

# **PSC Procedural Statement: Student Payments** <sup>[1]</sup>

Effective Date: January 1, 2012

## **Introduction**

This procedural statement clarifies when payments to University of Colorado students <sup>1</sup> are processed: through the Procurement Service Center (PSC), Employee Services (ES), or the campus Office of Financial Aid (OFA), and when such payments are reported as taxable income or as financial aid.

This procedural statement is divided into the following sections:

- A. Scholarships and Grants
- B. Awards, Rewards, and Prizes
- C. Participant Support Costs
- D. Fellowships and Trainees
- E. Stipends, Allowances, and Assistantships
- F. Reimbursements
- G. Student Organizations

## **Procedural Statement**

The type and purpose of a student payment determines how the payment is processed (i.e., which office handles it) and whether it is reported to the Internal Revenue Service (IRS) as taxable income or as financial aid.

### **A. Scholarships and Grants**

These payments are to aid students in pursuit of studies or research and are not related to employment services. They can be from federal, state, institutional, or private sources. They are typically used for educational expenses, such as tuition, fees, room and board, books and supplies, medical, personal, or transportation.

## **Processing**

- The Office of Financial Aid (OFA) reviews and approves all payments for scholarships and grants. As part of its review, OFA adjusts a student's financial aid package, if necessary, to maintain compliance with Federal Title IV financial aid regulations.
- The Bursar's Office ensures that any outstanding balance on the student's university account is deducted from the scholarship or grant amount before a payment is made to the student. Per Title IV federal regulations [34 CFR 668.164(e) & FR 72-152, August 8, 2007, page 44630], the Bursar's Office must pay a credit balance that is a result of a Title IV aid payment to the student or parent as soon as possible, but no later than 14 days after:
  1. The date the balance occurred on the student's account, if the balance occurred after the first day of class of a payment period; or,
  2. The first day of classes of the payment period if the credit balance occurred on or before the first day of class of that payment period.
- The OFA processes scholarship and grant payments to enrolled students. The PSC processes payments – via the Payment Authorization form – that are made to students during a period in which the student is not enrolled, e.g., in the summer.

## **Reporting**

The Bursar's Office must report scholarship and grant payments to the IRS using Form 1098-T and identifying them as scholarships or grants. Whether or not they are taxable to the student depends on a number of factors: students should be referred to their accountants and/or to IRS Publication 970 for more information.

### **B. Awards, Rewards, and Prizes**

These payments are monetary recognition provided by the University for student achievement, performance, or competitions that are not related to employment services. (For processing of both monetary and non-monetary awards, see the Finance Procedural Statement Recognition and Training.)

### **Processing**

The PSC processes these payments on a Payment Authorization form. Payments to foreign national students must be reviewed and approved by Employee Services-International Tax Specialists prior to being processed by the PSC.

### **Reporting**

The PSC determines reportability of such payments according to the Finance Procedural Statement Recognition and Training and issues Form 1099-MISC if appropriate.

## **C. Participant Support Costs**

Participants are the recipients of service or training provided at a workshop, conference, seminar, symposium, or other short-term instructional or information-sharing activity.

Participants are not required to provide any deliverable in return.

### **Processing**

The PSC processes these payments on a Payment Authorization form. (Payments to foreign national students must be reviewed and approved by Employee Services-International Tax Specialists prior to being processed by the PSC.)

### **Reporting**

The PSC determines reportability of such payments and issues Form 1099-MISC if appropriate.

## **D. Fellowships and Trainees**

These payments are to aid students in pursuit of studies or research. There is no expectation of past, present, or future services in return for the support.

### **Processing**

Employee Services processes fellowship and trainee payments in HCM using job codes 3110 or 3205.

### **Reporting**

Although such payments may be considered taxable income to the student, the University is not required to report them.

## **E. Stipends, Allowances, and Assistantships**

### **Processing and Reporting**

If an organizational unit wishes to issue a student payment that it would ordinarily categorize with one of these titles, it must evaluate the purpose of the payment. The organizational unit then ensures that this purpose is documented and that the appropriate payment method is used, according to the earlier sections of this procedural statement.

## **F. Reimbursements**

### **Processing and Reporting**

Payments for the purpose of paying for official university business travel or other expenses personally paid by the student are considered reimbursements if the following conditions apply:

- The expenditure was authorized in advance;
- The University is the primary beneficiary of expenditure; and,
- The PSC processes payments for reimbursements according to the PSC Procedural Statements (PPS) Travel, and Payment Voucher/Authorization.

## **G. Student Organizations**

Payments to students may be made by independent student organizations or other student organizations for various reasons.

## **Processing**

The PSC processes these payments using a Payment Authorization form.

## **Reporting**

It is the responsibility of the organization authorizing the payment to determine and comply with any reporting requirements according to the purpose of the payment.

<sup>1</sup>This procedural statement does not cover payments to students for services rendered. Such payments are instead made in accordance with the University of Colorado Procurement Rules and methods of procurement discussed on the PSC web site.

## **Related Information**

### **Related Administrative Policy Statements (APS), Finance Procedural Statements (FPS), PSC Procedural Statements (PPS), and Other Policies and Procedures**

- [PPS Payment Voucher/Authorization](#) <sup>[2]</sup>
- [PPS Travel](#) <sup>[3]</sup>

## **Forms and Other Resources**

- [Recognition Reporting](#) <sup>[4]</sup>
- [IRS Form](#) <sup>[5]</sup> S 1098-T, 1099-MISC, W-2

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**Source URL:** <https://www.cu.edu/psc/policies/psc-procedural-statement-student-payments>

## **Links**

[1] <https://www.cu.edu/psc/policies/psc-procedural-statement-student-payments>

[2] <https://www.cu.edu/psc/policies/psc-procedural-statement-payment-voucher-authorization>

[3] <https://www.cu.edu/psc-procedural-statement-travel> [4] <https://www.cu.edu/psc/forms/recognition-reporting-rr> [5] <https://www.irs.gov/>