

University Policy 100.08

PAYMENT METHOD: TEMPORARY EMPLOYMENT AGREEMENT or STIPEND

Responsible Administrator: Associate Vice President of Fiscal Affairs

Responsible Office: Office of Fiscal Affairs

Originally Issued: February 2018

Revision Date:

Authority: Office of the President

Policy Statement

It is the policy of Claflin University to establish a method of payment for employees and students which is in compliance with IRS regulations governing such payments. This policy will help to ensure compliance as well as consistent payments to employees and students.

Statement of Purpose

In accordance with federal regulations, this policy establishes guidelines for service and non-service payments at Claflin University.

Applicability

This policy is applicable to employee and student payments.

Definitions/Relevant Explanation

1. TEA – the hiring of faculty, staff, and/or students on a temporary basis as the need arises (see Policy# 200.05).
2. Stipend – A payment which is **not** compensation for services rendered or work performed.
3. Academic Stipend – A payment related to a student's grade or grade point average.

PROCEDURES

It is the responsibility of supervisors to ensure that payments are processed in accordance with this policy. The payment methods along with applicable circumstances follow.

Service Payments, via Payroll (TEA)

This type of payment is relevant to performance of services in which deliverables are prescribed by and provided to the University. An example of a service payment would include pay for teaching an academic course. The following applies to service payments:

- Payment is processed through the University's payroll system during the normal pay cycle.
- Payments are subject to tax withholding.
- An IRS Form W-2 is issued.

Non-Service Payments, via Accounts Payable (Stipend)

This type of payment is made to individuals who do not provide a service. Examples of non-service payments include payments and other one-time monetary awards for attending training sessions, being the subject in a study, and completing a survey; also, awards to high-school students participating in a summer STEM program. Finally, non-service payments also include academic stipends.

Tax Liability

Payments may be subject to taxes due even if an IRS form is not provided. Please consult a tax professional concerning potential tax liability.