Purpose of the Payment to Students Process: The Chancellor’s Office has asked all campuses to create a process for student payments to be in compliance with Federal regulations.

Payment steps. All Steps should be performed before an agreement is made with the student.

1. Complete Payment to Students Form.
2. Once the form is approved you can contact the departments below directly without contacting Financial Aid if the payment type fits into one of the two categories below.
   1. Wages and Independent Contractors:
      1. If the student will be considered a Student Employee, contact Student Employment Office [**hr-studentemployment@csus.edu**](mailto:hr-studentemployment@csus.edu)
      2. If the student will be considered an Independent Contractor, contact Class and Comp by filling out the [Independent Contractor Request form](https://www.csus.edu/administration-business-affairs/human-resources/_internal/_documents/ic_form_011819.pdf).
      3. An approved ICR needs to be submitted on a procurement requisition.
      4. Types of work that are considered Wages: Voluntary Internships (with payment of any kind), Research Assistants, Internships, office/clerical help, etc. These are reported on a W2 form.
      5. Types of work that are considered Independent Contractors: One-time performances, event speakers, presentations, art creation, etc. These are reported on a 1099-NEC form.
   2. Reimbursements:
      1. Send the approved Payment to Students form with a list of students to AP @ [vendordatarecordform@csus.edu](mailto:vendordatarecordform@csus.edu)
      2. Then direct the student to complete the [204 form.](https://onbaseform.csus.edu/obforms/eforms/aba/finance/pub/vendordata204.aspx)
      3. If the cost can be paid for ahead of time by the department using a pro card or concur that should be the first option.
      4. If processing on Reimbursement Request, include the supplier ID in the form and copy of approved Payment to Students form.
      5. Also true reimbursements are for business purposes and are not reported on any IRS form or to Financial Aid.
3. If the Payment type is not Wages or Reimbursement you will then need to contact Financial Aid.
4. Notify Financial Aid/Scholarships (FA&S) scholarships office general email [scholarshipfaqs@csus.edu](mailto:scholarshipfaqs@csus.edu) that you want to pay a student. FA&S will confirm if the funds need to be included in the student's financial aid eligibility. If the funds need to be included in the student's financial aid package, FA&S will let the department know if there is room for the funds or not.
   1. \*\*\*\* FA&S cannot decide if the payment method is compliant with applicable law. They will only state if the funds affect eligibility and nothing else. \*\*\*\*
5. Once FA&S confirms eligibility you will contact the office below depending on payment type:
   1. Awards and Prizes
      1. Send the approved Payment to Students form with a list of students to AP @ [vendordatarecordform@csus.edu](mailto:vendordatarecordform@csus.edu)
      2. Then direct the student to complete the [204 form.](https://onbaseform.csus.edu/obforms/eforms/aba/finance/pub/vendordata204.aspx)
      3. Include the supplier ID on the Direct Payment Request and a copy of the approved Payments to Students form.
      4. These payments are reported on a 1099 MISC form.
   2. Non-Qualified Scholarship
      1. Contact Accounting Services to verify that a chart string and item type exist for the NQS.
         1. If the funds are state side contact [**accountingservices@csus.edu**](mailto:accountingservices@csus.edu)
         2. If the funds are from the Foundation contact [**ufssaccounting@csus.edu**](mailto:ufssaccounting@csus.edu)
         3. The team may need to set up NQS Chart Strings and Item Types.
         4. Once the Chart String and Item type are verified you will be notified.
      2. Once Accounting notifies you, contact the office below that is relevant
         1. If the funds are to be paid directly to the student and cannot be used to cover debt, then contact the Bursars office @ [bursar@csus.edu](mailto:bursar@csus.edu)
         2. If the funds can go through the system and be used to pay debt and/or be reimbursed then contact Financial Aid @
      3. More information below on this process: Non-Qualified Scholarships Check Request Process
   3. Scholarship:
      1. True scholarships do not need to go through the Payment to Students Process.
      2. Contact the FA&S office for this process.

**Non-Qualified Scholarships**

Non- Qualified Scholarships (NQS) & Non-Need- Qualified Scholarships (NNQ)

A non-qualified scholarship request is to check for room in a student’s financial aid budget to align with Cost of Attendance. Request come via email to the Financial Aid/Scholarships office

Request should be sent to the general scholarship office email at [scholarshipfaqs@csus.edu](mailto:scholarshipfaqs@csus.edu) , email should also include the Bursars office Erin Smith at [erins@skymail.csus.edu](mailto:erins@skymail.csus.edu) ,and Nicole Rogers at [nrogers@csus.edu](mailto:nrogers@csus.edu) , and Accounting Services?

Include the following information on the Memo (Attached)



* Student names
* Student ID
* Amount of award
* Term the non-qualified scholarship should be applied to



* Check request form (Attached) *(with account information)*
* Student names
* Student ID
* Amount of award
* Account
* Fund
* Dept ID

**NOTE: can only requests current semester.  Only send for the current semester and then send the 2nd request when the next term begins.**

Any student who is awarded a non-qualified scholarship must have **confirmation from the scholarship office** confirming the student has room in their budget to support the non-qualified scholarship.

The **confirmation email** from the scholarship office along with the **check request form** (*attached*) should include the **Bursars office** so a check can be issued to the student once they receive the conformation from the scholarship office.

Non-Qualified Scholarship accounts (**X accounts only**) have specifications attached to them that stipulate what the funds can be used for, you should check with accounting to make sure there are no limitations for issuing payment.

Student Payments in AP

The Reimbursement Request (RR) is used to reimburse students for out-of-pocket expenses.

Types of Student Reimbursements:  
-Food, non-catered events

- Membership dues – These are for very specific memberships approved by Payments to Students  
-Non-employee Travel expenses

The Direct Payment Request (DPR) is used to submit Prizes/Awards to students that have received contest winnings.

Prizes/Awards (Requires a copy of event flyer)

For both reimbursements and prizes/awards it will require the student to complete a Vendor Data Record (204 form) submitted to Accounts Payable.

Both of these forms can be located on the ABA Forms webpage under Accounts Payable & Travel

For more information visit Accounts Payable & Travel webpage.

The UFSS Check Request is used for both Reimbursements & Prizes/Awards when using foundation funds.

UFSS forms can be located on the ABA Forms webpage under University Foundation Sacramento State

Definitions

*Reimbursement:* An amount paid to a student to make the individual whole for an out-of-pocket expense incurred. Reimbursement requests must be supported by original documentation, or receipt, including the purpose of the purchase (accountable plan rules).

*Accountable plan rules:*the IRS rules that govern how employers can repay individuals *without tax consequences* for business expenses the individual incurs on the employer’s behalf.

Financial Definition of Benefit to the Business:

Mission Definition of benefit to the Business:

University Business:

*Scholarship:* A qualified scholarship is the amount of a scholarship or fellowship grant that is used for tuition and fees, books, supplies, and equipment required for courses. Items must be required of *all* students in a course of instruction to be tax free. If equipment or supplies is merely "suggested" for the course, the amounts do not qualify as qualified scholarships

*Non-Qualified Scholarship:* Any amounts received for incidental expenses or by a non -degree candidate are taxable scholarships/fellowships. Incidental expenses include room and board, travel, and expenses for equipment and other items that are not required for either enrollment or attendance in a course of instruction.

*Awards/Prizes:* Prizes and awards are payments in recognition of charitable, scientific, educational, artistic, literary, or civic achievement, or are received as the result of entering a contest. Recipients are selected based on their actions to enter a contest, competition or proceeding. Drawing gifts or monetary payments are also classified as prizes. Prizes and awards are always taxable.

Internship:

Wages: Wages for worked performed will require that the student is hired, via an OnBase Student Employment Personnel Transaction Form (SEPTF) or the Academic Student Employment Personnel Transaction Form (ASEPTF), for academic Unit 11 student work.

Independent Contractor:

Performance:

Frequently Ask Questions / Other Information

Q - Can a student who is employed by campus also be an Independent Contractor?

A – No. You may have to do a Special Consultant Form in these cases

Q – Can we reimburse students for their course fees and professional development work?

A – The answer is most likely no. These items most likely will need to be set up as Non-Qualified Scholarships as this type of item does not meet the definition of Accountability Plan.

Q – Can we pay for Student Travel?

A – Maybe. If the student is traveling on University Business and will be presenting on behalf of the University or helping with university research, then yes. If the student is traveling for their own professional development, then most likely no.

Q – What are the tax differences between 1099 NEC, 1099 Misc, 1098 T?

A -

Governing Information:

IRS Section 117

IRS Publication 970

<https://calstate.policystat.com/policy/11733999/latest>