



Tuesday Tips is an outreach effort by OGCA. The idea behind *Tuesday Tips* is to convey tips, tricks and other helpful information around the area of research administration. Our goal is to post on (almost every) Tuesdays. If there is something you would like to see covered on *Tuesday Tips*, email: UAF-GCReATE@alaska.edu. For more Tips visit [OGCA website](#).

Distinguishing Between Stipends for Training and Salaries/Wages for Student Compensation

Comparison

Stipend	Salaries & Wages
Financial assistance or support paid to university students; no work assigned.	Compensation for performance of assigned work.
No scope of work.	Scope of work assigned.

No Workers' Compensation coverage.	Workers' Compensation coverage.
No required fringe benefits or remissions.	Applicable UA employee fringe benefits, Tuition, and Fee Remission as appropriate based on eligibility.
Student-mentor relationship; no employer-employee relationship.	Employer-employee relationship.
No grant and contract support unless the purpose of the award is to provide fellowship or scholarship.	Can be paid from sponsored projects funds, and other internal funding sources.
Pay at the beginning of the quarter. No obligation to perform any assigned tasks or specific projects.	Pay based upon hours or percentage of time worked performing assigned job specific duties.
Selection based upon University policies that determine student's financial need or merit through competition.	Selection by the individual Principal Investigator or Lead Researcher based on competency, skills, knowledge, and ability and coordinated with Human Resources.
Disbursed by Graduate Division. When supported by	Salary/wages disbursed by Payroll. When supported by extramural awards made to UAF,

extramural awards made to UAF, administered jointly Office of Grants and Contracts Administration (OGCA) and the responsible unit or department.	requires coordination with Office of Grants and Contracts Administration (OGCA).
Amounts based upon reasonable need or stipend limits set by the sponsor of the training or fellowship grant.	Amounts restricted by University salary scales.

A stipend is a periodic payment other than wages paid to a student in connection with educationally related activities undertaken by the student. Stipends may be paid in various forms. It can be an amount paid to a graduate, undergraduate, or postdoctoral student as a scholarship, fellowship, financial assistance grant, training grant, or other contribution to support educational or training expenses, including tuition, living costs and other incidental expenses.

Stipends are not compensation, and cannot be paid, for services rendered. A stipend is distinct from wages or salaries because it is not intended to compensate a student for work performed. Rather, it is intended to free up a student to undertake a role in connection with educational studies or research that would normally be uncompensated, without having to assume other compensated employment to pay his/her bills. Students usually receive benefits from the academic studies or research toward their education. For this reason, stipends are

often paid to graduate students who are not required to report “hours” associated with the activities performed.

Where similar work either is or is currently being paid to other students as wages, stipends are inappropriate. Work without a direct connection to a student’s educational studies or research is not appropriate for stipends. Stipends are not permitted to avoid wage and hour reporting requirements, overtime pay, or minimum wage requirements. Consequently, stipends may not be paid to students unless (1) the student’s activities related to the stipend are substantially unsupervised and (2) the hours in which the student performs the services are not easily tracked. For example, resident hall assistants, creative personnel in student media, student athletics team managers, perform activities intermittently and during irregular hours, fulfilling this requirement. In these circumstances, the amount of the stipend should nevertheless be determined in a manner to assure that the student receives compensation at or above the applicable minimum wage given a reasonable estimate of the amount of time that the student will dedicate to the activities. In addition, the reasonable estimate of the amount of time that the student will dedicate to the activities must be consistent with full-time student status, which is equal to no more than 20 hours of work per week during the school semesters.

Payment of stipends other than to students is not permitted. Additional compensation used to pay an employee (non-student) who is temporarily assigned responsibilities of a higher-level position will be considered “additional pay.”

A scholarship is an amount provided for the benefit of a student to aid in the pursuit of studies. A **fellowship** grant is an amount provided for the benefit of an

individual to aid in the pursuit of study or research. It is a form of financial assistance awarded primarily on the basis of academic achievement and vocational and professional objectives. Generally, graduate and post-graduate students are not required to render services to the school as a consideration of their awards or to repay them. Payments for qualified scholarships, as well as payments to non-degree candidates and for non-qualified expenses that are not made as compensation for services rendered.

Federal Guidance

OMB Uniform Guidance, Cost Principles (Subpart E)

No explicit guidance exists in the Uniform Guidance for the allowability of stipends, but the Cost Principles section does address 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."

Two sections of the Uniform Guidance Cost Principles (Subpart E), suggest that stipends should not be charged to research awards. First, §200.430 (Compensation - personal services) requires that amounts paid to individuals for their services on federal programs be documented, implying that payments to individuals which are not for services rendered should not be funded by research awards. Harvard's effort reporting system does not include stipends, since these amounts do not represent compensation for work effort. Additionally, the Uniform Guidance Cost Principles for direct and indirect costs requires that the University include all modified total direct costs allocable to benefiting activities across its major

functions in determining indirect costs. If funds used to support effort directly benefiting organized research are coded as stipends, these costs are excluded from the research base in violation of the federal cost principles.

National Institutes of Health

The National Institutes of Health Grants Policy Statement (Revised December 1, 2003) states explicitly that stipends are not allowable on research grants. This definitive statement appears twice in Part II: Terms and Conditions of NIH Grant Awards Subpart A: General; Selected Items of Costs. Under Salaries and Wages, it states: "Payments made for educational assistance 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 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.

Given this clear guidance from NIH and NSF, University policy follows this guidance for all federal awards, regardless of agency.

For additional Information visit the [Office of Grants and Contracts Administration](#)