

Payments to Students Guide

Updated: April 2022



WILLIAM & MARY

CHARTERED 1693

Introduction

- The College of William and Mary makes various payments to students for tuition and fees, 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
- Students must be enrolled in an approved degree-seeking program
- Enrollment can be full- time or part-time
- Students studying in an approved study abroad program are eligible to apply for financial aid from the College.

Types of Student Payments

Type	Definition
Qualified Scholarship/ Fellowships	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.
Non-Qualified Scholarship / Fellowship	<p>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.</p> <p>A non-qualified fellowship is payment for a research 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.</p> <p>OR</p> <p>Fellowship is for living support while working either at the educational institution or elsewhere determined by the institution.</p>
Graduate Assistantship	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.

Term	Definition
Undergraduate Employment	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.
Stipend	<p>Subsistence allowance given to students to help defray living expenses during an <u>internship, training or job</u> experience.</p> <p>Or</p> <p>Payment to help defray cost of research, activity or travel.</p>
Research Scholarships / Fellowship	Scholarships/Fellowships given to students, generally in a term of non-enrollment (example: summer), for the pursuit of their studies and research.
Awards	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.
Prizes	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.
Reimbursements	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.
Honorarium	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 & Mary.

What happens if I don't know how to determine the type of payment?

The Tax and Compliance office will help you determine how to pay the student.

Step 1: Review the repository of student payments to find your program and instructions.

Step 2: If your program is NOT listed, send an email to Tax@wm.edu to request review and guidance.

Step 3: Tax office will update the repository with the new programs.

Processing a Student Payment

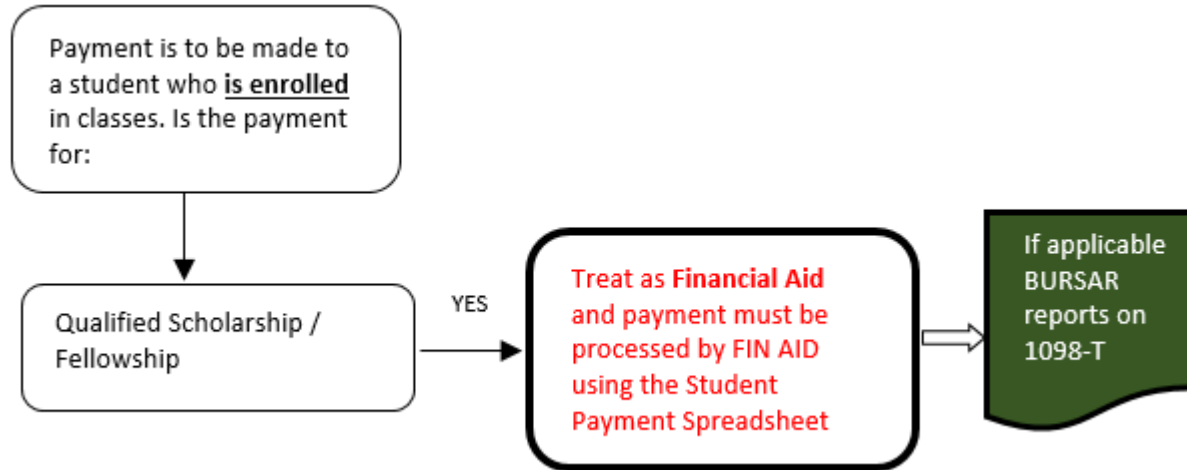
Before processing a student payment, you must identify the following:

1. What type of payment the students are receiving (use definitions guide)
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.

Qualified Scholarship / Fellowship

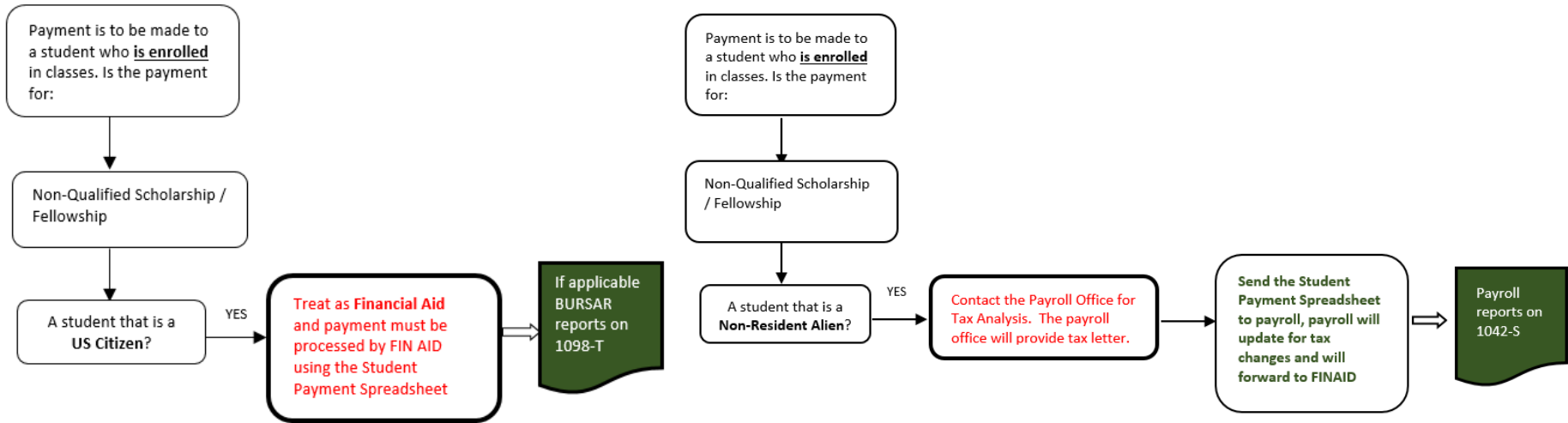
Only WM Students can receive Qualified Scholarships/ Fellowships. If applicable, Students will receive a 1098-T - Tuition Statement. The student **must be enrolled** for classes during the semester(s) for which this money has been awarded. Rule application is the **same** for US Citizens and NRA students.



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.

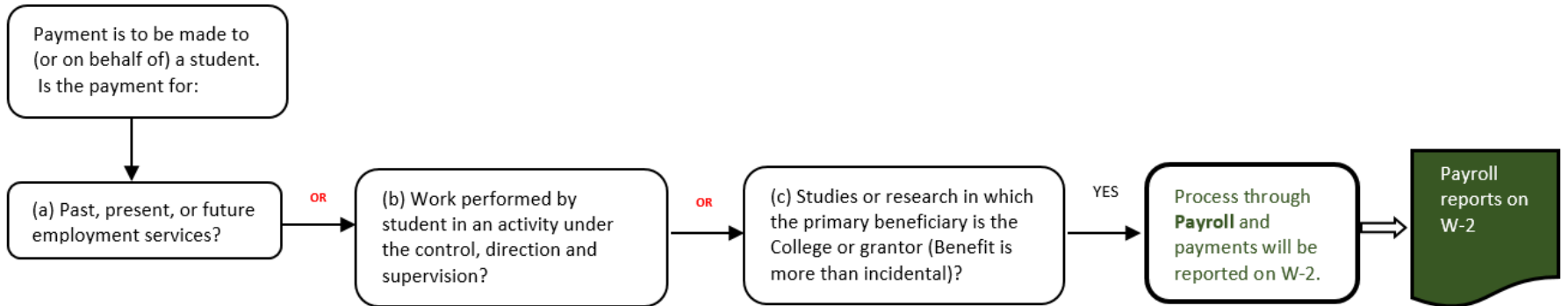
This is the process for a payment with **NO SERVICE** component and **STUDENT IS ENROLLED**.



Graduate Assistantships

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

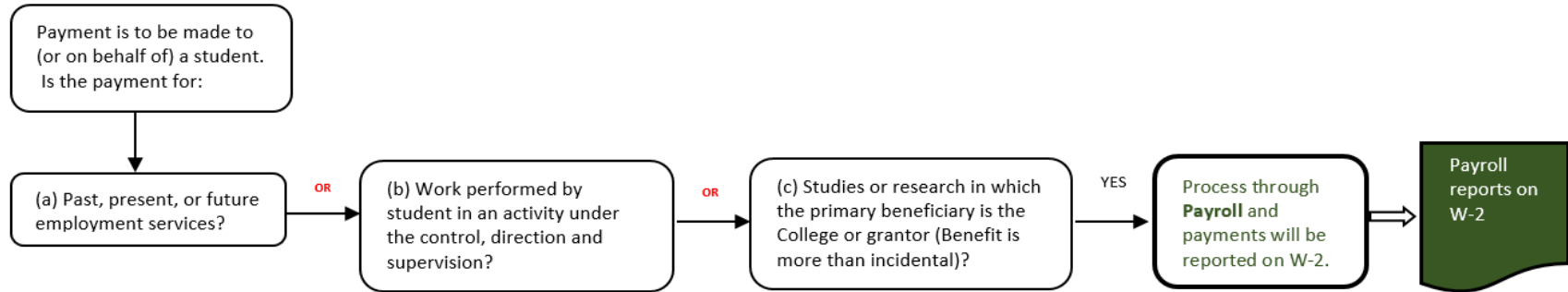
- HR manages the payment process for Graduate Assistantships
- Rule application is the **same** for US Citizens and NRA students



Undergraduate Employment

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

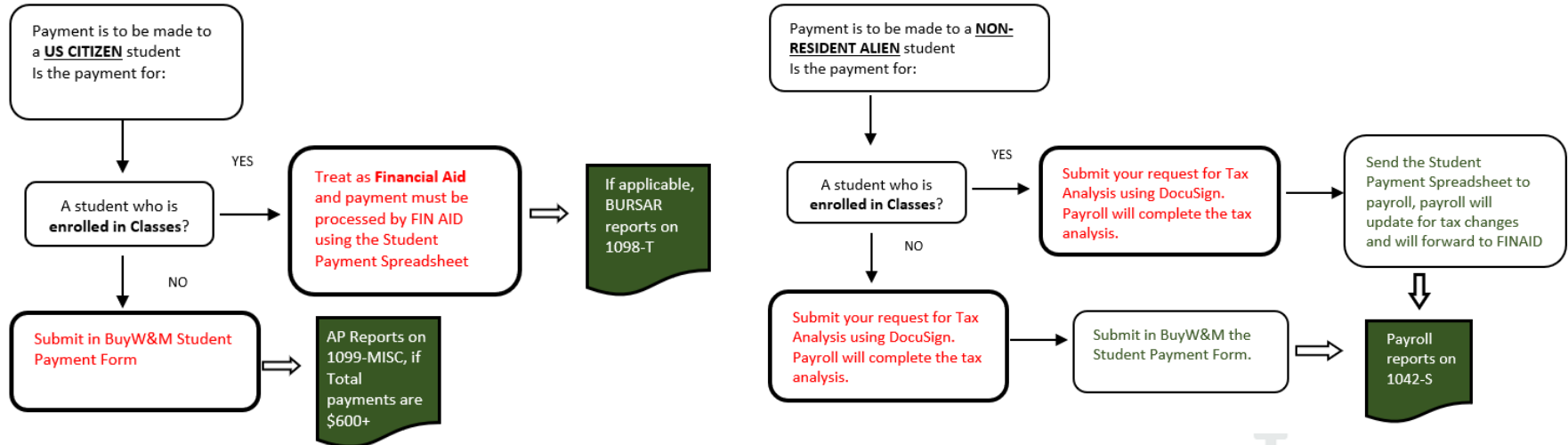
- Employment Rule application is the **same** for US Citizens and NRA students



Stipends NO SERVICE Component

Payment is usually made to offset the cost associated with educational activities.

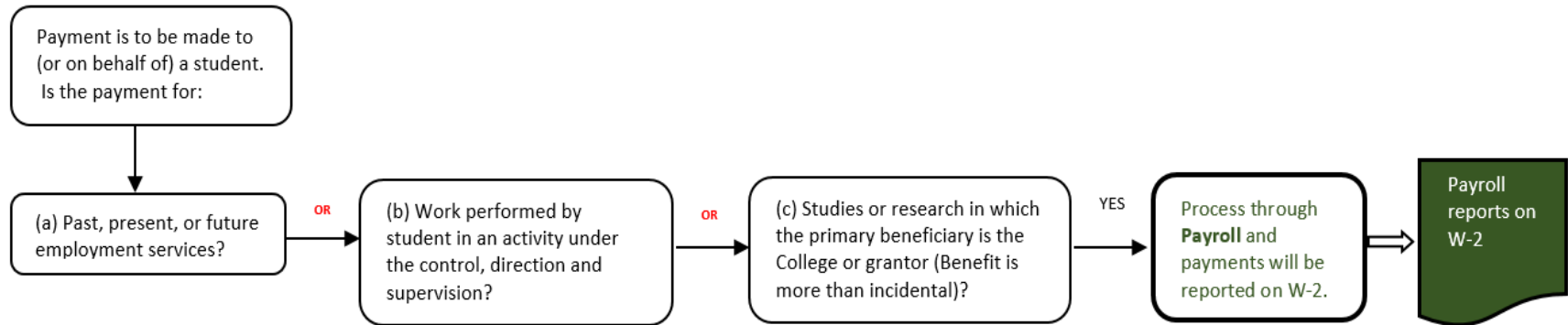
- If no service (JOB) component is expected – process as Stipend.
- Rule application is **NOT** the same for US Citizens and NRA students.



Stipends with SERVICE COMPONENT

Stipend payment to offset the expense of participating in a training, job or internship whether the work is performed at W&M or elsewhere. All payments must be reported on a W-2.

- Rule application is the same for US Citizens and NRA students.
- **See Slide number 14 to identify which department will assist with payment: Financial Aid or HR.**



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

Example: Payment to student to offset the cost associated with participating in an internship in California.

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

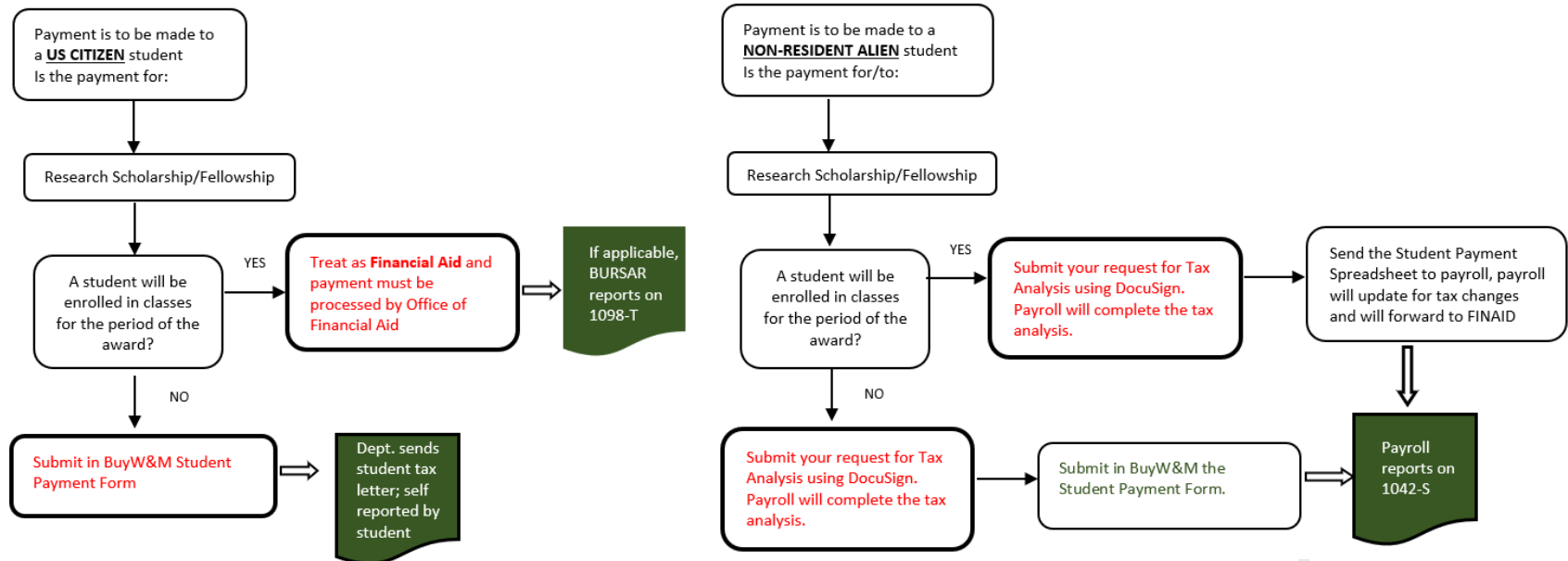
1. AskHR@wm.edu
 - Name of fellowship / program
 - Where / with what organization
 - Are candidates W&M students or from somewhere else?
 - Length of experience (e.g., summer months; January – December)
 - How many hours the person will work per week
 - What are we paying them for (e.g, to offset living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

Example: Payment to student for 4 months period to participate in a fellowship that requires student to work at a non-profit.

Research Scholarship/Fellowship

Generally given for periods of non-enrollment. Scholarships given to students for the pursuit of their research. This is the process for a payment with **NO SERVICE** component.

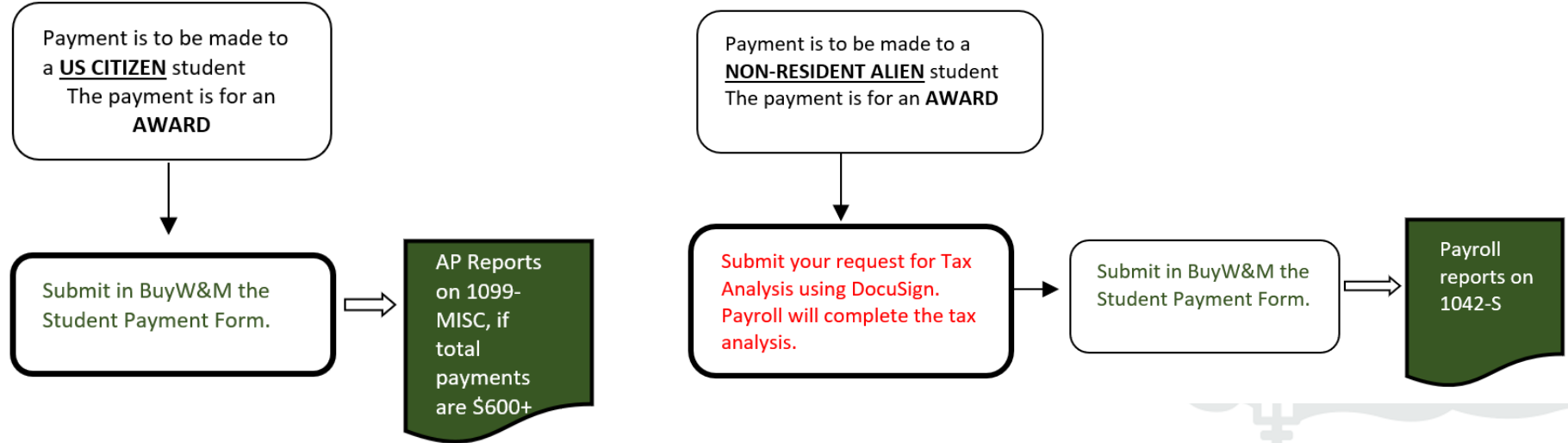
- Rule application is **NOT** the same for US Citizens and NRA students.



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

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



Reimbursements

Repayment of expenses incurred **on behalf** of the university

- For a student to receive a reimbursement, a university business purpose **must** exist.
- If no university business purpose exist, treat payment as an Award.
- Most common reimbursement process for Students are related to travel activity (when university request the travel).
- If you are offering a student financial assistance, then treat assistance as stipend payment.

