

L&S Research, Business, HR, and RSP offices have worked together to provide the correct approach for our Research/REU participant payments. The student payment guide is the primary policy document for this process at UW, and this guidance is in compliance with that policy.

Because the funding for these students was provided through the NSF REU program, we must treat the students as REUs and follow the NSF and UW guidelines and expectations for REU participants. REU recipients are not employees, but participants in a research experience.

The payment approach was cleared with L&S and RSP so that it complies with L&S, UW, and NSF policy. Below is an outline of the process:

- Payment requests for your US citizen REU participants will be made through the Bursar's SIS system, but must be routed to Mehdi Rezaei in the L&S Business office for initial review and approval before any payment can be made.
 - First, the department must indicate how the payments meet non-credit research support conditions [see top of attached "student support program in SIS" document]. These answers must be provided by the department.
 - If those conditions are met, the rest of the questionnaire must be filled out by the department. Mehdi can answer questions about the questionnaire and the process. He cannot provide answers for your program.
 - When complete, submit the document to Mehdi in the L&S Business Office. After divisional approval, the request will go to the Bursar's office for review, and approval. Once the program has been approved by the Bursar's office, Mehdi will send you the Bursar's upload worksheet which you need to fill out and return to Mehdi for entry into the SIS system.
 - Refer to the L&S Business office KB page on student payments: <https://kb.wisc.edu/lis/84553> under Non-Credit External Internship or Research Support Payments Review Form.
 - Up to three payments of this kind can be made per year (Fall, Spring, Summer). This type of payment will not be applied to student debt, so the full amount will be issued to the student.
- Payments for any nonresident alien REU participants will be made on payroll using lump-sum scholarship payments. These should be processed through the payroll system and can be broken into up to 3 payments in a year. Please refer to the following KB for guidance: <https://kb.wisc.edu/lis/84553> The L&S Business Office will coordinate with the HR/payroll office for any payments that need to go through the payroll system.
- Please make the transition to this compliant payment process at the conclusion of the next student hourly payroll pay period.

The primary issue here is that NSF does not allow REU students to be paid wages, which bars the student hourly approach. It is not allowable. Appended is a statement from Bob Andresen, RSP's Associate Director of Post-Award, that addresses this directly. [see below]

REU programs and REU funds are not for workers. While we can pay workers, student hourly and others from the primary NSF project, REU funds are qualitatively different, and can only be used for participants, not employees.

We are providing REUs the opportunity to participate in research activities. The stipend we provide them is a stipend to offset their living expenses so that their time is clear to participate. They don't get paid to work, or for putting a certain amount of time into the project.

Please let us know if you have any questions.

Robert Andresen, Associate Director of Post-Award, RSP, on 4/1/2020

NSF has consistently stated in their program announcements and guidance that payments to students are not salaries and cannot be considered employment. They must be issued as stipends. The most recent program solicitation is attached. See the highlighted text on pg. 6.

III. AWARD INFORMATION

An REU activity may be funded as a standard or continuing grant (for REU Sites), as a supplement to an existing award, or as a component of a new or renewal grant or cooperative agreement. REU Sites and Supplements are funded by various disciplinary and education research programs throughout NSF, and the number of awards made varies across the Foundation from year to year, as does the amount of funds invested.

Three years is the typical duration for REU Site awards in most NSF directorates; however, a duration of up to five years may be allowed in some cases. The typical REU Site hosts 8-10 students per year. The typical funding amount is \$80,000-\$130,000 per year, although NSF does not dictate a firm upper (or lower) limit for the amount, which depends on the number of students hosted and the number of weeks.

The REU experience is a research training experience paid via a stipend, not employment (work) paid with a salary or wage. In this case, the student's training consists of closely mentored independent research. For administrative convenience, organizations may choose to issue payments to REU students using their normal payroll system. The funds received by students may be taxable income under the Internal Revenue Code of 1986 and may also be subject to state or local taxes. Please consult the [Internal Revenue Service \(IRS\)](#) for additional information. Students might find the IRS's "[Tax Information for Education](#)" website to be particularly helpful.

RE: the use of the payroll system. This has been raised multiple times with NSF. The response consistently has been that NSF strongly believes that they cannot be more clear that these are not to be treated as student wages. The policy is "The REU experience is a research training experience paid via a stipend, not employment (work) paid with a salary or wage."

The sentence regarding use of the payroll system means that if your institution has the ability to pay stipends through their payroll system that is okay. It is not meant to be interpreted that payments as wages are appropriate just because they are made through the HRS payroll system for administrative convenience.