



INDIANA UNIVERSITY

STUDENT PAYMENT GUIDELINES

To serve as a comprehensive guide on payments made to students at Indiana University.

May 2019

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Introduction

WHY DOES IT MATTER HOW WE PAY A STUDENT?

When paying a student, it is important to ensure the payment has been classified correctly in order to satisfy compliance requirements with federal and state regulations, IU policies and donor intent.

Every effort will be made to maximize a student's funding opportunities, and in most cases, it will be easy to provide funds to students. There will be situations, however, when a department wants to provide funds or cover expenses, but doing so will necessitate reduction of another resource due to limitations prescribed in regulations for federal aid recipients.

Indiana University strives to comply with the intent of donors when administering funds to students and others on their behalf. However, donor intent, no matter how specific or strongly worded, may not supersede the University's obligation to meet federal and state financial aid rules and IRS, Fair Labor Standards Act, Affordable Care Act or other regulations. When requirements conflict with each other, the most stringent of applicable rules prevails regardless of the funding source for payments to students.

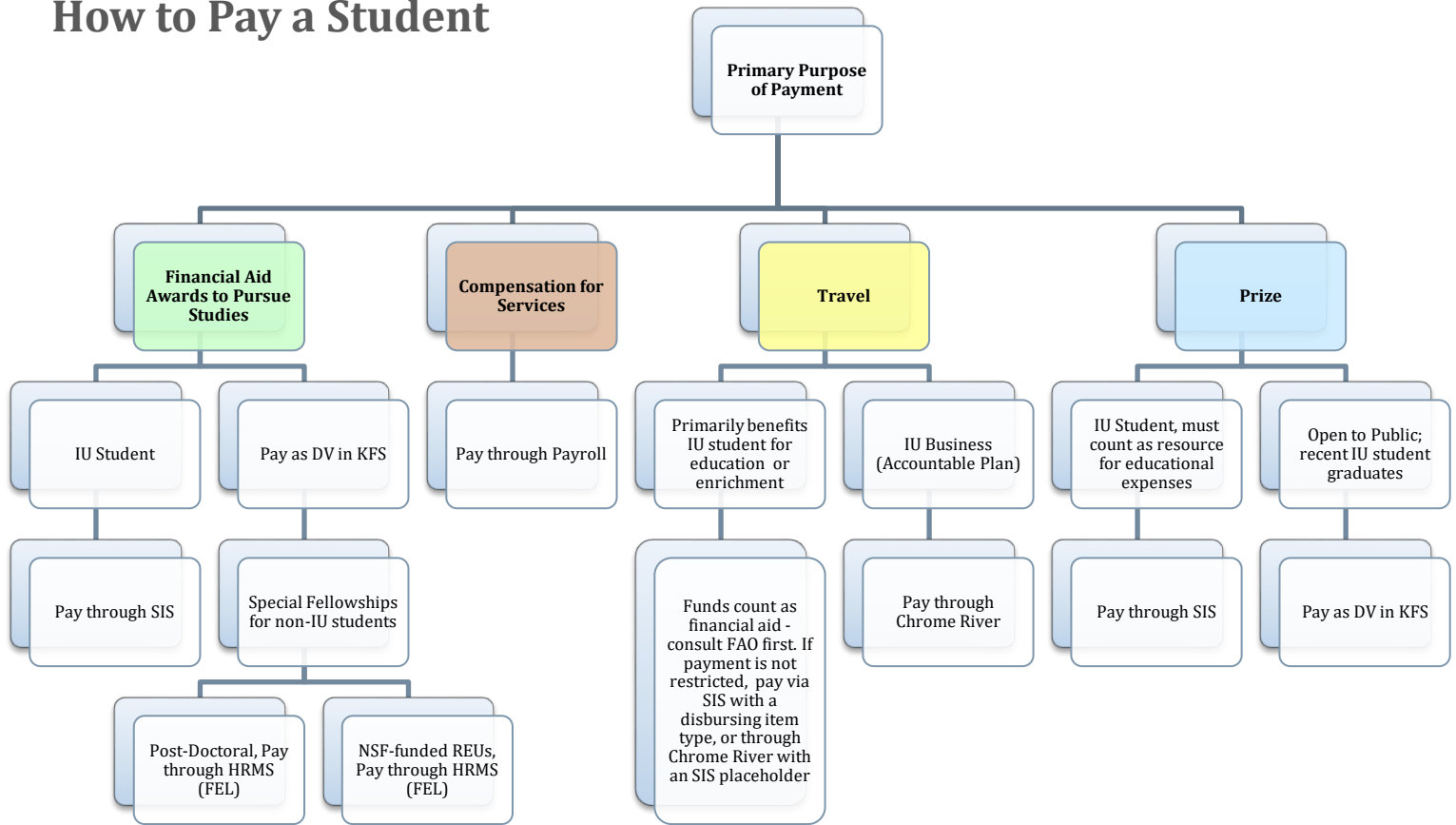
At Indiana University, there are only four acceptable ways to provide funds to students. It is important to understand which method is correct for each set of circumstances in order to facilitate accurate treatment and reporting for both the student and the university. In the order of prevalence of use, the methods are:

1. Student Information System (SIS) – Awards to support the student's direct education and education-related expenses (generally scholarships/fellowships, grants). Used to record virtually any payment made to or on behalf of an IU student.
2. Human Resource Management System (HRMS) – Compensation for services performed
3. IU Travel & Expense Module (Chrome River and/or SIS) – Reimbursement or pre-payment when a student travels on behalf of IU (for university business), for their own educational or developmental benefit, alone or as part of a group. **Payments made through Chrome River must also be recorded in the SIS and are considered financial aid unless the student is travelling on behalf of IU.**
4. Kuali Financial System (KFS / disbursement voucher) – this method is only appropriate for payments to students in very rare circumstances, such as payment of a cash prize in a contest not restricted to students.

This document will assist users in determining the nature of their payment and how to make the payment correctly to ensure compliance with all applicable rules. The decision tree on the next page illustrates basic rules for characterizing payments, recipients and intent in a way that leads you to the correct payment method.

PAYMENTS TO STUDENTS

How to Pay a Student



Attributes of Financial Aid Awards

- Primary purpose is to assist with costs incurred during student's pursuit of their degree, training or research
- IU does not provide direct oversight in the study or research; however, faculty may provide guidance to the student
- Not associated with past, present or future services (No employer/employee relationship)
- Typically paid in advance
- REUs (Research Experiences for Undergraduates)
- Federal aid recipients may be limited

Attributes of Prizes

- Open to public (DV – true prize)
- Restricted to IU students (SIS, counts as scholarship/fellowship)
- Recent IU graduate (DV – not a student)

Attributes of Compensation

- For teaching, research, peer counseling, etc – supports IU's mission
- IU has direction or supervision over the individual
- The individual has a defined workweek and/or schedule.
- Receipt of the funding is contingent on performance of services
- Student has side business where they are hired as an independent contractor. DO NOT pay via Payroll. PO (if >\$1K). DV (if \$1K or less)

Attributes of Travel Funding

- Accountable plan – IU Business: If the student is representing IU, always use Chrome River
- When student primarily benefits, funds provided are scholarship/fellowship regardless of intent and must be accounted for in the SIS. Federal aid recipients may be limited

Financial Aid in the SIS

A. OVERVIEW OF FINANCIAL AID GUIDELINES

The vast majority of institutional funds made available to students should be awarded in the IU Student Information System (SIS). This facilitates proper internal and external reporting, and ensures compliance with IRS rules and the requirement that any educational benefits paid to a student, regardless of the source, be considered in determination of eligibility for federal financial aid. “Financial aid” includes student loans.

Institutional funds for students that are not wages and not loans are considered scholarships (IU term for awards to undergraduates) or fellowships (IU term for awards to graduate and professional students) and must be awarded or accounted for in the SIS.

Aid awarded through the SIS is disbursed through the student’s bursar account and applied to any outstanding bursar charges. After all charges are paid, excess aid is refunded to the student for indirect education expenses.

Federal Aid and Award Limitations

Federal regulations under the Higher Education Act of 1965 require institutions to monitor and limit total financial resources awarded to students receiving federal financial aid (includes grants, need-based employment, and loans).

- Federal aid recipients cannot have total resources in excess of their cost of attendance (COA). The COA, therefore, represents a cap on total funding.
- Federal aid recipients with aid based on financial need cannot have need-based funds in excess of need, which is defined as the difference between COA and the Expected Family Contribution (EFC), a figure determined for each student who completes the Free Application for Federal Student Aid (FAFSA).
- An ‘over-award’ occurs when the student receives more aid than he or she is eligible to receive, which may be need-based aid in excess of need, total resources in excess of COA. The institution is required to resolve all over-awards.

Departmental Funds

- It is the IU awarding department’s responsibility to monitor expenditures from their accounts including funds awarded, disbursed, adjusted or cancelled by the department.
- If funds were donated, awarded as part of a grant or have any spending restrictions, the department selecting recipients is responsible for ensuring awards comply with donor intent¹ or other awarding constraints.
- Recipients of scholarships, fellowships and fee remissions should be made aware that institutional financial aid must be taken into consideration when the financial aid office determines eligibility for funds from other sources, including federal loans.

¹ If restrictions on IU Foundation funds make it difficult or impossible to utilize the funds, contact the IUF Administrative Services Office to discuss the situation.

PAYMENTS TO STUDENTS

- In many cases, Departmental Aid will not impact the student's other aid when processed through the SIS. If other aid must be adjusted to accommodate new funds, loans will typically be reduced first. Lessening a student's education loan debt is a positive outcome.
- Processing Departmental Aid through a disbursement voucher, the Travel Expense Chrome River system without an SIS entry to record funds, or through any other process that circumvents the Student Information System (SIS) could result in financial aid over-awards and potential penalties and fines for the university.

Timing and the Order of Awards

- Scholarships, fellowships or fee remissions processed after the financial aid office creates financial aid packages may result in a reduction of aid previously offered, so it is best to make awards before the financial aid office determines eligibility for other funds. If Departments process awards by May 15 preceding the academic year or April 15² preceding summer terms, the financial aid office can offer financial aid that takes these funds into consideration up front, reducing confusion and frustration.
- Regardless of when an award is made, it must be attributed to the enrollment period it is intended to cover even if that period has ended or has not yet begun.
- A student may receive institutional aid intended for periods of non-enrollment (usually summer) if this is consistent with the purpose of the funds.

Exceptions and Appeals

The regulations for federal financial aid recipients allow for certain limited exceptions when a student's expected costs and financial need limit eligibility for additional funds.

- If a resource is awarded without the university's prior knowledge or late by an entity external to IU and all other funds have been disbursed, it may not be necessary to return federal aid funds. Evaluation of the circumstances and determination of appropriate treatment is at the sole discretion of the financial aid office. Awards made by any part of the institution, regardless of the timing, are considered as awards that should have been anticipated. **There is no circumstance under which IU or IU Foundation funds may be considered in the same manner as resources provided by an outside entity.**
- A student's COA may be increased when departments are awarding Institutional Aid to offset additional education-related costs incurred for students who have insufficient room in their need or COA for the full award. Departments must submit documentation to the financial aid office via a form designed for that purpose. Financial aid staff will review students on a case-by-case basis, make allowable adjustments to the COA and post all or a portion of the award in the SIS. There may be cases in which the department intends to award funds to cover costs, programs, research or travel not directly related to the student's pursuit of a degree. **Regardless of the perceived value of the experience the department intends to fund, the determination of the appropriateness of a requested increase in the student's COA is at the sole discretion of the financial aid office.**
- Students may also appeal directly to the financial aid office to have documented unusual or unanticipated expenses considered in their COA. Examples include significant uninsured medical expenses, child care

² Contact your campus financial aid office to verify the appropriate awarding timeline (for contact information, see page 21).

PAYMENTS TO STUDENTS

costs, car repairs, the purchase of a computer, etc. These decisions are also made on a case-by-case basis and are at the sole discretion of the financial aid office.

- Changes to the FAFSA data components, which could change the EFC, may be made on appeal if the student and/or family's financial circumstances changed or are not accurately reflected by the information collected on the FAFSA. Students should be directed to the office responsible for financial aid customer service for their campus (Student Central on Union for IUB, Student Financial Services at IUPUI or the financial aid offices on the regional campuses).
- Students enrolling in Overseas Study programs have their expected cost of attendance updated for the term(s) during which they will be away. See the [Student Travel \(SIS & Chrome River\)](#), section on Overseas Study for information on COA adjustments for these students.

B. TAX IMPLICATIONS

IU employees should never offer personal tax filing advice. Resources for students with financial assistance include the IRS publication 970 and University Tax Services webpage for [Student Taxes](#).

Form 1098-T

- Form 1098-T is generated each year in January for students whose qualified tuition and related expenses are not entirely waived or paid entirely with grants and scholarships. Scholarships, grants, waivers, and anything that is not required to be paid back, processed through Indiana University and recorded in the SIS, are reported in Box 5 on the Form 1098-T. Loans and wages are not reported on the form 1098-T. Failure to award or account for institutional funds for students in the SIS puts the university at risk of violating federal financial aid and IRS rules, and could also jeopardize a student's ability to properly claim tax benefits and account for funds received under IRS rules.

Expectation of Service for an Award

- It is not appropriate to pay a student with a scholarship if the recipient is required to perform a service that benefits the university. If the student is working as a tour guide, peer mentor, tutor or in some other capacity for a specified number of hours with campus supervision, scheduling or oversight, this is work and compensation should be made in the form of wages, and taxed as such.
- Payments we use to call "stipends" are no longer allowed. Due to the Affordable Care Act, IU must track all hours worked by students to ensure that total hours do not constitute a right to benefits it is not our intention to offer.
- For more information about how to determine whether or not an award must be paid as wages, consult the University Tax Services Standard Operating Procedure regarding [Taxable Service Component for Student Awards](#).

International Student Tax Implications

- For international students, if the total of all awards exceeds tuition, fees and course related expenses, taxes will automatically be withheld from the students' bursar accounts. Additional tax considerations can apply and depending on status, the international student may qualify for certain tax treaty benefits, which would entitle the student to no tax withholding on their bursar account.

PAYMENTS TO STUDENTS

- For more detailed information on international student tax withholding, see University Tax Services webpage for [International Students Scholarships/Fellowships & Taxes](#).
- The IU Office of International Services provides a vended software product made available free of charge to the IU international student population to assist in US tax preparation and filing.

C. COMMON ATTRIBUTES OF STUDENT SCHOLARSHIPS AND FELLOWSHIPS

- Includes all unrestricted, non-service related gift aid, regardless of the funding source or name of the award, given for the purpose of aiding a student's study, training, or research.
- "Unrestricted" refers to funds that are not limited to paying certain expenses, such as tuition. There may be award restrictions that limit who can be awarded depending on the source of the funds (i.e. donor intent). An award limited to paying tuition is technically a fee remission, even if it is called a scholarship. Both are financial aid.
- Awards are set up with item type numbers and special attributes specific to each award in the SIS and must be processed through the SIS. After disbursement to the student's account, funds will be deducted from the IU account associated with the award (General Ledger, or GL, account) through a monthly process referred to as the "accounting feed."
- In accordance with federal financial aid regulations, cash-equivalent 'prize' awards (including gift cards) awarded to students are to be identified as scholarships/fellowships. The value of these scholarships must be entered into the SIS and considered as a resource to meet educational expenses. Limited exceptions for contests open to the public are described in the Prizes section of this document.
- Awards may be made during periods of non-enrollment under certain circumstances, such as to aid in a student's non-credit research experience over the summer. Even these awards must be made in the SIS. Consult with your campus Financial Aid Office to make special arrangements for these awards to be made and disbursed.
- Correct use of object codes is required to ensure accurate scholarship and fellowship reporting. Refer to the Appendix for more information about object codes.

D. UNDERGRADUATE STUDENT SCHOLARSHIPS

- Scholarship recipients are generally expected to enroll in at least 1 credit hour per term (including summer term). If the scholarship is intended for costs incurred in a specific term, the student must be enrolled in that term. The student's enrollment must be equal to or greater than the enrollment required for the scholarship to disburse ("disbursement rule" set up on the SIS item type).
- Please see [Student Travel \(SIS & Chrome River\)](#) section on Overseas Study for specific information about Undergraduate Scholarships for Overseas Study Enrollment.

PAYMENTS TO STUDENTS

E. GRADUATE FELLOWSHIPS

Graduate Student Fellowships

- Enrollment requirements for fellowships vary based on department policies, donor intent or grant restrictions. When an award is created in the SIS, expectations for enrollment should be set up as rules that block or allow disbursement. Full-time enrollment is 8 credits per term with some exceptions. Contact your campus Registrar about academic load exceptions.
- If combined awards from IU departments or external sources exceed a certain threshold for fall and/or spring, a student enrolled in at least 6 credits is entitled to health insurance. The cost of the health insurance will be billed to the department that made the award, so it is important to budget for this expense. Refer to section G for details.

Post-Doctoral Fellowships

These awards are like graduate student fellowships but are awarded to post-doctoral appointees and do not carry any enrollment requirements. This includes NIH training grants and fellowships where IU does not direct and control the individual or own the research.

If IU does direct and control the individual or owns the research, the appointee is considered to be employed and payment is processed through the payroll system as salary plan FLP. Health insurance is payable to post-doctoral students (these are not IU degree-seeking students).

F. FEE REMISSION FOR UNDERGRADUATE AND GRADUATE STUDENTS

Fee Remission Definition

A fee remission is any award to a student, regardless of funding source, which provides funding restricted to pay only certain educational expenses assessed by IU. Fee remissions are applied to approved charges with specific payment rules.

All fee remissions for undergraduate and graduate students, regardless of types of remissions, must be processed through the SIS to comply with federal financial aid regulations (regardless of whether the student is receiving federal financial aid).

The Financial Aid Office is responsible for ensuring that fee remissions paid through the SIS mechanism called “Third Party Contracts” (TPCs) and the amounts paid are accurately reflected as part of an applicant’s total aid. The awarding department may be asked to indicate the amount they expect the TPC to pay, as an estimate, when the student is attached to the TPC so that amount can serve as a placeholder, around which other aid can be awarded.

Contact your campus bursar for details regarding the TPC process, including creating or updating contracts.

Characteristics of a Fee Remission

- Fee remission funds are generally processed through the SIS TPC mechanism, but may be awarded as scholarships and grants.

PAYMENTS TO STUDENTS

- TPCs are created by the Office of the Bursar in consultation with the awarding department. Specific charges paid and the appropriate percentage of payment is managed by the contract parameters.
- The IU charges paid by fee remissions may vary as determined by the funding source.
- Students must be enrolled to receive fee remission funding; the amount of fee remission funding may vary based on a student's individual enrollment.
- TPCs will respond to actual student account charges, paying to the maximum allowed by the contract. The TPC also ensures that no overpayment is allowed on the account; no refund of fee remission funds is given to the student.
- TPCs may be set up for specific awards made and monitored by the Financial Aid Office (dual-entered in the financial aid package and by the Bursar via the TPC) or to make awards that show up for financial aid applicants as "miscellaneous fee remissions" in their list of individual awards. For an aid applicant, anything awarded with a TPC must be counted as a resource and may impact other aid.

Examples of Fee Remissions

- Full-time employees as students:
Allowable funding (fee remission) for a student who happens to be a full-time employee

Default: All Full-Time Employees Are Eligible for IU Tuition Benefit

Full-time employees may be eligible for student funding as follows in addition to the IU Tuition Benefit:

1. Funding with specific criteria for student funding

Example: A full-time employee is working toward a degree, the funding source is for any student seeking a degree in the field of "X", or fits other criteria (e.g., certain GPA level, Indiana resident, etc.). If the employee fits the type of funding criteria as a student, then they are eligible to receive the designated funds.

2. Continuing education to retain license or certificate as a requirement of current position (e.g., CPA, medical license, etc.).

- IU departmental graduate funding for Student Academic Appointees, based on contract between department and student.
 - For additional information on SAAs, go here:
https://www.indiana.edu/~vpfaa/academicguide/index.php/C_The_Appointment_Process#Student_Appointment_Guidelines
 - To view the SAA Handbook, go here:
https://www.indiana.edu/%7evpfaa/saahandbook/index.php/Main_Page

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- IU Tuition Benefit (formerly known as Fee Courtesy) is managed by UHRS (<http://www.indiana.edu/~uhrs/benefits/tuition.html>) (awarded as part of employee benefits package).
- Sponsored programs or special institutes, including sponsored contract and grant accounts; exchange student, summer institute and workshop participants. See [Payments and Fee Remissions to Graduate Students on Sponsored Programs](#) for more information.
- Veteran's education benefits (these are not considered in determination of eligibility for federal financial aid)
- Indiana Commission for Higher Education grants
- Military Remissions for non-resident students eligible for resident rates: <http://policies.iu.edu/policies/categories/academic-faculty-students/university-student-services-systems/USSS-08-military-fee-remission.shtml>.
- Senior Citizen Fee Remission: <http://policies.iu.edu/policies/categories/academic-faculty-students/university-student-services-systems/USSS-14-senior-citizen-fee-remission.shtml>.

G. HEALTH INSURANCE

Mandatory Graduate Student Health Insurance

Student Academic Appointees (SAAs) and Post-Doctoral Fellows automatically qualify for Health Insurance if they are 37.5% or above FTE.

Fellowship recipients enrolled in at least 6 credits also qualify, by term, if the student receives combined fellowship funds (not fee remissions) from any source that total \$3,609 or more each semester, fall and/or spring. For the current amount, see [University Human Resources Benefits > Fellowship Recipients](#).

Fellowships must be processed by required date (Sept 30 for fall, Jan 31 for spring) for the coverage to be offered. Students who qualify for spring are covered for spring and summer, and as a result, the premium paid by the department is higher. Coverage can be waived by the student if it is not needed.

SAA Health Insurance Planning Practices

It is recommended that you plan for all expenses associated with fellowships or academic appointments that your unit provides to graduate students, including costs related to SAA Health Insurance.

Departmental accounts are responsible for 100% of the institutional SAA health insurance premium for fellowships paid on a non-general fund account. These premium charges are billed proportionally to all accounts that fund a student's fellowship(s) or academic appointment salary.

Units may move the insurance premium expense to another unrestricted account (i.e. a 26- account) if the fellowship account does not have adequate funding or is limited by donor intent. You may use either the DI or GAA to distribute the expense.

PAYMENTS TO STUDENTS

Non-IU (external) fellowship funding should be made payable to Indiana University and sent to the Office of the Bursar. The Office of Student Financial Assistance will work with the student's department to post the scholarship via an account administered by the department. Any applicable SAA health insurance premium will be charged to that same account.

If a student's fellowship or academic appointment salary is charged to a general fund account, the charges for the SAA Health Insurance premium are covered by campus funds held by the Budgetary Administration and Planning Office.

Health Insurance for International Students

International students and scholars (F-1 and J-1 visa status), are required by law to have health insurance for their entire stay in the United States, see: <http://ois.iu.edu/living-working/health/insurance/index.shtml>

The Student Academic Appointment (SAA) Mandatory Health Insurance plan for graduate students meets this international student health insurance requirement. International students not covered by the SAA plan or by an acceptable policy from their home country will be enrolled automatically in an insurance plan through IU and will be billed for the costs each semester.

The IU Office of International Services has checks built into the international student management system so that a student covered by the SAA plan should not also be auto-enrolled in and billed for the international student plan. Please contact the IU Office of International Services (Bloomington and regional campuses) or IU Office of International Affairs (IUPUI) for more information about international student health insurance.

Compensation for Services (HRMS)

WAGES PAID FOR SERVICES PERFORMED

In general, HRMS is to be used when services are performed for the university, of an employment nature at the direction and control of the university. Students may be employed as hourly employees, Federal Work-Study employees, graduate assistants and student academic appointees.

It is not appropriate to use scholarship funds to circumvent hiring students for payment through HRMS in order to compensate them for performing services for the university. Further, it is not appropriate to use non-monetary forms of compensation (such as a free trip, tangible item, campus housing or meals) in lieu of hiring a student for services performed for the university. Please see [Policy USSS-09](#) or [Tax Standard Operating Procedure – 3.08](#) for more information.

SERVICES REQUIRED AS A CONDITION FOR A SCHOLARSHIP

When an award is intended to support a student's pursuit of their studies **and** performance of a service is a condition of the award, an analysis should be performed under University Tax Services Standard Operating Procedure (TSOP) [5.02 – Service Component for Student Awards](#). This will guide units and departments on how to correctly classify payments and will provide resources if you have further questions.

In determining how to pay for services performed, consider the following:

- IU is required to track all hours worked to comply with the Affordable Care Act. As a result, flat rate “stipends” are no longer used to compensate students for services.
- IU must also comply with IRS withholding, tax, and wage and income reporting requirements.
- Use of the incorrect payment method can have adverse effects to the university (penalties and fines), and to students when filing a personal tax return or applying for future financial aid.

Student Travel (SIS and Chrome River)

PAYING STUDENT TRAVEL EXPENSES

The purpose of a student's travel impacts how funds should be provided and accounted for, and in very rare cases, whether or not the student is able to accept funds without negative, unintended financial consequences. Every effort will be made to maximize a student's education funding opportunities.

- Institutional funds provided for travel expenses must be considered as financial aid (scholarship or fellowship³) when a student is traveling for their academic or personal benefit. Funds may be provided through the SIS or Chrome River, but if Chrome River is used, the amount provided must be recorded in the SIS as financial aid. Regardless of the payment method, there may be limits on when and how much can be paid to, or on behalf of a federal aid recipient. **You must consult with the Financial Aid Office before offering to pay for student travel.**
- A student travelling on behalf of IU for university business, or to represent IU must be paid through Chrome River. Funds reimbursed or paid on the student's behalf are not considered financial aid.

Determination of the primary purpose of a student's travel can be difficult. Details to assist you with this determination and options for payments that must be considered as financial aid are described below.

Student Travel Related to the Academic Program, Research, Professional Development or Personal Enrichment

University-funded student travel payments associated with the student's pursuit of their studies including courses for credit and academic research, or for professional development, personal enrichment or **for any other reason** must be considered as financial aid (scholarship or fellowship) in the SIS. Even during periods of non-enrollment (typically summer), university-funded student travel payments must be accounted for in the SIS.

Payments may be processed in the SIS as disbursing scholarships, or through Chrome River, at the department's discretion and with consideration for the student's convenience and IU's implied responsibilities. **In all cases, departments should secure approval from the Financial Aid Office before offering funds to a student because federal aid recipients have restrictions on total funding, which is capped at Cost of Attendance (COA).**

If funds are provided using Chrome River, the amount paid must be recorded in the SIS whether the student has applied for financial aid or not.

Step 1:

Contact the Financial Aid Office. You need the student(s)'s ID number, the amount of funding to be provided (this can be approximate, initially) and the method by which you plan to provide the funds (SIS or Chrome River).

³ A fellowship entered into the SIS as either a placeholder or an award could trigger a Student Health Insurance obligation, as described in section G.

PAYMENTS TO STUDENTS

Step 2:

The Financial Aid Office will assess the student's situation; then let you know how to proceed.

Outcome A:

The student has either no financial aid or not enough to limit your ability to assist them. Funds can be recorded as a disbursing scholarship in the SIS, or as a non-disbursing placeholder in the amount paid for through Chrome River. Determination of aid eligibility after this will take the funding you provided into account. The Financial Aid Office may or may not ask you to provide documentation of the expense.

You may provide the funds.

Award via SIS: If you want to award with a disbursing item type in the SIS, the Financial Aid Office can assist you.

Pay via Chrome River: If you will use Chrome River, you must select the Student Travel report type as well as the most appropriate purpose of the travel. If Academic Benefit or Personal Benefit is selected, the expense report will route to the campus Financial Aid Office. Financial Aid personnel will create a placeholder award in the SIS in the amount specified.

Outcome B:

The student has federal aid and insufficient "room" in the financial aid package. Additional resources cannot be provided without increasing the student's COA or taking away other assistance previously awarded.

If the Financial Aid Office is unable to increase the student's COA, funds you award will result in an offsetting decrease in other student financial aid.

Step 3 for Outcome B ONLY:

Your Financial Aid Office will provide you (or the student) with a form to collect documentation about the reason for student travel. This information will be evaluated in the same manner as extra costs described under "Exceptions and Appeals."

The Financial Aid Office will work with you to try to find a way to make the payment while adhering to federal aid rules. However, it is quite possible that you will be able to assist some students and not others. This is unavoidable due to the restrictions that are placed on students receiving federal financial assistance.

If your award can be accommodated by increasing the COA, you may provide the funds without negatively impacting other aid.

Award via SIS: If you want to award with a disbursing item type in the SIS, the Financial Aid Office can assist you.

Pay via Chrome River and record in SIS: If you will use Chrome River, you must select the Student Travel report type as well as the most appropriate purpose of the travel. If Academic Benefit or Personal Benefit is selected, the expense report will route to the campus Financial Aid

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Office. Financial Aid personnel will create a placeholder award in the SIS in the amount specified.

Examples of costs, which might be allowed, include:

- Travel costs associated with coursework required for the student's degree, including an internship or practicum, or arts performances required for a course (see Overseas Study section for details specific to those academic experiences);
- Academically-related, but not necessarily course-related research travel;
- Travel to a conference or workshop related to the student's field of study, where the student is the primary beneficiary of the conference experience (vs IU);
- Travel expenses to return to campus to take qualifying exams or defend the dissertation, if incurred during a period of enrollment.

Examples where the Financial Aid Office is unlikely to adjust COA include:

- Travel costs incurred to attend an audition or job interview;
- Travel to a conference or workshop not connected to the student's academic program, where the student's benefit may be viewed as more personal enrichment rather than academic progress.

Students Traveling on Behalf of IU for University Business (Chrome River)

The IU Travel & Expense System (Chrome River) system for individual travelers is always used for travel on university business where the university is the primary beneficiary of the travel (see "accountable plan" definition). Some examples of student travel that should be processed through Chrome River are:

- The traveler is both an IU employee and an IU student, but travel is in his or her capacity as an employee;
- A student is attending a conference to represent IU, presenting a faculty member's research or joint research with or on the department's behalf (IU is primary beneficiary);
- A student is voluntarily representing the university by invitation or in an extra-curricular competition, such as in an arts performance, business case competitions, moot court competitions, etc.

Travel Expenses and Disbursement Vouchers (DV)

Use of a disbursement voucher is never appropriate for paying student travel expenses, even during periods of non-enrollment, like summer. Use the DV process for a former student who has graduated if you want to pay for costs incurred after separation from the university.

Student Group Travel (Chrome River)

The Chrome River system has specific, optional mechanisms to make Group Travel payments in cases where 3 or more students travel with a faculty or staff member and expenses are uniform across the student group. The payment is recorded against a lead instructor's name (for DV payments) or Employee ID number (for direct billed charges). The person in charge is responsible for paying all travel expenses (if not direct billed) and

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obtaining and submitting all receipts. A roster of student names must be submitted along with the expense report in Chrome River.

Instead of per diem payments, actual receipts are used for the reimbursement of meal costs for the group. However, these payments cannot exceed the amount allowed by applicable per diem regulations.

If a department is using fees charged in the SIS to students specifically for the travel costs, and using the Group Travel option for convenience to allocate those fees to the trip expense, it is not necessary to notify the Financial Aid Office.

However, if the department will use institutional funds to fully cover or subsidize student group travel that does not primarily benefit IU (not “accountable plan”) the funds must be considered as scholarships or fellowships to the individual students and treated as previously described. Use of the Group Travel option in Chrome River does not negate the institution’s obligation to account for these funds as student financial aid.

It may not be appropriate to use Group Travel payment mechanisms for situations where the student group travel is not associated with enrollment. Please discuss such situations with Travel Management before initiating a Group Travel payment.

Overseas Study (SIS)

The IU Office of Overseas Study (OVST), under the IU Office of the Vice President for International Affairs, is responsible for review and approval of all study abroad programs for students on all eight Indiana University campuses ([IU policy INT-03](#)). Approved study abroad programs may be either IU Programs or Non-IU Programs. Financial aid must be processed through the SIS.

IU Programs	Non-IU Programs
May be “IU-Administered” or “IU Co-Sponsored.” “IU Administered” refers to faculty-led programs organized by an IU academic unit or campus. <ul style="list-style-type: none">• IU controls program admission and enrollment• Student receives direct IU credit• Grades count in GPA• Counts toward senior residency• Most financial aid can be applied to costs	<ul style="list-style-type: none">• Student applies directly to an outside entity• Student may only receive transfer credit• Grades not calculated in GPA• Do not count toward senior residency• Financial aid applicability varies

IU-Administered and IU Co-Sponsored Programs

For students participating in an **IU Program**, there is a back-office procedure in place between the Office of Overseas Study (BL and IUPUI) and the campus financial aid offices to update cost of attendance for these programs. Academic units and regional campuses organizing a faculty-led program should contact central Overseas Study if they do not already have a procedure in place for COA adjustment. Once financial aid is applied through SIS so that student tuition and fees flow back to the unit organizing the course, the unit should pay for travel using either IU Purchasing contractual arrangements or IU Travel Management pre-paid or group travel mechanisms, see:

<http://www.indiana.edu/~purchase/resources/pdf/Overseas%20Study%20-%20Travel-Purchasing.pdf>.

Two important rules to keep in mind related to Overseas Study and financial aid:

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Rule #1: Under no circumstances should an IU department collect an Overseas Study fee directly from students. Costs associated with student group travel are restricted to collection via these two mechanisms:

- a. Regular tuition income (flat fee or credit-hour based, as that income normally passes to the academic unit's budget);
- b. A fee collected through the Office of the Bursar according to [IU Policy VII-3 Student and Other University Fees Approval](#)

Departments or campuses working on new study abroad offerings should note that the university has a set schedule under which new course-related or non-instructional fees may be requested and approved once per year, about six months preceding the start of the next fiscal year. The requirement that a student pay an enrollment deposit (or pre-payment) to secure his or her spot on an overseas study program is subject to policy VII-3, and must be handled in coordination with the Bursar. It may be possible for the appropriate campus Bursar to put in place pass-through fees for the individual student travel expenses outside of that once-per-year schedule, subject to the policies of that campus's Chancellor or Provost.

Rule #2: Do not post an award in SIS for the incorrect term in attempt to work around normal disbursement schedules. If a student needs access to financial aid funds prior to the date funds would normally be available for study abroad expenses, for example, to buy a plane ticket or pay an enrollment deposit, it may be possible to get funds to the student early. While federal and state funds cannot be advanced, arrangements can be made for a student with institutional and other aid sufficient to cover billed charges. At the discretion of the campus Bursar and Financial Aid Director, disbursement and refund of aid can be forced through the SIS to accommodate the student's needs.

Non-IU Programs

Course #	BL Description	IUPUI Description
OVST-Y 495	<i>Does not exist</i>	Students complete a consortium agreement in order to receive federal aid and/or qualify for enrollment certification for loan deferment + RISE designation
OVST-Y 496	Students complete a consortium agreement in order to receive federal aid and/or qualify for enrollment certification for loan deferment	Students complete a consortium agreement in order to receive federal aid and/or qualify for enrollment certification for loan deferment
OVST-Y 497	<i>Does not exist</i>	Students do not complete a consortium agreement; students in this course number do not want federal aid and/or do not have prior term federal loans + RISE designation

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OVST-Y 498	Students do not complete a consortium agreement; students in this course number do not want federal aid and/or do not have prior term federal loans	Students do not complete a consortium agreement; students in this course number do not want federal aid and/or do not have prior term federal loans
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Scholarships for students who are enrolled in OVST Y496 or Y498 will be manually disbursed to their student accounts by financial aid office no more than ten (10) days before the start of regular semester classes. Departments do not have to request a disbursement override for these students to receive their scholarships.

Fee remissions can only be awarded to students who are studying abroad in an IU Program. Students in a Non-IU Program do not have IU tuition and fee charges; therefore, there are no charges to which a fee remission could apply.

The financial processes associated with overseas study are complex, requiring substantial lead time and robust and well-qualified administrative support structures within the unit or campus. This document should not be used to establish or develop new overseas student programs, but should instead be used as reference and in training new personnel supporting programs that are already in operation. If you are establishing a new overseas program, contact your campus OVST department to assist you.

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Other Payments (DV through KFS)

PRIZE POLICIES

If you are awarding a prize to students for contests or drawings, all IU and IU Foundation policies apply irrespective of the funding source, or whether or not the winnings must be treated as a scholarship. If you are conducting (alone or with a sponsor or vendor) a contest or drawing for which a prize will be awarded, please review Indiana University policy [FIN-ACC-640: Contests, Drawings, Games, and Prizes](#).

In order to comply with IRS reporting regulations, any department or IU entity holding a drawing, game or contest must refer to [Tax's Standard Operating Procedure 9.03](#).

OUT OF POCKET REIMBURSEMENT

Is the student also an employee?

If **yes**, reimburse as employee for out of pocket expenses via Disbursement Voucher.

If **no**, process as refund vendor on Disbursement Voucher.

Is the student NOT an employee?

If **yes**, add a refund vendor. You do not need W9 or W8BEN to add a refund vendor in KFS.

If **no**, process as employee on Disbursement Voucher.

Special note: If only reimbursing for out of pocket expenses and the student is a non-resident alien then you will not need to collect additional tax forms as instructed by the Disbursement Voucher coversheet. Instead, add a note to the Disbursement Voucher that the expense is part of the accountable plan since it was for IU expenses only.

"PRIZES" ARE ALMOST ALWAYS SCHOLARSHIPS/FELLOWSHIPS

Most prizes awarded to students for winning a contest or drawing are scholarships and must be processed in accordance with [Financial Aid \(SIS\)](#).

*Whether the winnings are called "prizes" or "awards" is not determinative.

*Whether the winnings take the form of cash, cash equivalents (e.g., gift cards) or non-cash items (e.g., electronic devices) that can be used for educational purposes (e.g., iPads or laptops) is not determinative.

*The source of the funding is not determinative.

Winnings must be considered as a scholarship or fellowship if **any** of the following conditions apply:

- Eligibility to participate in the contest or drawing is restricted to students.

Payment or winnings from a contest or drawing for which the recipient is eligible because of his/her status as a student at an educational institution is considered by the Department of Education (DOE) to

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be a scholarship/fellowship. For example, a school holds a beauty pageant that is limited to students. The prize is considered a scholarship/fellowship because eligibility was contingent upon the individual's status as a student.

- The recipient is required to use the prize for educational purposes.

Payment or winnings from a contest or drawing that can be used only when enrolled as a degree candidate at an educational institution is considered a scholarship/fellowship. For example, a competition is held and prizes for 1st, 2nd, and 3rd places are awarded to students who must use the prize money for their education. The DOE considers this prize to be a scholarship.

- The contest or drawing is related to the student's university courses or degree completion.

Payment or winnings from a contest or drawing in which the criteria for judging are measures of excellence based on university studies or academic performance is considered by DOE to be a scholarship/fellowship. For example, a departmental awards a prize for the best capstone project, research paper or thesis/dissertation. The DOE considers this prize to be a scholarship/fellowship. Note that there may be timing issue of contests associated with projects at the end of the student's degree program. For instance, if a dissertation or capstone project is completed in the spring and the student graduates from IU in May, the "contest" may take place over the summer when the faculty committee reads the research projects, and the winner may be announced in the fall. If the timing of the contest is such that a winner is not determined until after the student has graduated, then a DV is the appropriate payment mechanism.

- The prize awarded for winning the contest or drawing is cash, a cash equivalent (gift card) or a non-cash item that can be used for educational purposes or to pay for expenses included in the student's cost of attendance.

An item received through IU that could be used for educational purposes (e.g., laptops, iPads, etc.) is considered a scholarship and the value of the item should be recorded as such in the SIS.

Items that cannot be used for educational purposes are not recorded in the SIS, but value limits must be in accordance with IU policies and should refer to [Tax Standard Operating Procedure - 9.03](#).

NON-SCHOLARSHIP PRIZES OR AWARDS

If you are awarding prizes to students for contests or drawings and **none** of the conditions listed above apply, the prize is not a scholarship, and therefore is not includable in a student's Financial Aid Package. However, this prize is includable as taxable income to the winner under IRS regulations, even if the winner is a student. A non-scholarship prize must be processed in one of two manners to ensure appropriate reporting by the university:

- If the prize is a cash payment or cash equivalent (e.g., gift card), it must be processed through KFS DV. Documentation on how the contest or drawing was conducted must be entered into the DV notes section. For further questions regarding processing awards through KFS DV, please contact Rozzie Gerstman at 855-1123.
- If the prize is a non-cash item, please refer to [Tax Standard Operating Procedure – 9.03](#) for processing guidance. Some examples of non-cash items are tangible personal property (e.g., picture frames or

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clothing) and complimentary services. For further questions regarding FIN-ACC-640: Contests, Drawings, Games, and Prizes, please contact FMS Tax Department at taxpayer@iu.edu.

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Definitions

STUDENT

A student is a person seeking a degree or other educational credential at Indiana University. A student ceases to be a student upon graduation or official separation from Indiana University. A student who is not enrolled in the summer but has not graduated is still a student.

SCHOLARSHIPS AND FELLOWSHIPS – Refer to page 6, section C, “Common Attributes of Student Scholarships and Fellowships.”

COST OF ATTENDANCE (COA)

The cost of attendance for a student is an estimate of educational expenses for the period of enrollment for which the student has applied for aid. Expenses included in the COA are tuition and fees, books and supplies, transportation, room and board, and personal expenses as required and by federal financial aid regulations.

Total financial aid eligibility is capped at the COA for federal aid recipients and may be capped for all students by the campus under institutional policy.

EXPECTED FAMILY CONTRIBUTION (EFC)

The EFC is result of Free Application for Federal Student Aid (FAFSA) and represents the amount of money the federal government calculates a family could contribute toward the COA. The figure is determined by federal formulas applied to student-supplied data on family income, assets and other demographic information.

FINANCIAL NEED = COA – EFC

Financial Need (or “need”) is the difference between Cost of Attendance (COA) and the Expected Family Contribution (EFC). A student with federal aid awarded on the basis of need cannot have total resources in excess of need. All resources count toward need with the exception of non-need-based federal and private student loans.

INSTITUTIONAL AID

Except as provided below, Institutional Aid refers to any funds awarded by IU or through the IU Foundation to a student, regardless of the timing of the award. Institutional Aid includes scholarships, fellowship, fee waivers, grants, loans and all other IU-funded monetary benefits administered through the Student Information System (SIS). Institutional Aid does not include wages for service to the University or prizes.

DEPARTMENTAL AID

Institutional Financial Aid that that is administered and awarded by an individual department, usually refers to an academic unit.

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STUDENT INFORMATION SYSTEM (SIS)

The computer software (currently PeopleSoft) used by all Indiana University campuses to process, display and store student registrar, bursar, admissions and financial aid data.

FINANCIAL AID PACKAGE

The combination of federal, state, institutional and external aid awarded to a student for a particular period of enrollment. Includes grants, scholarships, fellowships, fee remissions, need-based work income and student and parent education loans from all sources.

ACCOUNTABLE PLAN

Indiana University reimburses individuals under an [Accountable Plan](#), as defined by the Internal Revenue Service (IRS), for ordinary and necessary *business expenses* incurred. These include approved payments for travel, moving, faculty research accounts and *allowable* out-of-pocket expenses related to official university business. In order to qualify under the Accountable Plan, payments for expenses must meet the three requirements of IRS Regulation §1.62-2. These requirements include:

Business connection requirement - Advances, allowances or reimbursements are only for *allowable business expenses* that are paid or incurred by the individual in the course of conducting university business.

Substantiation requirement - The individual must substantiate each business expense with a detailed record within a *reasonable period of time* (120 days).

The original receipt(s) with amount of each business expenditure

Dates of expenditure and location

Business purpose

Return of funds requirement - If an advance was received, the individual must substantiate any amount within 120 days and return any amount in excess of the expenses substantiated to IU.

QUALIFIED EDUCATIONAL EXPENSE

Qualified tuition and related expenses are those amounts for which the university must receive payment before allowing the student to enroll in classes. The 1098-T form includes amounts paid on or after January 1 and on or before December 31 of the tax year. Only expenses meeting the IRS criteria for a qualified educational expense will appear in box 1 of the 1098-T form. These amounts include:

Tuition and fees required for enrollment

Books and supplies charges, if required to be paid to IU

Qualified expenses do not include:

Personal expenses (room, board, insurance, medical, travel, etc.)

Expenses for courses involving sports, games, or hobbies (unless part of degree program).

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OVERSEAS STUDY (OR STUDY ABROAD)

Is a student educational activity that occurs outside the U.S. and usually involves academic credit earned through a short travel course, a summer program or a semester or year-long period that leads to progress towards an academic degree. However, the term can also refer to non-credit international experiences such as volunteering, internships and service projects.

PRIZES - Refer to pages 16-17, “Other Payments (DV through KFS).”

AWARDS

Generic term for funds for students. All financial aid falls into the definition of Awards. Also, drawings and contests specifically limited to students are considered Awards, as are competitions resulting in cash, cash equivalents or electronic devices that can be used for educational purposes.

GROUP TRAVEL – Refer to page 13, “Student Group Travel (Chrome River).”

IU Financial Aid Contact Information

“Financial Aid Office” is a generic term is used to refer to the campus office responsible for the administration of federal, state and institutional financial aid for Indiana University students. These offices award and monitor student financial aid in compliance with federal, state and institutional regulations and policies, and collaborate with Enrollment Management officers and other student service providers including Admissions, the Registrar and Bursar to support directives, plans and strategic enrollment goals for their respective campuses.

Campus contact information:

- IU Bloomington - Office of Student Financial Assistance
Jacqueline Kennedy-Fletcher, Director - jacfletc@indiana.edu
- IUPUI - Office of Student Financial Services (includes Columbus and Ft. Wayne)
Marvin Smith III, Director - mlsiii@iupui.edu
- IU East - Office of Financial Aid and Scholarships
Sarah Soper, Director - saeaton@iue.edu
- IU Kokomo - Office of Scholarships and Financial Aid
Dara Johnson, Director - darnjohn@iu.edu
- IU Northwest - Office of Financial Aid and Scholarships
Gina Pirtle, Director - gpirtle@iu.edu
- IU South Bend - Office of Financial Aid and Scholarships
Lorie Williams, Director - lojewill@iu.edu
- IU Southeast - Office of Financial Aid
Lauren Greider, Director - lgreider@ius.edu

The University Financial Aid Office in University Student Services and Systems (USSS) is responsible for performing back-office processes for all campuses under the Shared Services initiative. This office serves as a resource for compliance, is responsible for configuration of the SIS, monitors automated activities, performs batch updates, draws down state and federal aid funds, reconciles state and federal awards, serves as a central resource for the annual A-133 audit, completes and files the FISAP for all campuses and advises the IU administration on matters regarding financial aid.

The University Financial Aid Director is Jenny Stephens, stephejl@indiana.edu.

Appendix – Object Codes and Item Types

Please review your current use of financial aid object codes across all fund groups to ensure that they comply with these guidelines. In cases where object code usage for actual expenditures needs to be updated, it may be necessary to coordinate changes to Student Information System (SIS) item types, which are used to process awards for students in the financial aid and student financials (Bursar) systems.

Requests for new item types and questions regarding item type setup should be directed to your financial aid office.

Table 1: Object Codes and Descriptions

Object Code	Description
4088	- Group Travel
4866	- Prizes: not for the purpose of aiding the student's study, training, or research and not considered scholarship or fellowship
5400	- Graduate Student Academic Appointee (SAA) fee remission
5610	- SAA health insurance
5810	- Graduate student fee remission for regularly enrolled graduate and professional students
5820	- Graduate student fellowships for enrolled students - Fellowships for pre-doctoral graduate students enrolled in minimum of one summer course
5821	- Fellowships reportable post-doctoral without enrollment requirements of 5820 (process through payroll)
5822	- Fellowships that only professional students qualify
5860	- Undergraduate student scholarships for non-enrolled students (DV process)
5861	- Graduate student fellowships for non-enrolled students (DV process)
5865	- Undergraduate student travel and research
5866	- Graduate student travel and research - Non-compensatory research expenses, study-related travel for pre-doctoral students
5870	- Sponsored program student fee remissions; Graduate student fellowship (stipend)
5880	- Undergraduate student scholarships for enrolled students