

UNIVERSITY OF PITTSBURGH — FINANCE & ADMINISTRATION

Student Payments — 2026 Important Guidance

A guide for departments to correctly classify and process payments to students in compliance with IRS, DOE, and DOL regulations.

Effective Immediately

YOUR PRESENTERS TODAY

Stephanie Ford-Jones

Director of Payment Processing and Compliance

Dr. Jessica Flogaites

Director of Financial Aid Programs & Engagement

Tammy Flack

Payroll Operations Manager

Elizabeth Lanzy

Operations Manager of Payment Processing and Compliance

Purpose & Scope

Why this matters

The correct payment classification and process is driven by the **purpose of the payment**. Federal regulations from the IRS, DOE, and DOL determine proper classification and tax reporting.

Two student populations

- **Employees who are students** at Pitt (staff, student workers, GSAs, GSRs, TAs, TFs, FWS students, etc.)
- **Non-employee students** receiving payments for financial aid, prizes, reimbursements, or services

Three categories covered

- **Employment** — GSA/GSR/TA/TF wages, education benefits, internships, student workers
- **Financial Aid** — Fellowships, scholarships, living allowances, self-directed projects
- **General** — Prizes, goods/services purchases, expense reimbursements, royalties

Not sure which category applies? Contact pittfundsme@pitt.edu or **Purchase, Pay & Travel**.

Special Guidance Call Outs for 2026

Area	What's Clarified	Impact
Honoraria	Now formally defined and required to be processed via Concur. Reportable on IRS Form 1099-NEC.	Departments must stop ad hoc payments for panel/presenter appearances
Prizes	Clearer split: non-employee students → 1099-MISC; student & all other employees → W-2 imputed income via Concur + Payroll notification	Gift cards always treated as cash — no exceptions
Self-Directed Projects	Pitt students must be enrolled in at least a 1-credit class to receive payment Does not impact financial aid in the subsequent academic terms.	Departments must confirm enrollment before processing
Fellowships	Non-Pitt students processed via Concur using expense type "Taxable Grant Non-Pitt Student"	Consistent routing for all non-Pitt recipients
Student Workers	Hours cap updated to 25 hours per week for domestic students; 20 hours per week for international students	Supervisors must monitor hours to remain compliant

Three Categories of Student Payments

For undergraduate students only

Employment

Student is performing a service for the University. Payments are **wages**, processed through Pitt Worx Payroll, and reported on a **W-2**.

- Student workers (hourly)
- Paid internships
- Education benefits

Financial Aid

Payment supports the student's Cost of Attendance with **no service obligation**. Processed through PeopleSoft or Concur. Reported on a **1098-T** or **1099-MISC**.

- Fellowships & training grants
- Scholarships
- Living allowances
- Self-directed projects

General Payments

Payments that fall outside employment and financial aid. Processing and reporting vary by payment type.

- Honoraria
- Prizes & awards
- Goods & services (independent contractors)
- Expense reimbursements
- Royalties

The most common misclassification: calling a wage payment a "stipend." If the University controls the work, it is a wage — regardless of what it is called.

Determining Employee Status

The IRS and DOL use three factors to determine if a student is an employee:

Behavioral Control

Does the University control *what* the worker does and *how* they do their job?

Financial Control

Does the University direct financial aspects — how the worker is paid, who provides tools, whether expenses are reimbursed?

Relationship of Parties

Are there written contracts, employee-type benefits (pension, insurance, vacation), or an ongoing relationship?

Employee types who may also be Pitt students

Staff

Student Workers

Post-Doctoral Associates

Research Associates

Union Workers

Executives

All-Temps

SECTION 1

Employment

Payments classified as wages to student employees — including Graduate Student Assistants, Graduate Student Researchers, Teaching Assistants, Teaching Fellows, internships, and student workers. These are W-2 reportable and subject to tax withholding.

Wage Payments — GSA, GSR, TA & TF

Definition

Fixed payments over a defined period to help cover basic costs while students receive career training. Often called "stipends" but classified as **wages** by the DOL and IRS.

DOL rules

- Cannot replace existing staff
- Student must be primary beneficiary — not the department

Processing & Reporting	
System	Pitt Worx (HR/Payroll)
Tax status	Taxable wages
Reporting form	IRS Form W-2

Roles included

Teaching Assistants (TAs)

Teaching Fellows (TFs)

Graduate Student Assistants (GSAs)

Graduate Student Researchers (GSRs)

Internships & Student Workers

Internships

Experiential learning allowing hands-on experience in an area a student wishes to explore.

- **Paid internships:** Processed through Pitt Worx — refer to Talent Center Reference Guide
- **Unpaid internships:** Contact the Career Center to post on Handshake

Student Worker (Employee)

Part-time employee enrolled at Pitt, registered for classes, whose primary purpose is achieving a degree or certification.

- Paid an **hourly wage** for University-directed work
- Work is generally *not related* to their course of study
- Limited to **25 hours per week** (includes federal work-study)
- Processed through Pitt Worx via OHR

Employee Education Benefits

Available to eligible faculty, librarians, research associates, post-docs, staff, spouses, domestic partners, and dependent children — at Pittsburgh and all regional campuses.

Recipient	Degree Level	Tax Treatment
Employee (self)	Undergraduate & Graduate	Grad benefits taxable above \$5,250/calendar year
Dependent Child	Undergraduate only	Non-taxable
Spouse	Undergraduate & Graduate	Graduate benefits fully taxable
Domestic Partner	Undergraduate & Graduate	All benefits fully taxable

Non-refundable tuition award applied directly to the student's Pitt account. Administered by OHR; disbursed by Financial Aid via PeopleSoft.

Taxable portion → **Form W-2**. Non-taxable portion → **Form 1098-T**. Eligibility does not guarantee admission.

Fellowships & Training Grants

Definition

Financial support given to individuals to defray expenses while pursuing a graduate degree or professional development, **without any obligation** to serve the university's academic mission.

Sponsors fund pre- and postdoctoral fellows in basic, clinical, and behavioral research. NRSA max support: 5 years (predoc), 3 years (postdoc).

Also known as: Certificate Appointees. Certificate Trainees are eligible for Student Health insurance but do *not* receive a W-2 for these payments.

Processing

Appointed via Certificate job requisition in **Talent Center** then via Pitt Worx

Payments via **recurring ICP** then via Pitt Worx

Non-Pitt students via Concur

Reporting

Pitt students Letter directing student to IRS resources

Non-Pitt students "Taxable Grant Non-Pitt Student" — 1099-MISC

Example programs

T32

PSTP

TEP

NASA PASGC

SECTION 2

Financial Aid

Payments that support a student's total Cost of Attendance (COA) — tuition, fees, housing, meals, books — while advancing their education. Includes fellowships, scholarships, living allowances, and self-directed projects.

Financial Aid — General Definition

What qualifies

Any payment supporting a student's Cost of Attendance (COA): tuition, fees, housing, meals, books. Common terms: grants, scholarships, fellowships, travel allowance, living allowance.

⚠ GSA/GSR wages are sometimes called "stipends" but are actually **W-2 wages** — see Employment section.

Processing & Reporting

Pitt students (current term)

PeopleSoft — contact pittfundsme@pitt.edu

Non-Pitt students

Concur system

Pitt student reporting

IRS Form 1098-T

Non-Pitt student reporting

IRS Form 1099-MISC

Scholarships

Definition

Funds to support a student's educational costs, awarded based on predefined criteria: merit-based, need-based, geographic, career-based, or athletic.

Key provisions

- Processed by Financial Aid via PeopleSoft disbursement
- May apply to tuition/fees first, then refund remainder — or bypass all charges for full refund
- May or may not be refundable depending on scholarship terms

Reporting

Pitt students

IRS Form 1098-T

Certificate Postdoctoral Scholars

- Receive Student Health insurance
- Receive a W-2 listing *insurance coverage only* (no salary)
- Recipient must be actively enrolled at Pitt

Note: Post-doc associates are employees — see Employment section.

Living Allowances & Self-Directed Projects

Living Allowances

Funds covering a student's Cost of Attendance are Financial Aid, processed through PeopleSoft (Pitt students) or Concur (Non-Pitt students).

- Pitt students → 1098-T reportable
- Non-Pitt students → 1099-MISC

Student Self-Directed Projects

Students conduct self-directed projects with no obligation to serve the University. Considered Financial Aid — not wages or internships.

- Pitt students → PeopleSoft; payments require students to be enrolled in at least a 1-credit class
- Non-Pitt students → Concur
- Examples: GSPIA STMPP, Mascaro Center SRP, SURP, Pitt PRAM, FLAS

SECTION 3

General Payments

Prizes and awards, purchases of goods or services from student-owned businesses, business expense reimbursements, and royalties for use of student intellectual property.

Honoraria

Definition

An honorarium is a token of appreciation given to a student in recognition of a voluntary contribution of services — such as serving on a panel or as a guest presenter.

Non-employee undergraduate and graduate students may receive a small payment as an appreciation for serving on a panel or as a guest presenter.

Processing & Reporting

System	Concur
Detailed instructions	Student Payments Purchase, Pay & Travel University of Pittsburgh
Tax reporting	IRS Form 1099-NEC

Prizes

Definition

Cash, gift cards, or tangible items (iPad, earbuds, tickets) won in a contest, competition, or game.

Writing competitions

Athletic prizes

Innovation Institute

Trivia games

Best practice: avoid cash/gift cards — keep prizes within IRS *de minimis* guidelines to simplify tax treatment.

Processing

Employee cash prizes

Pitt Worx

Student prizes (non-de minimis)

Concur; Fair Market Value sent to Payroll as imputed income if they are an active employee receiving wages

Gift cards (all)

Always treated as cash — reported to Payroll

Reporting

Non-employee students

IRS Form 1099-MISC

Employee students

IRS Form W-2

A **W-9 must be collected** prior to releasing any prize and sent to Payment Processing.

Purchases of Goods or Services

Goods

Payment for products from a student who conducts a trade/business. Use a University-approved **Purchase Order via PantherExpress**.

- Under \$15K: departmental approval
- Over \$15K: Purchasing department approval

Pitt is exempt from state sales tax as an educational institution.

Services (Independent Contractor)

Payment for services from a student who is *not* an employee (per IRS 20-Factor Test). Scope, fees, and terms must be in an approved contract before service delivery.

- Processed through **PantherExpress** with invoice
- Examples: consulting, performance fees, massage therapists, CPR classes
- Reported on **IRS Form 1099-NEC**

Business Expense Reimbursements & Royalties

Business Expense Reimbursements

Reimbursement for expenses personally incurred by a student conducting authorized University business (e.g., airfare, hotels, meals).

- Processed through **Concur** per University Policy FN28
- Generally **non-taxable and non-reportable** if submitted timely with valid receipts
- Non-Pitt student reimbursements for Pitt program participation (lump sum payments) → 1099-MISC
- Reimbursements supporting Pitt student COA → Financial Aid (1098-T)

Royalties

Payments for the University's ongoing use of IP (patents, trademarks, copyrights) owned by the student.

- Requires an **approved University license agreement**
- Reported on **IRS Form 1099-MISC**
- Questions: Innovation Institute (patents), University Press (publications), PPT Customer Service (other)

Quick Reference Summary

Payment Type	System	Tax Form
GSA / GSR / TA / TF Wages	Pitt Worx (Payroll)	W-2
Student Worker Wages	Pitt Worx	W-2
Fellowships / Training Grants (Pitt students)	Pitt Worx / HR Payroll (ICP)	Letter to student (IRS resources)
Fellowships (Non-Pitt students)	Concur	1099-MISC
Scholarships	PeopleSoft (Financial Aid)	1098-T
Living Allowances / Self-Directed Projects (Pitt)	PeopleSoft	1098-T
Living Allowances / Self-Directed Projects (Non-Pitt)	Concur	1099-MISC
Honoraria	Concur	1099-MISC
Prizes (non-employee students)	Concur	1099-MISC
Prizes (student employees and all other employees)	Concur	Report to Payroll for W-2 Imputed Income
Purchases of Services	PantherExpress	1099-NEC
Business Expense Reimbursements	Concur	Generally non-reportable
Royalties	Via license agreement	1099-MISC

Key Contacts & Resources

Financial Aid Questions

pittfundsme@pitt.edu

For determining if a payment is Financial Aid or for PeopleSoft disbursement instructions.

Employment / HR

Office of Human Resources (OHR)

hr.pitt.edu — For employee classification, education benefits, and Pitt Worx guidance.

Payments & Travel

Purchase, Pay & Travel

ppt.pitt.edu — For Concur, PantherExpress, worker classification, and all other payment situations.

Student Work Study

Marla Burgess — Manager of Student Employment

412-648-0893 | mrb358@pitt.edu

Resources

- [Student Payments Quick Processing Guide SharePoint Site](#)
- [Classification and Processing of Payments to Students Guide](#)
- Student Payments Committee Team: StudentPaymentQuestions@pitt.edu

Check student status: Use Find People (find.pitt.edu) or PeopleSoft. For non-Pitt payees, confirm enrollment directly with the payee. Foreign national payments may result in a Form 1042-S — visit the Payroll Global Taxation website for more information.

Summary

3

Categories of student payments requiring correct classification

4

Processing systems — Pitt Worx, PeopleSoft, Concur, PantherExpress

5+

Tax forms in use — W-2, 1098-T, 1099-MISC, 1099-NEC, 1042-S

The bottom line

Correct classification of student payments protects the University from compliance risk, ensures students receive accurate tax documentation, and supports consistent, equitable treatment across all departments. This guidance is not optional — it reflects our obligations under federal law.

Effective immediately

All departments are expected to apply this guidance to payments processed from this point forward. The full Classification & Processing Guide and supporting resources are available through the Purchase, Pay & Travel and OHR websites. For questions, contact pittfundsme@pitt.edu or ppt.pitt.edu.