

Definition of Payments

Stipends

A stipend is a periodic payment other than wages paid to a student in connection with educationally-related activities undertaken by the student.

Stipends may be paid in various forms. It can be an amount paid to a graduate, undergraduate, or postdoctoral student as a scholarship, fellowship, financial assistance grant, training grant, or other contribution to support educational or training expenses, including tuition, living costs and other incidental expenses.

Stipends are not compensation, and cannot be paid, for services rendered. A stipend is distinct from wages or salaries because it is not intended to compensate a student for work performed. Rather, it is intended to free up a student to undertake a role in connection with educational studies or research that would normally be uncompensated, without having to assume other compensated employment to pay his/her bills. Students usually receive benefits from the academic studies or research toward their education. For this reason, stipends are often paid to graduate students who are not required to report "hours" associated with the activities performed.

Where similar work either is or is currently being paid to other students as wages, stipends are inappropriate. Work without a direct connection to a student's educational studies or research is not appropriate for stipends. Stipends are not permitted to avoid wage and hour reporting requirements, overtime pay, or minimum wage requirements. Consequently, stipends may not be paid to students unless (1) the student's activities related to the stipend are substantially unsupervised and (2) the hours in which the student performs the services are not easily tracked. For example, resident hall assistants, creative personnel in Student Media, student athletics team managers, and MUSG officers perform activities intermittently and during irregular hours, fulfilling this requirement. In these circumstances, the amount of the stipend should nevertheless be determined in a manner to assure that the student receives compensated at or above the applicable minimum wage given a reasonable estimate of the amount of time that the student will dedicate to the activities. In addition, the reasonable estimate of the amount of time that the student will dedicate to the activities must be consistent with full-time student status.

Payment of stipends other than to students is not permitted. Additional compensation used to pay an employee (non-student) who is temporarily assigned responsibilities of a higher level position will be considered "additional pay."

Graduate Student

Since services are not required, a graduate student is not subjected to minimum wage and overtime pay provisions because an **employee-employer relationship does not exist**. A graduate student may receive a stipend for their services under a grant or contract.

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According to the Fair Labor Standards Act (FLSA), the following criteria must be met to be considered a graduate student:

1. Enrolled in graduate school;
2. Engaged in research in the course obtaining advanced degree;
3. Research is performed under the supervision of a faculty member; AND
4. Research under a grant or contract.

More specifically, Marquette University defines a *graduate assistant* as a student who:

1. is working toward a graduate or professional degree or certificate; AND
2. is eligible to register as a graduate or professional degree seeking student; AND
3. is engaged for the primary purpose of assisting in classroom or laboratory instruction or in the conduct of research; AND
4. is receiving a monthly stipend (typically 10 months) for approximately 20 hours or more hours of work weekly; AND/OR
5. is receiving a tuition scholarship each semester.

Scholarship and Fellowship

A scholarship is an amount provided for the benefit of a student to aid in the pursuit of studies.

A fellowship grant is an amount provided for the benefit of an individual to aid in the pursuit of study or research. It is a form of financial assistance awarded primarily on the basis of academic achievement and vocational and professional objectives. Generally, graduate and post-graduate students are not required to render services to the school as a consideration of their awards or to repay them.

Payments for qualified scholarships, as well as payments to non-degree candidates and for non-qualified expenses that are not made as compensation for services rendered, may be processed by Accounts Payable.

Internship

The Fair Labor Standards Act (FLSA) specifies that an **employee-employer relationship does not exist** if the following criteria for an internship is met:

1. The internship is similar to training which would be given in an educational environment;
2. The internship experience is for the benefit of the intern;
3. The intern does not displace regular employees, but works under close supervision of existing staff;
4. The employer receives no immediate advantage from the activities of the intern;
5. The intern is not necessarily entitled to a job at the conclusion of the internship; AND
6. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

The student may receive a stipend and still not be considered employees as long as the stipend does not exceed a reasonable estimate of the students' expenses.