

## **Payments to Students**

### **I. Purpose**

To provide guidelines for payments to students in accordance with federal and state regulations and University policies

### **II. Policy**

- A. Payments to students for scholarships, grants, tuition remission, tuition waivers and any portion of an assistantship that is not considered to be compensation:
  - 1. The U.S. Department of Education regulations stipulate that these payments must be reported as a financial resource related to the student's education. Therefore they must be processed by the Student Financial Aid Office as an educational resource (financial aid).
  - 2. Payments of this nature must be credited to the student's account through the ProSAM financial aid system using a [Scholarship & Grant Authorization \(SAG\) form](#). Note: SAG forms are not required for units with ProSAM data entry access granted by the Office of Student Financial Aid.
  - 3. When a payment results in a credit balance on the student's account, a direct deposit will be processed or a refund check to the student will be mailed by Student Billing Services.
- B. Fellowships
  - 1. Fellowships provide students with monetary support, often both tuition costs and a stipend for living expenses. The student in most cases has no obligation during the academic year other than making good progress in his or her academic and research program.
  - 2. Fellowship payments for tuition, fees and one-time disbursements to a student must be paid following the policy in II.A above.
  - 3. Fellowship stipend payments that will be paid on a bi-weekly or monthly basis must be processed through payroll but are not considered to be compensation. However, Student Financial Aid must be notified of the award prior to the first disbursement. Departments should make students aware that these payments could be considered taxable income by the Internal Revenue Service if used for nonqualified educational expenses.

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- C. Payments to students as compensation for services rendered, including assistantships, and for awards on the [Approved Employee Award List](#), must be made through the payroll process.
- D. Reimbursements for expenses incurred that are directly related to a function for which the student is being paid through the payroll system per [II.B.](#) above:
  - 1. To be in compliance with the University's accountable plan for employees, these payments must be made using the travel voucher or DAV, as appropriate, in accordance with University policies for reimbursements to employees.
  - 2. Checks will be mailed by the Office of the Treasurer.
- E. Reimbursements to students for participation in research studies funded by externally funded grants (Grant/WBS element 304xxxxxxx), are to be made in accordance with [E-9-1 Compensation to Research Subjects](#).
- F. Payments for group student travel:
  - 1. If travel is part of a course curriculum or is to provide a supplemental educational experience related to a course, payments may be paid directly to the vendor by the department using the DAV form or procurement card **only** when:
    - a) the fees for the travel are included in tuition or course fees, OR
    - b) a special fee is paid directly to the department by the student.
  - 2. Payments on behalf of students traveling as members of an athletic team, band or other group representing the University should be paid directly to the vendor by the department using the DAV form or procurement card.
- G. The procurement card must **not** be used by departments to make payments on behalf of students for individual travel, organizational memberships or fees, subscriptions or any other type of expense except for group travel as noted in [II.E](#) above.
- H. Other payments
  - 1. All other payments to students, such as travel, survey participation, recognition awards and prizes, must be made using the [Student Payment Voucher \(SPV\)](#) except for those entered directly into ProSAM by the Graduate School.

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2. Payments to students for recognition awards must be made in accordance with [E-7-11 Establishment of Student Recognition Awards and Prizes](#).
3. The Office of Student Financial Aid will evaluate all payments to determine if:
  - a) the appropriate form is being used;
  - b) the funds must be considered a financial resource in accordance with federal regulations;
  - c) an adjustment to the cost of attendance is appropriate as described in [III.A.5](#) below (if requested by the student.)
4. Checks will be mailed to the student by the Office of the Treasurer.

**III. Procedures**

- A. Processing of payments such as scholarships, grants and others listed in [II.A](#) above.
  1. To ensure the University's compliance with the U.S. Department of Education regulations, departments and colleges must submit the above types of student payments to the Office of Student Financial Aid using the University's [Scholarship & Grant Authorization \(SAG\) form](#) and [SAG Continuation Form](#). Instructions for Completing the SAG forms are available at [Scholarship and Grant Procedures Instructions](#).
  2. In addition, colleges and departments must request establishment of an Aid ID to identify the payment in ProSAM. The Aid ID is assigned by the Student Financial Aid Office and the accounting link is set up by the Student Accounting group of the Enterprise Applications Group (EAG). Departments should contact the Student Financial Aid Office at 257-3172 ext 243 to request an Aid ID. Departments may use SAP transaction ZFI\_COBJ to verify the following information that is required to initiate the request:
    - a) Cost center
    - b) Department number
    - c) Fund number
    - d) Functional area
  3. The Office of Student Financial Aid will notify the college or department when the Aid ID has been established and the SAG form may then be submitted to initiate the payment of the award to the student.
  4. If the student recipient of the above types of payments is also receiving federal or state need-based aid (including but not limited to Federal Pell Grants, Federal Academic Competitiveness Grants (ACG), National SMART Grants, Federal TEACH Grants , Federal Supplemental Educational

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Opportunity Grants, Kentucky College Access Program (CAP) Grants, Federal Direct Loans, Federal Family Education Loans (FFEL), Federal Perkins Loans or Federal Work-Study) and the inclusion of the above payments results in an [over award](#) situation, adjustment in the student's cost of attendance budget may be made by the Student Financial Aid Office as needed to eliminate the over award. This must be done on a case-by-case basis, however, at the request of the student.

Note: An 'over award' results when the total of all financial assistance exceeds the student's cost of attendance budget.

5. If crediting any of the payments above to a student's account results in a credit balance, a residual refund check will be mailed to the student by the Office of Student Billing Services.
- B. Payments for as compensation for services rendered as described in [II.B](#) above.
- These payments must be made through the SAP HR payroll system following the same procedures used for nonstudent employees.
- C. Reimbursements to students (other than compensation) in the role of employee. See [II.C](#) above.
1. University travel regulations must be followed and travel reimbursements must be handled per the instructions in [E-5-1 Reimbursement of Travel Expenses](#).
  2. Reimbursements to students as employees for expenses incurred for other purposes must be processed using a DAV.
- D. All other payments to students. See [II.G](#) above.
1. General procedures for all payments
    - a. The [Student Payment Voucher \(SPV\)](#) must be completed per the instructions on the University's eForms site.
    - b. Original receipts and/or other required documentation must be attached to the SPV and the document approved by the appropriate department administrator. The completed form and attached documentation must be forwarded to the Office of Student Financial Aid.  
NOTE: Original receipts for meal reimbursements must be attached. Per diem rates apply to employees only.
    - c. The Office of Student Financial Aid will evaluate each payment to determine if it meets the criteria listed in [II.G.3](#) above.
      - 1) If the SPV was used in error, it will be returned to the department with directions to follow the instructions in [III.A](#) above.

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- 2) If the payment is appropriate to pay using the SPV, Student Financial Aid will approve, then forward to Accounts Payable for payment.
- d. Accounts Payable will audit the documentation for accuracy and completeness.
  - 1) If a problem is found, the department will be notified that the payment cannot be completed until the problem is resolved.
  - 2) After approval, Accounts Payable will generate a check to be mailed to the student from Treasury Services.
2. Additional procedures for recognition awards
  - a. The department must include the following information on the SPV:
    - 1) The name of the award and the Award Reference Code from the [Approved Student Award List](#)
    - 2) A “Request for Taxpayer Identification Number and Certification” (W-9 or W-8) for each recipient
  - b. If the department intends to present the award at a ceremony, a certificate must be presented in lieu of the check, which will be mailed to the student in accordance with Office of the Treasurer policy.