

POLICY

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Approved By: President Sabah Randhawa

Authority: [RCW 42.52.130](#); [RCW 42.52.080](#); [Pay for Personal Services Performed – IRS](#)

See Also:

Document #:

[FRM-U5348.09A](#)

[FRM-U5348.05C](#)

[POL-U5348.05](#)

[POL-U5348.10](#)

[POL-U5400.19](#)

Document Title:

Honoraria or Stipend Pre-Approval for Non-Employees - Form

Independent Contractor vs Employee Assessment - Form

Authorizing Agreements and Contracts - Policy

Authorizing and Reimbursing Travel for Official University Business - Policy

Receiving Honoraria - Policy

[Honoraria FAQs](#)

POL-U5348.09 PAYING HONORARIA OR STIPENDS TO NON-EMPLOYEES

This policy applies to offering non-employees an honorarium or stipend. Students and employees are not eligible to receive honoraria from the University. For rules regarding WWU employees receiving an honoraria from an external entity, see the POL-U5400.19 Receiving Honoraria Policy.

Definitions:

Honorarium:

A single, fixed, “ex gratia payment” given as an expression of gratitude and gesture of good will to an individual who volunteers their expertise by participating in a University sponsored event, activity, or class that would be considered incidental and infrequent (not traditionally required on an on-going basis) such as, but not limited to:

- A talk, address, or special classroom lecture or short series of lectures,
- Participating as a judge for a contest, or
- Serving on a panel

An ex gratia payment is considered voluntary as the party making the payment is not obligated to compensate the individual.

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Stipend:

A stipend is a fixed amount payment to a non-employee:

- To support a training or learning experience generally given to assist with living or educational expenses while undertaking a role that primarily provides the individual with a learning/training experience and therefore exempts them from waged or salaried employment, or
- For services that may be reoccurring but do not represent employment, such as a host teacher paid quarterly for hosting a student teacher.

Foreign National:

A foreign national in the United States is someone who is not a U.S citizen or a non-resident alien.

Independent Contractor:

In general terms, an independent contractor (IC) is a self-employed person, such as a consultant, who provides certain services to WWU. An IC is not under the control, guidance, or influence of WWU. WWU neither deducts taxes from payments to the IC nor contributes the employer's share of taxes. To be legally designated as an IC, an individual must:

- Be free from the control of WWU,
- Be able to exercise independent judgment as to the manner and methods used to accomplish the end-result, and
- Be responsible for the end-result only under the terms of the contract.

1. Contract Administration Oversees Honoraria and Stipend Arrangements

The Chief Procurement Officer, under the purview of the Vice President for Business and Financial Affairs and in partnership with Accounting Services, is responsible for establishing rules and processes to support and monitor honoraria and stipend arrangements to non-employees to ensure compliance with federal, state, and bargaining unit requirements.

2. Payment Must not Establish Independent Contractor or Employee Status

The payment is not set by or negotiated with the recipient but has a nominal value assigned to it that is not equivalent to a professional charge or wage. If payment is agreed upon with terms and conditions, it may constitute a contractual agreement or offer of employment and therefore must follow either University policy and procedures for contract development or employment.

Departments are encouraged to consult with Contract Administration or Human Resources or refer to the "See Also" section of this policy to review the *Independent Contractor vs Employee Assessment Form* to ensure that proper procedures are followed.

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Using the honoraria payment process to circumvent a University required process (e.g. processing a contract or hiring an individual as an employee) solely to avoid procedures that are more cumbersome is strictly prohibited.

Honoraria may be paid only to an individual, not a group, organization, or company.

3. Potential Conflict of Interest to be Reviewed

No University employee may be beneficially interested, directly or indirectly, in an honorarium or stipend arrangement involving the University that may be made by or through the employee, or is under the supervision the employee, in whole or in part, or accept, directly or indirectly, any compensation, gratuity, or reward from any other person beneficially interested in the contract, sale, lease, purchase, or grant.

Western recognizes that not all relationships are a conflict of interest. However, it is required that employees involved in an honorarium arrangement and approval process promptly report what may be potentially perceived as a conflict of interest to the University Ethics Officer for review and/or assistance to mitigate the potential conflict.

4. Payment Amounts May be Limited

Payment amounts are subject to approval by the appropriate financial manager. Travel is not to be paid or reimbursed separately but to be considered in the amount of an honoraria/stipend. Consideration may also be made to the fact that the amount may be subject to income tax reporting.

Financial managers should maintain and review prior honorarium and stipend payments made under their purview to ensure consistent application for similar activities and recipient backgrounds.

Contract Administration may establish limits on amounts and grant exceptions in consultation with the appropriate vice president if such exceptions do not violate University policy or legal regulations. Any payment limitations will be listed on the *Honoraria or Stipend Pre-Approval for Non-Employees Form* (FRM-U5348.09A).

5. Restrictions Apply to Foreign National Recipients

Not all foreign nationals may be eligible to receive an honorarium or stipend; therefore, it is important for departments to determine first if the individual has the appropriate visa. If they are eligible, it is important to understand the tax impact or eligibility before committing to an honorarium or stipend.

Financial Managers must review federal rules for [Honorarium Payments to Foreign Nationals](#) **before** approving a payment request.

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6. **Appropriate Review is Required**

In addition to the appropriate use of funds, the situation or individual must meet the required criteria of an honorarium or stipend in order to be paid as such. If restrictions and appropriate processes are not adhered to, the University may be found in violation of IRS rules, contract administration requirements, and/or collective bargaining agreements.

Departments must submit the *Honoraria or Stipend Pre-Approval for Non-Employees Form* (FRM-U5348.09A) prior to offering such payment to an individual. The form must be approved in accordance with routing requirements listed on the form. Exceptions may be approved by the Director of Business Services.

7. **Advanced Payments are Prohibited**

Honorariums may only be paid after the event(s) have been completed. Stipends may be paid at the conclusion of a service/training or on an incremental basis after a certain amount of the service/training has been completed in accordance with an approved contractual agreement. See *Authorizing Contracts and Agreements Policy* (POL-U5348.05).

Payments will not be made until the recipient provides applicable paperwork required by the Internal Revenue Services (IRS). Accounting Services reports all honorariums as required by the IRS.