

FAQ for processing Stipends on Sponsored Projects

Questions & Answers:

1. Is it true that anytime a student receives a payment for their involvement in a research experience that's charged to a sponsored project, they should be paid either through Financial Aid or the Treasurer's Office as a vendor, depending on their status as either a UT Student or a Non-UT Student?
 - No, this isn't true. The department must determine the type of relationship the person will have with UT and the sponsored project. If the person is participating in research activities and being paid a stipend (Participant Support Costs) they are considered a participant. The payment will need to be processed through Financial Aid or the Treasurer's Office, depending on their status.
 - If the person is in an employee/employer relationship, conducting work on the project for the University and not being paid by participant support costs, they will be paid through payroll as an employee performing services on the project.
2. NSF REU program solicitation states, organizations may choose to issue payments to participants using their normal payroll systems. If this is the case, why can't departments use our payroll system to process payments to participants?
 - Federal guidelines require UT to process stipends in a manner in which they can be identified as non-wage payments. There may be some institutions who have a payroll system that allows for this distinction; however, UT's payroll system will not allow for the distinction to be identified. Therefore, we must process stipends using methods within our structure to allow for transparency.
3. Current procedures require departments to process stipends for UT Student participants through Financial Aid and non-UT participants through the Treasurer's Office as a "Vendor" because current UT students must have the stipend calculated into their overall financial aid allocation allowance. It appears by processing participants based on UT student status, UT is creating an inequity between these participants in the amount of stipends they receive. Is this the case?
 - The amount of funds received by UT students versus non-UT students at the time of the activity may differ due to the allowability of Federal Financial Aid funds for the UT-Students. This will be established on a case-by-case basis, as it is specific to each student. Students who are not receiving other financial aid will see no impact to their financial aid eligibility, when the stipend is issued. Students who do receive federal or state financial aid or private loans will receive the full stipend, but those students could also see a reduction to their other financial aid amounts.
 - While non-UT students being paid as a vendor may receive the full stipend amount, they are still required under Federal requirements to report the stipend received to their home institutions, so the stipend can then be included in the amount of overall financial aid allowed for them. Although, the initial stipend amount received may be different, each participant is being treated equally under Federal regulations.
4. When processing a stipend through Financial Aid what is a department's first step in this process?
 - Departments should complete a "Scholarship Authorization Form." The form should be submitted at least 10 days prior to the date in which the first payment needs issued. Once Financial Aid receives the form, they will process the form by creating a Banner ID for each

participant. Once the Banner ID has been created, additional payment requests will only need to be issued 3-5 days prior to the requested payment dates.

5. Does the Financial Aid Office dictate when payments can be processed?
 - No, the departments control the timing of when stipend payments are processed and paid to participants. Stipends can be paid in a lump sum, monthly, bi-weekly, or whenever a department issues an authorization request, via the Scholarship Authorization Form.
6. Are there any limitations to the timeframes departments will encounter when requesting stipend payments through financial aid?
 - Financial Aid can be disbursed throughout nearly all of the academic year. The most likely issue will be students whose stipend puts them over their maximum allowable limit on total financial aid.
7. Are departments required to submit a Scholarship Authorization Form each time they need to pay a stipend payment to the participant?
 - Yes, each payment must be requested via the Scholarship Authorization Form.
8. When completing the Scholarship Authorization Form, an academic term must be listed. If the student is participating during the summer academic term but is not enrolled in classes, which academic term should be submitted?
 - The previous term enrolled should be the selected term, unless we are within days of the regular disbursement schedule for the next semester.
9. If a department is processing a stipend payment to a participant who has been accepted to UT as a student for a future semester, but hasn't yet registered for any terms, which semester should be marked or should they process the student as a vendor?
 - The participant stipend will be processed through Financial Aid via the Scholarship Authorization Form. The intended first semester should be the semester chosen on the form for processing the stipend payment. This will ensure the stipend payment will be included in the appropriate Federal funding year for financial aid eligibility. The student should not be processed as a vendor, as they have already been accepted to UT.
10. When processing the student as a vendor, this appears to be setting the participant up as an independent contractor, which will create tax implications. Is this the case?
 - Participants processed as a vendor will not receive a W-2 for tax reporting; however, they are required to self-report the stipend payments. Any tax related question specific to each individual should be discussed with their preferred tax advisor.
11. For participants processed as a vendor, does the University have a responsibility for ensuring each person self-reports the stipend they received to their home institution?
 - The University can only inform participants of the need to self-report. Departments are asked to provide each participant with a letter informing them of the need to self-report the stipend received. The University has no way of ensuring that participants are in fact reporting this as required. The responsibility is placed solely on the participants to follow the information provided to them by the University.
12. How can participants gain access to campus facilities when processed as a vendor?
 - Participants processed as a vendor should be entered into the IRIS system as a "friend." This will allow the participant to have access to facilities and obtain a Vol Card.
13. Are participants processed as "vendors" covered under UT's liability insurance?
 - In order for participants to be covered under UT's General Liability Insurance they will need to be entered into the IRIS system as a "Friend". Once they are entered in as a friend, they will have the same coverage as a UT employee.

14. Who should departments contact for questions when processing stipends through Financial Aid?
 - Tim Woods – twoods3@utk.edu or Celena Tulloss - ctulloss@utk.edu
15. Who should departments contact for questions when processing stipends through the vendor system?
 - Kelly Rogers - rogersk@tennessee.edu
16. Who should departments contact for tax related questions when processing stipends for UT Students?
 - Megan Talley - mmtalley@tennessee.edu
17. The process for requesting stipend payments through Financial Aid is a manual “paper” process that is time consuming to departments. Are steps being taken to automate this process?
 - Yes, UT Financial Aid is working towards adding graduate student data into Academic Works, which will then allow stipends to be processed electronically.
18. Can departments fully complete the Vendor forms for participants, or does each participant have to officially sign their own documentation prior to receiving payments?
 - Participants will need to sign forms themselves. Departments can complete the information on their behalf; however, the forms will need to be signed with first-hand accountability prior to being processed.
19. When UT Students have questions about their eligibility or stipends received through Financial Aid, with whom should they contact?
 - One Stop
20. Has OneStop personnel been trained to fully answer questions regarding stipend payments charged to sponsored projects?
 - Although One Stop may not be as familiar with the stipend process as some of the staff in financial aid, they recognize the appropriate times to engage staff in the UT Office of Financial Aid for assistance. Additionally, One Stop has access to the notes and award details entered by financial aid staff.
21. If students feel uncomfortable with answers received through OneStop, who should they contact?
 - One Stop can connect the student with the staff in UT Financial aid, if needed. Tim Woods and Celena Tulloss would be the appropriate contacts.
22. If participants who receive stipends through Financial Aid owe money to the University will the stipend payment be received by them or will the funds be posted to the debt? And if so, is this any funds owed or only past due funds owed, such as upcoming tuition that hasn't yet past its due date?
 - If money is owed to the University, stipends will be posted to the debt for the current term and back within the academic year. Stipends will not be posted to future terms unless we are at the due date and are in the same academic term.