1. **Purpose**

The purpose of this regulation is to provide guidelines regarding the treatment of payments made to students.

2. **Scope**

This regulation applies to all students.

3. **Academic Awards - Qualified Educational Expenses (Tuition & Fees)**

3.1 Awards for qualified educational expenses are the only amounts that are not taxable to the student. IRS Form 1098 is issued to the student, reporting the amount paid for “qualified” tuition and fees. It is the student’s responsibility to report any amounts received which exceed “qualified tuition and related expenses” as income.

3.2 These awards go through the financial aid system and are paid to the student’s account and applied directly to their bill. As appropriate, any extra is refunded directly to the student.

3.3 Examples: Limited to tuition and fees required for enrollment and books, supplies and equipment required for courses taken.

3.4 Account codes: 765XXX (state & trust funds) and 769XXG (grant funds)—Scholarships and Educational Awards

4. **Academic Awards – Non-Qualified Educational Expenses**
4.1 Payments to students, enabling them to attend school, that are not qualified educational expenses as defined above. This funding does not require the recipient to perform services such as serving as clerks/interns, or assisting with teaching, research or other academic work.

4.2 Taxation and reporting: Awards for non-qualified educational expenses are subject to income tax.

4.3 These awards go through the financial aid system and will be posted directly to the student’s account and applied to their bill

4.4 Account codes: 765XXX (state & trust funds) and 769XXG (grant funds)—Scholarships and Educational Awards

5. **Service (Work-Related) Stipends**

5.1 Payment to any student who is required to perform services in order to receive the payment is a service or “work-related” stipend.

5.2 Service stipends are subject to tax withholding. An IRS Form W-2 is issued.

5.3 Processed through Payroll during the month-end payment cycle. Service stipends are not included in calculating a student’s eligibility for financial aid.

5.4 Examples: Assistant teaching, internships/clerkships, research or other academic work.

5.5 Account code: 614590—Student Stipends-Work Related

6. **Non-Service Stipends**

6.1 Non-service stipends are amounts paid to individuals who do not provide any services, and which are not academic awards.

6.1.1 Taxation and reporting: The payee will be issued a 1099, if required.

6.1.2 Payment processing: Non-service stipends are paid through our Accounts Payable Office; if paid to a student, non-stipend payments are included in calculating a student’s eligibility for financial aid. If paid to an employee, the payment is processed through payroll.

6.1.3 Examples: Token payments and other one-time monetary awards for being the subject in a study, completing a survey, providing samples. Awards to high-school students taking part in a summer STEM program.

6.1.4 Account code: 765900 (state & trust funds) or 76911G (grant funds).