

TO: Members of the University Community
FROM: Gregory J. Lowrey, J.D., CPA, Tax and Compliance Accountant
gregory.lowrey@uconn.edu
tax.uconn.edu
860/486-0933
DATE: May 20, 2010
RE: Differentiation Between Noncompensatory Fellowships and Wages

Please use the following framework to analyze potential awards.

National Research Services Act test:

If the award is paid under the National Research Services Act (NRSA), 42 U.S.C. Sec. 288, the award is noncompensatory. NRSA is a program sponsored by the National Institutes of Health. If the award is not paid under the NRSA, go to the Bingler test, below.

Bingler v. Johnson, 394 U.S. 741 (1969) test:

1. Did the student render services?,
2. If so, were the services a condition of receiving the award?
3. If so, was the award payment for the services?

If all three questions of the Bingler test are answered affirmatively, go to the Independent Study test, below. If any of the three questions of the Bingler test is answered no, the award is noncompensatory.

Independent Study test:

1. Does the student have the freedom to choose the subject and methodology of the research?,
2. Is the student free from any teaching or other responsibilities?,
3. Does the University have no legal right to, or interest in, the results of the research?,
4. Is the student free from the need to observe office hours or report to a supervisor?

If all of the four questions in the Independent Study test are answered in the affirmative, the award is noncompensatory.

Payments that do not satisfy the above framework are wages and should be processed by University payroll.