Overview

The following guidance is provided to assist Florida State University employees and departments with processing of certain payments to students. When paying a student, it is important to ensure proper classification of the payment in order to satisfy compliance with federal and state regulations, FSU policies, and donor intent.

The vast majority of funds made available to students are processed through the Office of Financial Aid and paid to the student through Student Business Services. 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 sources, be considered in determination of eligibility for federal financial aid.

Student Financial Aid

Student financial aid can consist of scholarships, fellowships, waivers, and other assistance that is applied towards the total cost of higher education. Aid processed as part of a sponsored project must be approved by Sponsored Research Administration or the FSU Research Foundation prior to payment. Some payments, as noted below, may be requested through and funded by:

- Sponsored Research Administration
- FSU Foundation
- FSU Research Foundation
- Individual Departments
Scholarships –

**Qualified**: Money applied towards tuition, required enrollment fees, books, and supplies required as a part of normal coursework. These awards can consist of scholarships (public, private, institutional), fellowships, grants, and waivers.

**Nonqualified**: Money received that exceeds qualified expenses, such as room, board and living fees, as well as health insurance subsidies (not including employer-provided health insurance). Nonqualified scholarship examples include:

- Scholarships (public, private, and institutional), fellowships, grants, gap-year awards, certain waivers, and other forms of funding
- Academic payments to an FSU student, whose participation in research, camps, field experience, and other activities are considered a nonqualified scholarship (these awards may need to be approved by Sponsored Research Administration prior to payment)
- Payments to a trainee for living expenses during the training period. The NSF GRFP program, NSF Scholarship for Service program, NIH Fellowships, and other similar awards may refer to these charges as stipends.
- Scholastic awards for exceptional performance or achievement related to a student's academic progress
- Emergency relief/aid payments to students

**Scholarship Processing:**

- All scholarships funded by FSU Foundation funds are processed through the FS4U System and Financial Aid is notified when the Foundation approves the awards. The funds are then transferred to Student Business Services for disbursement.
- All scholarships not processed through FS4U or that are funded by university departments, including sponsored projects, are processed through Financial Aid and disbursed through Student Business Services using the [Departmental Student Payments](#) form.
- All waivers are processed by Student Business Services using the applicable [Waiver Application](#) form or by the Graduate School using the Graduate Waiver sub-system.
- Nonresident Alien payments *for qualified expenses* are processed by Student Business Services and any excess is reported to Payroll Services.
**Compensation**: Compensation includes payments for a job held by a student which involves pay for services rendered for the University, of an employment nature, and at the direction and control of the University. Students may be employed as hourly employees, Federal Work-Study employees, or graduate assistants. The department determines the nature of the duties which specifically benefits the University.

- Payments are initiated by OMNI Human Resources using a Personnel Action form and disbursed by Payroll Services.

**Student Research Participants**: A human subject who participates in research by being the target of observation, interaction or intervention by researchers. Such payments must have the approval of Sponsored Research Administration or FSU Research Foundation.

- Payments are processed through Accounts Payable using the ePayment Request Form (ePRF) in OMNI.
- Nonresident Alien Payments are processed through Payroll Services using the Payroll NRA Payment Request form.

**Prizes/Awards**: Prizes and awards paid to students, whether cash or noncash are almost always scholarships. These prizes/awards may recognize student achievements and include results of a judged competition, be based on merit, or be provided to students for winning a contest or drawing.

Winnings must be considered a scholarship if ANY of the following conditions apply:

- Eligibility to participate in the contest or drawing is restricted to students,
- The recipient is required to use the prize for educational purposes,
- The contest or drawing is related to the student’s university courses or degree completion, or
- The prize can be used for educational purposes or to pay for expenses included in the student’s cost of attendance.

If any of the conditions above apply, then the prize/award is a scholarship.

- All prizes/awards funded by FSU Foundation funds are processed through the FS4U System and Financial Aid is notified when the Foundation approves the awards.
• All prizes/awards not processed through FS4U are processed through Financial Aid and disbursed through Student Business Services using the Departmental Student Payments form.

Cash or noncash prizes/awards that do not meet any of the conditions above should be reviewed by Tax Administration for proper processing. Please contact CTL-Tax@fsu.edu.

**NOTE:** Florida State University does not give personal tax advice. For specific concerns/questions relative to individual tax situations, a personal tax accountant or advisor should be consulted.

**Definitions:**

**Departmental Billing:** Payments made by university departments directly on behalf of a student. Can be qualified or nonqualified scholarships.

**Fellowship:** Generally, merit-based financial support to graduate students without associated teaching or research responsibilities. Can cover tuition and/or living expenses and does not need to be repaid.

**Graduate Assistantship:** Financial aid to support graduate students that are in an associated teaching position or that have research responsibilities.

**Grant:** Need-based financial aid that does not need to be repaid. Can be qualified or nonqualified.

**Nonqualified Scholarship:** Funds that exceed qualified expenses and cover items such as room, board, living expenses, health insurance subsidies (not including employer-provided health insurance), and payments to a trainee for living expenses during the training period. These funds may be referred to as stipends when part of a sponsored award, fellowship, or training grant.
Nonresident Alien payments: Nonqualified scholarships, research participant payments, and prizes/awards paid to nonresident aliens are generally subject to income tax withholding unless specifically exempted by an income tax treaty.

Prize/Award: Payments that recognize student achievements and may include results of a judged competition or be based on merit. Additionally, payments provided to students for winning a contest or drawing are considered a prize/award.

Qualified Scholarship: Aid that can be applied towards tuition, required enrollment fees, books, and supplies required as the part of normal coursework.

Research Participant: A human subject who participates in research by being the target of observation, interaction or intervention by researchers. Can be paid to employees, students, and those not affiliated with the university.

Scholarship: An amount paid to, or for the benefit of, a student at an educational institution to further their education. Scholarships are awarded based on various criteria including students’ skills, abilities, or grades. Can be qualified or nonqualified and funded from public, private, or institutional sources. Also includes exceptional performance and academic achievement awards.

Stipend: A generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method. Additional information can be found at Student Payment Guidance.

Waiver: An exemption of all or a portion of a student’s tuition and fees (not via normal financial aid programs or scholarships). Must meet set criteria to be eligible to receive waiver.

Work Study: Provides part-time jobs for undergraduate and graduate students with financial need; allows them to earn money to help pay education expenses.
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<th>Office/Area</th>
<th>Person</th>
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