

Student Payments

Welcome

Four Acceptable Categories of Student Payments

Effective immediately, **payments formerly referred to as stipends and awards** are now identified as one of the four acceptable payment types, as listed below.

The type is based on the nature and intent of the payment, which will also dictate how it is processed and reported. *Who are we paying, what is it for and why?*

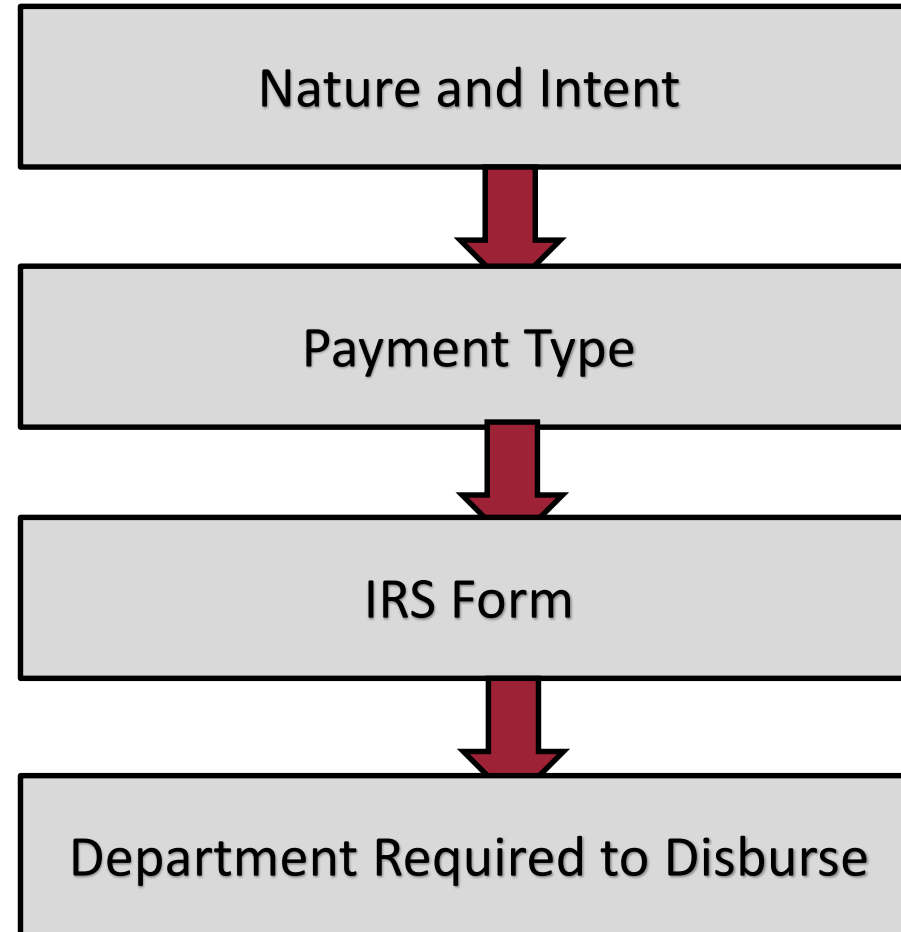


Resources to assist Chico State Students fall under four acceptable categories:

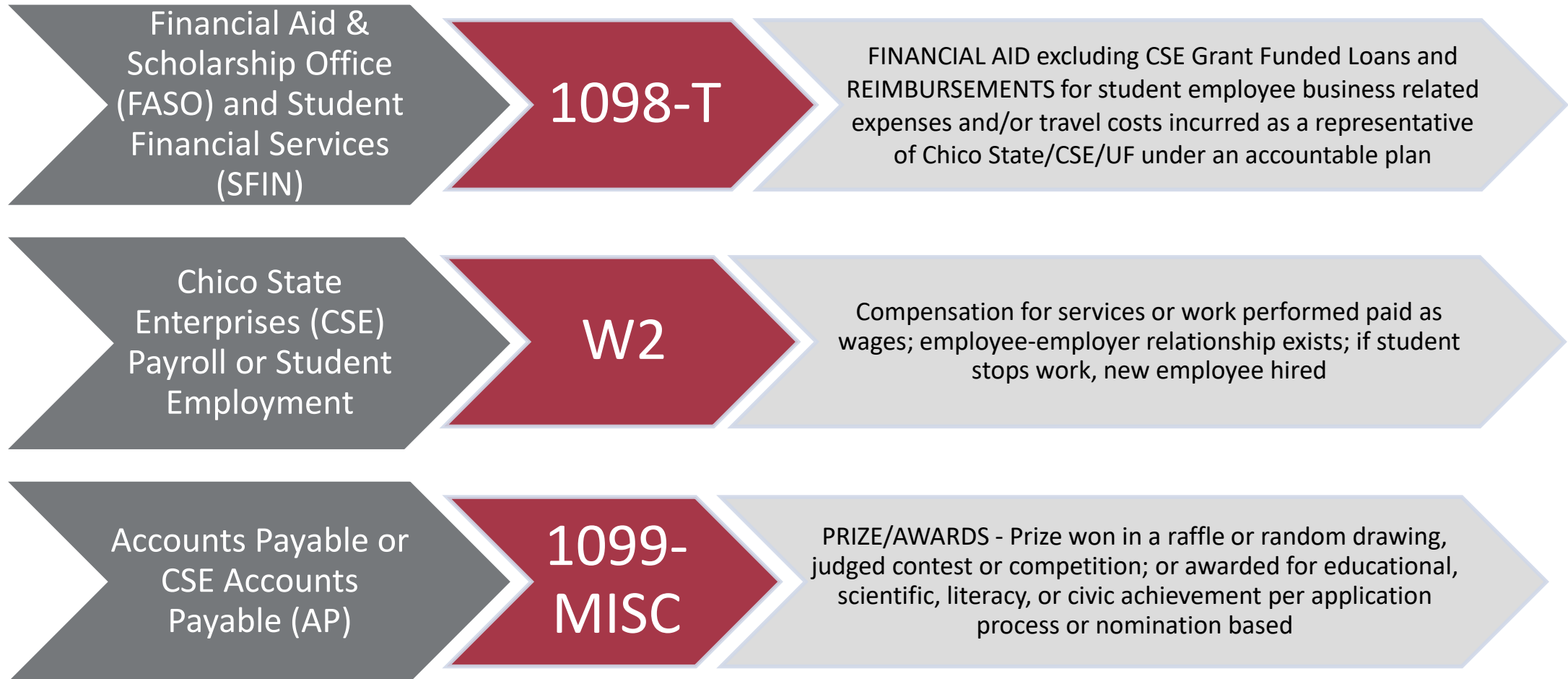
- **FINANCIAL AID:** Scholarship, Participant Support, Grants, and CSE Grant Funded Loan
- **WAGES**
- **REIMBURSEMENT**
- **PRIZE/AWARD**

General Rule: Payments to Chico State Students are Reportable

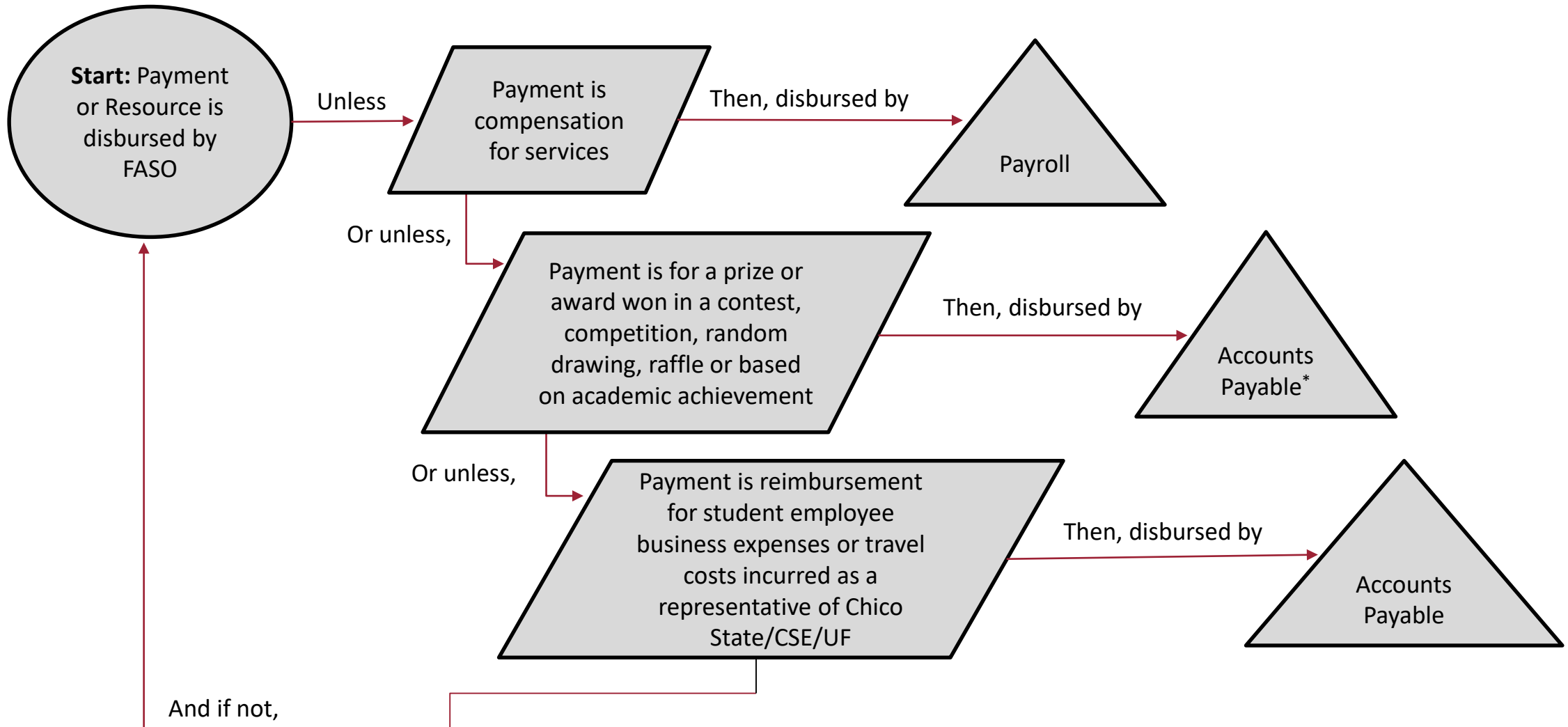
Exception Applies to Specific Reimbursements Only



The IRS Form Dictates the Department that Disburses to the Student



Disbursed by Campus and Reportable on a 1098-T, Unless ...



* And logged for financial aid purposes, if accessible to students only

Financial Aid

Per the CSU, there are two types of Financial Aid: Gift Aid and Self-Help Aid

- ✓ **Gift Aid** is assistance received that does not typically have to be repaid
- ✓ **Self-Help Aid** includes work opportunities and loans. It is called self-help because the student takes responsibility for receiving this type of aid.

Financial Aid - Gift Aid:

- Scholarships: are “gift aid” and typically includes criteria such as academic performance or special talents
- Participant Support: is a type of “gift aid” for SP projects, with a focus on professional development, research, and learning, such as workshop participation, and the primary beneficiary is the student
- Grants: are “gift aid” and generally need-based. The assistance may be limited in amount and reimbursed from evidence of payment.

Financial Aid - Self-Help Aid:

- CSE Grant Funded Loans: assistance tied to future service obligation and pay back terms
- Work Opportunities

Financial Aid-Grants are Generally Need-Based

If funds are awarded to assist enrolled Chico State Students with financial need, contact FASO immediately.

FASO will perform need assessment before students are selected for assistance based on need.

Departments should not determine whether students are low-income or need-based.

Note: the donor or funder may limit the assistance in amount or by actual costs incurred and reimburse from evidence of payment.

Coordinated Assistance by FASO is Required

ALL assistance to enrolled Chico State students that falls under the category of **FINANCIAL AID** must now be coordinated upfront by the Financial Aid and Scholarship Office (FASO).

This shift in responsibility:

- (1) allows FASO to confirm eligibility and verify that the requested amount of assistance does not exceed the total cost of Chico State attendance, and
- (2) ensures that total assistance disbursed by FASO, is reported by Chico State to the IRS *on a single 1098-T form*.

Assistance considered financial aid from University Foundation projects that start with **35 require pre-approval from Donor Relations @ donorrelations@csuchico.edu – instructions will be provided later.**

Cost of Attendance

Cost of attendance (CofA) is not a bill, but an estimate of what it will cost the average student to complete one academic year in a degree-seeking or teaching credential program.

What are the components of COA?

- Tuition, fees, books, supplies and equipment required for courses/labs
- Other costs, commonly referred to as incidental expenses, related to the pursuit of education, such as housing, food, travel, equipment purchases and other miscellaneous or personal expenses that are not required for either enrollment or attendance in a course of instruction

Why does it matter how we pay our students?

- Total student assistance cannot exceed the cost of attendance
- Historically, resources from CSE/UF were coordinated after the fact

What are the benefits of coordinating assistance upfront?

- Information is provided timely to FASO vs. after the fact
- Coordination of resources is done upfront with the student
- CofA is not necessarily vanilla
- CofA can be tailored to each student's circumstances
- Students are not over-awarded, communicated after the fact, with \$ due back
- Compliant with IRS Reporting and Federal Aid Regulations

Change in Entity Disbursing 1098-T Reportable Payments

To show up on a 1098-T, the university is required to disburse payments considered financial aid to the enrolled student. CSE AP can no longer process payment directly to the student or reimburse another payee who provided financial aid personally to the student. Consequently, FASO will now disburse the following sub-category of Financial Aid, directly to the student:

- **Financial Aid-Scholarships, Grants, and Participant Support**
 - ✓ Participant support is generally awarded from Sponsored Programs (SP) projects
 - ✓ Disbursement to the student happens after SFIN receipts funds from CSE and UF (check issued from CSE AP, coded to project with awarded funds, payable Chico State-SFIN)

The only exception is FINANCIAL AID-CSE Grant Funded Loans will continue to be disbursed to the student by CSE AP.

Implications for Recipients

Individuals planning to receive payments for FINANCIAL AID-Scholarships, FINANCIAL AID-Participant Support, and FINANCIAL AID-Grants should be aware that the amount expected can potentially be

- reduced;
- used to repay disbursed student loan balances;
- offset by other federal aid received; or
- disallowed completely based on the recipient's financial aid situation

Therefore, actual amounts can only be determined by FASO, which may not necessarily be the same as the planned amount budgeted in a particular grant or donor funded project.

To avoid inadvertently providing misinformation to students, financial aid eligibility needs to be approved by FASO before communicating an expected amount to the student.

Implications for Project Directors and Sponsored Program Budgets

- Project Directors with existing sponsored budgets will need to reevaluate any planned student stipends to see how those payments will need to be processed under the new guidance
- If budgeted stipends are determined to be financial aid, there is a potential budgetary impact because final payment amounts can be lower than the budgeted payment amount and thus result in unspent, uncommitted project funds
- This could potentially provide an opportunity for Project Directors to consider and identify other students in the program that could benefit from the scholarship assistance



Wages

Purpose: Payment is compensation for work/services performed and is considered wages

To be considered wages, only one of the following must apply:

- Research or work **PRIMARILY** benefits the university, CSE, UF, Program, Project, Faculty or Staff
- Research or work would need to continue if student stopped research or work
- An Employee/Employer Relationship **EXISTS**
- Examples of student employment include work as a student assistant, work study student, lab assistant, tutor, exam proctor or research assistant
- Logged for FA purposes, by CSE HR, if need based

Disbursed By: CSE Payroll or Student Employment

Tax Reporting Document: Reported on a W2



Prize and Award Payments

Awards/Prizes are payments in recognition for a charitable, scientific, educational, artistic, literary, or civic achievement, or are received as the result of entering a contest. Recipients are selected based on their actions to enter a contest, competition or proceeding. Drawing gifts or monetary payments are also classified as prizes. Prizes and awards are always characterized as taxable income to the recipient but may or may not result in a tax liability depending on the facts and circumstances of the taxpayer. *Definition per CO's*

Examples include Chico State Student recipients of University Foundation nomination, application, or recognition-based awards; department awards, Glenn Kendall Community Impact Award, Chico State Sales Invitational awards, etc.

Prize and Awards are disbursed by CSE Accounts Payable unless the student is employed by CSE, then paid as wages by Payroll.

If disbursed by CSE Accounts Payable, the following is required:

- Signed Check Request and [Chico State Student Prize/Award Payment form](#) (NEW FORM)
- Donor Relations approval required if paid with UF funds/projects that start with 35XXXXXXX
- Payee Data Record and Foreign National Questionnaire, on file
- Note: if accessible only to Chico State students, logged for financial aid purposes



Reimbursement Requests Disbursed by Accounts Payable

Reimbursements are payments made to make an individual whole* for out-of-pocket costs.

The nature and intent of the reimbursement determines the department that disburses the request.

For a reimbursement to be processed by **Accounts Payable**, it must be payable to a:

1. Student employed with Chico State or CSE for a business-related expenses; or
2. Student traveling as a representative of the university/CSE/UF that directly supports Chico State's mission or the CSE sponsored program/grant. *Please note: if the primary beneficiary of travel is the enrolled student, the reimbursement of costs incurred, is considered financial aid. See the next slide for guidance.*

Reimbursement requests processed by **CSE AP** must be supported by a signed check request and supporting documentation, such as evidence of payment and travel. The purpose of travel needs to be clearly documented (accountable plan rules) to avoid tax consequences.



Reimbursements Considered Financial Aid-Disbursed by Campus

Payment to reimburse a student is considered Financial Aid and reportable on a 1098-T, if costs incurred are for:

- Books, supplies, and equipment required for a course or lab
- Incidental expenses, such as housing, food, travel, equipment purchases and other items that are not required for either enrollment or attendance in a course of instruction; and
- The primary benefit of the student enrolled in a degree-seeking program at Chico State

The only exception to this rule are reimbursements for CSE Grant Funded Loans. Financial Aid is considered a loan with future service obligations and pay-back terms, disbursed by CSE AP.

Please note: the terms of an award from a donor or funder may be limited in dollar amount, i.e., up to \$500 reimbursed from evidence of payment, or reimbursed from actual costs incurred.

Reimbursements Considered Financial Aid-Disbursed by Campus

Examples of reimbursements may include:

- Travel to and from Chico State each semester, local travel or commuting to and from campus, or to lab/research sites off campus
- Course related books – noting, if considered a CSE Grant Funded Loan, aid is disbursed by CSE AP
- Incidental expenses such as food, housing, travel, miscellaneous supplies, equipment purchases, or personal expenses such as professional attire

When aid is processed as a reimbursement, the payment request requires supporting documentation, such as evidence of payment, i.e., itemized paid receipts, and mileage logs. Send an approved check request, initialed [Student Resources Disbursed by Campus worksheet](#), and required documentation, i.e., receipts, as one digital file to the appropriate CSE AP inbox to process.

Please contact your CSE analyst or University Advancement Services, to discuss the terms of the award, as needed.

How to Determine Payment Category

University Website Tool & Joint Memorandum and Chart

Determining Payment Type is a university web-based tool developed to help explain, guide, and determine the appropriate procedural approach to a very complex student payment process. It is available effective immediately. It is a set of living and dynamic digital documents that will be monitored, evaluated, and tweaked to ensure it is comprehensive and effective as a resource for all payment situations.

To access the tool, start from the [Payments to Students Guide](#) and click the **Getting Started** tab to help [Determine Payment type](#).

*This is only a tool; the determination may change based on additional information. For questions, please contact either Jenny Javor, Manager, Accounts Payable at jejavor@csuchico.edu, Kentiner David, Director of Chico State Financial Aid & Scholarship at kdavid@csuchico.edu, or your sponsored project analyst.

[Joint Memorandum: New Rules for Providing Payments to Students and Chart](#)

How to Transfer CSE and UF Resources to Chico State Students

Reportable on a 1098-T – Semester Deadline to Submit Requests (May 1, Spring 24)

Before CSE and UF funds can be used for student financial aid payments and reimbursements that are reported on 1098-T, from sources like sponsored grants and contracts and donor funds, assistance must be coordinated upfront and approved by FASO for federal compliance purposes.

ASSISTANCE FROM ALL RESOURCES must not exceed COST OF ATTENDANCE

FASO will review potential assistance, by student, for (1) eligibility and (2) amount, before approved.

It is a two-step process: (1) funds are transferred (paid) from a CSE or UF project to campus, then (2) receipted by Student Financial Services, and disbursed by FASO to the student. Please note, the type of disbursement varies by student.

Detailed instructions are as follows on subsequent slides.



CSE and UF Student Resources Disbursed by Campus – Reportable on 1098-T

1. Select and complete the [Student Resources Disbursed by Campus worksheet](#)
 - a. Projects that start with 35 require pre-approval from Donor Relations
 - b. For questions re coding for SP projects refer to your budget to actual in [ONESolution](#) or contact your analyst
 - c. For CSE projects that begin with 5-8, JL or AG, please use object code 82120 – scholarships
 - d. For UF projects that begin with 1-3, please use object code 82120 – scholarships
 - e. *Do not use 82410* (Materials and Supplies)
 - f. Please include a clear description on each line, i.e., program (name) aid, scholarship for books, reimbursement for mileage to and from campus, professional attire, etc.
2. Submit the Student Resources Disbursed by Campus worksheet to FASO via [TeamDynamix](#) for review
 - a. Additional information may be required to determine eligibility by student before the worksheet is approved and initialed – *watch for comments within the ticket*
3. Once the worksheet has been returned and initialed by FASO, save it as a PDF file. Save the Check Request (CR), approved worksheet, and itemized paid receipts, if student is being reimbursed, as one digital file and route for signature
4. Send the 1) approved CR (signed PDF file) and 2) initialed Excel file, as a separate attachment, to the appropriate CSE AP Check Request inbox (csecr@csuchico.edu, spcr@csuchico.edu, or farmcr@csuchico.edu) for processing
5. CSE AP will cut a check to California State University, Chico
 - a. Financial Aid is disbursed after the check has been receipted

CSE Grant Funded Loan Payments - Disbursed by CSE AP

This payment type is infrequently used by SP projects only. A signed student service agreement must exist on file with Sponsored Contracts for all payees before payment is processed. For questions regarding student agreements contact [Susan Podesta](#).

1. Select and complete the CSE Grant Funded Loan payment worksheet
 - a. For questions re coding for SP projects refer to your budget to actual in [ONESolution](#) or contact your analyst
 - b. *Do not use 82410 (Materials and Supplies)*
 - c. Please include a clear description on each line, i.e., program (name) loan payment or reimbursement for books
2. Submit the CSE Grant Funded Loan payment worksheet via [TeamDynamix](#) to FASO for review
 - a. Additional information may be required to determine eligibility by student before the final worksheet is approved and initialed – *watch for comments within the ticket*
3. Once the worksheet has been returned, and initialed by FASO, save it as a PDF file
4. Collect a Payee Data Record (PDR) before submitting the Check Request (CR) to AP
 - a. Obtain a [PDR](#)
5. Save the CR, approved worksheet, and itemized paid receipts, if student is being reimbursed, as one digital file
 - a. Note signed agreement on file in Nature of Expenses section on the CR and route for signature
6. Send the 1) approved CR (signed PDF file) and 2) initialed Excel file, as a separate attachment, to spcr@csuchico.edu for processing
7. A check will be issued to the payee and payment will be logged for financial aid purposes

Questions