

Office of Budget and Finance

Knoxville Campus Procedure for processing stipends or fellowships to sponsored projects

The objective of this procedure is to provide guidance in the processing of stipends or fellowships on sponsored projects. The purpose of this procedure is to ensure compliance with Federal Internal Revenue Services and Financial Aid requirements, as well as, the Rule by the Management and Budget Office regarding Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Under Federal regulations, stipends and fellowships are defined as amounts paid or allowed to a student at an educational institution for the purpose of study or research. Uniform Guidance 200.75 identifies these costs as participant's supports costs and states, they are used for items such as stipends or substance allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

When initiating payments to participants on sponsored projects, departments must process these payments by one of two methods below, based on whether the participant is a UT Student or Non-UT Student.

- 1 UT Student Participants must be processed through Financial Aid.** The funds provided will need to be reviewed as part of their allowable aid package. Financial Aid will determine the impact on the aid package for each participant.
- 2 Non-UT Student Participants must be processed through A/P as a vendor.** This will require a "[Workers Classification Form](#)" and a "[T-27 Form](#)." These participants will be exempt from receiving a 1099 tax form from UT.

When completing the "Workers Classification Form" departments should select box "E" on the form and choose "No." Supporting documentation identifying the student as participating in a program will need to be attached. On page (3) of the form, you will check the last box in the categories list "Non-UT student support costs in a research experience program."