



INDIANA UNIVERSITY

## STUDENT PAYMENT GUIDELINES

*To serve as a comprehensive guide for any payments made to students at Indiana University.*

**March 2020**

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# Introduction

## WHY DOES IT MATTER HOW WE PAY A STUDENT?

When paying a student, it is important to ensure the payment is classified correctly to comply with federal and state regulations, IU policies, and donor intent.

Indiana University makes every effort to maximize a student's funding opportunities, and, in most cases, it will be easy to provide financial support to students. There will be situations, however, when a department wants to provide funds or cover expenses, but doing so will necessitate reduction of another resource due to limitations prescribed in regulations for federal aid recipients.

Indiana University strives to comply with the intent of donors when administering funds to students. However, donor intent, no matter how specific or strongly worded, may not supersede the university's obligation to meet federal and state financial aid rules and IRS, Fair Labor Standards Act, Affordable Care Act or other regulations. When requirements conflict with each other, the most stringent of applicable rules prevails regardless of the funding source for payments to students.

At Indiana University, there are four acceptable ways to provide funds to students. It is important to understand which method is correct for each set of circumstances to facilitate accurate treatment and reporting for both the student and the university. In order of prevalence of use, the methods are:

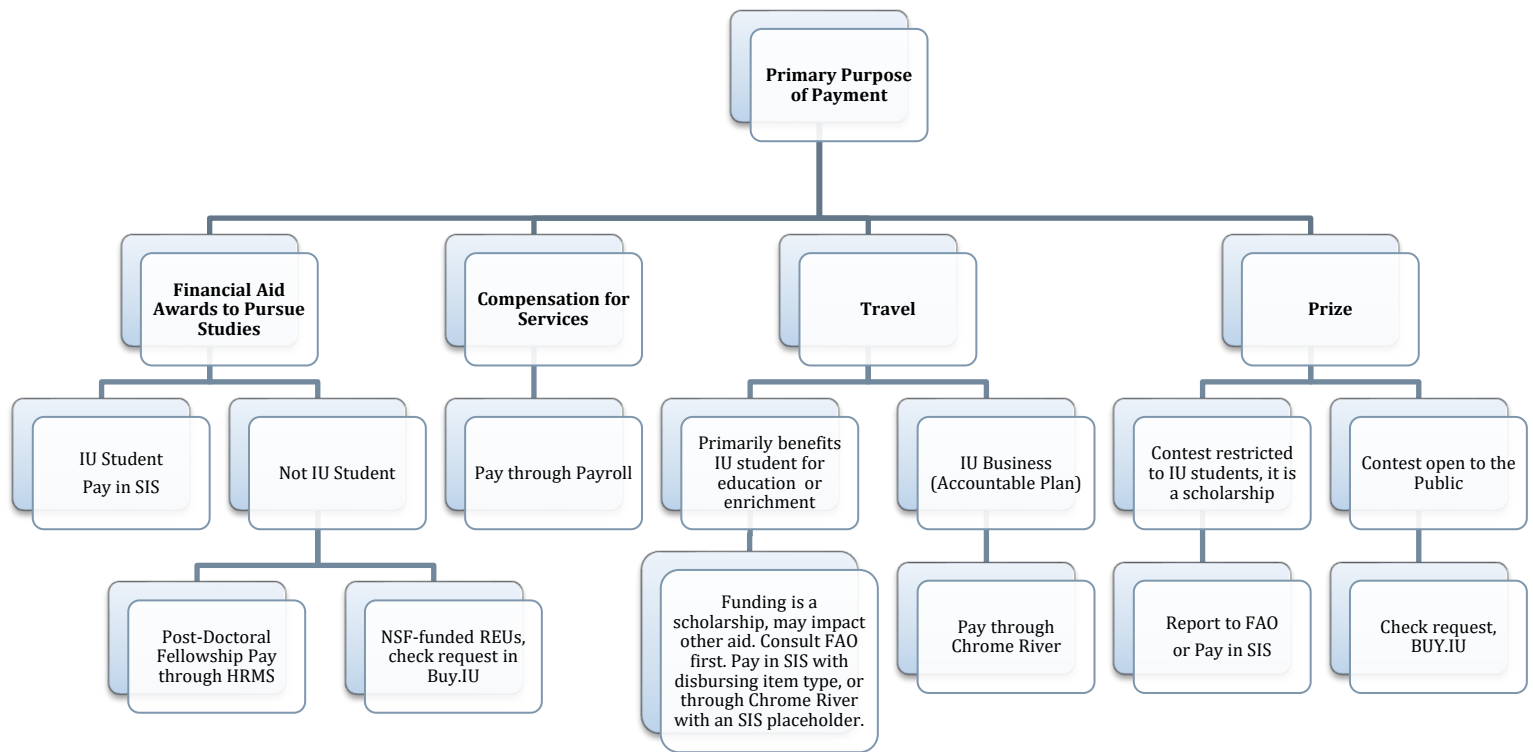
1. Student Information System (SIS) – Awards to support the student's direct education and education-related expenses (generally scholarships/fellowships, grants).
2. Human Resource Management System (HRMS) – Compensation for services performed; employment.
3. IU Travel & Expense System (Chrome River and/or SIS) – Reimbursement or pre-payment when a student travels on behalf of IU (for university business), or for their own educational or developmental benefit, alone or as part of a group. When travel is not for IU business, funds provided are also recorded in the SIS.
4. BUY.IU check request –Used rarely, for such unusual circumstances as payment of a cash prize in a contest not restricted to students, or non-IU students participating in IU programs with IU funding.

It is not appropriate to circumvent these systems to provide compensation or other funding through other means, for example, by crediting a student's Crimson Card or by giving them a guest card.

This document will assist users in determining the nature of a payment and how to make the payment correctly. The decision tree on the next page illustrates basic rules for characterizing payments, recipients and intent in a way that leads you to the correct payment method.

# PAYMENTS TO STUDENTS

## How to Pay a Student



### Attributes of Financial Aid Awards

- Primary purpose to assist with costs for degree pursuit, training or research
- Not associated with past, present or future services (no employer/employee relationship)
- Typically paid in advance
- Federal aid recipients may be limited
- Includes REUs (Research Experiences for Undergraduates – see [Policy](#) )
- Includes prizes if contest is restricted to current or graduating students

### Attributes of Compensation

- For teaching, research, peer counseling, etc. – supports IU’s mission
- IU has direction or supervision over the individual
- The individual has a defined workweek and/or schedule
- Receipt of the funding is contingent on performance of services
- Student has side business where they are hired as an independent contractor. DO NOT pay via Payroll. Submit Requisition for a Purchase Order.

### Attributes of Prizes

- Contest open to the public (Check Request BUY.IU – “true prize”)
- It is a scholarship/fellowship when restricted to IU students. This includes “graduation prizes.”

### Attributes of Travel Funding

- Accountable plan – IU Business: If the student is representing IU, always use Chrome River, no impact on financial aid
- When student primarily benefits, funds provided are scholarship/fellowship regardless of intent and must be accounted for in the SIS. Federal aid recipients may be limited.
- If travel purpose is not Accountable Plan, consult with Financial Aid Office (FAO) before offering or agreeing to fund

# PAYMENTS TO STUDENTS

## Financial Aid in the SIS

### A. OVERVIEW OF FINANCIAL AID GUIDELINES

The majority of institutional funds made available to students should be awarded in the IU Student Information System (SIS). This facilitates proper internal and external reporting, and ensures compliance with IRS rules and the requirement that any educational benefits paid to a student, regardless of the source, be considered in determination of eligibility for federal financial aid. “Financial aid” includes student loans.

Institutional funds for students that are not wages and not loans are considered scholarships (IU term for awards to undergraduates) or fellowships (IU term for awards to graduate and professional students) and must be awarded or accounted for in the SIS.

#### Federal Aid and Award Limitations

Federal regulations under the Higher Education Act of 1965 require institutions to monitor and limit total financial resources awarded to students receiving federal financial aid (includes grants, need-based employment, and loans).

- Federal aid recipients cannot have total resources in excess of their cost of attendance (COA). The COA, therefore, represents a cap on total funding.
- Federal aid recipients with aid based on financial need cannot have need-based funds in excess of need, which is defined as the difference between COA and the Expected Family Contribution (EFC), a figure determined for each student who completes the Free Application for Federal Student Aid (FAFSA).
- An ‘over-award’ occurs when the student receives more aid than he or she is eligible to receive. This may be need-based aid in excess of need, total resources in excess of COA, or both. IU is required to resolve all over-awards.

#### Departmental Funds

- It is the IU awarding department’s responsibility to monitor expenditures from their accounts including funds awarded, disbursed, adjusted or cancelled.
- If funds were donated, awarded as part of a grant or have any spending restrictions, the department selecting recipients is responsible for ensuring compliance with donor intent<sup>1</sup> or other awarding constraints.
- Recipients of scholarships, fellowships and fee remissions should be informed that institutional financial aid will be taken into consideration when the Financial Aid Office determines eligibility for funds from other sources, including federal loans.
- In many cases, Departmental Aid will not impact the student’s other aid when processed through the SIS. If other aid must be adjusted to accommodate new funds, loans will typically be reduced first. Lessening a student’s education loan debt is a positive outcome.

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<sup>1</sup> If restrictions on IU Foundation funds make it difficult or impossible to utilize the funds, contact the IUF Administrative Services Office to discuss the situation.

# PAYMENTS TO STUDENTS

- Processing Departmental Aid through a BUY.IU check request, through Chrome River without an SIS entry to record funds, or through any other process that circumvents SIS recording could result in financial aid over-awards and potential penalties and fines for the university.

## Timing and the Order of Awards

- Scholarships, fellowships or fee remissions processed after the Financial Aid Office creates financial aid packages may result in a reduction of aid previously offered, so it is best to make awards before the Financial Aid Office determines eligibility for other funds. Contact your Financial Aid Office for the dates by which your awards should be made, for new and returning students, for both the academic year and summer to reduce confusion and frustration.
- Regardless of when an award is entered in SIS, or when the student needs the funds, aid must be attributed in SIS to the enrollment period it is intended to cover even if that period has ended or has not yet begun.
- A student may receive aid intended for periods of non-enrollment (usually summer) if this is consistent with the purpose of the funds.

## Exceptions and Appeals

The regulations for federal financial aid recipients allow for certain limited exceptions when a student's expected costs and financial need limit eligibility for additional funds.

- A student's COA may be increased, on appeal with documentation, to add additional education-related costs in instances where there is insufficient room in the need or COA to accommodate the full amount of all potential awards. Financial aid staff reviews each appeal on a case-by-case basis, makes allowable adjustments to the COA and may post all or a portion of the award in the SIS. A department may wish to award funds to cover costs, programs, research or travel not directly related to the student's pursuit of a degree. Regardless of the perceived value of the experience the department intends to fund, the determination of the appropriateness of a requested increase in the student's COA is at the sole discretion of the Financial Aid Office.
- Students may also appeal to have documented unusual or unanticipated expenses considered in their COA. Examples include significant uninsured medical expenses, child care costs, car repairs, the purchase of a computer, etc. These decisions are also made on a case-by-case basis and are at the sole discretion of the Financial Aid Office.
- EFC changes may also be made on appeal if the student and/or family's financial circumstances change or are not accurately reflected by the information collected on the FAFSA.
- Students enrolling in Overseas Study programs have their expected cost of attendance updated for the term(s) during which they will be away. See the Student Travel (SIS & Chrome River), section on Overseas Study for information on COA adjustments for these students.

## B. TAX IMPLICATIONS

IU employees should never offer personal tax filing advice. Tax resources for students include IRS publication 970 and the IU Tax webpage for [Student Taxes](#).

# PAYMENTS TO STUDENTS

## Form 1098-T

- IU generates a Form 1098-T each year in January for all U.S. residents enrolled as regular students. IU does not generate a Form 1098-T for non-resident aliens, unless specifically requested and reviewed by University Tax Services. Box 5 on the form records all scholarships, grants, waivers, and other aid recorded in SIS that is not required to be paid back. Failure to award or account for institutional funds for students in the SIS puts the university at risk of violating federal financial aid and IRS rules, and could also jeopardize a student's ability to properly claim tax benefits under IRS rules.
- Consult the University Tax Services webpage for more information about the [Form 1098-T](#).

## Expectation of Service for an Award

- It is not appropriate to pay a student with a scholarship if the recipient is required to perform a service that benefits the university. If the student is working as a tour guide, peer mentor, tutor or in some other capacity for a specified number of hours with campus supervision, scheduling or oversight, this is work and compensation should be made in the form of wages, and taxed as such.
- Due to the Affordable Care Act, IU must track all hours worked by students to ensure that total hours do not constitute a right to benefits it is not our intention to offer.
- For more information about how to determine whether or not an award must be paid as wages, consult the University Tax Services Standard Operating Procedure regarding [Taxable Service Component for Student Awards](#).

## International Student Tax Implications

- For an international student, if the total of all awards exceeds tuition, fees and course related expenses, taxes will automatically be withheld from the student's bursar account. Additional tax considerations can apply and, depending on status, the international student may qualify for certain tax treaty benefits, which would entitle the student to no tax withholding. See University Tax Services webpage for [International Students Scholarships/Fellowships & Taxes](#).
- The IU Office of International Services provides a vended software product free of charge to the IU international student population to assist in US tax preparation and filing.

## C. ATTRIBUTES OF SCHOLARSHIPS, FELLOWSHIPS AND FEE REMISSIONS

- A **Scholarship** is gift aid for undergraduate students, regardless of the funding source or name of the award, given for the purpose of aiding a student's study, training, research and education-related expenses.
- At IU, a **Fellowship** is gift aid awarded to graduate and professional students.
- Fellowship funding may trigger student eligibility for Mandatory Graduate Student Health Insurance. Please refer to Section D to understand and plan for your department's full financial obligations.
- **Post-Doctoral Fellowships** are like graduate student fellowships but are awarded to post-doctoral appointees who are not IU students. This includes NIH training grants and fellowships where IU does not direct and control the individual or own the research. If IU directs, controls or owns the research, the appointee is an employee. In both cases, post-doctoral appointees qualify for health insurance.



# PAYMENTS TO STUDENTS

- “**Restricted**” gift aid refers to funds that are limited to paying certain expenses, such as tuition. Other restrictions may limit which students may be awarded.
- An award limited to paying tuition is technically a fee remission, even if it is called a scholarship. Both are financial aid. “**Unrestricted**” aid can pay any charge.
- Correct use of object codes is required to ensure accurate scholarship and fellowship reporting. Refer to the Appendix for more information about object codes.
- A **Fee Remission** is any award to a student, regardless of funding source, which provides funding restricted to pay only certain educational expenses assessed by IU (usually tuition and fees). All fee remissions for undergraduate and graduate students must be processed through the SIS.

Most fee remissions are paid through the SIS mechanism called “Third Party Contracts” (TPCs). For students who apply for other aid, the amounts feed back to the student’s financial aid record with the assumption that an award made for fall will also be made for spring. The awarding department may be asked to indicate the amount they expect the TPC to pay, as an estimate, when the student is attached to the TPC. That amount serves as a placeholder, around which other aid can be awarded, until the exact dollar amount is known.

Contact your campus bursar for details regarding the TPC process, including creating or updating contracts.

## Examples of Fee Remissions:

- IU departmental graduate funding for Student Academic Appointees, based on a contract between a department and a student
- Most Indiana Commission for Higher Education grants
- [IU Tuition Benefit](#) for employees and their dependents
- Sponsored programs or special institutes, including sponsored contract and grant accounts; exchange student, summer institute and workshop participants. See [Payments and Fee Remissions to Graduate Students on Sponsored Programs](#) for more information.
- Veteran’s education benefits (these are not considered in determination of eligibility for federal financial aid)
- Military Remissions for non-resident students eligible for resident rates: See [In-State Tuition Rates for Certain Veterans, Military Members, and GI Bill Recipients](#) for more information.
- Senior Citizen Fee Remission: See [Senior Citizen Fee Remission](#) for more information.

# PAYMENTS TO STUDENTS

## D. HEALTH INSURANCE

### Mandatory Graduate Student Health Insurance

Student Academic Appointees (SAAs) and Post-Doctoral Fellows automatically qualify for Health Insurance if they are hired at 37.5% or greater full-time equivalent (FTE).

Fellowship recipients enrolled in at least 6 credits also qualify for Health Insurance if the student receives combined fellowship funds (not fee remissions) from any source that meet a threshold each semester, fall and/or spring. For the current threshold, see [University Human Resources Benefits > Fellowship Recipients](#).

Fellowships must be processed by Sept 30 for fall and Jan 31 for spring for the coverage to be offered. Students who qualify for spring automatically receive insurance coverage for spring and summer, and, as a result, the premium paid by the department is higher. Coverage may be waived by the student – [Waiver Form](#).

### Health Insurance Planning Practices

Your department should plan for all expenses associated with fellowships or academic appointments that your unit provides to graduate students, including costs related to Health Insurance.

Departmental accounts are responsible for 100% of the institutional health insurance premium for a qualifying student paid on a non-general fund account.<sup>2</sup> Premium charges are billed proportionally to all IU accounts that fund a student's fellowship(s) or academic appointment salary. Units may move the expense to a less restrictive account if the fellowship account does not have adequate funding or is limited by donor intent. Non-IU (external) fellowship funding should be made payable to Indiana University and sent to the Office of the Bursar. The Financial Aid Office will work with the student's department to post the scholarship via an account administered by the department.

### Health Insurance for International Students

International students and scholars (F-1 and J-1 visa status) are required by law to have health insurance for their entire stay in the United States, see: <https://ois.iu.edu/living-working/health/index.html>.

The Student Academic Appointment (SAA) Mandatory Health Insurance plan for graduate students meets this international student health insurance requirement. International students not covered by the SAA plan or by another acceptable policy will be enrolled automatically in an insurance plan through IU and will be billed for the costs each semester.

The IU Office of International Services has checks built into the international student management system so that a student covered by the SAA plan should not also be auto-enrolled in and billed for the international student plan. Please contact the IU Office of International Services (Bloomington and regional campuses) or IU Office of International Affairs (IUPUI) for more information about international student health insurance.

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<sup>2</sup> If a Bloomington student's fellowship or academic appointment salary is paid from a general fund account, the charges for the SAA Health Insurance premium are covered by campus funds held by the Budgetary Administration and Planning Office.

# PAYMENTS TO STUDENTS

## Compensation for Services (HRMS)

### WAGES PAID FOR SERVICES PERFORMED

HRMS is used when services are performed for the university, of an employment nature at the direction and control of the university. Students may be employed as hourly employees, Federal Work-Study employees, student academic appointees (i.e. GAs, AIs, SAAs)

It is not appropriate to use scholarship funds in SIS to circumvent hiring a student through HRMS in order to compensate the student for performing services for the university. Further, it is not appropriate to use non-monetary forms of compensation (such as a free trip, tangible item, campus housing or meals) in lieu of hiring a student for services performed for the university. Please see [Policy USSS-09](#) and [Tax Standard Operating Procedure – 3.08](#) for more information.

### SERVICES REQUIRED AS A CONDITION FOR A SCHOLARSHIP

When an award is intended to support a student's pursuit of their studies and performance of a service is a condition of the award, an analysis should be performed using University Tax Services Standard Operating Procedure (TSOP) [5.02 – Service Component for Student Awards](#). This will guide units and departments on how to correctly classify payments and will provide resources if you have further questions.

In determining how to pay for services performed, consider the following:

- IU is required to track all hours worked to comply with the Affordable Care Act. As a result, flat rate “stipends” are no longer used to compensate students for services.
- IU must also comply with IRS withholding, tax, and wage and income reporting requirements.
- Use of the incorrect payment method can have adverse effects to the university (penalties and fines), and to the student (on the student's personal tax return or consideration for future financial aid).

# PAYMENTS TO STUDENTS

## Student Travel (SIS and Chrome River)

### PAYING STUDENT TRAVEL EXPENSES

The purpose of a student's travel impacts how funds should be provided and accounted for, and in very rare cases, whether or not the student is able to accept funds without negative, unintended financial consequences.

- A student travelling on behalf of IU for university business, or to represent IU must be paid through Chrome River. Funds reimbursed or paid on the student's behalf are not considered financial aid.
- Institutional funds provided for travel expenses for any other reason must be considered as financial aid (scholarship or fellowship<sup>3</sup>). Funds may be provided through the SIS or Chrome River, but if Chrome River is used, the amount provided must be recorded in the SIS as financial aid whether the student has applied for financial aid or not. Regardless of the payment method, there may be limits on when and how much can be paid to, or on behalf of a federal aid recipient.
- **Consult with the Financial Aid Office before offering to pay for student travel.**

Determination of the primary purpose of a student's travel can be difficult. Details to assist you with this determination and options for payments that must be considered as financial aid are described below.

When you contact the Financial Aid Office, you need the student(s)'s ID number, the amount of funding to be provided (this can be approximate, initially) and the method by which you plan to provide the funds (SIS or Chrome River). The Financial Aid Office will assess the student's situation, then let you know how to proceed.

#### Outcome A:

The student has either no financial aid or not enough to limit your ability to assist them. Funds can be recorded as a disbursing scholarship in the SIS, or as a non-disbursing placeholder for the amount paid through Chrome River. Determination of aid eligibility after this will take the funding you provided into account. The Financial Aid Office may or may not ask you to provide documentation of the expense.

#### **You may provide the funds.**

**Award via SIS:** If you want to award with a disbursing item type in the SIS, the Financial Aid Office can assist you.

**Pay via Chrome River:** If you will use Chrome River, you must select the Student Travel report type as well as the most appropriate purpose of the travel. If Academic Benefit or Personal Benefit is selected, the expense(s) will be reported to the campus Financial Aid Office. Financial Aid personnel will create a placeholder award in the SIS in the amount specified.

#### Outcome B:

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<sup>3</sup> A fellowship entered into the SIS as either a placeholder or an award could trigger a Student Health Insurance obligation, as described in section G.

## PAYMENTS TO STUDENTS

The student has federal aid and insufficient “room” in the financial aid package. Additional resources cannot be provided without increasing the student’s COA or taking away other assistance previously awarded.

**If the Financial Aid Office is unable to increase the student’s COA, funds you award will result in an offsetting decrease in other student financial aid.**

### **For Outcome B ONLY:**

Your Financial Aid Office will provide you (or the student) with a form to collect documentation about the reason for student travel. This information will be evaluated in the same manner as extra costs described under “Exceptions and Appeals.”

The Financial Aid Office will work with you to try to find a way to make the payment while adhering to federal aid rules. However, it is quite possible that you will be able to assist some students and not others. This is unavoidable due to the restrictions that are placed on students receiving federal financial assistance.

If your award can be accommodated by increasing the COA, you may provide the funds without negatively impacting other aid. Pay with either method as described in Outcome A.

Examples of costs, which might be allowable as increases to the standard cost of attendance include:

- Travel costs associated with coursework required for the student’s degree, including an internship or practicum, or arts performances required for a course (see Overseas Study section for details specific to those academic experiences);
- Academically-related, but not necessarily course-related research travel;
- Travel to a conference or workshop related to the student’s field of study, where the student is the primary beneficiary of the conference experience (vs IU);
- Travel expenses to return to campus to take qualifying exams or defend the dissertation, if incurred during a period of enrollment.

Examples where the Financial Aid Office is unlikely to adjust COA include:

- Travel costs incurred to attend an audition or job interview;
- Travel to a conference or workshop not connected to the student’s academic program, where the student’s benefit may be viewed as more personal enrichment rather than academic progress.

### **Students Traveling on Behalf of IU for University Business (Chrome River)**

The Chrome River Travel & Expense System is always used for travel on university business where the university is the primary beneficiary of the travel (see “accountable plan” definition). Some examples of student travel that should be processed through Chrome River are:

- The traveler is both an IU employee and an IU student, but travel is in his or her capacity as an employee;

# PAYMENTS TO STUDENTS

- A student is attending a conference to represent IU, presenting a faculty member's research or joint research with or on the department's behalf (IU is primary beneficiary);
- A student is voluntarily representing the university by invitation or in an extra-curricular competition, such as in an arts performance, business case competitions, moot court competitions, etc.

## Travel Expenses and Check Requests

Use of a BUY.IU check request is never appropriate for paying student travel expenses, even during periods of non-enrollment, like summer. Use the NonEmployee/NonStudent Travel expense report type in Chrome River for a former student who has graduated if you want to reimburse travel costs incurred after separation from the university.

## Student Group Travel

The Chrome River system has specific, optional mechanisms to make Group Travel payments in cases where three or more students travel with a faculty or staff member and expenses are uniform across the student group. The payment is recorded against a lead instructor's name (for BUY.IU check requests) or Employee ID number (for direct billed charges). A roster of student names must be submitted along with the expense report in Chrome River.

Instead of per diem payments, actual receipts are used for the reimbursement of meal costs for the group. However, these payments cannot exceed the amount allowed by applicable per diem regulations.

If a department is using fees charged in the SIS to students specifically for the travel costs, and using the Group Travel option for convenience to allocate those fees to the trip expense, it is not necessary to notify the Financial Aid Office.

However, if the department will use institutional funds to fully cover or subsidize student group travel that does not primarily benefit IU (not "accountable plan") the funds must be considered as scholarships or fellowships to the individual students and treated as previously described. Use of the Group Travel option in Chrome River does not negate the institution's obligation to account for these funds as student financial aid.

It may not be appropriate to use Group Travel payment mechanisms for situations where the student group travel is not associated with enrollment. Please discuss such situations with Travel Management before initiating a Group Travel payment.

## Overseas Study (SIS)

The IU Office of Overseas Study (OVST), under the IU Office of the Vice President for International Affairs, is responsible for review and approval of all study abroad programs for students on all Indiana University campuses (see [Overseas Study Program Development](#)). Approved study abroad programs may be either IU Programs or Non-IU Programs. For both, any financial aid must be processed through the SIS.

Attributes of IU and Non-IU Programs are described below.

# PAYMENTS TO STUDENTS

IU Programs	Non-IU Programs
<p>May be “IU-Administered” or “IU Co-Sponsored.” “IU Administered” refers to faculty-led programs organized by an IU academic unit or campus.</p> <ul style="list-style-type: none"> <li>• IU controls program admission and enrollment</li> <li>• Student receives direct IU credit</li> <li>• Grades count in GPA</li> <li>• Count toward senior residency</li> <li>• Most financial aid can be applied to costs</li> </ul>	<ul style="list-style-type: none"> <li>• Student applies directly to an outside entity</li> <li>• Student may only receive transfer credit</li> <li>• Grades not calculated in GPA</li> <li>• Do not count toward senior residency</li> <li>• Financial aid applicability varies</li> </ul>

## *IU-Administered and IU Co-Sponsored Programs*

For students participating in an **IU Program**, there is a back-office procedure in place between the Office of Overseas Study (BL and IUPUI) and the campus Financial Aid Offices to update cost of attendance for these programs. Academic units and regional campuses organizing a faculty-led program should contact central Overseas Study if they do not already have a procedure in place for COA adjustment.

Once financial aid is applied through the SIS so that student tuition and fees flow back to the unit organizing the course, the unit should pay for travel using either IU Purchasing contractual arrangements or IU Travel Management pre-paid or group travel mechanisms.

Two important rules to keep in mind related to Overseas Study and financial aid:

**Rule #1: Under no circumstances should an IU department collect an Overseas Study fee directly from students.** Costs associated with student group travel are restricted to collection via these two mechanisms:

- Regular tuition income (flat fee or credit-hour based, as that income normally passes to the academic unit’s budget);
- A fee collected through the Office of the Bursar according to [IU Policy - Student and Other University Fees Approval](#)

Departments or campuses working on new study abroad offerings should note that the university has a set schedule under which new course-related or non-instructional fees may be requested and approved once per year, about six months preceding the start of the next fiscal year. The requirement that a student pay an enrollment deposit (or pre-payment) to secure his or her spot on an overseas study program is also subject to the fee approval policy, and must be handled in coordination with the Bursar. It may be possible for the campus Bursar to put in place pass-through fees for the individual student travel expenses outside of that once-per-year schedule, subject to the policies of that campus’s Chancellor or Provost.

**Rule #2: Do not post an award in SIS for the incorrect term in attempt to work around normal disbursement schedules.** If a student needs access to financial aid funds prior to the date funds would normally be available for study abroad expenses, for example, to buy a plane ticket or pay an enrollment deposit, it may be possible to get funds to the student early. While federal and state funds cannot be advanced, arrangements can be made for



# PAYMENTS TO STUDENTS

a student with institutional and other aid sufficient to cover billed charges. At the discretion of the campus Bursar and Financial Aid Director, disbursement and refund of aid can be forced through the SIS to accommodate the student's needs.

## *Non-IU Programs*

There are benefits to maintaining IU enrollment while participating in a non-IU program, and students are advised to do so. The following courses are used, as described:

### OVST-Y 496

In order to qualify for federal aid, or enrollment certification to keep prior loans in deferment, students at IUPUI and IU Bloomington enroll in OVST-Y 496 and must contact their Financial Aid Office to complete a Consortium Agreement between the institution offering the program and their campus. (IUPUI only - students who are also in the [RISE Program](#) enroll in OVST-Y 495, instead.)

### OVST-Y 498

A student at IUPUI or IU Bloomington who is not seeking financial aid or loan deferment for their program would enroll in OVST-Y 498. (IUPUI only - students who are also in the [RISE Program](#) enroll in OVST-Y 497, instead.)

Scholarships for students who are enrolled in OVST Y496 or Y498 will credit to their student accounts no more than ten (10) days before the start of regular semester classes.

Students in a Non-IU Program do not have IU tuition and fee charges. Therefore, there are no charges to which a fee remission could apply.

The financial processes associated with overseas study are complex, requiring substantial lead time and robust and well-qualified administrative support structures within the unit or campus. This document should not be used to establish or develop new overseas student programs, but should instead be used as reference and in training new personnel supporting programs that are already in operation. If you are establishing a new overseas program, contact your campus Overseas Study or Study Abroad office for assistance.



# PAYMENTS TO STUDENTS

## Other Payments (Check Request through BUY.IU)

### PRIZE POLICIES

If you are awarding a prize to students for contests or drawings, all IU and IU Foundation policies apply irrespective of the funding source, or whether or not the winnings must be treated as a scholarship. If you are conducting (alone or with a sponsor or vendor) a contest or drawing for which a prize will be awarded, it is important that you review Indiana University policy [FIN-ACC-640: Contests, Drawings, Games, and Prizes](#). Note that raffles, bingo, poker and other charity gaming are strictly prohibited.

In order to comply with IRS reporting regulations, any department or IU entity holding a drawing, game or contest must refer to [Tax's Standard Operating Procedure 9.03](#).

### “PRIZES” ARE ALMOST ALWAYS SCHOLARSHIPS/FELLOWSHIPS

Most prizes awarded to students for winning a contest or drawing are scholarships and must be processed as such. It does not matter what the “winnings” are called or where funding came from.

Winnings must be considered as a scholarship or fellowship if **any** of the following conditions apply:

- Eligibility to participate in the contest or drawing is restricted to students, **OR**
- The recipient is required to use the prize for educational purposes, **OR**
- The contest or drawing is related to the student's university courses or degree completion.

When the prize awarded for winning the contest or drawing is cash, a cash equivalent (gift card) or a non-cash item that can be used for educational purposes or to pay for expenses included in the student's cost of attendance, the value of the item must be recorded as a scholarship in the SIS.

Items that cannot be used for educational purposes are not recorded in the SIS, but value limits must be in accordance with IU policies and should refer to [Tax Standard Operating Procedure - 9.03](#).

### NON-SCHOLARSHIP PRIZES OR AWARDS

If you are awarding prizes to students for contests or drawings and **none** of the conditions listed above apply, the prize is not treated as a scholarship. The prize is includable as taxable income to the winner under IRS regulations, even if the winner is a student. A non-scholarship prize must be processed in one of two ways to ensure appropriate reporting by the university:

- If the prize is a cash payment or cash equivalent (e.g., gift card), it must be processed as a check request through BUY.IU. Documentation on how the contest or drawing was conducted must be entered into the notes section.
- If the prize is a non-cash item, please refer to [Tax Standard Operating Procedure – 9.03](#) for processing guidance. Some examples of non-cash items are tangible personal property (e.g., picture frames or clothing) and complimentary services. For further questions contact FMS Tax Department at [taxpayer@iu.edu](mailto:taxpayer@iu.edu).

# PAYMENTS TO STUDENTS

## Definitions

### ACCOUNTABLE PLAN

This IRS term is used by IU to refer to reimbursable ordinary and necessary business expenses incurred in the conduct of official university business. These include approved payments for travel, moving, faculty research accounts and allowable out-of-pocket expenses. Refer to the IU Policy, Reimbursement Under the Accountable Plan, for details.

### AWARDS

Generic term for funds for students. All financial aid falls under the definition of Awards.

### COST OF ATTENDANCE (COA)

The cost of attendance for a student is an estimate of education-related expenses for the period of enrollment for which the student has applied for aid. Expenses included in the COA are tuition and fees, books and supplies, transportation, room and board, and personal expenses as required and by federal financial aid regulations. Total financial aid eligibility is capped at the COA for federal aid recipients and may be capped for all students by the campus under institutional policy.

### DEPARTMENTAL AID

Institutional financial aid or awards for students made at the discretion of an individual department, usually an academic unit. This may include IU Foundation or other funds awarded to students by the unit.

### EXPECTED FAMILY CONTRIBUTION (EFC)

The EFC is result of a student's Free Application for Federal Student Aid (FAFSA) and represents the amount of money the federal government calculates a family could contribute toward the COA. The figure is determined by federal formulas applied to student-supplied data on family income, assets and other demographic information.

### FINANCIAL AID PACKAGE

The combination of federal, state, institutional and external aid awarded to a student for a particular period of enrollment. Includes grants, scholarships, fellowships, fee remissions, need-based work income and student and parent education loans from all sources.

### FINANCIAL NEED = COA – EFC

Financial Need (or “need”) is the difference between Cost of Attendance (COA) and the Expected Family Contribution (EFC). A student with federal aid awarded on the basis of need cannot have total resources in excess of need. All resources count toward need with the exception of non-need-based federal and private student loans.

**GROUP TRAVEL** – Refer to page 12, “Student Group Travel (Chrome River).”

# PAYMENTS TO STUDENTS

## INSTITUTIONAL AID

Except as provided below, Institutional Aid refers to any funds awarded by IU or through the IU Foundation to a student, regardless of the timing of the award. Institutional Aid includes scholarships, fellowship, fee waivers, grants, loans and all other IU-funded monetary benefits administered through the Student Information System (SIS). Institutional Aid does not include wages for service to the University or prizes.

## OVERSEAS STUDY (OR STUDY ABROAD)

An educational activity that occurs outside the U.S. and usually involves academic credit earned through a short travel course, a summer program or a semester or year-long period that leads to progress towards an academic degree. However, the term can also refer to non-credit international experiences such as volunteering, internships and service projects.

**PRIZES** - Refer to pages 15, “Other Payments (Check Request through BUY.IU).”

## QUALIFIED EDUCATIONAL EXPENSE

Expenses for which the university must receive payment in order for the student to attend. The 1098-T Form includes amounts meeting the IRS criteria paid on or after January 1 and on or before December 31 of each tax year. These expenses appear in box 1 of the 1098-T form. These amounts include:

- Tuition and fees
- Books and supplies charges *billed by IU*

Room and board, insurance, medical expenses, athletic tickets, etc., which may be billed and collected by IU, are not qualified expenses.

**SCHOLARSHIPS AND FELLOWSHIPS** – Refer to page 5, section C, “Common Attributes of Student Scholarships and Fellowships.”

## STUDENT

A student is a person seeking a degree or other educational credential at Indiana University. A student ceases to be a student upon graduation or official separation from Indiana University. A student who is not enrolled in the summer but has not graduated is still a student.

## STUDENT INFORMATION SYSTEM (SIS)

The computer software (currently PeopleSoft) used by all Indiana University campuses to process, display and store student registrar, bursar, admissions and financial aid data.

# PAYMENTS TO STUDENTS

## IU Financial Aid Contact Information

“Financial Aid Office” is a generic term used to refer to the campus office responsible for the administration of federal, state and institutional financial aid for Indiana University students. These offices award and monitor student financial aid in compliance with federal, state and institutional regulations and policies, and collaborate with Enrollment Management officers and other student service providers including Admissions, the Registrar and Bursar to support directives, plans and strategic enrollment goals for their respective campuses.

Campus contact information:

- IU Bloomington - Office of Student Financial Assistance  
Jacqueline Kennedy-Fletcher, Director - jacfletc@indiana.edu
- IUPUI - Office of Student Financial Services (includes Columbus and Ft. Wayne)  
Marvin Smith III, Director - mlsiii@iupui.edu
- IU East - Office of Financial Aid and Scholarships  
Sarah Soper, Director - saeaton@iue.edu
- IU Kokomo - Office of Scholarships and Financial Aid  
Dara Johnson, Director - darnjohn@iu.edu
- IU Northwest - Office of Financial Aid and Scholarships  
Gina Pirtle, Director - gpirtle@iu.edu
- IU South Bend - Office of Financial Aid and Scholarships  
Lorie Williams, Director - lojewill@iu.edu
- IU Southeast - Office of Financial Aid  
Lauren Greider, Director - lgreider@ius.edu

The University Financial Aid Office in University Student Services and Systems (USSS) is responsible for performing back-office processes for all campuses under the Shared Services initiative. This office serves as a resource for compliance, is responsible for configuration of the SIS, monitors automated activities, performs batch updates, draws down state and federal aid funds, reconciles state and federal awards, serves as a central resource for the annual audit, completes and files the FISAP for all campuses and advises the IU administration on matters regarding financial aid.

The University Financial Aid Director is Jenny Stephens, [stephejl@iu.edu](mailto:stephejl@iu.edu).

# PAYMENTS TO STUDENTS

## Appendix – Object Codes and Item Types

Please review your current use of financial aid object codes across all fund groups to ensure that they comply with these guidelines. In cases where object code usage for actual expenditures needs to be updated, it may be necessary to coordinate changes to Student Information System (SIS) item types, which are used to process awards for students in the financial aid and student financials (Bursar) systems.

Requests for new item types and questions regarding item type setup should be directed to your Financial Aid Office.

**Table 1: Object Codes and Descriptions**

Object Code	Description
4088*	- Group Travel
4866*	- Prizes: not for the purpose of aiding the student's study, training, or research and not considered scholarship or fellowship
5400	- Graduate Student Academic Appointee (SAA) fee remission
5610	- SAA health insurance
5810	- Graduate student fee remission for regularly enrolled graduate and professional students
5820	- Graduate student fellowships for enrolled students - Fellowships for pre-doctoral graduate students enrolled in minimum of one summer course
5821	- Fellowships reportable post-doctoral without enrollment requirements of 5820 (process through payroll)
5822	- Fellowships that only professional students qualify
5860*	- Undergraduate student scholarships for non-enrolled students (check request)
5861	- Graduate student fellowships for non-enrolled students (check request)
5865	- Undergraduate student travel and research
5866	- Graduate student travel and research - Non-compensatory research expenses, study-related travel for pre-doctoral students
5870	- Sponsored program student fee remissions; Graduate student fellowship (stipend)
5880	- Undergraduate student scholarships for enrolled students

*\*4088 is the only object code available in Chrome River. Only 4088, 4866 and 5860 may be used in BUY.IU*