

**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. Responsibilities**

- A. Student Payment Procurement Cardholder
  - 1. Compliance with the guidelines and restrictions of the Cardholder User Agreement and responsibilities as described in [E-7-16](#).
  - 2. Must maintain edit documentation as described in [IV.D.1](#).
  - 3. Must submit timely a monthly [Student Payment Procurement Card Reconciliation Worksheet](#) for all transactions on the card to the Office of Student Financial Aid.
- B. Deans/Directors/Administrative Officers
  - 1. Ensure compliance with this BPM and [BPM E-7-11](#) for all payments made on behalf of students.
- C. Office of Student Financial Aid
  - 1. Review of all Scholarship & Grant Authorization (SAG) forms and Payment on Behalf of Student (PBS) forms to ensure proper handling of the payment as it relates to the determination of impact on the students aid package and their overall cost of attendance.
  - 2. Responsible for adjusting students financial aid records as necessary based on the award or prize received.
- D. University Financial Services, Accounts Payable Services Office
  - 1. Reviews applications and where appropriate approves issuance of Student Payment Procurement Cards.
  - 2. Processes Payment Request Documents (PRD) and sends copies of the Payment on Behalf of Student forms related to those PRDs to the Office of Student Financial Aid.

**III. 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. 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.
  - 2. Payments of this nature must be credited to the student's account through the ProSAM financial aid system using a [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 Accounts.

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- 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 [III.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.
- 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 [III.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 PRD, 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 or survey participation funded by externally funded grants (Grant/WBS element 304xxxxxxx) or cost center:
  - 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 of Kentucky then the payments must be made in accordance with section [III.H](#) policy below and should be processed in accordance with the procedures in section [IV.D.](#) 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 or standard procurement card **only** when:

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- 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 or standard procurement card.
- G. Payments for student travel not covered by [III.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 Student Payment Procurement Card (SPPC). Go to [Travel Services](#) for additional information and instructions. Tickets may not be purchased in advance for a student using an alternative vendor. See [IV.D.1](#) for specific procedures related to processing the payment utilizing a SPPC.
  2. 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 as allowed for in section II.G.2.a) below. Payments related to meal subsistence shall be requested on a PRD, see procedures in section [IV.D.2](#).below. Per diem rates shall be determined based on the guidelines related to per diem subsistence set forth in the Reimbursement of Travel Expenses [BPM E-5-1](#).
    - a) When per diem rates are applied, a Student attending a function such as a luncheon or dinner meeting may be reimbursed for actual meal cost instead of subsistence per diem when the department authorizing the travel determines the student's attendance is required. The student must submit the receipt for the meal.
  3. Lodging and other expenses may be prepaid on behalf of the student at the discretion of the department using the PRD or the SPPC. When expenses are not prepaid, reimbursements may be processed with a PRD.
- 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 Payment Request Document (PRD) or the Student Payment Procurement Card (SPPC) except for those entered directly into ProSAM by the Graduate School.
  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. 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;

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- 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 the Office of the Treasurer when a PRD is used for payment.

**IV. Procedures**

- A. Processing of payments such as scholarships, grants and others listed in [III.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 218-1431 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 TEACH Grants, Federal Supplemental Educational Opportunity Grants, Kentucky College Access Program (CAP) Grants, Federal Direct Loans, 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 Accounts.

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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. Payments not appropriately reported using the Trainee Tuition and Fees GL code should be processed following [IV.D.](#) below.
  
- B. Payments for compensation for Fellowships as described in [III.B](#) above. These payments must be made through the SAP HR payroll system following the same procedures used for nonstudent employees. **Financial Aid must be notified of the Fellowship prior to the first disbursement.** To notify Financial Aid the department must send a [Payment on Behalf of Student \(PBS\) form](#) to financial aid 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.
  
- C. Reimbursements to students (other than compensation) in the role of employee. See [III.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 PRD.
  
- D. All other payments to or on the behalf of student described in [III.G.](#) and [H.](#) above and grant funded payments which cannot be processed on a SAG or through the ProSAM system shall be paid by Payment Request Document (PRD) or by Student Payment Procurement Card (SPPC) using the following procedures.
  1. Student Payment Procurement Card: The edit documentation for each transaction must contain the following information and must be approved at the appropriate level.
    - 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.)
    - i. All transaction documents paying for incentives or tokens must have original invoices/receipts attached.  
  
On or before the 15<sup>th</sup> of each month the Cardholder must submit a reconciliation of all transactions for the previous month by completing a [Student Payment Procurement Card Reconciliation Worksheet](#) and emailing it to Student Financial Aid to document every purchase made on the Student Payment Procurement Card (SPPC) for the previous month.
  2. Payment Request Document (PRD)
    - a) Departments may purchase incentives, tokens or pay cash to a student, for expense reimbursements or as an award, with a Request for Payment Document (PRD) (See [BPM B-3-2-2](#)).
    - b) All PRDs for payments on behalf of a student or directly to a student must be created using the Awards – Students product category code. This category defaults to GL 540309, Awards and Trophies – Students,

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which may be edited to another GL code when appropriate. The PRD should be prepared using the one time student vendor of STUDENTPM and should normally be mailed to the student's home address.

- c) The PRD must contain the following information and must be approved at the appropriate level:
  - i. 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.)
  - ii. All transaction documents paying students as provided for in this policy must have two attachments:
    - a. The original invoices/receipts attached to the PRD and labeled Documentation.
    - b. A [Payment on Behalf of Student \(PBS\) form](#) attached to the PRD and labeled PBS.
  - iii. Accounts Payable will forward Payment on Behalf of Student (PBS) form(s) to Student Financial Aid once the PRD is processed.
- 3. The Office of Student Financial Aid will evaluate each payment to determine if it meets the criteria listed in [III.H.3](#) above. When necessary the financial aid package or the student's cost of attendance will be adjusted in accordance with federal guidelines.
- 4. Additional procedures for recognition awards (see [BPM E-7-11](#))
  - a. The department must include the following information on the PBS:
    - i. The name of the award and the Award Reference Code from the [Approved Student Award List](#).
    - ii. 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.