

Payments to or on the Behalf of Students

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I. Purpose

To provide guidelines for payments to or on the behalf of students in accordance with federal and state regulations and University policies.

II. Policy

- A. Payments to or on the behalf of students for scholarships, grants, tuition remission, tuition waivers and any portion of an assistantship that is not considered to be compensation:
 - 1. Title IV regulations define these payments as "other financial aid." Therefore, they must be processed by the Office of Student Financial Aid and Scholarships (OSFAS) accordingly.
 - 2. Payments of this nature must be reported on a [Scholarship and Grant Authorization \(SAG\) form](#) to be submitted to OSFAS so the aid can be authorized in ProSAM and credited or disbursed to the student's account in SAP and to make any required adjustments to financial aid awards due to an overaward or overpayment.
 - 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 Account 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, allowable fees and one-time disbursements to a student must be paid following section 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. These are considered as "other financial aid." Thus, OSFAS must be notified of the award prior to the first disbursement. This is achieved by completing a Payment on Behalf of Student (PBS) form. Departments should make students aware that Fellowship payments in excess of tuition and fees are considered taxable income by the Internal Revenue Service (IRS). IRS Publication 970: Tax Benefits for Education can be referenced for more information on qualified scholarship or fellowship.
- 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 a Concur travel expense report or PRD, as appropriate, in accordance with University policies for reimbursements to employees. Expenses processed for reimbursements to employees do not require PBS forms.

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2. Checks or ACH payments will be processed by University Financial Services.
- E. Reimbursements to students for participation in research studies or survey participation funded by externally funded grants or cost centers
 1. If a student receives a reimbursement or payment for participation in a research study or for participation in a survey when the participation is limited to only individuals enrolled in at least one credit hour at the University, then the payments must be made in accordance with section II.H. below.
 2. If a student receives a reimbursement or payment for participation in a research study or for participation in a survey when the participation is not limited to only individuals enrolled in at least one credit hour at the University of Kentucky, then the payments are to be made in accordance with [E-9-1 Compensation to Research Subjects or Survey Participants](#).
- 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 PRD, SRM shopping cart 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 PRD, SRM shopping cart or procurement card.
- G. Payments for student travel not covered by II.F. above
 1. If travel arrangements include air travel, airline ticket(s) may be purchased in advance on behalf of the student through UK Travel using the procurement card. See [Travel Services](#) for additional information and instructions. A University designated travel vendor must be utilized to purchase airfare for a student on a procurement card and must not include personal time.

Meal subsistence may be reimbursed using per diem rates established by the U.S. Treasury for domestic travel and the U.S. Department of State for foreign travel or actual expense based on the discretion of the department authorizing the reimbursement. The method used must be applied to the entire trip and not to select days of the trip except when a student attends a function such as a luncheon or dinner meeting and the department authorizing the travel determines the student's attendance is required. The student must submit the itemized receipt for the meal.
 2. Payments related to meal subsistence shall be requested on a PRD.
 - a) Domestic per diem rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates?gsaredirect=perdiem>
 - b) International per diem rates can be found at https://aoprals.state.gov/web920/per_diem.asp
 3. Lodging and other expenses may be prepaid on behalf of the student at the

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discretion of the department using the PRD, SRM shopping cart or procurement card. When expenses are not prepaid, reimbursements may be processed with a PRD and must not include personal time.

- H. Other payments
 - 1. All other payments to or on behalf of students, such as a travel allowance, travel expense reimbursement, recognition awards and prizes, must be made using the PRD, SRM shopping cart or procurement card.
 - 2. Payments to or on the behalf of students for recognition awards must be made in accordance with [E-7-11 Establishment of Student Recognition Awards and Prizes](#).
 - 3. OSFAS 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 IV.A.4. below (if requested by the student).
 - 4. Checks will be mailed to the student by University Financial Services when a PRD is used for payment.

III. Responsibilities

- A. Procurement Cardholder
 - 1. Compliance with the guidelines and restrictions of the Cardholder User Agreement and responsibilities as described in [E-7-16 Procurement Cards](#).
 - 2. Maintain documentation as described below in IV.C.1.
- B. Deans/Directors/Administrative Officers

Ensure compliance with this BPM and [E-7-11 Establishment of Student Recognition Awards and Prizes](#) for all payments made on behalf of students.
- C. Office of Student Financial Aid and Scholarships (OSFAS)
 - 1. Review SAG forms and PBS forms to ensure proper handling of the payment as it relates to the determination of impact on a student's aid package and their overall cost of attendance.
 - 2. In accordance with the [Financial Aid Overaward Policy](#), Title IV and State regulations, OSFAS must adjust student financial aid awards to eliminate any overawards or overpayments.
- D. University Financial Services, Accounts Payable Services
 - 1. Process Payment Request Documents (PRDs) and Concur expense reports.
 - 2. Send copies of the PBS forms related to those PRDs and Concur expense reports to OSFAS.

IV. 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

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student payments to the OSFAS 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 OSFAS and the accounting link is set up by the Student Accounting group of the Enterprise Applications Group (EAG). Departments should contact the OSFAS at (859) 218-2122 or sag@uky.edu 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. OSFAS 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 inclusion of the above payments results in an overaward or overpayment, the student's aid must be adjusted.
5. 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 Account Services.
6. If funding is provided from grant funds (WBS element) set up through the Office of Sponsored Projects Administration (OSPA), only trainee Tuition and Fees may be paid on the SAG or ProSAM using the Trainee Tuition and Fees GL code 537030.
7. Payments for compensation for Fellowships 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. OSFAS must be notified of the Fellowship prior to the first disbursement. To notify OSFAS, the department must send a PBS form to OSFAS and select "other" on item 3 at the bottom of page 1 and indicate the payment is a fellowship paid through Payroll in the box provided.
- B. Reimbursements to students (other than compensation) in the role of employee
 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 PRD or SRM shopping cart.
- C. All other payments to or on the behalf of student described in II.G. and II.H. above and grant funded payments which cannot be processed on a SAG or through the ProSAM system shall be paid by PRD, SRM shopping cart or procurement card using the following procedures.
 1. The documentation for each transaction must contain the following information and must be approved at the appropriate level.

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- a) If \$50 or more, the name of the award and the award reference code must be listed. (Click [here](#) for a list of approved awards and related codes.)
 - b) All transaction documents paying for incentives or tokens must have original invoices/receipts attached.
 - c) A PBS form (not required for group student travel or for participation in research studies not limited to UK students). See section II. E. and II. F.
 - d) Itemized receipts for all other expenses (e.g., travel).
2. PRDs for payments directly to a student must be created using either the product category STUDENT MONETARY AWARDS (GL 530129) or AWARDS – STUDENT (GL 540309). The PRD should be prepared using the one-time student vendor of STUDENTPM and should be mailed to the student’s home address.
3. For payments directly to a student, the one-time student vendor of STUDENTPM cannot be used on an SRM shopping cart.
4. Accounts Payable Services will forward PBS form(s) to OSFAS once the PRD, SRM shopping cart or procurement card expense report is processed.
5. OSFAS Aid will evaluate each payment to determine if it meets the criteria listed in II.H.3. above. When necessary, the financial aid package or the student’s cost of attendance will be adjusted in accordance with federal guidelines.
6. For additional procedures on establishing recognition awards, see [BPM E-7-11 Establishment of Student Recognition Awards and Prizes](#).
7. 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.