



**BOISE STATE UNIVERSITY**

University Policy 6360

## Non-Compensatory Payments to Students and Interns

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### **Effective Date**

August 18, 2020

### **Responsible Party**

Vice President and Chief Financial Officer, (208) 426-1200

Vice President for Student Affairs and Enrollment Management, (208) 426-1418

### **Scope and Audience**

This policy applies to all non-compensatory payments made to University students and interns.

### **Additional Authority**

Fair Labor Standards Act (FLSA)

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## **1. Policy Purpose**

To outline and define the requirements for eligible non-compensatory payments made by the University to students and interns.

## **2. Policy Statement**

Boise State University provides non-compensatory payments to students and interns to support scholarly or research activity, to show appreciation, and to remove barriers and/or defray costs associated with participation in student learning or other University-sponsored events and activities.

The University is committed to ensuring all non-compensatory payments are properly classified for tax, student financial aid, and other reporting purposes and are made solely for the purpose

of supporting a student or intern's educational activities. If a non-compensatory payment is related to an academic program or course requirement, it must be reported to the Financial Aid Office to determine if it should be included as estimated financial assistance in the financial aid package.

### **3. Responsibilities and Procedures**

As defined under this policy, a University department may provide a non-compensatory payment to a student or intern; however, the non-compensatory payment must not be provided in exchange for any type of work requirement or service conducted for, or on behalf of, the University. Non-compensatory payments are not wages and do not create an employer-employee relationship. A student or intern receiving a non-compensatory payment may be required to furnish progress reports, review materials, and participate in University activities at a designated time and place. The recipient's studies, research, or activities may be of some incidental benefit to the University.

#### **3.1 Expense Reimbursements**

A student may receive reimbursement for authorized expenses incurred in the course of conducting University business. See University Policy 6180 (Travel) and University Policy 6240 (Meals and Refreshments).

#### **3.2 Gifts, Awards, and Incentives**

Gifts, awards, and incentives may be given to a student or intern to show appreciation for, or to recognize and encourage their dedication, support, and participation in carrying out the University's mission. Gifts, awards, and incentives must be reasonable in price, comply with funding source restrictions, and meet the requirements specified in University Policy 6230 (The Purchase and Offering of Gifts/Awards/Incentives).

#### **3.3 Nominal Fee Payments**

A nominal fee payment must comply with funding source restrictions and meet the requirements specified in University Policy 6230 (The Purchase and Offering of Gifts/Awards/Incentives).

#### **3.4 Non-Compensatory Internship Payments**

A student may receive a non-compensatory internship payment intended to offset expenses incurred as a result of participating in an internship activity. The student intern role must meet all of the following criteria:

- a. The training is for the benefit of the student, not the University, and it must not be a requirement for completion of the enrolled degree program;
- b. The student does not displace regular employees but works under their close supervision;
- c. The University receives no immediate advantage from the activities of the student and on occasion, its operations could be impeded;
- d. The student is not entitled to a job at the conclusion of the internship period; and
- e. The University and the student both understand the student is not entitled to wages for the time spent in training, as documented in writing and signed by the student.

### **3.5 Participant Fee Payments**

A student may receive a participant fee payment for participating in an activity to achieve a defined scope of work, or for participating in a program for a conference or education/training activity that is not a requirement for completion of the enrolled degree program. Program participants must personally benefit from the activity and must not perform work or services for the University to receive the payment.

### **3.6 Scholarship and Fellowship Payments**

A scholarship or fellowship payment may be made to, or on behalf of a student by the University, or a third party (unrelated to the recipient), to provide financial assistance for a student to pursue research or a course of study. To be classified as a scholarship or fellowship, the payment must meet the following criteria:

- a. The primary purpose of the payment is to further the goals of the individual in their academic or personal research capacity and the primary beneficiary of the activity is the student rather than the University. Evidence that a payment is for the primary benefit of the student may include:
  - Payment is typically at the beginning of a term or activity, with no obligation to complete specific tasks or activities.
  - Student requirements are limited to enrollment and satisfactory progress toward program requirements.

- Payment is intended to defray living and/or academic expenses while the student is conducting independent research or participating in training or learning experiences designed to further the student's educational development.
  - Any direction by the University is focused on the student's academic program completion.
  - Payment is not in exchange for past, present, or future services performed by the student.
  - There is limited or incidental benefit to the University.
- b. The payment does not represent compensation for past, present, or future service. Evidence that a payment is compensation may include:
- The University has direction and supervision over how the student accomplishes specific activities.
  - The student is selected for payment based on competency, skills, or ability to complete specific tasks.
  - The student is participating in an activity that generates revenue.
  - The student's study/research is primarily for the benefit of the University (e.g., the student is working on a faculty member's research project).
  - Another individual would have been hired to do the work if the student was not performing it.
  - The payment is contingent upon the student completing a body of work or activity for the University and payment can be withdrawn or suspended if the student discontinues their work or engagement in the activity.

### **3.7 Stipends**

- a. Stipends are payments made to a student for subsistence support, academic travel, or to defray living expenses incurred while attending school or participating in an educational enrichment opportunity. A stipend may represent non-compensatory taxable income for the student or intern.

- b. The University cannot pay stipends in exchange for services. Payments for services are wages and must be paid through University payroll.
- c. Stipends paid to a student must be reported to the Financial Aid Office.

### **3.8 Income Tax Considerations**

- a. Non-compensatory awards, scholarships, fellowships, grants, and stipends for which no services are required are taxable non-employee income to the recipient, except for the portion of these funds used for tuition, registration, other University fees, books, supplies, and equipment required for the course(s) being taken. The recipient is responsible for determining the value of tuition, registration, other University fees, books, supplies, and equipment.
- b. Recipients are encouraged to consult with a personal tax professional for advice on tax implications of any non-compensatory payments received under this policy.

## **4. Related Information**

University Policy 6180 (Travel)

University Policy 6230 (The Purchase and Offering of Gifts/Awards/Incentives)

University Policy 6240 (Meals and Refreshments)

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## **Revision History**