

A **student** is defined as anyone enrolled for course credit at Baylor. During Summer terms if a student is not enrolled in courses, but has not graduated, they are still considered a student.

Disbursement includes any form of remuneration to a student, including cash-based prizes or gift cards, when allowable.

All disbursements to students should be characterized as one of the following:

- Compensation or fee-for-service payments
- Scholarships, fellowships, and other academic awards (not associated with compensation)
- Payments to defray and/or reimburse a student's travel or research
- Reimbursement for expenses incurred for the benefit of the University

Compensation/Service-Based Disbursements

Compensation/Service-Based payments are based on the recipient being "paid to work." These disbursements are made to students for activities that primarily benefit the educational organization.

Process

Any payments for work performed by a student must be disbursed through the payroll process. Requests for such payments should be routed to the HCM Specialist assigned to your area.

Scholarships, Fellowships, and Academic Awards

Scholarships, Fellowships, and Academic Awards are based on the recipient being "paid to study." These disbursements are made to students for activities that primarily benefit the student's education/training and are distinguished from fee-for-service disbursements based on the nature of the service performed and whether it furthers the student's education. They include any amounts paid to a student based on past or future academic performance.

Factors to determine if a disbursement is related to an academic program:

- the recipient is required to use the disbursement for educational purposes, or
- the recipient is eligible to receive the funding solely because he/she is a student, or
- the disbursement is related to the student's university courses or degree completion.

Process

All forms of scholarships, fellowships, and academic awards are managed and disbursed by the Student Financial Aid office and are counted as estimated financial assistance (EFA). Refer to Appendix B for details regarding the process for submitting student disbursement requests.

Stipends

A stipend is assistance paid to students or researchers as a living allowance or to defray other educationally related expenses while participating in a training program. **Stipends are never paid as compensation for work or services rendered.**

Stipends to students are counted as EFA even if the student is not enrolled for the term in which the stipend is disbursed and may be considered taxable to the recipient. However, the University is not required to withhold taxes from such payments or report them on any IRS forms, if the recipient is a U.S. citizen. Such payments to non-U.S. citizens must be reported on IRS form 1042-S.

Trainee Stipends are a unique form of federal grant support paid to individuals, either students or postdoctoral trainees, who are devoted full-time to training for a career as a researcher.

Process

Requests for stipends must be accompanied by documentation describing the training for which payment is requested and evidence that the stipend is non-compensatory.

Stipends are processed by the Student Financial Aid office and will be counted as EFA. Disbursements may be made by the Student Financial Aid office (single installment) or through the payroll process (monthly installments). Refer to Appendix B for details regarding the process for submitting stipend requests.

Prizes & Awards

Prizes and awards are amounts received primarily in recognition of religious, charitable, scientific, educational, artistic, literary, civic achievement, or as the result of entering a contest. All prizes and awards are considered taxable income, except in rare circumstances. They may be excluded from income only if they can be characterized as academic awards as described above or if all the following are true:

- the recipient was selected without any action on his or her part to enter the contest, and
- the recipient is not required to render substantial future services as a condition to receive the prize or award, and
- the prize or award is transferred by the payer to a government unit or tax-exempt charitable organization as designated by the recipient.

Process

Taxable prizes and awards won as the result of an event that is open to non-Baylor students (that is, students from other institutions **or** non-students or members of the community) are processed through Accounts Payable. Non-taxable prizes and awards won from events that are open only to BU students are processed by the Student Financial Aid office and are counted as EFA. Refer to Appendix B for details regarding the process for submitting requests for prizes and awards.

Expense Reimbursements

Students, whether or not they are also employees, may be reimbursed for expenses incurred on behalf of the university when there is a **direct connection between the expense and the business purposes of the University**. Examples of business-related expenses include the following:

- Expenses incurred by a student to further a department member's research or to fulfill the University's obligations.
- Expenses to attend a conference/event at which the student is officially representing the University at the request of a department member.
- Reimbursement for departmental operating supplies and business entertainment (e.g., meal purchased for a departmental meeting).

In some cases, reimbursement may be made to a student for expenses not related to Baylor business. These payments fall under the category of “Travel or Research Disbursement” and are discussed in the section below.

Process

Expense reimbursements should be submitted to Accounts Payable through Ignite with appropriate documentation provided. Refer to Ignite training materials for creating an expense report or payment request for further details.

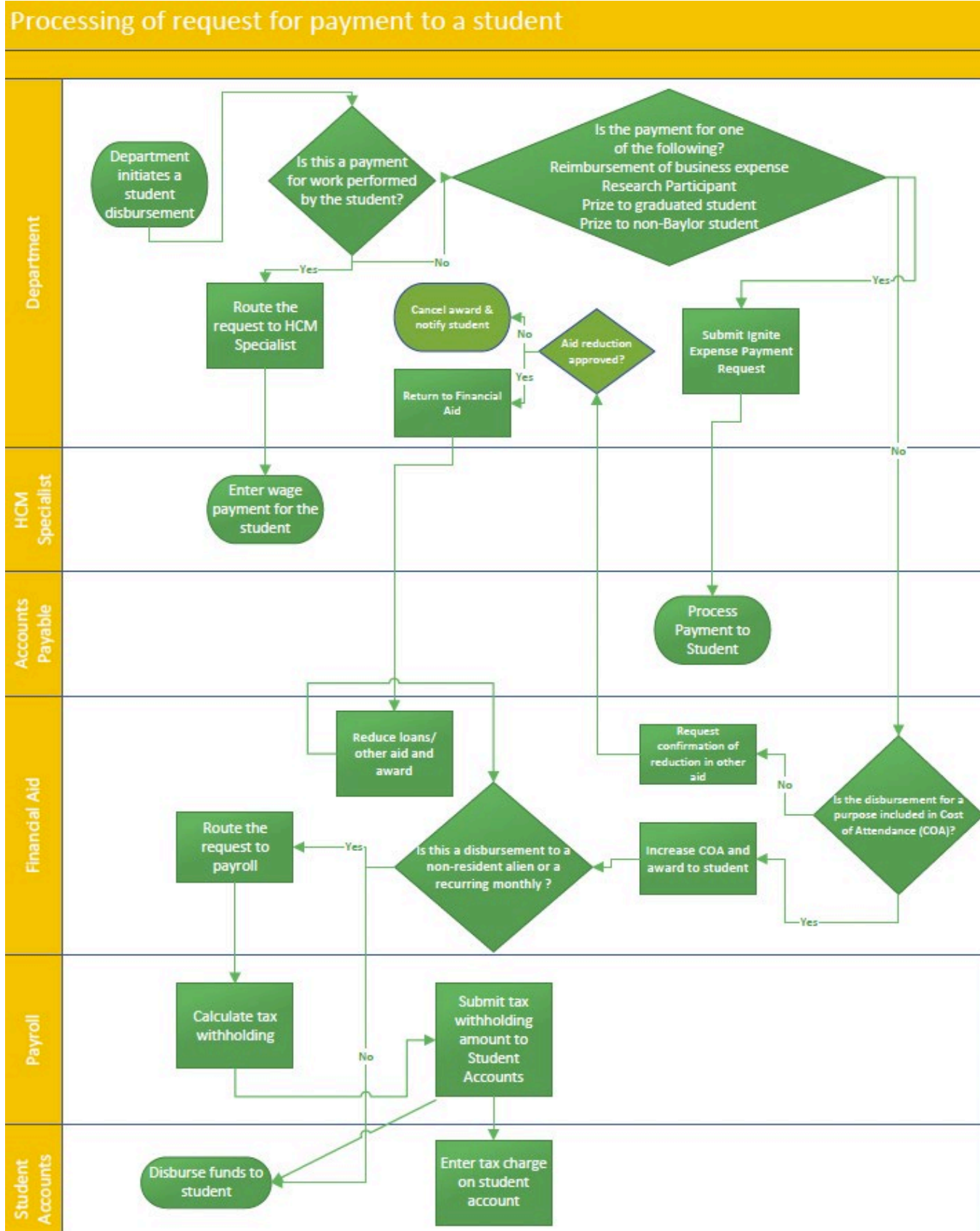
Travel or Research Reimbursements

The classification of payments to a student for travel or research should be determined based on whether the payment primarily benefits the student or primarily benefits the University.

Categories include:

- **Reimbursement for expenses for travel or research initiated and conducted by the student** (the student’s own research project, thesis, dissertation, etc.), or disbursement of funds from a grant specifically for the primary purpose of enriching the student’s education are considered to be related to the student’s academic program. Such payments should be characterized as an Academic Award and follow the *Scholarships, Fellowships and Academic Awards* process. When these payments are made to a student during a period of non-enrollment, the student is required to be registered for the next enrollment period. Otherwise, the payment will be considered taxable income.
- **Reimbursement of funds to defray authorized expenses for participation in a university business-related activity** (e.g. accompanying research faculty to present at an academic conference) are considered to be University-related expenses. Such payments should follow the *Expense Reimbursements* process.

Appendix A. Student Disbursement Flowchart



Appendix B. Student Financial Aid Process

To request financial aid processing for a **student scholarship, fellowship, award, stipend, or prize**, email a completed Student Disbursement Request form to scholarships@baylor.edu. If you do not have a Student Disbursement Request form, you can use this email address to request a form. Student Financial Aid (SFA) will notify you once the request is processed.

Stipends disbursed in a single installment to an enrolled student will be processed by SFA. Additionally, stipends made to an enrolled student and to be paid in more than one installment will be accounted for by SFA and managed by the Payroll Office. Stipends paid to students who are not currently enrolled (in the summer, for example) are processed by Payroll; stipends paid to non-students (that is, persons who have graduated, withdrawn, or who were never defined as a Baylor student) are processed by Accounts Payable.

The Student Financial Aid Office may not award estimated financial assistance that exceeds the student's cost of attendance (COA). If, after reviewing the student's COA and other forms of aid, SFA determines that no additional awards are permitted without exceeding COA, SFA staff will contact the awarding department to determine a course of action. Options for resolution include the following.

- It may be possible to increase the student's cost of attendance. This option is only available if the student has documented educational costs above those included in the COA. For example, the student has been awarded a \$750 travel grant to present her work at an academic conference. The actual travel costs incurred may be considered to increase COA.
- Other forms of financial aid may be reduced to make room for the award. For example, if the student has loan disbursements for the academic term for which the award is applied, the loan could be reduced by the amount of the award. This will reduce the student's outstanding loan debt; however, the fund will be applied toward this debt.
- The award can be rescinded by the requestor because the student has no ability to benefit from it.

Once processed, students can view their award by accessing their financial aid in BearWeb. Students should enroll in Direct Deposit to receive a timely payment. To sign up, students must login to BearWeb.

Appendix C. Glossary

Employment/work: services performed in exchange for wages.

Wages: funds paid to an employee for services rendered.

Stipend: assistance paid to students as a living allowance or to defray other educationally related expenses while participating in a training program.

Scholarship/grant/fellowship/award: a payment made to support a student's education, awarded on the basis of academic merit or financial need.

Prize: amounts received primarily in recognition of religious, charitable, scientific, educational, artistic, literary, civic achievement, or as the result of entering a contest.