WaveWorks!

Payments to Tulane Students

User Guide

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Payments to Tulane Students

This guide provides Tulane employees with a comprehensive reference for classifying and processing payments to Tulane students.

Each scenario includes the appropriate payment method, tax reporting requirements, and key distinctions to ensure compliance with IRS regulations, Department of Education financial aid rules, and University policy.

For payment questions not covered by this document, please reach out to student employment, accounts payable or student accounts depending on the nature of the payment.

Please note that Tulane students are not eligible for Honoraria payments.

Compensation / Service-Based Payments

Payments in this category are made in exchange for services rendered to the University. Regardless of what the payment is called — bonus, stipend, award, or appreciation — if the student performs work or services for the University, the payment is compensation and must be processed through Payroll.

These payments are subject to FICA taxes and federal and state tax withholding and are reported on Form W-2.

The student must be hired in the student position.

Key Requirement: Any payment made in exchange for, or in recognition of, services rendered to the University must be treated as wages — regardless of what the department calls it. Labels like "bonus," "gift," or "appreciation award" do not change the tax character of a payment that is fundamentally tied to employment performance.

Payment Method: Must be submitted to Payroll for processing.

Tax Reporting: Reported on Form W-2 as wages. Subject to all applicable payroll taxes (FICA, federal, and state income tax withholding).

Examples:

Assistantship Stipend

- **Definition**: A graduate student serves as a Teaching Assistant (TA), Research Assistant (RA), or Graduate Assistant (GA) and receives a stipend as part of their assistantship appointment. The student performs services — such as grading, teaching sections, proctoring, conducting lab work under a PI's direction, or providing administrative support — in exchange for payment.
- **Payment Mechanism:** Payroll
- **Payment Process:** ICP (Individual Compensation Plan)

Hourly Student Worker

- **Definition:** A student is hired by a department, unit or lab to perform specific services – such as administrative assistant, recreation staff, tutor or library workers, etc. This work is paid for via the student punching in and out through WaveWorks to track their hours worked.
- **Payment Mechanism:** Payroll
- **Payment Process:** Timesheet Approval by Line Managers

Student Worker Performance Bonus/Award

- **Definition:** A department awards its best student worker $500 for exceptional work performance during the semester. This payment recognizes services rendered in a campus employment role. This includes awards given to Teaching Assistants, Research Assistants or Graduate Assistants.
- **Payment Mechanism:** Payroll
- **Payment Process:** ICP (Individual Compensation Plan)

Student hired to create a research product

- **Definition:** A department pays a student to build an AI tool for a university laboratory. While the student may gain scholarly experience incidentally, the work product belongs to Tulane and directly serves Tulane's operational needs. This is work-for-hire, not education.
- **Payment Mechanism:** Payroll
- **Payment Process:** ICP or Timesheet Approval (determined by department)

Student hired to perform at Tulane event

- **Definition:** A student is hired to perform (sing, play an instrument, etc.) for any Tulane event.
- **Payment Mechanism:** Payroll
- **Payment Process:** ICP or Timesheet Approval (determined by department)

Recurring Non-Service Required (NSR) Stipends

Payments in this category are forms of gift aid — financial support provided to students to further their scholarly development, with no requirement to perform services for the University.

A key distinction from traditional financial aid is this is not intended to pay for educational & other service costs billed by Tulane University (e.g., tuition and fees).

Stipends are paid directly to students, regardless of any costs of attendance they may owe.

Key Requirement: A Student NSR Stipend must pass a five-criterion evaluation ensuring it is intended for educational support rather than compensation.

- The recipient must be a currently registered student.
- The payment is not conditioned on the performance of specific tasks, work assignments, or deliverables.
- The student must be the primary beneficiary of the activity—such as a fellowship or training grant—rather than the University.
- The payment must exist within an educational context that supports the student's degree pursuit or scholarly development.
- The payment must be properly classified as a stipend for living expenses or study support. This is not a reimbursement for documented receipts, a prize for a past achievement, or wages for services rendered.

Payment Method: Recurring (monthly) non-service stipend payments are initiated through a new workflow tool and processed in Banner through Financial Aid and Student Accounts.

An award letter must be available and may be requested, but it is not required to be attached to the payment request.

Disbursements are made monthly to the student based on the semester disbursement schedule.

Tax Reporting: All forms of non-service stipends are non-qualified (taxable) gift aid. However, the University is required to withhold taxes only on gift aid paid to non-resident alien students.

For more detailed information, view our webpage for [Tax Information International Students Receiving Scholarships, Fellowships, or Non-Service Stipends.]

Recurring NSR stipends are reported on Form 1098-T as a scholarship or grant. International (NRA) students also receive Form 1042-S, including the amount of federal tax withheld on gift aid payments in the tax year.

Examples:

Doctoral Candidate Fellowship or Stipend

- **Definition:** A department provides a PhD candidate pursuing advanced research or study with a recurring monthly stipend to cover living expenses and general academic support for a semester or year.
- **Payment Mechanism:** Student Accounts Workflow Tool
- **Payment Process:** Monthly disbursement from Student Accounts based on the semester schedule.

Internship position at Tulane for Scholarly Development

- **Definition:** A department appoints a student and provides a stipend for an unpaid internship in which academic work is performed solely for the student's scholarly development. This work must be fully designed and completed by the student, with faculty advice but without faculty input that would constitute co-authorship. Any payment related to defined deliverables or services of benefit to the University must be treated as employment compensation.
- **Payment Mechanism:** Student Accounts Workflow Tool
- **Payment Process:** Monthly disbursement from Student Accounts based on the semester schedule.

External Internship (Externship) for Scholarly Development

- **Definition:** A student participates in an unpaid internship at an external organization, and the University provides a stipend to cover the student's living expenses during the externship. No service is required or received by the University — the student's work benefits the external host organization, not Tulane.
- **Payment Mechanism:** Student Accounts Workflow Tool
- **Payment Process:** Monthly disbursement from Student Accounts based on the semester schedule.

One-Time Non-Service Required (NSR) Stipends

Payments in this category are forms of gift aid — financial support provided to students to further their scholarly development, with no requirement to perform services for the University.

A key distinction from traditional financial aid is this is not intended to pay for educational & other service costs billed by Tulane University (e.g., tuition and fees).

Due to elevated compliance risks associated with one-time payments, an award letter must be attached to the payment request, and this letter must use the One-Time NSR Stipend Template and provide answers to all five criteria.

Key Requirement: A Student NSR Stipend must pass a five-criterion evaluation ensuring it is intended for educational support rather than compensation.

- The recipient must be a currently registered student.
- The payment is not conditioned on the performance of specific tasks, work assignments, or deliverables.
- The student must be the primary beneficiary of the activity—such as a fellowship or training grant—rather than the University.
- The payment must exist within an educational context that supports the student's degree pursuit or scholarly development.
- The payment must be properly classified as a stipend for living expenses or study support. This is not a reimbursement for documented receipts, a prize for a past achievement, or wages for services rendered.

Payment Method: Processed through Accounts Payable via the Candex platform in WaveWorks Procurement.

Tax Reporting: All forms of non-service stipends are non-qualified (taxable) gift aid. However, the University is required to withhold taxes only on gift aid paid to non-resident alien students.

For more detailed information, view our webpage for Tax Information International Students Receiving Scholarships, Fellowships, or Non-Service Stipends.

Recurring NSR stipends are reported on Form 1098-T as a scholarship or grant. International (NRA) students also receive Form 1042-S, including the amount of federal tax withheld on gift aid payments in the tax year.

Summer Research Fellowship or Stipend

- **Definition:** A department provides a one-time payment to support a student's supervised summer research project, including allowances for the student's own project expenses, books, and supplies. This payment is made in lieu of employment to focus on their scholarly development.
  This is not intended for a Graduate Student's summer TA, RA or GA stipend.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the One-Time NSR Category at the time of the award

Internship position at Tulane for Scholarly Development

- **Definition:** A department appoints a student and provides a stipend for an unpaid internship in which academic work is performed solely for the student's scholarly development. This work must be fully designed and completed by the student, with faculty advice but without faculty input that would constitute co-authorship. Any payment related to defined deliverables or services of benefit to the University must be treated as employment compensation.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the One-Time NSR Category at the time of the award

External Internship (Externship) for Scholarly Development

- **Definition:** A student participates in an unpaid internship at an external organization, and the University provides a stipend to cover the student's living expenses during the externship. No service is required or received by the University — the student's work benefits the external host organization, not Tulane.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the One-Time NSR Category at the time of the award

Visiting Student Support (Non-Student)

- **Definition:** A student from another university is visiting Tulane for a summer research collaboration and receiving financial support from

Tulane for living expenses during their visit. They are enrolled in a degree program at their home institution but are not registered at Tulane.

- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the One-Time NSR Category at the time of the award
- **Important:** If the visitor is performing tasks directed by Tulane faculty that primarily benefit Tulane's research mission or operations, the payment is compensation and must be routed to Human Resources for proper classification as an independent contractor or temporary employee.

Visiting Scholar Research Fellowship or Stipend

- **Definition:** A department invites a scholar from another institution to participate in academic research, collaboration, or other scholarly activities that enhance the University's educational and research mission. The stipend is provided to support the scholar's temporary academic engagement and is not payment for employment, consulting, or other contracted services.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex (One-Time Participant Support)
- **Important:** Payments are generally processed as a one-time lump-sum stipend through Candex based on approved invitation or fellowship documentation and participation dates. For extended visiting scholar appointments, quarterly payments may be processed when necessary and supported by appropriate documentation. Appropriate documentation must support each payment amount and applicable payment period.

Student Travel

- **Definition:** A department provides a one-time payment to support a student’s supervised summer research project, including allowances for the student's own project expenses, books, and supplies. This payment is made in lieu of employment to focus on their scholarly development. This is not intended for a Graduate Student’s summer TA, RA or GA stipend.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the One-Time NSR Category at the time of the award

IMPORTANT All university related travel must comply with the University’s Travel Policy.

One Time Prize or Awards

Payments in this category are made to students for non-employment-related prizes and awards. These payments are not to support the student but are merit based.

Key Requirement: There is no service to the university required and is for a merit-based performance/activity not connected to a student's employment with the university. An award letter must be included with the payment request.

Payment Method: Processed through Accounts Payable via the Candex platform in WaveWorks Procurement.

Tax Reporting: May be taxable to the student. Reported on Form 1099 (domestic) or Form 1042-S (international).

Examples:

Academic Award (Highest Test Scores, typically one-time)

- **Definition:** A department awards a student $500 for having the highest test scores for the semester. This is a merit-based academic prize with no service requirement.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the Prizes and Awards Category at the time of the award

Competition Prize

- **Definition:** A department awards a student $750 for winning a contest in their field. This is a competitive academic prize recognizing scholarly achievement.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the Prizes and Awards Category at the time of the award

Note: The distinction between an academic prize and a service payment depends on whether the essay was produced as part of the student's own academic pursuits or was commissioned by the department for a specific University purpose. A contest open to all students in a field, judged on merit, is clearly a prize. A department paying a specific student to write content for university use is compensation for services.

Expense or Travel Reimbursement

Payments in this category reimburse students for documented, receipted expenses they have already incurred.

The student has no economic gain; they are simply being made whole.

If documentation is insufficient or untimely, or if the payment exceeds documented expenses, it may need to be reclassified as taxable income.

Key Requirement: The student has paid out of pocket for the expense and provides itemized receipts with proof of payment totaling the reimbursement. The Itemization Reimbursement Form and all receipts must be included with the payment request. Additionally proof of attendance and the conference agenda must be attached for any conference travel.

Payment Method: Processed through Accounts Payable via the Candex platform in WaveWorks Procurement.

Tax Reporting: When properly substantiated under an accountable plan — meaning the expense is University-authorized, receipts are provided, and the reimbursement matches the documented cost — these payments are not taxable income, and no IRS form is issued.

Examples

Student Travel Reimbursement

- **Definition:** A department operates a program that allows authorized students to receive a maximum reimbursement (e.g., $300) for travel related to a University-authorized activity — such as a club competition, professional development conference, or academic field trip. The student is reimbursed for documented out-of-pocket expenses.
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the proper Category after the travel has concluded. Possible Categories:
    - Domestic Conference Fees
    - Domestic Travel Reimbursements
    - Foreign Conference Fees
    - Foreign Travel Reimbursements

IMPORTANT All university related travel must comply with the University's Travel Policy.

Expense Reimbursement

- **Definition:** A student incurs out-of-pocket expenses on behalf of their own academic project or their department and the department reimburses the student for documented costs.
    - Examples-
    - A student pays a recording studio for their thesis project
    - A student purchases lab supplies for their dissertation research
    - A student purchases lab supplies for lab research
    - A student purchases a publication or subscription that is reimbursed
    - A student incurs an entertainment expense on behalf of the university (e.g. taking a speaker or job candidate to lunch)
- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the proper Category. Possible Categories:
    - Business Entertainment- Guests, Alumni, Students
    - Recruitment Expenses- Guests, Alumni, Students
    - Student Reimbursements Books, Publications, Subscriptions
    - Student Reimbursements Supplies/Operating Expenses

IMPORTANT Amazon purchases made outside of the approved Amazon Punch-Out process generally do not qualify for reimbursement and should be purchased through the University's approved procurement process.

Other Payments

This category covers payments that do not fit neatly into the other categories.

Key Requirement: Does not fit into any of the above categories/criteria
Payment Method: Dependent on the specifics of the payment
Tax Reporting: The tax treatment varies by scenario — some are non-taxable business expenses, while others are taxable income reported on Form 1099 or 1042-S. The key distinctions depend on the purpose of the payment and who primarily benefits.

Emergency Financial Aid Grant

- **Definition:** A student experiences unexpected financial hardship — such as a medical emergency, housing crisis, or family emergency — and receives a one-time emergency grant from the University to help cover immediate needs.
- **Payment Mechanism:** Student Resources and Support Services Office

- **Payment Process:** Disbursed to the student via Student Accounts direct deposit.
- **Tax Reporting:**

Research Participant Payment

Definition: A student or non-student participates in a University-conducted research study — such as a focus group, clinical trial, survey, or behavioral experiment — and receives payment for their participation.

- **Payment Mechanism:** Accounts Payable
- **Payment Process:** Candex using the Study Participants Category.
- **Tax Reporting:** Reportable on Form 1099 only if total payments to the individual exceed $600 in a calendar year. Below $600, the University is not required to issue a form — though the income remains taxable to the recipient regardless of whether a form is issued.
- **Important Notes:** Research participant payments are not scholarships, fellowships, or stipends. They are payments for the participant's time and inconvenience. Anonymous participants may be paid via gift card or cash advance procedures per Institutional Review Board (IRB) approved protocols. Departments must maintain a log of all participant payments for audit and compliance purposes.

Traditional Scholarships or Grants

Students may receive merit- or need-based scholarships or grants that apply directly to their billed costs of attendance in Student Accounts.

These costs may include, but are not limited to, tuition, fees, on-campus housing, on-campus meal plans, student health insurance, and other support for billed costs.

These scholarships and grants typically reduce the student's billed balance, but in rare circumstances, may result in a refundable balance if the award(s) exceeds costs.

Key Requirement: To qualify as a traditional scholarship or grant, the payment must be "gift aid” meaning it is not contingent upon the performance of any services, such as teaching or research, for the University.

The award must be documented on letterhead to the student – typically included on their letter of admission.

Payment Method: Processed through Financial Aid and applied as a credit to the student's account in Banner. If this credit application results in an overall credit balance on the student's account, it may be refundable to the student under certain circumstances.

Tax Reporting: All gift aid is reported on Form 1098-T (Box 5 — Scholarships or Grants). For non-resident alien students receiving excess qualified and/or non-qualified gift aid, Tulane is required to withhold income taxes on these payments. These withholdings will be added as charges to students' accounts to offset the gift aid.

In addition to Form 1098-T, international students will also receive Form 1042-S.

Qualified Gift Aid:

Is gift aid that is applied to qualified charges, including tuition and fee costs that are mandatory for enrollment.

Qualified gift aid is generally tax-exempt.

Qualified Gift Aid that exceeds the balance of the qualified charges may be taxable.

Non-Qualified Gift Aid:

Is gift aid awarded for a purpose other than discounting qualified charges, including but not limited to housing, meal plans, travel expenses associated with an abroad or field study program, student health insurance, and other personal living expenses.

Important: US citizens and lawful permanent residents do not receive a separate tax form for the taxable portion of gift aid. They are responsible for calculating and reporting any taxable scholarship income on their personal tax return using their own financial records. Form 1098-T is an information report designed to verify eligibility for certain education tax credits. This form cannot, by itself, be used to accurately calculate the balance of taxable gift aid.