

**COLORADO STATE UNIVERSITY**  
**Financial Instruction Procedures**  
**FPI 2-5**

1. **Procedure Title:** Payments to Students
2. **Procedure Purpose and Effect:** Student payments often have implications for financial aid and/or tax reporting. This procedure defines the proper methods for payments to students of the University.
3. **Application of Procedure:** This procedure applies to Campus Departments. The nature and substance of the payment are the determining factors for proper classification, rather than the form of payment. University employees who approve payments to students must understand the nature of the payments and the contents of this procedure, as referenced in CSU Financial Policy 2.4.
4. **Exemptions:** Any exemptions to this procedure would need to be approved by Business & Financial Services.
5. **Definitions:**
  - A. **Compensation:** Compensation is an amount paid to a student in return for services rendered. Stipends and honorariums constitute compensation since they are payments received in return for services rendered.
  - B. **Scholarships:** Scholarships are amounts paid to, allowed to, or for the benefit of, an undergraduate or graduate student to aid such individual in pursuing their studies. Scholarship payments are based on future or continuing educational activity. Scholarships are not compensatory and do not require the performance of a service.
  - C. **Fellowships:** A fellowship is an amount paid to, allowed to, or for the benefit of, a student to aid them in their pursuit of research. Fellowships are based on future or continuing research activity. Fellowships are not compensatory and do not require the performance of a service.
  - D. **Prizes and Awards:** Prizes and awards are payments made to individuals in recognition of some past accomplishment or activity, including academic achievements in an educational, literary, artistic, or scientific field. Prizes and awards are not awarded with the intent to finance any future activities of an individual and no conditions are imposed on the manner in which the prize or award may be expended by the recipient. For purposes of this instruction, there is no difference between a "prize" and an "award." The term "award" will be used exclusively in this document from this point forward. All awards require a written statement signed by the appropriate college dean or vice president, including documentation of the purpose of the award, criteria for eligibility, and selection process.
  - E. **Crisis Grants and Consolidated Short Term Loans:** Crisis grants and short-term (emergency) loans are a nominal amount of money paid to students. Grants may be used to assist a student who faces serious financial hardships due to unanticipated expenses, and are not repaid. Short-term loans may be given to students in good standing with the University, and must be repaid at the end of each semester.

## 6. Procedure Statement:

- A. Determine the appropriate payment method based on the definitions above. Specific procedures for making a payment for student compensations, scholarships, fellowships, crisis grants, and short-term loans are available in the offices below:
1. Human Resources/Payroll – if the payment is compensation for services performed for the University, including graduate assistant stipends. For additional information regarding student employment and payroll, contact the Human Resources Department <http://www.hrs.colostate.edu/index.html>.
  2. Business & Financial Services/Accounts Payable – if the payment is for compensation to students who are independent contractors, they are paid through Accounts Payable. Contact Accounts Payable at <http://busfin.colostate.edu/Depts/AP.aspx>.
  3. For assistance in determining independent contractor status, refer to pages 1-7 of the Human Resource Services Manual <http://www.hrs.colostate.edu/pdfs/hrs-manual-1-general-provisions.pdf> and review the independent contractor's checklist on the Accounts Payable website <http://busfin.colostate.edu/Forms/AP/fmIndependCont.pdf#zoom=100>.
  4. Student Financial Services – Many types of scholarships and fellowships exist. Contact Student Financial Services <http://sfs.colostate.edu> for additional information regarding these types of payments, or if the payment is a crisis grant or emergency short-term loan.
- B. Payment of awards to students by Business & Financial Services/Accounts Payable is as follows:
1. Token awards:
    - a) Procurement. Arrange purchase with a disbursement voucher, purchase order, or procurement card as appropriate. Refer to the purchasing manual at <http://www.purchasing.colostate.edu/policy/manual.aspx>.
    - b) Documentation. All documents submitted for payment must identify the recipient's name, Taxpayer Identification Number (TIN or SSN), and include a written statement signed by the appropriate college dean or vice president, documenting the purpose of the award, criteria for eligibility, and selection process.
    - c) Object Codes. 6659 for Employee Awards and 6660 for Non-Employee Awards.
  2. Material Awards:
    - a) Procurement. Arrange purchase with a disbursement voucher, purchase order, or procurement card as appropriate. Refer to the purchasing manual at <http://www.purchasing.colostate.edu/policy/manual.aspx>.
    - b) Documentation. All documents submitted for payment must identify the recipient's name, Taxpayer Identification Number (TIN or SSN), and include a written statement signed by the appropriate college dean or vice president, documenting the purpose of the award, criteria for eligibility, and selection process.
    - c) Object Codes. 6659 for Employee Awards and 6660 for Non-Employee Awards.

**3. Cash Awards:**

- a) Procurement. For all awards of cash – either check or ACH payment, submit a memo to the Payroll Office. The Payroll Office will research whether the recipient is a University employee, or not.
  - i. If an award recipient is an employee, the award's amount will be added to the employee's regular salary, subjected to normal withholding, and paid on the usual payday. If a special check is required, the sponsoring department must notify Payroll at least two weeks in advance.
  - ii. If the award recipient is a non-employee, a special check will be prepared.
- b) Documentation. The memo submitted to Payroll must include: the recipient's Taxpayer Identification Number (TIN or SSN), and a written statement signed by the appropriate college dean or vice president, documenting the purpose of the award, criteria for eligibility, and selection process.
- c) Object Codes. 5705 for Employee Cash Awards. 6660 for Non-Employee Awards.

**C. Payment through Business & Financial Services/Accounts Receivable**

- 1. Payment of Graduate Health Insurance Stipends are processed each semester for graduate students who carry the University's health insurance. These stipends are paid through Business & Financial Services/Accounts Receivable as a credit to their student account. These credits do not appear on the 1098-T tax form, but do show as taxable income on the W-2 issued by the Payroll Office. The credits are generated by a computer program maintained by Information Systems.
- 2. Payment of Graduate Assistant Tuition by departments is processed by Business & Financial Services/Accounts Receivable.
  - a) Invoicing. Graduate lists are distributed each term for review and approval by departments and graduate school personnel. These invoices should:
    - i. Be reviewed for student and cost accuracy by department personnel
    - ii. Have KFS account numbers and object codes added for processing
    - iii. Be routed to appropriate fiscal officers for approval
    - iv. Be routed to and approved by Graduate School personnel
    - v. Expensed via TWARDUS batch in Accounts Receivable
    - vi. Appear as Third Party Payments on the 1098-T tax form
  - b) Department Payment to Student Account (DPSA) Form. If the deadline for submitting the invoice has passed (generally after census), graduate assistant tuition payments may be processed by Business & Financial Services/Accounts Receivable using this form. The form is:
    - i. Completed and approved by department personnel
    - ii. Routed to the Graduate School for approval
    - iii. Expensed via TWARDUS batch in Accounts Receivable
    - iv. Recorded as Third Party Payments on the 1098-T tax form
- 3. Department Payments to Student Accounts (DPSA) Forms are also used for:

- a) Discretionary Scholarships on file with the Provost's Office.
  - b) Sponsor Designated Scholarship or Fellowship on 53 or 99 funds.
4. Miscellaneous Payments to Student Accounts (MPSA) Forms are used for miscellaneous payments that do not fall under other categories of this documentation. These forms are:
- a) Reviewed by Accounts Receivable and Student Financial Services.
  - b) Expensed via TWARDUS batch in Accounts Receivable.
  - c) Reported as Gift Aid on 1098-T tax forms.

7. **Reference and Cross-References:** None.

8. **Forms and Tools:** None.