



Student Stipend Payments

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President for Research
Responsible Office: Office of
Research and Sponsored Programs
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Definitions

Fellowship	Fellowships are a type of financial aid. They <u>support research</u> , advanced study, or professional development. Fellowships are more common at the graduate or post-graduate level and may fund research projects, travel, or teaching assignments in addition to or instead of tuition.
Scholarship	Scholarships are a type of financial aid. They are primarily awarded to <u>support education costs</u> , like tuition, fees, books, and sometimes living expenses. Often based on academic merit, financial need, or specific personal characteristics (e.g., ethnicity, field of study).
Stipend	Fellowships and scholarships are paid out via a stipend. 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. Work without a direct connection to a student's educational studies or research is not appropriate for stipends.

Policy

The general rule is that any income is subject to federal taxation, but scholarships and fellowships are excluded from taxation when the award is a qualified scholarship given to the degree-seeking recipient for the purpose of studying or conducting research at an educational institution. Section 117 of the Internal Revenue Code (26 U.S.C. 117) applies to the tax treatment of scholarships and fellowships. In general, students bear the tax burden; federal government agencies require students to determine taxation of scholarships and fellowships when filing annual income tax returns.

A stipend is only tax free when (1) the recipient is a currently enrolled Kean student AND (2) the stipend is used for: tuition and fees or books, supplies and equipment that are required for coursework. Expenses that are NOT tax exempt include room and board, travel, research costs, and equipment and supplies not required for enrollment.

Determination of whether a stipend will impact a student's financial aid package is determined by the Office of Financial Aid, not ORSP. They will work with the student (if necessary, with ORSP) to adjust the student's financial aid and/or stipend so the student's total aid from all sources is within the cost of attendance (COA). **ORSP is neither**

able to make this determination, nor coordinate a reply from the Office of Financial Aid on the students' behalf. Any questions regarding impacts on financial aid must be directed to the same office by the payee.

Procedure

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. Both the PI and the Payee must provide all required signatures (signature of participant & signature of project director) 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 Kean students, this form will be routed to Office of Financial Aid for review and approval before being processed in Student Accounting. Financial Aid will review the student's financial aid package before approving any stipend payment. Financial Aid will work with the student (if necessary, with ORSP) to adjust the student's financial aid and/or stipend so the student's total aid from all sources is within the cost of attendance (COA).

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 because of performance. However, the stipend may be adjusted or suspended by the PI if 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. It is the PI's responsibility to convey such stipend terms and conditions/stipulations to the student. 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 Post-Award for review prior to initiating the stipend process.

Contact

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