



Fellowships/Stipends vs. Wages

From the Employee Services website

"Fellowships" is NOT an employment classification.

Fellowship payments are not considered wages and do not create an employer-employee relationship. Fellowship payments are intended to support living expenses and do not require that employee services be performed in exchange. While these payments create a payroll record in the university Human Resources Management System (HRMS) when paid using HRMS, they do not create an employment relationship.

Fellowship or stipend payments can be paid through the payroll system, but since these payments are not made because of an employment relationship, payments to recipients who are U.S. citizens and resident aliens are not subject to federal and state income tax withholding and payroll taxes (i.e., FICA and Medicare taxes). The university has no tax reporting requirement for these payments, although recipients should be aware that these payments may be taxable income.

Nonresident alien recipients of fellowship or stipend payments are subject to federal tax withholding, and the university is required to report the information annually to the recipient and the Internal Revenue Service (IRS) on federal Form 1042-S.

U.S. citizens and residents for tax purposes should consider whether they need to make estimated tax payments in order to ensure they do not have a large tax liability when they file their tax returns.

Useful links

Employee Services on Using Fellowship Job Codes (3110 and 3200 Series):

<http://www.cu.edu/employee-services/policies/fellowship-job-codes>

Graduate School site providing various types of information about graduate assistantships including: a) grad student appointment manual, b) offer letter template, c) terms and conditions of appointment, d) salaries, etc. <http://www.colorado.edu/GraduateSchool/funding/admin.html>

College of Arts & Sciences – numerous templates specifically for A&S but provide a basis of what is offered in one college on campus.

<http://www.colorado.edu/ArtsSciences/facultystaff/administration/templates.html>

From: Additional Pay Form

Instructions for *stipend* earnings code on "Additional Pay" form states: "Use is restricted. Do not use to pay for services performed (to use this earn type no services can be required of the employee)." Note: Only students are eligible for this. <http://www.cu.edu/employee-services/policies/additional-pay>

From: Using Fellowship Job Codes (3110 and 3200 Series)

Specifically states that fellowship job codes should not be used for someone who is performing a service for the University and being supervised by a University employee (supervisor). A supervisor has the right to instruct the individual how, where and when to perform the activity and provides a performance evaluation, at a minimum annually to the employee.

From: OMB Circular A-21 (J.45.a.)

“Costs of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency.”