**Grand Valley State University**

**Making Fellowship vs Employee Determination Form**

Generally, a fellowship or scholarship (hereafter fellowship) payment is one made to, or for the benefit of, an individual to aid the individual in the pursuit of studies or research. If, however, a purported fellowship amount represents payment to the individual for the required performance of teaching, research, or other services, such amounts must be treated as employee wages.

Grand Valley State University is responsible for correctly classifying payments made to individuals. Misclassifying employees as fellows, or vice versa, may expose GVSU and the individual involved to significant adverse tax consequences or unintended financial aid implications. For example, a department misclassifying an employee as a fellow could be responsible for payroll tax withholding (FICA, federal and state income tax) for both the individual and GVSU, typically equal to more than 40% of the amount paid. Conversely, if a department misclassifies a fellow as an employee, both the individual GVSU may be required to make unnecessary FICA tax payment totaling approximately 15% of the amount paid.

This form is intended to help departments with making fellowship vs. employee determinations. This form should be completed before making any type of payments. This form does not apply to payments for services made to individuals employed as independent contractors. Amounts paid pursuant to employment appointments are properly classified as wages.

Department Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FOAP: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Grant PI: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SECTION A:**

Please provide a brief description of the purpose of the fellowship.

**SECTION B: Employee Fellow**

|  |  |  |  |
| --- | --- | --- | --- |
| 1. | Is the individual required to perform past, current or future  service for the university as a condition of receiving the payment  (such as teaching or research) | \_\_\_\_\_\_  Yes | \_\_\_\_\_\_  No |
| 2. | Is the payment that is made to the individual charged to an  agreement under which the university has agreed to perform specific research or another university contractual obligation? | \_\_\_\_\_\_  Yes | \_\_\_\_\_\_  No |
| 3. | Does the funding source prohibit the payment of fellowships with the funds or require that payments to individuals be for compensation for personal services? | \_\_\_\_\_\_  Yes | \_\_\_\_\_\_  No |

If any answer is yes, the payment should be treated as wages. If no answer is yes, continue to Section C.

**SECTION C: Employee Fellow**

|  |  |  |  |
| --- | --- | --- | --- |
| 1. | Even if the individual is not required to perform services to receive  the payment, do the activities that the person conducts primarily  (a) benefit the university, or (b) further the individual’s training and skill development? | \_\_\_\_\_\_\_  (a) | \_\_\_\_\_\_\_  (b) |
| 2. | Are the areas of the individual’s projects primarily (a) determined  solely by an advisor or supervisor with no discretion by the individual,  or (b) determined in consultation between the individual and the  Individual and the individual’s faculty advisor and/or faculty mentor? | \_\_\_\_\_\_\_  (a) | \_\_\_\_\_\_\_  (b) |
| 3. | Does the individual serve primarily as a replacement or substitute for an employee, such as a laboratory technician? | \_\_\_\_\_\_\_  Yes | \_\_\_\_\_\_\_  No |
| 4. | Is the individual required to primarily perform his/her activities according to certain planned time schedules, e.g., a specified number of hours a day or week and a specified number of weeks during the year? | \_\_\_\_\_\_\_\_  Yes | \_\_\_\_\_\_\_ No |
| 5. | Is the individual subject to the same, or higher, level and type of supervision over the conduct of his/her activities as a university teacher, or graduate assistant employee? | \_\_\_\_\_\_\_\_  Yes | \_\_\_\_\_\_\_ No |

If three (3) or more of the fellow boxes are marked, the payment should be treated as a fellowship for tax purposes. If fewer than three (3) boxes are marked, the payment should be treated as wages.

Please send completed forms to Erica Herwig at herwige@gvsu.edu.