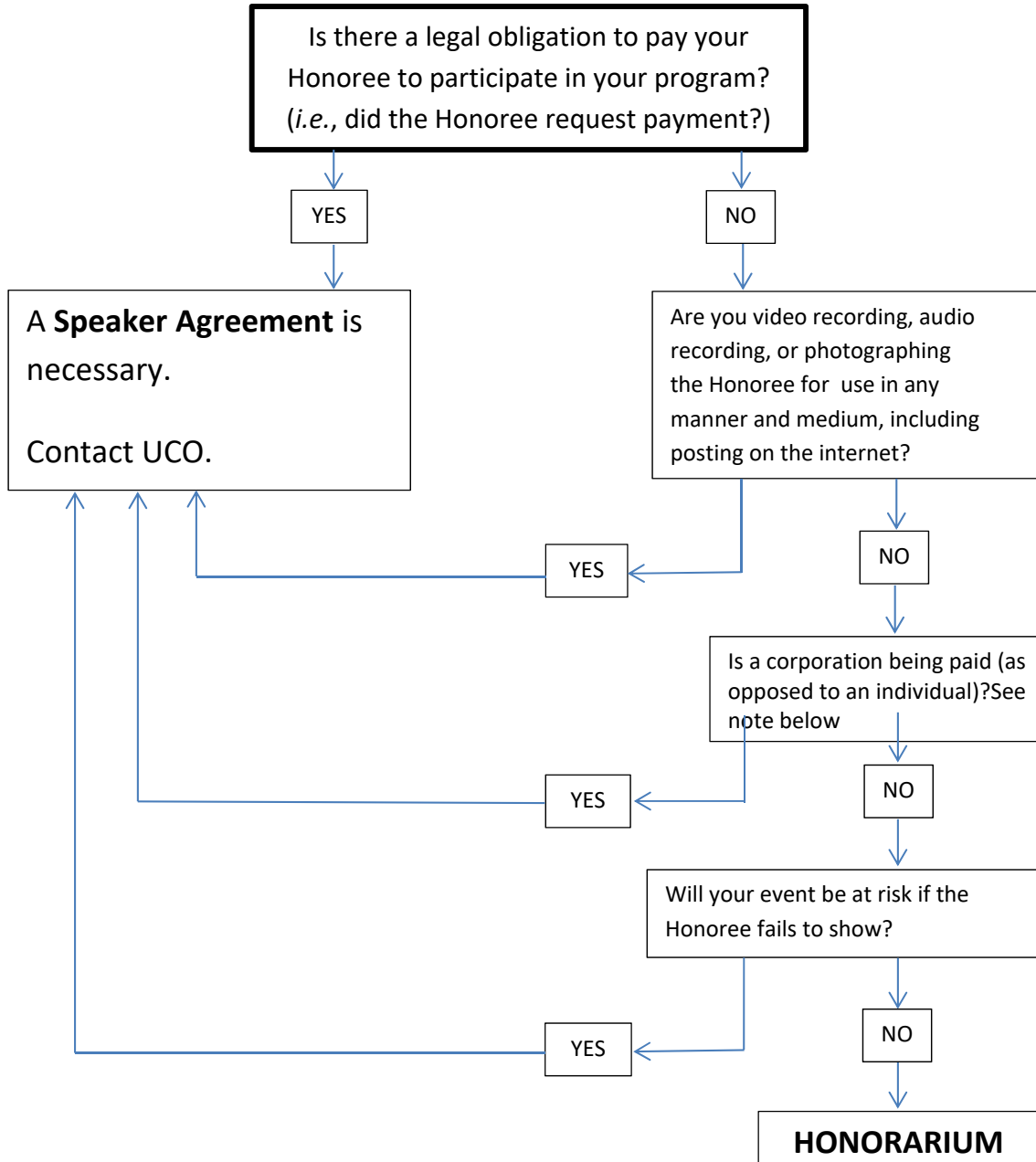


HONORARIUM GUIDANCE

Departments invite and hire many people to perform services who are not considered employees of the University, including guests* and independent contractors. It is important to understand the difference among these groups, as well as the compensation methods and tax implications involved.

**Guest is a non-University employee without any employment or consultant obligations to the University; services provided by guest are voluntary and payment is not required. When payment is made in the form of a gift or gratuity it is called Honorarium (Honoraria).*



HONORARIUM DEFINITION

An honorarium is defined as a gratuitous payment of money to an individual (“Honoree”) for his or her participation in a usual academic activity for which **no fee is legally required**.

- Usual academic activity means lecturing, teaching, readings, performances and sharing knowledge. An honorarium represents a “thank you” gift to a guest speaker or performer who, at no charge to the University, makes a presentation. The University responds with a token payment as a gesture of appreciation. The honorarium payment and the amount are both discretionary. The amount of an honorarium should not be geared to lost fees or wages, expenses, or other opportunity costs incurred by the individual; but rather, to the amount of recognition appropriate for the service provided.
- The recipient should be an authority or recognized expert in the field of endeavor pertaining to the activity, and the activity should be consistent with furthering the missions of the Department/CMU.
- Honoraria are not to be used when the department is video/audio recording for external use.

EXAMPLES:

- A guest lecturer whose lecture is directed by CMU only in terms of the general subject matter to be covered.
- Appearance at an event by a recognized authority in a particular field of endeavor.
- A guest speaker for a seminar or workshop.
- A panelist for a special project.

RISKS:

- If you use the honorarium process, then you have **no contractual recourse** or threat of contractual recourse against the individual. This means that if you schedule an event and the individual cancels the day before the event, then you have no recourse or threat of recourse against the individual.
- If your goal is to develop an arrangement with clear obligations and responsibilities, then a speaker agreement or professional service agreement should be used.
- An Honorarium, per IRS regulations, is reportable as income by the University.

LIMITATIONS:

Any compensation negotiated, committed, or otherwise forming an obligation to pay, made in advance is, by definition, not an honorarium; it is a **fee** and subject to the applicable regulations of the University, IRS and other relevant agencies.

When a fee is negotiated or requested, the documentation required changes from an Honorarium to a Speaker Agreement.

NOTE: Honoraria cannot be paid to a corporation or designee, including a corporation wholly owned by the honoree, except for Single Member LLCs where the LLC uses the Honoree’s social security number. For example if you present the Honorarium Form to the Honoree and they ask to pay their corporation, the answer is CMU cannot pay the corporation. If the Honoree insists on having their corporation paid, the department must then follow the following procedure

- If the honoree has already performed their duties:
 - Obtain an invoice form the corporation detailing the services provided by the Honoree
 - Send the Invoice to the UCO for approval
 - Send the completed Supplier Package to AP
- If the Honoree has not performed
 - Contact the UCO for a Speaker Agreement
 - Complete the Supplier Package
 - Follow the standard process

Under no circumstances can the Honoree direct Carnegie Mellon to pay a third-party or designee.

PAYMENT:

Contact Accounts Payable with questions regarding payment.