

**Guidelines for Managing Funding Changes for JHU Students
Fellowship to Wage or Wage to Fellowship
March 2010**

The following information explains how to move student employees between wage (compensation for services) and fellowship (payment for independent research or study) positions. For a more detailed explanation of the difference between a wage payment and a fellowship payment, including tax consequences for the recipient, please visit the [Tax Office website](#). If moving non-US citizens from wage to fellowship or vice versa, please contact the International Office as work authorization/eligibility may also change. **Changes between wage and fellowship positions can never be retroactive to a prior calendar year. No exceptions.**

In SAP, fellowship recipients are classified in employee group 8 (non employee) and employee subgroup 20 (fellowship recipient). This classification of earnings is driven by IRS regulations. Individuals who have a position title of post-doc or fellow do not automatically have the classification of fellowship recipient for pay purposes. Consult with the Tax office if there are questions on how to classify student earnings.

Wages cannot be paid on an individual perrn that has the designation of non-employee fellowship recipient. If wages must be paid to this individual, a separate perrn must be created if one does not already exist in the department. Non-employee fellowship recipient perrns can receive supplemental pay but only using wage types 3018 (lump sum fellowship payment) and 3020 (foreign source income). Non-employee fellowship recipients receive fellowship funds using wage type 3015. This can be seen on the base pay and labor distribution infotype (9027), the SAP remuneration statement and the ADP online pay stub.

A student can be concurrently employed in a non-employee fellowship recipient position and a student wage earning position since both positions are paid on the semi monthly pay cycle. Please refer to section III [below](#):

I Active Fellowship Recipient Switching to a Wage Earning Position within Calendar Year

1. Initiate Position Create/Copy ISR to create a wage position if a vacant position with similar attributes is not available
 - a. Do not process a Position Maintain ISR to change the non-employee fellowship recipient position to a student wage position; doing so could create data integrity issues if the correct date is not used when making position changes.
2. In order to avoid an overpayment, the non-employee fellowship recipient perrn must be termed using reason code 59 (Fellowship to Wage JHU Only), or placed on temp inactive or on leave of absence (loa) before the wage earning position is hired or re-activated. Please note: Homewood Schools cannot place students on loa.
 - a. In the Comments Section of the ISR indicate the following:

- i. Hire or return from loa/temp inactive ISR for wage position is being created.
- 3. I9 requirements
 - a. New I9 required if a valid I9 is not on file in TALX or the break in service between positions is greater than 3 calendar days
 - b. Non-US citizens complete a new I9 if work authorization changes or has expired since the last I9 on file with TALX was completed
 - i. Consultation with the International Office regarding VISA status and work authorization is strongly recommended
- 4. A hire ISR or a return from loa/temp inactive ISR must be initiated for the wage position using the same effective date that the non-employee fellowship recipient pernr is terminated in SAP, placed on temp inactive or on loa.
 - a. In the Comments Section of the ISR, indicate the following:
 - i. Change from fellowship to wage
 - ii. ISR# for the fellowship pernr
- 5. All active deductions will be moved to the new pernr
- 6. Direct deposit of earnings will continue provided there is a valid I9 on file
- 7. New tax forms are recommended. Otherwise, individual will be taxed using standard defaults (Single Fed with 0 exemptions; MD with 1 exemption)
- 8. Processing retroactive changes:
 - a. Cannot cross calendar years
 - b. All ISRs must be approved and completed by HRSS within the same pay cycle to avoid an overpayment.
 - c. Coordinate retroactive changes with Student Employment (Homewood Schools) or a specialist in HRSS. Place that individual's name in the comments section of the ISR
 - d. All taxes that should have been withheld from wages will be deducted in one lump sum once the earnings switch is completed. This can create a huge impact on the individual's paycheck as taxes are not pro-rated.

II Active Student in a Wage Position Switching to a Non employee Fellowship Recipient within Calendar Year

1. Initiate Position Create/Copy ISR to create a non-employee fellowship recipient position if a vacant position with similar attributes is not available
 - a. Do not process a Position Maintain ISR to change the wage position to a non-employee fellowship recipient position; doing so could create data integrity issues if the correct date is not used when making position changes.
 - b. Detailed instructions on [how to set up a non-employee fellowship recipient position](#) can be found on the HRSS website.
 - c. Earnings will be pro-rated if the start date of the non-employee fellowship recipient hire is not the first day of a semi monthly pay cycle. Fellowship earnings are pro-rated based on the number of calendar days within each semi monthly pay period.
2. In order to avoid an overpayment, the wage pernr must be termed using reason code 58 (Wage to Fellowship JHU only) or placed on temp inactive or loa before the non-employee

fellowship recipient position starts. Please note: Homewood Schools cannot place students on loa.

- a. In the Comments Section of the ISR indicate the following:
 - i. Fellowship recipient hire or return from temp inactive/loa will be created.
3. No new I9 will be required unless a valid I9 is on file in TALX.
4. The non-employee fellowship recipient must be hired or returned from temp inactive/loa with the same effective date that the wage position is termed, placed on temp inactive or on loa.
 - a. In the Comments Section of the ISR indicate the following:
 - i. Change from wage to fellowship
 - ii. ISR# of wage position
5. All active deductions will be moved to the new pernr
6. Direct deposit of earnings will continue
7. No new tax forms will be required
8. Voluntary contributions to the retirement savings plan by post-docs is not permitted
9. Processing Retroactive changes:
 - a. Cannot cross calendar years
 - b. All ISRs must be approved and completed by HRSS within the same pay cycle to avoid an overpayment.
 - c. Coordinate retroactive changes with Student Employment (Homewood Schools) or a specialist in HRSS. Place that individual's name in the comments section of the ISR
 - d. All taxes withheld while in the wage position will be refunded in one lump sum once the earnings switch is completed. Sometimes, because of the tax calculations, taxes withheld prior to the date of the switch will also be refunded.
 - e. All voluntary contributions to the retirement savings plan previously paid while in a wage earning position will be refunded as individuals receiving fellowship earnings are not eligible to participate in retirement savings plans.

III Concurrent Fellowship Recipient and Wage Positions

Students can be paid both wages and fellowship earnings concurrently. One position must be a fellowship recipient and other must be wage. Below are just a few of the more common scenarios. If you have questions about how to proceed with other situations, please contact your central office (Student Employment, Student Accounts, Financial Aid, Tax Office, etc.)

Funding Changes within the same calendar year

1. Funding amount increases on one position and decreases on the other position, both pernr are active and total earnings remains unchanged
 - a. Process a salary change ISR to increase the earnings on the appropriate pernr
 - b. Process a salary change ISR to decrease the earnings on the appropriate pernr
 - c. How to avoid an overpayment
 - i. Effective dates on both ISRs must be the same
 - ii. Both ISRs must be processed and approved and completed by HRSS within the same pay cycle

1. Please note: These ISRs are auto-uploaded and not reviewed by HRSS. Please review ISR report to verify that both ISRs are completed within the same pay cycle. Consultation with Student Employment (Homewood Schools) or HRSS is recommended.
2. Funding amount decreases on active position; create a hire ISR or initiate a return from loa/temp inactive ISR on existing position; total earnings remain unchanged.
 - a. Process a salary change ISR to decrease the earnings on the active position
 - b. Process a hire ISR to hire into a new position or process a return from loa/temp inactive ISR on an existing pernr; earnings on this pernr will represent the amount decreased on the active position
 - c. How to avoid an overpayment
 - i. Effective dates of both ISRs must be the same
 - ii. Both ISRs must be processed and approved and completed by HRSS within the same pay cycle
 1. Please note: Salary change ISRs are auto-uploaded and not reviewed by HRSS. Please review ISR report to verify that both ISRs are completed within the same pay cycle. Consultation with Student Employment (Homewood Schools) or HRSS is recommended.

Retroactive Funding Changes in a previous calendar year with no monetary impact

1. Submit an Eform to move monies to the training grant in the time frame that the training grant was approved. Can be a wage or a fellowship recipient pernr.
 - a. For example, the individual has an active or terminated pernr that was charged a total of \$8,333.36 for the period of 11/1/09 – 12/31/09. The training grant was approved 11/1/2009 but the change was not made in the appropriate calendar year. The annualized amount approved on the training grant is \$10,000. \$416.67 (\$10,000/24) will be moved each pay period from 11/1/09 – 12/31/09 to the training grant (\$1666.68) from the current funding source. No change in position status or earnings type is required.
2. If the Eform is processed on a wage pernr, fringe may be charged to the training grant. If this is not appropriate, please contact Payroll to request that the fringe dollars be moved to a different funding source (journal voucher).
3. Initiate a Hire or return from loa/temp inactive ISR for the fellowship recipient position at the beginning of the current calendar year if earnings are to continue. Follow the instructions for Active Students in a Wage Position Switching to a Non employee Fellowship Recipient within Calendar Year [above](#).

Retroactive Funding Changes in a previous calendar year with monetary impact

1. A salary change ISR must be submitted to increase the salary if additional monies are owed using the appropriate effective date in the previous calendar year and charging the correct funding source (training grant, general funds, etc).
2. If outside of the 3 month window, submit an Eform to move monies to the training grant in the time frame that the training grant was approved. See instructions 1a-3 above.