**Updated: Processing of stipends, awards, traineeships, etc. to participants on sponsored projects**

When initiating payments to participants on sponsored projects using participant support cost (PSC) funds, departments must process these payments in accordance with Uniform Guidance (UG), sponsor specific requirements, and Financial Aid regulations.

**In order to ensure compliance, the following methods must be used:**

* **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.
* **Non-UT Student Participants must be processed through A/P as a vendor**. This will require a “[Workers Classification Form](https://finance.tennessee.edu/wp-content/uploads/forms/Workers-Classification-Questionnaire.pdf)” and a “[T-27 Form](http://finance.tennessee.edu/wp-content/uploads/forms/T-27.pdf).” 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.”

Some departments have asked, how to gain access to UT facilities for non-UT Student participants. Departments should enter the participant into the IRIS system as a guest. This will allow them to receive an ID card to access facilities during their experience.

Within the next couple of weeks, Sponsored Projects Accounting will have a training module available outlining not only the process with each method but any concerns that may need to be addressed.

Also, SPA is working with Financial Aid, Budget and Finance, Accounts payable, and Payroll, to create a letter that will be available to departments for inclusion in any participant packets given.

Below are the guidance/requirements supporting why the methods listed above are being required.

**Uniform Guidance Requirements:**

UG 200.75 Participant Support Costs, 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.

**NSF Proposal & Award Policies & Procedures Guide (PAPPG) & Research Experience for Undergraduates (REU) Requirements:**

Specifically supports the UG definition and disallowance of participant support being paid to employees.

**Financial Aid:**

The Federal Student Aid handbook states:

When classifying non-FSA sources of aid, if a student receives the award because of postsecondary enrollment (for example, a scholarship from a local social club that requires a student to be attending a postsecondary school), it counts as estimated financial assistance (EFA) if it is not considered wages for employment according to federal or state rules, or if it is considered wages and is based on need.

**IRS Guidelines:**

[Topic Number 421 – Scholarships, Fellowship Grants, and Other Grants](https://www.irs.gov/taxtopics/tc421)