

# Fellowship Policies and Procedures

Office of Grants Management

Research Foundation of SUNY  
Stony Brook University

*November 2008*



# Objectives

- Define Fellowships
- Instructions for Academic Fellowship form completion
- Review Fellowship Health Insurance
- Procedures on taxing Fellowship payments

# Research Foundation Policy For Fellowships

A Fellowship provides non-wage payments in support of a recipient's academic study or Fellow-initiated research and in recognition of the recipient's promise as a research or teaching scholar.

\* Source:

<https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/>

# Research Foundation Policy For Fellowships

Fellowship awards administered by the RF on behalf of SUNY are for scholarly study or research by faculty members; post doctoral scholars, undergraduate and graduate students at a SUNY campus or at other locations in conjunction with SUNY academic programs.

# RF Policy For Non-Faculty Fellowships (cont.)

Most Fellowships require a commitment of 40 hours per week to the Fellowship training. Therefore, Fellows can rarely be paid as both a Fellow AND as an employee. Their Fellowship/training would leave little time for a regular appointment .

# RF Policy For Non-Faculty Fellowships (cont.)

Should a Fellow be offered an opportunity to perform extra service employment in addition to his/her Fellowship obligation a justification from the Fellow & Project Director is required stating that this appointment is above and beyond the Fellowship commitment and is not connected to, and will not interfere with the Fellowship obligation.

# RF Policy For Non-Faculty Fellowships (cont.)

## Visa

F1 or J1 is the typical visa status for a Fellow. Fellows may not be in H-1B temporary worker status. H-1B is a non-immigrant status for an employee; someone who is approved to undertake specific responsibilities and will be performing a service for the Research Foundation.

\* source: <https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYR...>

# RF Policy For Non-Faculty Fellowships (cont.)

Payment to a Fellow is made in the form of a stipend. The Fellow is not performing a service for compensation.

(Fellows are not employees)



# RF Policy For Non-Faculty Fellowships

Various sponsors provide funding in support of Fellows. They include, but are not limited to NSF, NIH, AHA, Guggenheim, etc....

# RF Policy For Non-Faculty Fellowships

Although a Fellow is not an employee, payment is generated through the payroll process. A completed Academic Fellowship form is submitted to the RF Payroll Office. The total stipend amount is distributed via biweekly pay periods within the Fellowship Award budget period.

Note: prior to appointing a Fellow to an individual NIH National Research Service Award (NRSA), a Fellowship Activation Notice -Form #PHS 416-5 (Rev. 10/05) should be submitted to the Office of Sponsored Programs.

# RF Policy For Non-Faculty Fellowships

Fellows are not employees, therefore RF fringe benefits are not associated.

However, some Fellows are eligible for health insurance coverage under the Graduate Student Employee Health Plan.

(Details on Page 21)

# Fellowships

The Academic Fellowship form can be found on the Research Foundation business forms website:

[http://\\$FILE/HAFRM0naples.cc.sunysb.edu/Admin/HRSForms.nsf/33dcf6dd74b5d6c285256ad20067b72d/c5cc6a0635954c3085256a7d004fe1d701.pdf](http://$FILE/HAFRM0naples.cc.sunysb.edu/Admin/HRSForms.nsf/33dcf6dd74b5d6c285256ad20067b72d/c5cc6a0635954c3085256a7d004fe1d701.pdf)

# F



THE RESEARCH FOUNDATION  
The State University of New York

## ACADEMIC FELLOWSHIP FORM

SECTION 1	(Please Circle) <input type="checkbox"/> New <input type="checkbox"/> *Change <input type="checkbox"/> Addition to		
	<b>PEOPLE DATA</b>		
Last Name:		First Name:	Middle Name:
Title: <input type="checkbox"/> Dr. <input type="checkbox"/> Mr. <input type="checkbox"/> Miss <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> M. <input type="checkbox"/> F.			
SS # (if new to RF):		Assign. #	Birth Date:
Nationality: <input type="checkbox"/> US Citizen: <input type="checkbox"/> Non-Citizen in US on VISA <input type="checkbox"/> Non-Citizen Not in US; <input type="checkbox"/> Perm. Resident			
Mail To: <input type="checkbox"/> Home <input type="checkbox"/> Office		*Ethnic Origin: <input type="checkbox"/> Alaskan Native <input type="checkbox"/> American Indian <input type="checkbox"/> Asian <input type="checkbox"/> Black <input type="checkbox"/> Caucasian <input type="checkbox"/> Pacific Islander <input type="checkbox"/> Hispanic	
*Visa Type:		*Country:	
Check Delivery Drop:		*Attach copy of passport, visa, I-94 and I-20 or IAP66	
<b>SPECIAL INFO</b>			
Education Level:		Degree Expected:	Date Degree Expected:
Other Special Info: <input type="checkbox"/> Y <input type="checkbox"/> N		Specify:	
<b>ADDRESS</b>			
US Address (Primary Address in United States):			
City:		State:	Zip Code:
County:		Country:	
Address 2: <input type="checkbox"/> US <input type="checkbox"/> Foreign			
City:		State:	Zip Code:
Country:		Country	
SECTION 2	<b>Health Insurance</b>		
	Grant Pays:		Fellow Pays:
		Individual	Individual +1: Individual +2
***Fellow must submit Health Insurance Form		Contact Lisa Coleman @ 2-6144	
SECTION 3	<b>ASSIGNMENT</b>		
	Organization:		Group: <i>Fellow</i>
SECTION 4	<b>SALARY</b>		
	<b>AWARD DATA</b>		
Award Amount: \$		Fellow Type: <input type="checkbox"/> Faculty <input type="checkbox"/> * Postdoc <input type="checkbox"/> Grad <input type="checkbox"/> UnderGrad	
Award Begin Date:		Award End Date:	
<p>***If changing enter award amount and dates</p> <p>* If Postdoc attach copy of PhD</p>			



**ACADEMIC FELLOWSHIP FORM**

SECTION 5

**Current LABOR DISTRIBUTION**

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_

Project	Task	Award	Organization	Expenditure Type	Start Date	End Date	%

SECTION 6

**New LABOR DISTRIBUTION**

*Schedule Line Changes*

Project	Task	Award	Organization	Expenditure Type	Start Date	End Date	%

SECTION 7

**Fellow Health Insurance Labor Schedule**

Project	Task	Award	Organization	Expenditure Type	Start Date	End Date	%

SECTION 8

**DECLARATION** (Required for funded awards)

I acknowledge that my services are required of me in consideration of the stipend provided by this fellowship award. I have read the Project Waiver and Release Agreement and agree to abide by its terms and understand that as a fellowship recipient engaged in study or research on a State University of New York campus, I am subject to this policy and the University's academic policies applying to fellowship recipients.

Fellowship Recipient: \_\_\_\_\_  
(Signature) (Date)

SECTION 9

**APPROVALS**

This assignment is permissible under the terms stated by the above sponsor.

Project Director/Co-Project Director: \_\_\_\_\_ Department Contact: \_\_\_\_\_ Phone: \_\_\_\_\_  
(Signature) (Date)

Operations Manager: \_\_\_\_\_  
(Signature) (Date)

This fellowship assignment is consistent with SUNY academic policy and procedure.

SUNY Academic Officer: \_\_\_\_\_  
(Signature) (Date)

Additional campus signature as required: \_\_\_\_\_  
(Signature) (Date)

Input by: \_\_\_\_\_ Date: \_\_\_\_\_  
Labra input by: \_\_\_\_\_ DA required  DA input



THE RESEARCH FOUNDATION  
The State University of New York

## ACADEMIC FELLOWSHIP FORM

### Patent Waiver and Release Agreement

I have read the Patent and Inventions Policy and the Computer Software Policy of The Research Foundation of State University of New York. I agree to abide by any additional terms and conditions relating to the above policies as required by my sponsor from whom I accept support through The Research Foundation of State University of New York.

In fulfillment of the above, I will promptly report to the Research Foundation or its designee such patentable inventions, discoveries, and computer software and software support materials as may arise out of work supported by the sponsor and will cooperate with the sponsor, the State University of New York, or the Research Foundation in the preparation and prosecution of any patent or copyright applications relating to such inventions, discoveries, and computer software and software support materials, and will execute all documents necessary in such applications. I further agree to assign all patent rights and copyrights applicable to such inventions, discoveries, computer software and software support materials to the sponsoring agency, to the State University of New York, to the State University of New York's designee, or to the Research Foundation in those instances where the applicable sponsor policy or the State University of New York's Patents and Inventions Policy or Computer Software Policy places ownership of such in either the sponsor, the State University of New York, or the Research Foundation.

**THE RESEARCH FOUNDATION IS AN EQUAL OPPORTUNITY EMPLOYER. PERSONNEL ARE CHOSEN ON THE BASIS OF ABILITY WITHOUT REGARD TO RACE, COLOR, RELIGION, SEX, AGE, HANDICAP OR NATIONAL ORIGIN, IN ACCORDANCE WITH FEDERAL AND STATE LAWS.**

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Updated 05/18/01 03:47:36 PM Eastern Time

# Instructions For Completing Academic Fellowship Form

(HAFRM001 05/07)

Proper completion of the Fellowship form is imperative for accurate processing of the Fellow payment as well as the Fellow's health insurance premium, which can be directly paid from the RF award.

All fields on the form should be completed and have appropriate dated signatures.



# Instructions for Completing an Academic Fellowship Form (cont.)

The Academic Fellowship Form is used to certify, acknowledge, or accept various terms and conditions of the sponsored award. The certification, acknowledgment, or acceptance is accomplished when the responsible parties sign and date the form.

# Instructions for Completing an Academic Fellowship Form

Person Responsible	Required to...
<i>project director or co-project director</i>	Certify that the Fellowship award is permissible within the terms stated by the sponsor.
Office of Grants Management (OGM)	<ul style="list-style-type: none"> <li>• Certify that the Fellowship award is permissible within the terms stated by the sponsor and is consistent with RF and SUNY policies.</li> <li>• Certify that services are <i>not</i> required of the Fellow and that funds are available in the applicable account for the Fellowship award.</li> </ul>
<i>Fellow</i>	<ul style="list-style-type: none"> <li>• Acknowledge that no service is required in consideration of the stipend provided by the Fellowship award and that the fellow is subject to the University's academic policies applying to fellowship recipients.</li> <li>• Accept the <a href="#">Patent Waiver and Release Agreement</a> as a condition of the academic fellowship award.</li> </ul>

# Field Completion For Fellowship Form

**Section 1** Indicate if **New** (new Fellowship) **Change** (change in period) **Addition** (increase to existing fellowship).

People Data: Personal information that should be completed to avoid delay in processing

**Section 2** Health Insurance: indicate if premium will be a direct charge to the RF award or if the Fellow will be paying the premium. The Fellow must submit Health Insurance Enrollment Form to the Student Health Services Office (zip=3191). Fellow should indicate whether premium is for individual, individual +1, or individual +2 (dependent)

**Section 3** Assignment: Organization (campus department associated with award)

**Section 4** Salary/ Award Data:

- Award \$ amount: total stipend amount Fellow will receive for budget period
- Fellow type: If Post doc a copy of PhD is required
- Award Begin Date
- Award End Date

**Section 5** Current Labor Distribution: This section is completed if the Fellow currently exists in the payroll system. Enter first and last name. Enter current labor distribution if one exists. A labor distribution is the RF project, task, and award numbers assigned to the Fellowship Award in the RF's Oracle Business System.

**Section 6** New Labor Distribution (charging instructions): This section is completed for a new or current Fellow with a change to current labor schedule.

1. Enter:
  - a. Project #
  - b. Task #
  - c. Award #
  - d. Organization (Campus Dept.)
  - e. Expenditure Type (will be identified by Payroll Office)
  - f. Start and End Date (Start and end date identified by Sponsor on award notice)
  - g. % of Fellowship charged to each RF award (may be one or more awards) MUST equal 100%

**Section 7** Labor Schedule for Health Insurance (charging instr.)

Project#  
Task #  
Award #  
Organization (Campus Department)  
Expenditure Type (FPS Fellow Health Insurance)  
Start and End dates  
% = 100% of premium charged to this award

**Section 8** Declaration: Signature of Fellow

**Section 9** Approvals: Requires signatures of Project Director, Payroll Office, Grants Management Specialist in Office of Grants Management

# Supplemental Funding

- Not compensation for services, but simply additional funds supplementing the Fellowship and paid via separate Labor Schedule on the Fellowship form.
- A Fellowship can be supplemented by non-federal funds or Indirect Costs (IDC) funds. A Fellowship funded with Federal funds generally cannot be supplemented with other Federal funds. This is NOT a separate “job” but additional support to the Fellowship.
- Completion of Fellowship form with two Labor Distribution lines.  
First line: project/task/award funding the stipend.  
Second line: project/task/award funding the supplement.

# Graduate and Post Doc Fellow Health Insurance

- The Research Foundation of SUNY offers a comprehensive, reasonably priced, health insurance plan to all eligible Graduate Fellows.
- The Fellow must be paid a stipend of at least \$4,122.00 for the award period. (One year constitutes a period)
- The stipend must be paid through the Research Foundation Payroll System.
- Graduate student employees and Graduate and Post Doc Fellows holding a J Visa are not eligible to enroll in the Student Enrollment Health Plan. They must enroll for coverage under the State University of New York Medical Insurance Program for International Students and Scholars subject to the coverage requirements of federal regulations.

\* Source: [http://ws.cc.stonybrook.edu/hr/benefits/rf/student\\_fellowship.shtml](http://ws.cc.stonybrook.edu/hr/benefits/rf/student_fellowship.shtml)

# Fellow Health Insurance

To obtain Health Insurance the following forms are required.

- Academic Fellowship Form
- Health Insurance Enrollment Form
- The Fellow must submit a Health Insurance Enrollment Form to Student Health Services in order for their Health Insurance Premiums to be processed. (The Payroll Office will provide a copy of the Academic Fellowship form to the Student Employee Health Insurance Office) The Health Insurance Enrollment Form can be obtained at the site below.
- The Benefits Office sends an email to OGM when a fellow enrolls in the health insurance. A copy of the Academic Fellowship Form will be attached to each email that goes to OGM.

<http://naples.cc.sunysb.edu/Admin/HRSForms.nsf/webrf?OpenPage>

# Fellow Health Insurance

## Other Required Documents:

A copy of the following should be attached to the Fellow's health insurance enrollment application:

- 1. Fellow's birth certificate or passport
- 2. Fellow's social security card
- 3. Social security card and birth certificate for each dependent
- 4. Marriage Certificate (if applicable)

If enrolling a spouse or child other documents may be required. Please contact Student Benefits @ 632-6213 for further information.

# Fellow Health Insurance

- To charge the RF award directly for Fellow Health Insurance complete Section 7 on the RF Academic Fellowship form
- The Fellowship form is accessible at the following site.

<http://naples.cc.sunysb.edu/Admin/HRSForms.nsf/webrf?OpenPage>



# Taxation of Fellows

–(for tax inquiries contact  
RF Payroll Office @ 632-6162

- Taxes for US Citizens, Permanent Residents and Resident Alien Fellows
  - The Tax Reform Act of 1986 relieves the RF from the obligation of tax withholding or reporting for fellowship payments to U.S. Citizens, permanent residents, and resident aliens
  - Fellowship payments are typically divided into two separate groups to define the payments' taxability to the individual within the IRS laws. These groupings are Qualified (nontaxable) or Non-qualified (taxable) fellowship payments. Qualified payments are typically payments for tuition, books and fees required to attend classes. Non-qualified payments are typically any other payments such as for room and board.

\*Source:

[https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT\\_ALIENS/PAPRO031.HTM](https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT_ALIENS/PAPRO031.HTM)

# Taxation of Fellows

- RF issues a payment reporting letter to Fellowship recipients who are U.S. citizens, permanent residents, or resident aliens. This letter is distributed after calendar year end, on or about the time that W-2 and 1099 MISC forms are distributed. The Fellowship Payment Reporting letter notifies the Fellow that the regulations “do not relieve you, the recipient, of the obligation to determine the extent to which these payments represent taxable income and properly report such income on your personal income tax return.”
- The recipient Fellow is responsible for determining if the payments are taxable (non-qualified) or non-taxable (qualified) income when filing his/her individual income tax return. It is suggested that the Fellow should seek professional advice from the Internal Revenue Service or income tax advisors in this matter.

# Taxation of Fellows

- Taxes for Nonresident Alien Fellows
  - Nonresident alien payments require tax withholdings unless an exemption from income taxation applies.
  - Payments to nonresident aliens are subject to very different tax withholding, income reporting and liability requirements than that of U.S. citizens, permanent residents, and resident aliens.
  - The most significant difference is that nonresident alien payments, by definition of the IRS tax laws, require tax withholdings unless an exemption from income taxation applies. Various factors determine if payments are reportable and taxed, depending on the specific circumstances of each nonresident alien's payment and their country of residence.
  - The residency status of the alien needs to be determined for tax reporting purposes.
  - Non citizen aliens must complete the "Request For Alien Information" form to gather pertinent information and should use the "Substantial Presence Test (Test 3 located on the back of the "Request For Alien Information" form) to determine residency for tax purposes.

# Taxation of Fellows

- **Tax Withholding Rules for Nonresident Alien Fellowships**

Nonresident aliens are only subject to taxation on income deemed “U.S. source” income. As set forth in Internal Revenue section 1441 the RF is required to withhold tax at a standard rate of 30% for “U.S. Source” payments that constitute taxable income to a nonresident alien. There are several exceptions to the general 30% tax withholding requirement. Exceptions to the 30% rule are described below.

**Foreign-source Funding:** Full tax and reporting exemption if the funds for the payment are determined to be a foreign source (location of study or research and/or origination of funds are outside the United States). The sourcing rule for fellow payments is based on a combination of the residence of the payer and the location of the education activity. A fellow payment to or on behalf of a NRA is only considered U.S. Source if **both** the payer and the location of the educational activity is in the U.S.

If funds are determined to be foreign source, OGM will note on the Academic Fellowship Form “**FOREIGN SOURCE FUNDING**” and submit a copy to RF Payroll.

**Income Tax Treaty:** Full or partial exemption if the person’s country of residence has an income tax treaty exemption agreement with the U.S. and he or she claims the exemption by completing an IRS form W-8BEN. Form W-8BEN must be complete and on file to allow the tax exemption.

**Prerequisite:** The fellow **MUST** have or obtain a U.S. Taxpayer Identification Number to claim income tax treaty exemption .

# Taxation of Fellows

- Reduced Tax Rate of 14%

Internal Revenue Code Section 1441 (b) provides that for payments made to certain nonresident alien recipients, the standard 30% tax withholding rate is reduced to 14%. To qualify for the lesser rate, the nonresident alien must be temporarily present in the U.S. under an F, J, M or Q visa, a candidate for a degree, or the recipient of a grant for study, training, or research at an educational organization in the United States.

# Taxation of Fellows

- If paid from USAID Training Programs Grants

The RF processes some United States Agency for International Development (USAID) Fellowship stipend payments via the RF Business system.

Under IRC Section 1441 © (6), the recipient is exempt from taxation if the payments are a “per diem for subsistence” made in connection with a USAID training program grant. Per Diem for subsistence generally means “food and lodging.”

\*Source:

[https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT\\_ALIENS/PAPRO031.HTM](https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT_ALIENS/PAPRO031.HTM)

# Fellowship Termination

- NIH NRSA requires a “Termination Notice” (Form number OMB No. 0925-0002). A completed termination notice signed by the Fellow and Principal Investigator is submitted to the Office of Grants Management at the end of the multi-year training period. Upon stipend verification from the Payroll Office, OGM will submit to NIH.

# SUNY Policy For Faculty Fellowships

- Faculty members should give advanced notification to their department Chair and Dean at the time they apply for a Fellowship.
- Early notification will allow for University support to be planned in a timely fashion and will enable departments to provide guidance on procedures to be followed if the fellowship is awarded.
- When a tenured or tenure-track Stony Brook faculty member is awarded an externally funded fellowship, the faculty member may request, with approval by appropriate administration officials (Department Chair, Dean, Provost and President), one of the following options:
  1. Release time with a reduction in FTE and salary equivalent to the value of the fellowship (less any travel or incidental expenses included in the fellowship). If an individual's effort and State salary are reduced, there may be benefits implications and TIAA/CREF contributions will be reduced in accordance with the reduced effort.
  2. Remain on full salary and reimburse the University for the percent of release time equivalent to the value of the fellowship (less any travel or incidental expenses included in the fellowship). The University Accounting Department will invoice individuals for any salary reimbursement and reimbursements would be deposited into an income fund reimbursable (IFR) account designated by the Dean.
  3. Release from all University obligations and leave without pay. The individual would be responsible for continuance of benefits and no University contributions would be made to TIAA/CREF contracts for the leave period.
  4. Sabbatical leave, if eligible, at half pay for a full academic year or at full pay for a semester and keep the full value of the fellowship during the sabbatical period. This is subject to the Policies of the Board of Trustees on sabbatical leaves.
- In all instances, Fellows would deposit their Fellowship award checks into their personal bank account. Any payments to the University for reimbursement of salary would be by personal check. Fellows are advised to seek advice from a tax consultant regarding any income tax implications.

\*Source: <http://ws.cc.stonybrook.edu/provost/policy/fellowship.shtml>



# References and Web Sites

## Research Foundation of SUNY

<http://ws.cc.stonybrook.edu/provost/policy/fellowship.shtml>

[http://naples.cc.stonybrook.edu/Admin/HRS.nsf/pages/Benefits\\_RF\\_Fellowship](http://naples.cc.stonybrook.edu/Admin/HRS.nsf/pages/Benefits_RF_Fellowship)

[https://portal.rfsuny.org/pls/portal/docs/PAGE/PERS\\_ADMIN/STAFFING\\_AND\\_APPOINTMENTS/HAPRO065.HTM](https://portal.rfsuny.org/pls/portal/docs/PAGE/PERS_ADMIN/STAFFING_AND_APPOINTMENTS/HAPRO065.HTM)

[https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT\\_ALIENS/PAPRO031.HTM](https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/NONRESIDENT_ALIENS/PAPRO031.HTM)

# References and Web Sites

- [https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/RESIDENT\\_ALIEN/PAPRO030.HTM](https://portal.rfsuny.org/pls/portal/docs/PAGE/PAYROLL%20ADMINISTRATION/TAXATION/RESIDENT_ALIEN/PAPRO030.HTM)

## NIH Grants Policy Statement, Part II

[http://grants.nih.gov/grants/policy/nihgps\\_2003/NIHGPS\\_Part11.htm](http://grants.nih.gov/grants/policy/nihgps_2003/NIHGPS_Part11.htm)

# Questions?

- *Health Insurance ?-*  
Contact Student  
Employee Benefits  
Office 632-6213
- *Taxation ? -* Contact  
RF Payroll Office  
632-6162
- *Expenditure ?-*  
Contact Office of  
Grants Mgmt. 632-  
9038



# FELLOWSHIPS

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Office of Grants Management