TAMU-CC is paying a stipend to a student or sponsored project program participant (now referred to as payee).

Is the payee contractually obligated to accept employment with grantor or other designated organization after stipend period? [1]

Yes

Is payee participating in activities on TAMU-CC or the external grantor’s premises?

Yes

Do the activities of the payee provide a benefit to TAMU-CC or the external grantor that is more than de minimis or insignificant? [2]

Yes

Payments to payee are Scholarship Stipend Payments [4] (Process through Financial Aid)

No

Payments to payee are Compensatory Stipend Payments. [4] (Process through Payroll)

No

Is the activity directly connected to TAMU-CC academic or related extracurricular student program? [5]

Yes

Payments to payee are Scholarship Stipend payments [4] (Process through Financial Aid)

No

Payments to payee are Scholarship Stipend Payments [4] (Process through Financial Aid)

No

Payments to payee are Compensatory Stipend Payments, [4] (Process through Payroll)

No

Payments to payee are Compensatory Stipend Payments, [4] (Process through Payroll)

Yes

Is the payment of the stipends contingent upon the payee completing the practicum, field experience, research, training or other activities? [3]

Yes

Payments to payee are Scholarship Stipend Payments [4] (Process through Financial Aid)

No

Payments to payee are Scholarship Stipend Payments [4] (Process through Financial Aid)

Notice

For stipends paid as a scholarship stipend, if it should be last determined by a taxing authority that the stipend was compensation, the originating TAMU-CC department may financially responsible for any tax assessments, which could amount to the 30% or more of the stipend amount.

*Note: Any stipend being paid from non-grant account must contact Comptroller for validity.
Footnotes

Contact the TAMUC C -Director of Payroll (ext.2408) if there is any confusion regarding any of the issues addressed by these guidelines. Specific situations may need to be evaluated in-depth according to the facts and circumstances of each case.

Note: external grantor is defined as an external funding source.

[1] A contractual provision requiring payback of amounts received in lieu of employment is a contractual obligation of employment.

[2] Benefits to the grantor or TAMU-CC would include the following:

- Working on a grant that has a deliverable to the grantor, e.g., research report.
- Performing a function that directly enhances the programs or activities of TAMU-CC or the grantor; and/or
- Participating in an activity that generates revenue for TAMU-CC or the grantor.

[3] A yes answer is where TAMU-CC can immediately withdraw or cancel the stipend if the payee discontinues participation in the activity after starting it. Conversely, a no answer would indicate that the stipend will continue through the current semester or academic year even though the payee does not participate in the activity.

[4] All income received by the student or participant is taxable income regardless of classification as scholarship stipend or compensatory stipends. However, amounts classified as scholarship stipends are eligible for potential exclusion from income under IRC Section 117 for amounts paid for tuition, required fee, books and course required school supplies. For compensatory stipends, TAMU-CC has tax reporting and tax withholding responsibilities; for scholarship stipends, TAMU-CC has no tax reporting or tax withholding responsibilities.

Payment of “interns” should be classified as compensatory and paid through the payroll system.

[5] An academic or related extracurricular student program is one in which scholarships are awarded as a standard practice at colleges and universities around the country, e.g., sports and music programs.