitute tax advice. Stipend recipients should consult with their own tax advisor or attorney regarding their personal tax situation.

A scholarship, fellowship, or stipend, may be taxable in all or part, even if the recipient did not receive a W-2 or 1099-MISC form. CSUDH Foundation will report any stipend payments made to non-CSUDH students as taxable income on form 1099-MISC.

### 5.1 FOR A U.S. CITIZEN, RESIDENT ALIEN, OR RESIDENT FOR TAX PURPOSES:

- Direct payments (stipends) to participants
- Participant Support (stipends)
- Reported to IRS on 1099-Misc, Miscellaneous Income form, Box 3 (Other Income)
- Funding provided via a stipend payment for a student to attend a conference or conduct research, unless such expenses are for the California State University, Dominguez Hills ("University") purposes\*
- Funding provided via a stipend payment for room, board, or personal expenses\*

\*Student Travel payments and Reimbursements payments are not reportable to the IRS as income to the student if the student can document that the payment:

- a. directly supports a faculty member's project or research program; or
- b. is related to presenting at a conference; or
- c. is an integral part of the student's educational study; or
- d. is official University Business

Any payment which does not meet one of the criteria above will be taxable income to the recipient and may be reported to IRS on forms W-2 or 1099-MISC. It is the student's responsibility to maintain records for these payments.

### 5.2 FOR A NONRESIDENT ALIEN FOR TAX PURPOSES:

Any participant support including travel, stipend, tuition and fees, housing, etc. given to a nonresident alien

- Participant Support- NRA
- If eligible for a tax treaty benefit, then 0% tax withheld
- If not eligible for a tax treaty benefit
- And present in the U.S. under an F-1 or J-1 visa status, then 14% tax withholding
- All other visa status, then 30% tax withheld
- Reported to IRS on 1042-S Form

### 5.3 FURTHER TAX INFORMATION:

For additional information please refer to [IRS Publication 970, Tax Benefits for Education, section 1](#)

## 6 RESOURCES

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Please refer to Foundation policies and procedures to ensure alignment. The most recent policies and procedures can be found on Foundation's website, <https://csudhfoundation.com/>.

Required forms can be found at <https://csudhfoundation.com/forms/#finance>.