

Payments to Students

11/10/2014

GUIDELINE PURPOSE

It is the goal of the University of Minnesota (U) that all payments to students are paid through the U payment system that will result in compliance with applicable laws and regulations.

The primary purpose of this guide is to assist U departments in identifying the type of payment being made to students so that the appropriate U system is selected to make the payment. The system will then manage the required reporting to the recipient and/or Internal Revenue Service (IRS.) This will ensure that the U is meeting all tax reporting requirements. Secondly, in an effort to assist departments in answering questions from students, this guide also provides information related to reporting that will be made to the student and/or IRS.

Pursuant to this guide, U departments will know which of the following three payment systems to use when making a payment to a student:

- 1) Human Resources (HR) Payroll System,
- 2) Disbursement Services, or
- 3) Student Finance System.

Key Concepts Relating to Payments to Students

In the context of this guidance, the word stipend is used to describe many different types of payments made to students. Compensatory payments are dependent upon the student providing services as a condition of receiving the payment. Non-compensatory payments are made without regard for services rendered by the student. Reviewing the facts and circumstances of a stipend along with this guideline will allow the paying department to make an accurate decision regarding which payment system to use.

It should be understood that even if a payment to a student is not reportable to the IRS by the U, it may be taxable to the student and may need to be reported on the student's income tax return.* Generally, when scholarships/fellowships are used by the student to offset tuition, required course fees, textbooks or mandatory equipment as provided for under Internal Revenue Code (IRC) Section 117, the payments may be excluded from income. The student is responsible for tracking the payments received and the costs of tuition and other required educational fees, books, supplies and equipment for purposes of identifying taxable income.

The student recipient may either be a US Taxpayer, meaning both United States students and resident aliens for tax reporting purposes, or a nonresident alien for tax reporting purposes, hereinafter referred to as an NRA. The information the U must provide to the student recipient and/or IRS is determined according to 1) the type of payment made, and 2) whether the recipient is a US Taxpayer or an NRA. The treatment of payments to NRA students may be further impacted depending on whether the student is from a country that has entered into a

treaty with the United States. The systems used to make the various types of payments have been designed to appropriately identify NRA students. More information on NRA/foreign national treatment can be found [here](#).

If payments are required to be reported by the U for tax purposes, the payment system will determine whether to use a Form W-2, 1099-MISC, or 1042-S to report the payment. A Form W-2, Wage and Tax Statement, is used to report wages and/or withholding for an employee. A Form 1099-MISC, Miscellaneous Income, is used to report payments and any withholding to nonemployees for services when the payment equals or exceeds a specified threshold, usually \$600 during a calendar year. A Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, is used to report payments and/or withholding to an NRA.

When deciding which payment system to use to make a payment to a student, it is sometimes necessary to determine whether the payment is related to the recipient's employment relationship with the U. The following should be considered when making that determination:

- Is the payment related to services the student is providing in a student employment position?
- Was the student required to be an employee to receive the payment?
- Is the potential recipient pool limited to students who are employees?

If the questions are answered in the affirmative, the payment should be made to the student through the HR Payroll System. Please note that this guidance applies to payments made to students; all payments to employees who are not students are generally paid through the HR Payroll System.

It is possible that stipends may be defined as employment related for purposes of one law (such as the IRC) and non-employment pursuant to other laws (such as the Fair Labor Standards Act.) This guideline addresses the requirements from a tax law perspective. Also, please see [Section 13, Financial Aid Implications](#), for information about whether payments may impact financial aid packages.

Types of Stipend Payments Made to Students

Following are descriptions of common types of categories and related examples of payments made to students. The Tax Management Office is available to help analyze situations that are unclear or not addressed in the examples.

1. [Wages to Student Employee for Services](#)
2. [Payment to Non-Employee Student for Services](#)
3. [Honorarium](#)
4. [Human Subject Payment](#)
5. [Prize](#)
6. [Travel/Expense Reimbursement for U Business](#)
7. [Participant Payment](#)
8. [Scholarship/Fellowship](#)
9. [Student Leaders and Other Volunteers](#)
10. [Royalty Payments](#)
11. [Internships](#)
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1. Wages to Student Employee for Services

Payments for services performed by students pursuant to an employer/employee relationship with the U are wages. Wages include research grant payments to a student from either a grant administered by the Sponsored Projects Administration Office of the U, or from other funds, when the payment is for services rendered as an employee. Wages are always paid through the HR Payroll System. Wages are reported to the employee and the IRS as W-2 income for US Taxpayers and on either a 1042-S or W-2 for NRA students, depending on treaty applicability. If a payment by a U department to a student employee does not relate to an employment relationship, consider other types of stipends to identify the appropriate category for the non-wage payment.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Student Employee Wages for Services	HR Payroll	W-2	1042-S or W-2

Example 1A – Hourly student employee: A US Taxpayer student works as a parking attendant on a part-time hourly basis. The student is paid through the HR Payroll System. The student and the IRS receive a W-2.

Example 1B – Teaching Assistant: An NRA graduate student works as a teaching assistant as part of a doctoral program. The payments the student receives are wages, paid through the HR Payroll System and reported to the recipient and IRS on a 1042-S or a W-2, depending on treaty applicability.

Example 1C – Student employee paid with grant funds: A US Taxpayer student employee performs research services required under a U Sponsored Project contract with a third party. The payment is for services rendered as an employee. The student is paid through the HR Payroll System. The student and the IRS receive a W-2.

Example 1D – Internship at U: A US Taxpayer student is chosen to work as an intern in a U department. The student is working under the direction and control of a U faculty member. The student is paid on an hourly basis and the payment is considered wages.

Also see [Example 8C – Internship with Third Party](#); and [Example 9A – Resident Hall Assistant](#)

2. Payment to Non-Employee Student for Services

Payments to students performing services are paid through Disbursement Services when there is no employer/employee relationship, but rather the student is working as an approved independent contractor. For a US Taxpayer student, if the payments equal or exceed \$600, they are reported to the individual and the IRS as 1099 income. All payments to NRA students are reported on a 1042-S, regardless of the amount.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Payment to Non-employee Student for Services	Disbursement Services	1099 if ≥ \$600	1042-S

Example 2A – Non-employee services: A US Taxpayer student is paid to perform piano music at an evening reception held on campus. The student is not an employee, and should be paid through Disbursement Services with the income reported to the student and IRS if it is \$600 or more.

Example 2B – Employee providing nonrelated services: A US Taxpayer student is paid to perform piano music at an evening reception held on campus. The student is employed by the U as a parking attendant. Because the piano services are not related to the student’s employer/employee relationship, the student is paid for the piano services through Disbursement Services with the income reported to the student and IRS if it is \$600 or more.

Example 2C – Payments to Marching Band members: A group of US Taxpayer Marching Band members play at events during winter break and each receive a \$50 payment as compensation. Some of the students are employees in other unrelated student positions at the U and some students are not employees. The payments should be paid through Disbursement Services for all the students since the payment does not relate to any employment relationship they may have with the U. There are no reporting requirements although the income may be taxable for the student.

3. Honorarium

A payment intended to show appreciation for a student’s involvement in, and contribution to, a U event is an honorarium. The U event could be a symposium, conference, workshop, seminar or other activity. Honorariums

are deemed compensatory in nature and the appropriate payment system is dependent on whether the student is an employee or non-employee. An honorarium paid to a student that is performing employment related services is paid through the HR Payroll System and reported on a W-2 for a US Taxpayer student and on either a 1042-S or W-2 for an NRA student, depending on treaty applicability. Honorarium payments to student employees are in addition to hourly wages. An honorarium to a non-employee student is paid through Disbursement Services. Honorariums are reported to the individual and the IRS as 1099 income for US Taxpayer students if the payment is \$600 or more and as 1042-S income for NRA students, regardless of the amount.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Honorarium to Employee Student	HR Payroll	W-2	1042-S or W-2
Honorarium to Non-employee Student	Disbursement Services	1099 if ≥ \$600	1042-S

Example 3A – Non-employee honorarium: A nonemployee US Taxpayer student collaborates with faculty and other students to plan a U conference. The Department pays the student \$50 to show appreciation for the student’s contribution to the U event. The payment is made through Disbursement Services and no reporting is required by the U to the IRS, but the amount represents taxable income to the student.

Example 3B – Employee honorarium, work related: An employee US Taxpayer student collaborates with faculty and other students to plan a U conference sponsored by the Department in which the student works. The Department pays the student \$50 in addition to the student’s hourly wage. The \$50 honorarium payment is paid through the HR Payroll System, and is included on the student’s W-2 income and reported to the IRS.

Example 3C – Employee honorarium, not work related: A US Taxpayer student is an employee in the library. The student agrees to speak at a student event to share personal experiences about living in a residence hall on campus. The student receives an honorarium of \$25 for speaking at the event. Because the event has no relationship to the student’s employment relationship with the U, the payment is considered paid to a non-employee and is made through Disbursement Services. There are no reporting requirements for the U.

4. Human Subject Payment

A payment made to a student about whom an investigator (whether professional or student) conducting research obtains data, through intervention or interaction with the individual or by gathering private information about the individual, is a human subject payment. The human subject payment is generally made to encourage the student to participate in providing information to the investigator. The value of the stipend is not commensurate with the effort the student expends and is not considered a payment for services. Human subject payments are made using procedures outlined in the policy entitled [Paying Human Subjects and Maintaining Confidentiality and 1099 Reporting](#) and are reportable as 1099 income to US Taxpayer Students if \$600 or more, and as 1042-S income for NRA students, regardless of the amount.

Stipend Type	Payment System	Account	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Human Subject Payment	Disbursement Services	810101	1099 if ≥ \$600	1042-S

Example 4A – Human Subject: A US Taxpayer student agrees to answer a questionnaire after viewing a series of photos depicting interactions between various individuals. The activity is spread over three days and takes from 6 to 12 hours. The student receives a \$50 gift card for participating. Because the total received does not equal or exceed \$600, there will be no reporting to the student or the IRS.

Example 4B – Human Subject: An NRA student participates in a six-month smoking cessation program and receives a one-time payment of \$800 at the end of the program as an incentive for continuing to provide information throughout the study. The payment is made through Disbursement Services and reported to the student and the IRS on a 1042-S.

5. Prize

A payment or other consideration, including tangible personal property or gift cards, received as a result of **entering a contest** is a prize. However, applying for a scholarship or fellowship that is awarded based on scholastic achievements is treated as a scholarship/fellowship rather than a prize and is addressed in [Section 8](#). A cash prize payment greater than \$100 to a U student is made through Student Finance and is reported to a US Taxpayer student and the IRS as 1099 income if it is \$600 or more. A cash prize payment of \$100 or less is made through Disbursement Services using the Single Payment Vendor process. A cash prize payment to a non-U student is made through Disbursement Services and is reported to a non-U US Taxpayer student and the IRS as 1099 income if it is \$600 or more. It is reported to an NRA student on a 1042-S regardless of the amount. The value of a noncash prize must be reported to Student Finance (unless the value is \$100 or less) for U students, and to Disbursement Services for non-U students. It will be reported to a US Taxpayer student and the IRS as 1099 income if the value of the property is \$600 or more. The value of noncash prizes awarded to NRA students is reported on a 1042-S regardless of the amount.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Prize Payment to U of MN Student > \$100	Student Finance	1099 if ≥ \$600	1042-S
Prize Payment to U of MN Student ≤ \$100	Single Payment Vendor Disbursement Services	1099 if ≥ \$600	1042-S
Prize Payment to Non-U of MN Student	Disbursement Services	1099 if ≥ \$600	1042-S

Example 5A – Cash prize: A US Taxpayer non-U student enters several photos in a contest and wins a prize of \$800. The payment is made through Disbursement Services and reported to the US Taxpayer student and the IRS as 1099 income.

Example 5B – Property prize: An NRA student of the U creates and enters a video in a contest, and wins a new computer valued at \$500. The value of the computer is reported to Student Finance by the department holding the contest and the value is reported to the NRA student and the IRS on a 1042-S.

6. Travel/Expense Reimbursement or Meal Per Diem for U Business

A travel reimbursement or meal per diem payment made to a student traveling on behalf of the U is made under the U’s Accountable Plan pursuant to the [Traveling on University Business Administrative Policy](#). Similarly, an expense reimbursement made to a student that incurs expenses on behalf of the U is made under the U’s Accountable Plan. Travel and business expenses incurred by students must be approved by the department reimbursing the student, and the department must determine whether the student is incurring the expenses for U business. The business expense must be substantiated through receipts or by documenting the specifics of travel for per diem payments. Payments made under the Accountable Plan are not taxable to the recipient and are not reported to the IRS. The U’s Accountable Plan is used to make reimbursements and/or other expense allowance arrangements that meet IRS requirements related to business-connection, expense substantiation, and the timely return of amounts in excess of substantiated expenses.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Travel Reimbursement for University Business	Disbursement Services	None	None

Example 6A – Representing U at conference: A student participating in a U graduate program travels to a conference out-of-state. The U department has asked the student to represent the U at the conference by attending and presenting a poster at the conference. The student is reimbursed for travel costs through Disbursement Services after presenting receipts. There is no reporting to the student or the IRS for this reimbursement. The department could also elect to provide a meal reimbursement based on the per diem rate as long as the travel and business purpose is substantiated.

Example 6B – Reimbursement for purchase: A U student is asked to buy refreshments from a restaurant to serve at a recognition event. The student pays \$65 cash for the purchase and obtains a receipt from the restaurant. The student is reimbursed through the U’s Accountable Plan and there is no reporting for this transaction.

Also see [Example 8E](#) for reimbursement related to a student traveling on personal business.

7. Participant Payment

A payment to an individual who is participating in a U training program/symposia/seminar as a learner of presented information is a participant payment. The participant does not need to be enrolled as a student at the U. This payment cannot be for services rendered; it is non-compensatory. The participant payments are either made through the Student Finance system for U students or through Disbursement Services for non-U individuals. For US Taxpayer students, the U is not required to report participant payments to the student or the IRS, but the payments may be subject to income tax on the individual’s tax return. Participant payments to NRA students are reported on a 1042-S.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Participant Payment to U of MN Student	Student Finance	None*	1042-S
Participant Payment to Non-U of MN Student	Disbursement Services	None*	1042-S

Example 7A – U student REU: A US Taxpayer student of the U participates in a two-month summer Research Experience for Undergraduates (REU). No services are performed. The student receives \$2,000 to be used by the student for support while participating in the program. The participant payments are made through Student Finance. Although the payments may be taxable to the student, no reporting is required to the student or IRS by the U.

Example 7B – Non-U student summer learning: A non-U NRA student participates in a 3-week summer learning program. No services are performed. The non-U NRA student receives \$750 as a participant payment. The payment is made through Disbursement Services. The payment is reported to the student and the IRS on a 1042-S.

Example 7C – Non-U student: A local high school teacher that is not a U student participates in a 3-week summer learning program. The teacher is a US Taxpayer for tax purposes and does not perform any services. The teacher receives \$750 as a participant payment. The payment is made through Disbursement Services and there are no reporting requirements to the student or IRS by the U, although the payment may be taxable income to the individual.

8. Scholarship/Fellowship

A payment or allowance made to aid a student in furthering the academic, research and/or scholarly education of the individual is a scholarship/fellowship payment. The payment must **not** be for services rendered to the U. Benefits to the U as a result of a scholarship/fellowship payment are secondary to the primary purpose of the payment. To the extent scholarship/fellowship payments are used for qualified educational expenses, they may be excluded from the recipient’s income. Amounts used for non-qualified educational expenses are taxable to the student, but not reportable by the U for a US Taxpayer student. For an NRA student, the scholarship/fellowship payments made in excess of qualified educational expenses charged by the U are reported on a 1042-S.

Stipends paid under the National Research Service Award (NRSA) program sponsored by the National Institute of Health (NIH), the National Health Service Corps Scholarship Program, or the Armed Forces Health Professions Scholarship and Financial Assistance Program are considered scholarship/fellowship payments that are taxable income to the extent they are not used for qualified educational expenses. There are no U reporting requirements to the IRS for US Taxpayer students and reporting for NRA students is made on a 1042-S. Most payments of scholarships/fellowships are made through the Student Finance System. If the scholarship/fellowship payment is made to a non-U student, the payment is made through Disbursement Services.

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Scholarship/Fellowship for U of MN Student	Student Finance	None*	1042-S
Scholarship/Fellowship For Non-U of MN Student	Disbursement Services	None*	1042-S

Example 8A – Graduate student: A US Taxpayer student is accepted into a U graduate program that will require several years of study. The student will receive an annual stipend of \$24,000. The student will not perform any services in exchange for the scholarship/fellowship payment. The student is paid through the Student Finance System. There is no reporting to the student or the IRS by the U regarding the total scholarship/fellowship payment, although the payment may be subject to tax for the student.

Example 8B – Sports team manager: A US Taxpayer student applies for a sports team manager scholarship position and is chosen to be a team manager. The team manager learns about team management, fills various team manager roles, travels with the team and is eligible to be awarded an “M” letter for outstanding participation. A scholarship in the amount of \$1,500 is awarded to the student and paid through the Student Finance System. The scholarship is not reportable by the U to the IRS, although it may be subject to tax for the student.

Example 8C – Internship with third party: A business that is not related to the U hires a U student for an internship with the business. The student performs services for the business and the business pays the student fair market value wages and reports the wages on a W-2. In addition, the U has awarded a stipend to the student to help defray costs associated with the internship. The student will not perform any services for the U, and the payment from the U is considered a scholarship/fellowship that is paid through the Student Finance System. There are no reporting requirements for the U to the IRS for the amount paid through the Student Finance System. Sometimes internships are structured to earn class credit and tuition is charged for the credit. If that is the case, it is possible that the scholarship/fellowship from the U will be used to pay for a qualified educational

expense, and consequently will not be subject to tax. However, the student will need to determine whether the scholarship/fellowship payment is subject to tax based on how the money is used.

Example 8D – Health insurance premiums: Payments by the U of health insurance premiums for graduate students that are not eligible for insurance as employees are considered scholarship/fellowship payments. The payments are not made to the student, but are paid to the U health plan. There is no reporting requirement for the U to the IRS, but the payments may be taxable to the student.

Example 8E – Travel Allowance/Reimbursement for Student’s Personal Business: A student participating in a U graduate program travels to a conference out-of-state. Although the student will not be presenting at the conference, the U graduate program agrees to pay \$500 for travel costs so the student is able to experience a conference. This payment is a scholarship/fellowship payment because the student is not traveling to represent the U, but to further the student’s scholarly education. The payment is made through the Student Finance system. If the student is a US Taxpayer student, there are no reporting requirements by the U. If the student is an NRA student, the payment is reported on the 1042-S. **For students traveling on U business, see [Example 6A](#)**

Example 8F – Award from NCAA Student Athlete Opportunity Fund: An eligible US Taxpayer student-athlete receives a reimbursement for clothing and shoe items. The student is paid through the Student Finance System. There is no reporting to the student or the IRS by the U at year end regarding the total scholarship/fellowship payment, although the payment may be subject to tax for the student.

Example 8G – Application Fees for Non-U Student: A U unit wants to assist a potential US Taxpayer student by awarding a scholarship to the student to cover fees that must be submitted with the individual’s application to the U. Because the individual is not yet a student, the payment is made through Disbursement Services. There is no reporting to the student or the IRS by the U, although the payment may be subject to tax for the student.

9. Student Leaders and Other Volunteers

Student leaders are generally students interested in pursuing an activity to further their learning experiences in developing leadership skills. Students filling leadership roles such as Resident Advisors and Community Advisors that have an HR job classification may be considered employees of the U for IRS purposes but not for FLSA (Fair Labor Standards Act) purposes. Students filling leadership roles such as student union leaders, orientation student leaders, or other volunteers that do not fall within a job classification are considered volunteers. Payment amounts are based on the students’ unreimbursed expenses related to the responsibilities of the leadership positions, as well as the duration of their commitment and any travel that will be required. In these situations, the students are not paid based on the quantity of what they do or on an hourly or salaried basis, but rather the payment is intended to encourage the volunteer student to play a leadership role among other student volunteers. For these student leader roles, the payments are made through Payroll for HR job classifications and through Disbursement Services for volunteers. When a department contemplates using student volunteers that do not fall under an HR job classification, it should first obtain and complete the volunteer disclaimer forms prepared by the Office of the General Counsel (OGC-SC214.)

Stipend Type	Payment System	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Student Leader with Job Classification	Payroll	W-2	1042-S or W-2
Student Leader Volunteer	Disbursement Services	1099 if ≥ \$600	1042-S

Example 9A – Resident Hall/Community Advisor: A Resident Hall/Community Assistant Advisor (Advisor) assists students in acclimating to the U environment. The Advisor is expected to intermingle with the students in

the dorm, mentor students in academic pursuits and socialize with them to increase success at the U. The U requires the Advisor to live in the residence hall and provides room and board as part of the Advisor’s appointment. The Advisor has a job classification and is considered an employee from the tax perspective, but is not an employee from the FLSA perspective. There are no reporting requirements to the IRS or student for the room and board provided to the student.

Example 9B – Resident Hall/Community Advisor with Cash Payment: A Resident Hall/Community Assistant Advisor (Advisor) works to create positive learning communities for students living in University residence apartment communities. The Advisor is required to live in University housing within an assigned student community. The Advisor also receives a debit card to cover meals. The Advisor is considered an employee from the tax perspective, but is not an employee from the FLSA perspective. The in-kind value of the room is not reportable to the IRS or to the student, but the cash value of the debit card to cover meals is reportable as W-2 income.

Example 9C – Student Volunteer: A student participates as chair of a volunteer committee charged with choosing the movies that will be shown at Coffman Memorial Student Union. The chair of the committee is responsible for recruiting committee members, scheduling the meeting and preparing the agenda. The value of the payments made to the student chair volunteer is not intended to be commensurate with the work performed by the student. This nominal amount is paid through Disbursement Services. Even if the volunteer is employed in another unrelated area of the U and receiving wages, the payment for this volunteer role should be made through Disbursement Services and represents taxable income to the student. If the payment is \$600 or more, it will be reported on a 1099.

10. Royalty Payments

Students, particularly graduate students, may be eligible to receive royalty payments resulting from the development and marketing of intellectual property rights. All royalty payments to students should be processed through Disbursement Services.

Stipend Type	Payment System	Account	Reporting for US Taxpayer Student	Reporting for Nonresident Alien Student
Royalty	Disbursement Services	720320/1	1099 if ≥ \$10	1042-S

11. Internships

Students sometimes receive payments from the U relating to opportunities to engage in internships. Internship opportunities may be located at the U or other external locations. Only internships that are located at the U and under the direction and control of U faculty may be processed through the U systems. If the internship is not under the direction and control of U faculty members, the payments must be processed outside of the U.

See [Example 1D – Internship at U](#); and [Example 8C – Internship with third party](#).

12. Gift Cards

A gift card is a method of making one of the types of stipend payments and is equivalent to cash. A payment made to a student in the form of a gift card is treated as if the payment is made in cash. For determining how to report the payment of a gift card, look to each section to determine the type of payment that is being made.

Example 12A – Gift Card Award: A department provides \$25 gift cards to US Taxpayer students filling the role of human subjects. Some of the student recipients of the gift cards are employees of other departments on campus, but the employment is not related to the human subject roles. Pursuant to the Human Subject Payment section above, the gift cards can be provided to the students without any notification of the award to the IRS or student.

13. Financial Aid Implications

Whenever a student registered at the U receives a non-service related payment or personal property, it may impact any financial aid the student may be receiving. Following is information Student Finance must provide to students and will follow when determining whether a payment impacts a financial aid package.

The United States Department of Education requires a school's operations to be administered in a way that ensures all the information the school receives which might affect a student's Federal Student Aid eligibility is communicated to the financial aid office. In accordance with Chapter 10, page 2-122 of the US Department of Education's Financial Aid Handbook, at the U the coordinating offices are the Financial Aid Offices or Offices of Student Finance at each campus and the Director is the coordinating official for each campus. When creating a student's financial aid package, in order to ensure that a student's aid does not exceed his or her need, the Financial Aid Office or Office of Student Finance must include all aid the student is receiving from external sources as well as institutional aid and Federal Student Aid (FSA) program assistance. To properly package and most effectively use the various types of student assistance (federal, school, state, private, etc.), we must be aware of all aid received by students attending the school, regardless of the source.

The Higher Education Act of 2008 (the first HEA became law in 1965) defines other financial assistance as any other assistance known to the school. If the assistance was a result of enrollment, but not a result of employment, the school must treat it as a financial aid resource. Assistance is distinguished from reimbursement for expenses. Reimbursement for expenses can only occur if there was a legitimate business reason for the student to have incurred the expense for which they are being reimbursed, not simply as a form of payment for a prize, stipend for travel related to their education, or undefined "other" reason.

The US Department of Education provides over \$380 million in financial aid each year to the U campuses. Every year all the Offices of Financial Aid/Student Finance receive two types of audits, one for the over \$1 billion in student tuition, fees and financial aid handled and one called A-133 for its documentation of policies and procedures. The A-133 audit is a compliance audit to ensure we have the necessary controls to administer federal and state funds. Failure to meet the requirements of the compliance audit can result in substantial fines as well as the loss of all federal and/or state financial assistance, including sponsored grants, not just financial aid. Part of the compliance audit tests whether or not the office of Financial Aid/Student Finance are able to trace all payments made to students.

14. Contacts

For **Tax Management Office** questions call 612-624-1053 or email taxhelp@umn.edu

For **Office of Student Finance or Student Aid** questions on the various campuses:

Twin Cities and Rochester Campuses: call 612-624-6043 or email saosf@umn.edu

Duluth: call 218-726-8793 or email umdschol@d.umn.edu

Crookston: call 218-281-8569 or email umc-fa@umn.edu

Morris Campus: call 320-589-6046 or email morrisfa@morris.umn.edu

For **Disbursement Services** questions on the various campuses:

Twin Cities and Rochester Campuses: call 612-624-1617 or email finsys@umn.edu

Duluth: call Business Services at 218-726-7168 or email ars@d.umn.edu

Crookston: call Accounts Payable in the Business Office at 218-281-8327 or email umcbo@umn.edu

Morris: call the Business Office at 320-589-6005 or email sperrj@morris.umn.edu

For **Payroll Services** questions call 612-624-UOHR(8647) or email payroll@umn.edu

*The [*Information on Taxation of University of Minnesota Non-compensatory Student Stipends*](#) document should be used by the department/unit to inform the student recipient that the payment may be taxable income.