Payments to Students Guide
Introduction

- The College of William and Mary makes various payments to students for tuition and fees, teaching, research, other education-related activities and employment.
- In awarding and processing such payments, care must be taken to classify these payments correctly for tax purposes and the impact of the Affordable Care Act.
- This document addresses types of payments made to both graduate and undergraduate students, including scholarships, fellowships, stipends, prizes and awards, compensation for services and reimbursements.
Student Definition

To be considered a WM Student you must:

– Be Accepted for Admission and Enrolled in an Approved Degree Program

– Students must be enrolled in an approved degree-seeking program to be eligible for any financial aid from the College. Students studying in an approved study abroad program are eligible to apply for financial aid from the College.

– Enrollment can be full-time or part-time
## Types of Student Payments

<table>
<thead>
<tr>
<th>Type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified Scholarship/ Fellowships</td>
<td>This category includes payments to the student (those in a degree program) or credits to a student’s account used only for “qualified tuition and related expenses,” which are limited to tuition and required fees, books, supplies, or equipment.</td>
</tr>
<tr>
<td>Non-Qualified Scholarship / Fellowship</td>
<td>A non-qualified scholarship is a scholarship payment used for expenses that are not qualified tuition or related expenses (e.g. amounts used to pay optional fees, room, board, travel and personal expenses) at the discretion of the student. A non-qualified fellowship is payment for a <strong>research</strong> fellowship. The student will be expected to perform independent research. If the fellow is a student this research would be part of their educational pursuits. It is important to note that the student is performing independently and not under any direct supervision or direction. <strong>OR</strong> Fellowship is for living support while working either at the educational institution or elsewhere determined by the institution.</td>
</tr>
<tr>
<td>Graduate Assistantship</td>
<td>An academic job held by a graduate student, which involves paying for services rendered. Graduate assistantships can be classified as; Graduate Assistantships (GA’s), Teaching Assistantships (TA’s) and Research Assistantships (RA’s). These types of individuals are performing services in order to receive compensation and are subject to the control of and supervised by an employee of the University making the payment taxable and reportable to the IRS.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
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<tr>
<td>Undergraduate Employment</td>
<td>If an undergraduate student is to receive payment for an event that occurred once, then it is a one-time payment. If the student is continuing to work for an extended amount of time it is an hourly job.</td>
</tr>
<tr>
<td>Stipend</td>
<td>Subsistence allowance given to students to help defray living expenses during an internship, training or job experience. Or Payment to help defray cost of research, activity or travel.</td>
</tr>
<tr>
<td>Research Scholarships / Fellowship</td>
<td>Scholarships/Fellowships given to students, generally in a term of non-enrollment (example: summer), for the pursuit of their studies and research.</td>
</tr>
<tr>
<td>Awards</td>
<td>Awards are given to students in recognition of academic achievement. (i.e. Higher GPA,). Awards given to student employees in recognition of work performance must be paid through payroll.</td>
</tr>
<tr>
<td>Prizes</td>
<td>Prizes are given to students who have submitted entries to a judged competition, for example, the best architectural design, best short story, or music or poster competitions.</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>Students who incur costs for approved activities that primarily benefit the College may be entitled to reimbursement. Reimbursements will be always be processed by the Accounts Payable Office. See College Procurement Reimbursement Policy.</td>
</tr>
<tr>
<td>Honorarium</td>
<td>A payment in recognition of an individual’s services for which fees are not legally or traditionally required for an academic related event. Typically this includes guest speakers and other creative academic related activities. Students do not receive honoraria at William &amp; Mary.</td>
</tr>
</tbody>
</table>
Processing a Student Payment

Before processing a student payment, you must identify the following:

1. What type of payment the students are receiving
2. Identify the time period in which the payments applies to the student (during period receiving academic credit, non-enrolled summer, post-graduation, etc.)
3. Recipient tax status (US Citizen vs NRA).

Once you have determined the answer to the 3 outlined questions, you may use the information below to identify the department that will be processing the payment.
## Payment with Service Component

### W&M Undergraduate or Graduate
(One time payment)

1. I-9 Process must be completed.
2. Student Employment Form
3. Position Number:

   - Stipends: S1SOFI
   - Internships: STINTL

### W&M Undergraduate or Graduate AND Non-W&M Students
(One-Time Payments & Multiple Payments)

1. [AskHR@wm.edu](mailto:AskHR@wm.edu)
   - Name of fellowship / program
   - Where / with what organization
   - Are candidates W&M students or from somewhere else?
   - Length of experience (e.g., summer months; January – December)
   - How many hours the person will work per week
   - What are we paying them for (e.g., to offset living expenses, etc.)
   - What type of funds are being used
Qualified Scholarship / Fellowship

Only WM Students can receive Qualified Scholarships/ Fellowships. If applicable, Students will receive a 1098-T - Tuition Statement. The student must be enrolled for classes during the semester(s) for which this money has been awarded. Rule application is the same for US Citizens and NRA students.

Payment is to be made to (or on behalf of) a student that is enrolled in classes. Is the payment for:

Qualified Scholarships/Fellowships

Treat as Financial Aid and payment must be processed by Office of Financial Aid.

If applicable, Bursar will issue a 1098-T
Non-Qualified Scholarship / Fellowship

Only WM Students may receive Non-Qualified Scholarships/ Fellowships. The student must be enrolled for classes during the semester(s) for which this money has been awarded. Rule application is NOT the same for US Citizens and NRA students.

This is the process for a payment with NO SERVICE component and STUDENT IS ENROLLED.
Graduate Assistantships AND Fellowships

This includes employment—past, present or future expectation of services. Process applies regardless of Enrollment.

- Rule application is the **same** for US Citizens and NRA students
- See Slide number 7 to identify which department will assist with payment: Financial Aid or HR.
Undergraduate Employment

Undergraduate Student employment is managed by the Financial Aid Office – past, present or future expectation of services. (Hourly Position & One-Time Payment).

Employment Rule application is the same for US Citizens and NRA students.

- Payment is to be made to (or on behalf of) a student. Is the payment for:
  - (a) Past, present, or future employment services?
  - (b) Work performed by student in an activity under the control, direction and supervision?
  - (c) Studies or research in which the primary beneficiary is the College or grantor (Benefit is more than incidental)?

  YES
  - Process through Payroll and payments will be reported on W-2.
  - Payroll reports on W-2.
Stipends NO SERVICE Component

- If no service component is required.
- Rule application is **NOT** the same for US Citizens and NRA students.

Payment is to be made to a **US CITIZEN** student is the payment for/to:

- Stipend

A student who is enrolled in Classes?

- YES: Treat as Financial Aid and payment must be processed by Office of Financial Aid
- NO: Treat as a reportable Scholarship. Complete VPRF and send to Accounts Payable for processing

If applicable, BURSAR reports on 1098-T

Contact the Payroll Office for Tax Analysis. The payroll office will provide tax letter.

After Payroll provides the tax analysis; complete the FAFAND paperwork (may be net of taxes) and send for processing

After Payroll reports on 1042-S
Stipends with SERVICE COMPONENT

- Stipend payment to offset the expense of participating in a training or internship payments must be reported on a W-2. Therefore, it must be treated as employment.
- Rule application is the same for US Citizens and NRA students.
- See Slide number 7 to identify which department will assist with payment: Financial Aid or HR.

Payment is to be made to (or on behalf of) a student. Is the payment for:

(a) Past, present, or future employment services? OR (b) Work performed by student in an activity under the control, direction and supervision? OR (c) Studies or research in which the primary beneficiary is the College or grantor (Benefit is more than incidental)? YES Process through Payroll and payments will be reported on W-2. Payroll reports on W-2.
Research Scholarship

Scholarships given to students for the pursuit of their research. Generally given for periods of non-enrollment.

- Rule application is **NOT** the same for US Citizens and NRA students.
Awards and Prizes

Awards may be given in recognition of academic achievement. A prize may be won by a student who has submitted entries to be judged in competition, for example, the best architectural design, best short story, or music or poster competitions or an Award may be given in recognition of academic achievement.

- Rule application is **NOT** the same for US Citizens and NRA students.
Reimbursements

Repayment of expenses incurred on behalf of the College

- For a student to receive a reimbursement, a College business purpose **must** exist.
- Most common reimbursement process for Students are related to travel activity.

| Payment Is to be made to a US CITIZEN or NON-RESIDENT ALIEN student Is the payment for: |
| Reimbursement YES Treat as College Business Expense. Process reimbursement through Accounts Payable or Travel Office | | Not-Reportable; Non-Taxable |