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**Stipend Policy**  
**Revised 2/1/2007**

The following policy and procedures should be used to determine when and how to issue stipend payments to individuals.

The CSU, Chico Research and University Foundation follow the Internal Revenue Service's definition to determine when a payment made to an individual qualifies as a stipend.

**Definition:** A stipend payment is used to defray expenses for a student, such as a degree candidate, or an individual attending a workshop. A stipend is paid for attendance or participation **ONLY**, not for services rendered. An amount paid for **“services rendered”** is a **“wage”** under the IRS regulations and must be paid as salaries and wages.

**A stipend is tax free if**

A. The recipient is

- an individual who is pursuing a degree at a college or university, or
- an individual who attends an accredited educational institution that is authorized to provide a program that is acceptable for full credit toward a bachelor's or higher degree, or in a program of training to prepare students for gainful employment in a recognized occupation.

**and**

B. The stipend is used for

- tuition and fees paid to enroll in or to attend an educational institution, or
- fees, books, supplies and equipment that are required for the courses at the educational institution.

Note: If the terms of the grant require that a stipend be used for other purposes, such as room and board, or specify that grant funds may not be used for tuition or course-related expenses, the amounts received under the grant are **NOT** tax free.

Prizes won in a contest, which does not require that the prize be used for educational purposes, are not stipends and are taxable regardless of how the money is used.

**How to process a Stipend payment:**

Stipend payments to CSU, Chico Students

1. A Payee Data Record must be completed and on file with the Foundations.
2. The Foundation's Student Stipend Payment Form must be completed and approved by the Office of Research and Sponsored Programs or Foundation Administration Office before payment can be processed. This form should be attached to a check request and submitted for payment to the appropriate office.
3. The student's ID number and the course number and title or program title for which the student is receiving credit must be indicated on the form before payment can be processed.

All other stipend payments

1. A Payee Data Record must be completed and on file with the Foundation.
2. The Foundation's Stipend Payment Form must be completed and approved by the Office of Research and Sponsored Programs or Foundation Administration Office before payment can be processed. This form should be attached to a check request and submitted for payment to the appropriate office.
3. The course number and title, workshop title or program title in which the individual is a participant must be indicated on the form before payment can be processed.