



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

STUDENT PAYMENT GUIDELINES

*To serve as a comprehensive guide on payments made to students at
University of Wisconsin-Madison*

October 2018

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Introduction

This document, created by the Student Payments Committee, will assist users in determining the intent of a payment made to a UW-Madison student as well as providing guidelines for correct payment procedures to ensure compliance with all applicable rules.

The Student Payment Committee, consisting of members from the University of Wisconsin-Madison Bursar's Office, Accounting Services, Office of Student Financial Aid, and Office of Human Resources, meets weekly to discuss policy, rules, and regulation changes that may affect procedures for providing payments to students.

WHY DOES IT MATTER HOW WE PAY A STUDENT?

When paying a student, it is important to ensure proper classification of the payment in order to satisfy compliance requirements with federal and state regulations, UW-Madison policies, and donor intent.

UW-Madison 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, 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.

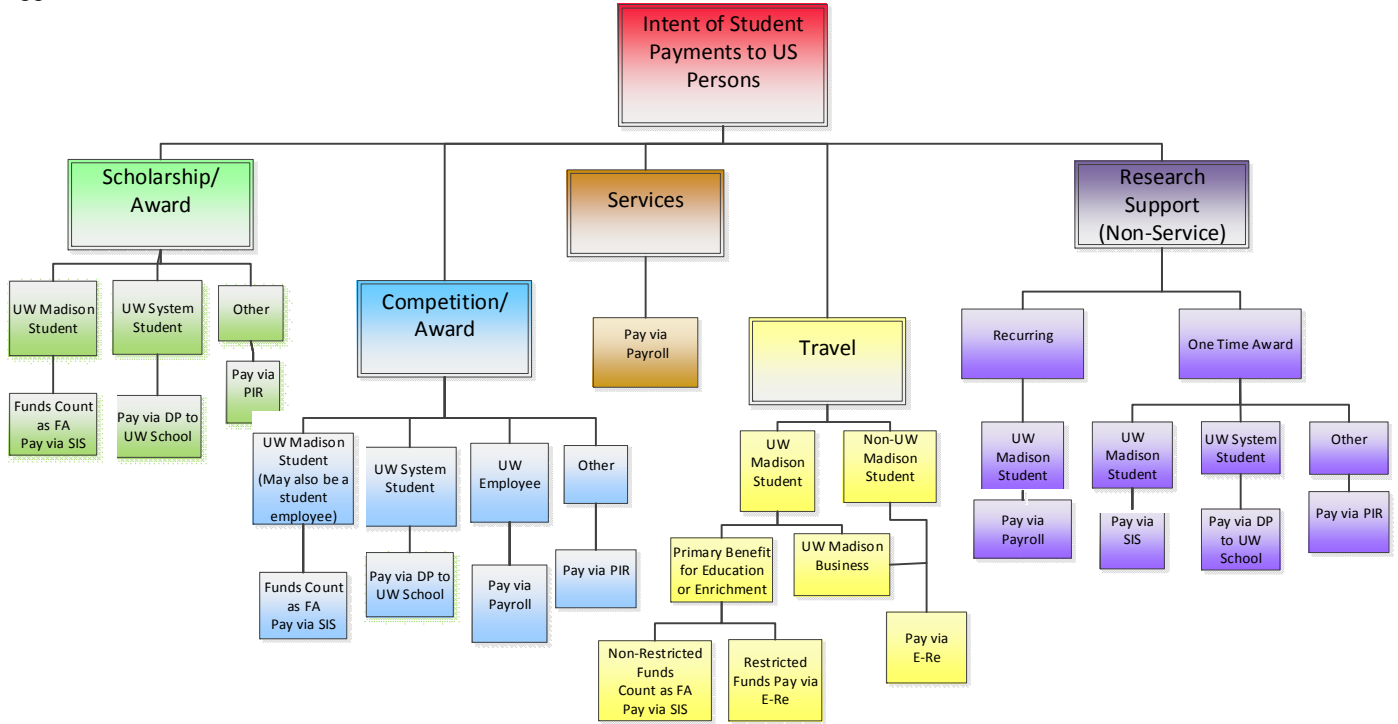
There are four acceptable ways to provide funds to students at UW-Madison, and it is important to understand the correct method for each individual set of circumstances in order to facilitate accurate treatment and reporting for both the student and the university. In the order of prevalence of use, the methods are:

1. **Student Information System (SIS)** – Awards to support the student's direct education and education-related expenses (generally scholarships/fellowships, grants), as well as non-credit external internship and non-recurring research support payments.
2. **Payroll System (HRS)** – Compensation for services performed and recurring scholarship and research support payments.
3. **UW-Madison Travel Expense Module (e-Reimbursement)** – Reimbursement when a student travels on behalf of UW-Madison (for university business).
 - If primary benefit is for student education or enrichment then funds will count as Estimated Financial Assistance (EFA) for the purpose of Financial Aid (FA). If funds used are not restricted, then use SIS for payment; if funds are restricted then use e-Reimbursement for payment.
4. **Accounts Payable System (PIR)** – this method is only appropriate for payments to students in very rare circumstances, such as payment of a cash prize in a contest open to the general public.

The decision tree on the next page illustrates basic rules for characterizing payments, recipients, and intent in a way that leads you to the appropriate payment method.

PAYMENTS TO STUDENTS

See appendix A



Flowchart above does not show full details of appropriate payment methods. Please refer to the specific payment section in this guide for more details.
 Note: Stipend is a generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method.

- Scholarship/Award**
 - * Primary purpose is to assist with costs incurred during student’s pursuit of their degree, training or research
 - * Not associated with past, present or future services (No employer/employee relationship)
 - * Typically paid in advance
- Competition/Award**
 - * Recognizes achievements and may include results of a judged competition or merit
 - * Could be open to the public
 - * Process as a scholarship for UW-Madison students
- Services**
 - * For teaching, research, peer counseling, etc. – supports UW-Madison’s mission
 - * UW-Madison 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
- Travel**
 - * Accountable plan – UW-Madison Business: Use E-Re if the student is representing UW-Madison
 - * 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.
- Research Support**
 - * Often paid on a monthly basis
 - * Payments in support of research related activities - i.e. Summer Research Projects
 - * REUs (Research Experiences for Undergraduates)
 - * NSF Stipends

Financial Aid in the SIS

A. Overview of Financial Aid Guidelines

The vast majority of institutional funds made available to students are awarded in the UW-Madison 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.

Aid awarded through SIS is disbursed through the student's account with the Bursar's Office and applied to any outstanding tuition charges and fees. A student receives a refund of any excess aid after the account balance is zero.

While every effort is made to maximize a student's funding opportunities, there may be situations where a department aims to cover expenses for or provide funds directly to a student, but doing so will necessitate the reduction of another resource due to limitations prescribed in regulations for federal aid recipients. It is important to note that each student's financial aid package is unique and any questions related to the awarding should be referred to the Office of Student Financial Aid (OSFA).

Federal Aid and Award Limitations

The Higher Education Act of 1965 and its amendments requires institutions to monitor and limit total financial resources awarded to students receiving federal financial aid (includes grants, need-based employment, and student loans).

- In most cases, federal aid recipients may not receive total resources in excess of their [cost of attendance](#) (COA) which represents a cap on total funding.
- In most cases, Federal aid recipients with aid based on [financial need](#) cannot have need-based funds in excess of need, 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 overaward occurs when the student receives more aid than they are eligible to receive. The institution is required to review all overawards. This may result in an adjustment to the student's financial aid award (and potential repayment of funds).

Departmental Funds

- It is the UW-Madison 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 intent or other awarding constraints. 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, or other regulations.
- Departments should insure recipients of scholarships, fellowships, and fee remissions are aware that institutional financial aid must be taken into consideration when the financial aid office determines eligibility for funds from other sources, including student loans.
- In many cases, departmental aid will not impact the student's other aid when processed through the

PAYMENTS TO STUDENTS

SIS. If adjustments to other aid is necessary to accommodate a new award, loans will typically be the first funds reduced lessening the student's overall indebtedness.

- Processing departmental aid through any method that circumvents SIS (including PIR) could result in financial aid overawards and potential penalties and fines for the university.

Timing and the Order of Awards

- Scholarships, fellowships, or fee remissions processed after OSFA creates financial aid packages may result in a revision of aid previously offered. To avoid unexpected or unintentional consequences for a student, it is best practice to award scholarships and departmental awards through the Wisconsin Scholarship Hub (WISH) at least three weeks prior to the start of the semester.
- An award must be attributed to the enrollment period or term for which it is intended to cover costs (even if that period has ended or not yet begun), regardless of when it is disbursed.

Exceptions and Appeals

The U.S. Department of Education (ED) allows OSFA the ability to make limited exceptions when a student's actual costs are higher than the expected costs calculated. OSFA staff must review these circumstances on a case-by-case basis and follow all rules associated with professional judgment as set forth by ED.

B. Tax Implications

UW-Madison employees should never offer personal tax filing advice to students or families. Resources for students with financial assistance include [IRS publication 970 \(Tax Benefits for Education\)](#).

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, and most payments that are not required to be paid back, which are processed through UW-Madison 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

- An expectation of services in exchange for funds must be considered wages and be paid to the student employee through payroll.
 - Students performing a service that benefits the University may not receive a scholarship as compensation for said services.
 - Students working as tour guides, peer mentors, tutors, or in some other capacity for a specified number of hours with campus supervision, scheduling, or oversight must be compensated in the form of wages, and taxed as such.
- The Affordable Care Act (ACA) requires UW-Madison track all hours worked by students to determine whether a student has a right to benefits. ACA hours are tracked through HRS.

C. Scholarships and Fellowships

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Scholarship is an amount paid or allowed to, or for the benefit of, a student (whether an undergraduate or a graduate) at an educational institution to aid in the pursuit of his or her studies.

Fellowship is an amount paid to support a student in the pursuit of advanced research or studies in a specific field (without associated teaching or research responsibilities that comes with teaching or research assistantship positions). Fellowships may include payments to students for training and support related to projects pursued outside the normal curriculum. These payments are often monthly recurring payments, processed through payroll and treated the same as Scholarships by the IRS.

Common attributes of scholarships and fellowships

- Scholarships and fellowships include 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 (this includes cost of living expenses).
- "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, sponsored programs).
- Student awards granted as a result of student competition or merit are set up with item type numbers and attributes identical to scholarships and must be processed through SIS. For more information on setting up item types please visit the [Bursar's Office website](#).

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.

E. Graduate Fellowships

Enrollment requirements for fellowships vary based on department policies, donor intent or grant restrictions.

PAYMENTS TO STUDENTS

F. Welcome Checks

Welcome checks are payments made to newly admitted students, generally graduate students, to assist with initial living expenses at the start of their program. Welcome payments are considered scholarships as they represent financial support to the student and are part of a student's financial aid package.

Attributes of Welcome Payments:

- Considered non-tuition scholarships.
- Awarded only to newly admitted students for their first term of enrollment.
- Must be submitted by September 1 of each academic year for disbursements in Fall and by January 15 of each year for disbursements in Spring.
 - Any payments submitted after these dates must be processed as a scholarship and will be applied to any outstanding balance and remaining excess funds will be refunded.
- Represent financial support to the student, are part of a student's financial aid package, and must be detailed in the student's award letter.
- Will not be applied to student account to pay segregated fees or tuition, however it will be reported at year-end on student's 1098-T form.
- A refunding enrollment condition exists to ensure welcome checks are not disbursed to students who do not enroll.

Non-Credit External Internship and Research Support Payments

Internship or non-recurring research support payments may not need to be included in financial aid award calculations. While payments for a student's cost of attendance typically qualify as [Estimated Financial Assistance](#) (EFA), these payments are not included in EFA if they are provided to a student for costs that meet **all** of the following criteria:

- Not associated with a course requirement
- Not required for degree or certificate completion
- Educational experience enrichment only

These payments will be processed through SIS and refunded to students once a week (on Thursdays). Prior to posting payments to SIS, the program and a listing of awardees must be reviewed and approved by OSFA. The OSFA [Student Support Program Review form](#) can be found on the Bursar website at <http://www.bussvc.wisc.edu/bursar/bursar.html>.

Research Payments

Payments for the following research related expenses should **not** be processed through SIS (and do **not** count as EFA) – these should be paid through departments and expensed correctly:

- Supplies and Equipment
- Registration Fees
- Travel that benefits the UW
- Salary or payment for service (e.g., research or project assistant)

Participant support costs (e.g. NSF REU Grants) provide assistance to individuals who are receiving a training opportunity as part of a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored award (funds 144, 133, etc.). See <https://www.rsp.wisc.edu/policies/ParticipantSupport.cfm>. Costs may include stipends/scholarships, travel allowances, registration fees, and other miscellaneous expenses paid to or on behalf of participants (not employees) and they can be paid in the following manner:

- **Stipend/Scholarship:** A set amount of money paid by UW-Madison directly to the participant for living expenses.
 - These payments could potentially meet the Non-Credit Research Support Payment criteria (see previous section). Please complete the [Student Support Program Review form](#).
 - If these payments don't meet the Non-Credit Research Support Payment criteria, they should be processed through SIS as departmental scholarship. Please use account code 5709 and program code 4.
- **Travel:** Includes cost of transportation and associated travel-related expenses and must follow sponsor guidelines as well as UW-Madison policies and guidelines. The sole purpose of the trip must be to participate in the project activity.
 - If the funds are restricted to cover travel costs only, then the p-card or e-Reimbursement payment process must be used.
 - If the funds are not restricted to travel costs, then these funds will be counted as financial aid and processed as a scholarship through SIS.
- **Fees:** Includes fees paid by or on behalf of a participant in connection with meetings, conferences, symposia, or training projects. Additionally, these fees may include laboratory fees, passport or visa fees for foreign participants, and registration fees.
 - The department should expense these appropriately and charge to the appropriate fund directly.
- **Other:** For any other costs in support of the participant's involvement in research, including training materials or laboratory supplies:
 - The department should expense these appropriately and charge to the appropriate fund directly.

Many units have funds (e.g. gifts) that are designated to provide support for student research activities. The purpose of the funds determines how the payments are made to students.

PAYMENTS TO STUDENTS

- Living and educational expenses funded by these research awards are considered scholarships or fellowships and are processed as follows:
 - If recurring payment, then process through payroll (see Fellowship)
 - If non-recurring payment, then process through SIS (see Scholarship)
- Travel expenses must be reviewed, and the unit must determine why and document who is the primary beneficiary of the travel (the trainee or the University). Travel expenses funded by these awards are processed as follows whether or not the trainee is a university employee:
 - If the travel primarily benefits the University, the travel payment is processed via e-Reimbursement with a clear description of the university's business purpose; standard and applicable travel account codes should be used. (The 57XX scholarship series codes should not be used.)
 - If the travel primarily benefits the student,
 - You may not pay through the e-Reimbursement system.
 - If the funds are restricted to travel costs, the department should pay the expenses up front using the p-card.
 - The funds will be treated as EFA and processed as a scholarship through SIS when the funds are not restricted to travel costs.
- Other costs in support of the participant's involvement in the research, including training materials or laboratory supplies should be paid through the department and charged to the fund directly.

Research Training Grants funded by the National Institutes of Health (NIH), graduate research fellowships funded by the American Heart Association (AHA), and other research training grants are generally processed as fellowships. Specific expenses are paid as follows:

- Living expenses (stipends) funded by these grants are processed as follows:
 - If recurring payment then process through payroll (fellowship).
 - Process through SIS as departmental scholarship. Please use account code 5709 and program code 4.
- Educational expenses funded by these grants are processed through SIS as scholarships.
- Travel expenses funded by these grants are processed as follows whether or not the trainee is a university employee:
 - The unit must determine and document whether and why the student or the university is the primary beneficiary of the travel.
 - If the travel primarily benefits the university, the travel payment is processed via E-Reimbursement with a clear description of the university's business purpose.
 - If the travel primarily benefits the trainee
 - You may not pay through the e-Reimbursement system.
 - If the funds are restricted to travel costs, the department should pay the expenses up front using the p-card.
 - If the funds are not restricted to travel costs, then these funds will be counted as financial aid and processed as a scholarship through SIS.

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- Other costs in support of the trainee's involvement in the research, including training materials or laboratory supplies should be paid through the department and charged to the fund directly.

PAYMENTS TO STUDENTS

Compensation for Services (HRS)

WAGES PAID FOR SERVICES PERFORMED

In general, Payroll 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 HRS 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.

SERVICES REQUIRED AS A CONDITION OF SCHOLARSHIP

When performance of a service is a condition of the award the payment must be processed through payroll.

UW-Madison 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 Travel Expense Module)

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 when a student is traveling for their academic or personal benefit must be considered as Estimated Financial Assistance or EFA (scholarship or fellowship). Funds may be provided through SIS. There may be limits on when and how much can be paid to a federal aid recipient.

Students may wish to consult with OSFA before a Department submits a payment for student travel to determine if their Financial Aid Award will be affected.

- A student travelling on behalf of UW-Madison for university business, or to represent UW-Madison must be paid through e-Reimbursement or directly by the Department. Funds reimbursed or paid on the student's behalf are not considered EFA.
- When the source of funding is restricted, meaning the funds can only be used to cover travel related costs, and the travel is UW business related, expenses need to be accounted for by submitting receipts and paid through the e-Reimbursement system.

The purpose of travel may also affect the consideration of these funds as EFA. 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 SIS. Even during periods of non-enrollment (typically summer), university-funded student travel payments must be accounted for in SIS and should be processed as scholarships.

Students may wish to consult with OSFA before a Department submits funds to them to determine if the additional funding will necessitate a revision to their Financial Aid Award. Federal aid recipients have restrictions on total funding per their COA. OSFA can be reached at 262-3060 or finaid@wisc.edu.

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Students Traveling on Behalf of UW-Madison for University Business (Travel Expense Module)

When there is a benefit to both the University and the student, the primary beneficiary will be the student; unless the travel is specifically requested by the University.

The UW-Madison Travel Expense Module (e-Reimbursement) 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 e-Reimbursement are:

- The traveler is both a UW-Madison employee and a UW-Madison student, but travel is in his or her capacity as an employee;
- A student is attending a conference to represent UW-Madison, presenting a faculty member's research or joint research at the department's request (UW-Madison is primary beneficiary).

Examples of Various Travel Cases

Scenario 1: A faculty is scheduled to present a paper/poster at a conference. As a result of unexpected scheduling conflicts the faculty is not able to attend the conference and present the paper. To avoid cancelling the session, the faculty asks one of his graduate students to present for him. ***The student travel is considered for UW business, even if the graduate student was already scheduled to attend the conference for personal enrichment. E-Reimbursement should be used.***

Scenario 2: Student is traveling to a conference to present a research paper. The paper is a joint effort between the student traveling and her fellow students and the professor guiding the research. ***This is considered travel for personal enrichment/education. The payment should be made via a SIS scholarship.***

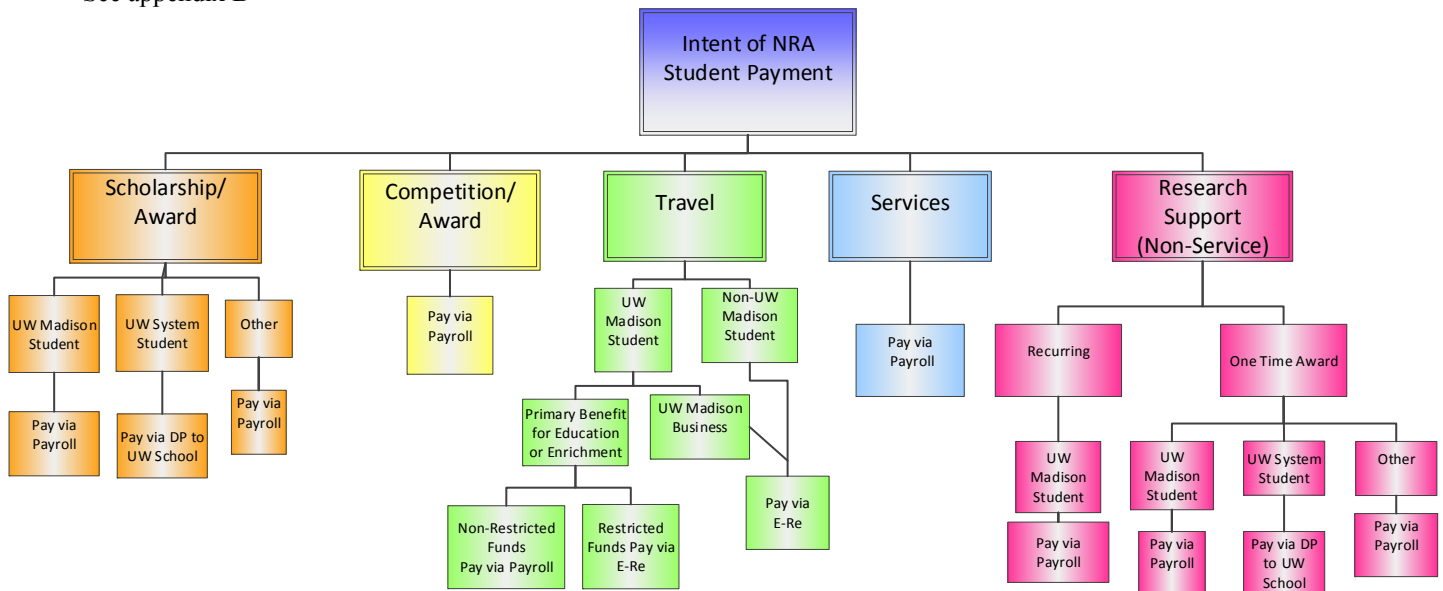
Scenario 3: Student is attending a conference. The student is not presenting a paper. The conference is related to student's field of education and will provide the student an opportunity to network with peers and faculty from other institutions. It will also allow the student to broaden his/her knowledge by attending various presentation sessions of other scholars. ***This is considered travel for personal enrichment/education. The payment should be made via a SIS scholarship.***

Scenario 4: Department is looking to recruit top students into its program. A group of faculty and department chair travel to attend various informational and networking sessions with prospective students. The team asks a few students to join them on this trip, so they can share their experience as a student to prospective students. ***This is considered travel for UW business. E-Reimbursement should be used.***

PAYMENTS TO STUDENTS

Nonresident Alien (NRA) Payments

See appendix B



Flowchart above does not show full details of appropriate payment methods. Please refer to the specific payment section in this guide for more details. Note: Stipend is a generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method.

For U.S. tax purposes, a nonresident alien is a non-U.S. Citizen who has not passed either the green card test or the substantial presence test. When paying non-service income to international students the payment method depends on the tax status of the student. Scholarships, awards, or fellowships paid to nonresident aliens (NRA) enrolled at UW-Madison must be processed through payroll as non-service income. NRAs are paid like U.S. Persons for all other types of payment: Travel on UW-Madison Business; Services; Research Support. If you have not already confirmed an international student’s tax status, contact Glacier@ohr.wisc.edu.

FINANCIAL AID

NRA students are not eligible for federal financial aid.

TAX IMPLICATIONS

NRA students are subject to 14% federal tax on non-service income (scholarship, awards). Non-service income paid to NRAs and taxes withheld must be reported on form 1042-S and should not be reported on the 1098T. Some NRAs may be eligible for a tax treaty, which exempts some or all of their scholarship income from tax. NRAs can contact Glacier@ohr.wisc.edu if they have questions about tax treaty.

Do not pay NRA students through SIS, as this could result in unpaid taxes, tax filing issues for the student and potential loss of visa status due to noncompliance with federal laws.

PAYMENTS TO STUDENTS

PAYROLL PROCESS FOR NON-SERVICE LUMP SUMS TO NRAs

To determine if scholarship recipient is an international student, check information from department, student, SIS, and/or Common Scholarship Application (CSA).

Work with your divisional Scholarship Coordinator to ensure scholarship procedures are completed/finalized prior to payment.

Verify international student's tax status **with No EmplID**

1. If scholarship recipient does not have an EmplID, enter appointment into JEMS Hire, check the box for "foreign national", enter an email address for employee, and push into HRS.
 - o Enter the appointment for one month on the A-Basis pay schedule. Title (Scholar-Y22NN or Fellow-Y21NN), Pay Group (ARF), Employee Classification (SA1), Pay Basis (L), and Earnings Code (SFF).
 - o Update Reports to field in Job Data with the name of the Scholarship Coordinator and, if using, add a time approver on TL security page.
 - o Department/Division HR office sends letter (draft template on page 17) to recipient of scholarship about Glacier requirement.
2. When the scholarship recipient has an EmplID, move on to the next section, 'Verify international student's tax status **with Existing EmplID**'.

OR

Verify international student's tax status **with Existing EmplID**

1. With the scholarship recipient's EmplID, send email to glacier@ohr.wisc.edu using the Glacier team's scholarship spreadsheet template to determine tax status of: Resident Alien (RA) or Nonresident Alien (NRA).
 - o Send email to Glacier team no later than the last Monday of the **prior** month you wish to pay the scholar/fellow.
 - o Email subject line should start with: XM (*Your Department Name*) NRA Tax Status.
 - o Spreadsheets will be reviewed on a first come-first serve basis.
2. The Glacier team will return the spreadsheet within two business days with the following results:
 - o Resident Alien: Make payment as you would a U.S. Citizen through the Bursars Office.
 - o Nonresident Alien: Make payment though payroll.
 - o Permanent Resident or Naturalized Citizen: Make payment as you would a U.S. Citizen through the Bursars Office.
 - o Glacier incomplete: Glacier team will send an email to the scholar and cc: department instructing scholar to complete Glacier as soon as possible.
3. For any Nonresident Aliens (NRA) on the spreadsheet without a scholar/fellow appointment, enter appointment into JEMS Hire, check the box for "foreign national", enter an email address for employee, and push into HRS.

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- Enter the appointment for one month on the A-Basis pay schedule. Title (Scholar-Y22NN or Fellow-Y21NN), Pay Group (ARF), Employee Classification (SA1), Pay Basis (L), and Earnings Code (SFF).
 - Update Reports to field in Job Data with the name of the Scholarship Coordinator and, if using, add a time approver on TL security page.
 - Department/Division HR office sends letter (draft attached) to scholarship recipient about Glacier requirement.
4. Department/Division enters lump sum in HRS as Additional Pay (see [KB 17094](#)).
 - The Add'l Pay should be entered & approved prior to the first paysheet creation to ensure payment processed by the monthly calc.
 - Enter the funding of the Add'l pay into HRS. (FYI Do Not Use Program Code 9.) Funding can be entered as soon as the Oracle email with the Empl Rcd # is received.
 5. Scholarship Coordinator approves as level 1 Workflow for Additional Pay approver.
 6. OHR verifies NRA is OK to Pay and approves as level 2 workflow approver, the Add'l Pay will pay out on the next payroll.

End of process.

Note: Status must be verified each semester. See column on spreadsheet for change date as a useful guide. If a scholar's status was verified in the fall and they will not become a resident alien for more than a year, they don't need to be verified until the following year in July.

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EXAMPLE NRA LETTER

Dear _____

UW Madison records indicate that you will receive a Scholarship (or Fellowship), and based on our records, your tax status is nonresident alien.

Nonresident aliens are required to complete certain steps before they can be paid through the payroll system. The steps you must take are outlined below. You are also required to complete additional on-line information which will be requested by the Glacier software program for foreign national employees and students, which assists in completing required federal tax documents.

Follow these steps:

1. Complete the Direct Deposit form: <https://uwservice.wisc.edu/docs/forms/pay-direct-deposit.pdf>, print, and provide to your department payroll office. If you do not have a US bank account, be sure your mailing address is up to date in your MyUW Portal. Your check will be mailed.
2. Apply for an ITIN. If you do not already have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN), and do not have any current employment or employment offers, you must apply for your ITIN as soon as possible. To apply for an ITIN, schedule an appointment via e-mail with José Carus, jcarus@bussvc.wisc.edu. He assists with requests for ITIN's for UW individuals receiving only scholarship/fellowship income with no employment or employment offers. An appointment is required.
3. Complete your Glacier account. You will receive two emails regarding Glacier with the necessary login information for the Glacier system and instructions for completing your account.

When you have completed the Glacier process, please print the forms and return them to the Office of Human Resources, 21 North Park St, Suite 5101, with a copy of this letter.

Thank you for your assistance in completing this process.

Signature

Other Payments

PRIZE POLICIES

For prizes awarded to students for contests or drawings, all UW-Madison and UW-Madison 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 contact the UW-Madison Tax Compliance Office at 262-0582.

“AWARDS/COMPETITIONS” ARE ALMOST ALWAYS SCHOLARSHIPS/FELLOWSHIPS

Student Awards are monetary payments to UW-Madison students. These awards recognize student achievements and may include results of a judged competition or merit.

Most prizes awarded to students for winning a contest or drawing are scholarships and must be processed through SIS in accordance with Financial Aid rules and regulations.

- The amount or value of the prize should be based upon the minimum amount reasonably required to achieve the objective of the promotion and should not exceed \$200 and comply with [UW System Administrative Policy 330](#).
- 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 U.S. Department of Education (ED) to be a scholarship/fellowship. For example, a school holds a photo contest that is limited to students. The prize is 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. ED considers this prize to be a scholarship.

PAYMENTS TO STUDENTS

- 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 ED to be a scholarship/fellowship. For example, a department awards a prize for the best capstone project, research paper or thesis/dissertation. ED considers this prize to be a scholarship/fellowship. Note that there may be a 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 UW-Madison 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 90 days after the student has graduated, then a PIR is the appropriate payment mechanism.

- The prize awarded for winning the contest or drawing in cash 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 UW-Madison that could be used for educational purposes (e.g., laptops, iPads, etc.) is considered a scholarship and the value of the item should be reported to the OSFA.

NON-SCHOLARSHIP PRIZES OR AWARDS

Prizes to students for contests or drawings where **none** of the conditions listed above apply are not a scholarship, and therefore cannot be included in a student's Financial Aid Award. However, this prize is included as taxable income to the winner under IRS regulations, even if the winner is a student. A non-scholarship prize must be processed by PIR (using account code 3750), unless the student is a UW System employee; for UW System employees, use the payroll system.

If the prize is a non-cash item, contact the UW-Madison Tax Compliance Office at 262-0582 prior to publicizing or offering the prize.

HUMAN SUBJECT PAYMENTS

Payments made to human subjects participating in research studies.

- For information related to human subject payments, please see [Policy and Procedures 103](#).

Student Payment Tools and Resources

In addition to the Student Payment Guideline the following information can be found on the Bursar Office website: (<http://www.bussvc.wisc.edu/bursar/paystdmenu.html>)

- Student Payment Tool – An online decision tree.
- Student Payments by Tax Document
- Listing of Divisional Student Payment Coordinator

PAYMENTS TO STUDENTS

Account and Program Code for Payment Types

Non-UW Students:

SUPPORT (EDUCATION, RESEARCH): For all education and research related support payments to non-registered UW students, use account code [5710 Scholarship/Fellowship Support \(Non-Employees & Non-Registered UW Students\)](#) and a program code other than [9](#).

PRIZE: For all prize payments use account code [3750 \(Prizes\)](#) and a program code other than [9](#), unless the individual is a UW-System employee in which case it must be processed through payroll.

TRAVEL: For all travel payments to non-UW students, use the appropriate [Travel Account Codes](#) in [e-Reimbursement](#).

UW System Students:

SCHOLARSHIPS: For all scholarship payments to UW students, use account code [5711 Scholarship/Fellowship Aid](#) and only program code [9](#).

AWARDS: Depending on the nature/purpose of award (education vs. research vs. instruction), the department has the option to use account/program code combination [5711 - 9](#) (Education), or [5709 - 4](#) (Research), or [5709 - 2](#) (Instruction).

PRIZE: These payments should be coded to account code [3750 \(Prizes\)](#) and a program code other than [9](#), unless the individual is a UW-System employee in which case it must be processed through payroll.

TRAVEL (Restricted funds or for UW Business): For all travel payments to UW students, use the appropriate [Travel Account Codes](#) in [e-Reimbursement](#).

TRAVEL (Unrestricted funds and for Student Education/Enrichment): These payments should be coded in SIS depending on purpose of travel (education vs. research vs. instruction), the department has the option to use account/program code combination [5711 - 9](#) (Education), or [5709 - 4](#) (Research) or [5709 - 2](#) (Instruction).

RESEARCH SUPPORT: These payments should be processed using account code [5709](#) and program code [4](#).

SERVICES: These payments should be processed using the appropriate [Payroll Account Codes](#).

PAYMENTS TO STUDENTS

Definitions

ACCOUNTABLE PLAN

UW-Madison 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.

COST OF ATTENDANCE ([COA](#))

The cost in dollars, of a period of enrollment (such as an academic year). The COA for a student is an estimate of that student's educational expenses for the period of enrollment. Expenses included in the COA are tuition and fees, books and supplies, transportation, room and board, and personal expenses as required and allowed by federal financial aid regulations. Total financial aid eligibility is limited to the COA for federal aid recipients.

DEPARTMENTAL AID

Institutional Financial Aid that is administered and awarded by an individual department (usually referred to as an academic unit)

ESTIMATED FINANCIAL ASSISTANCE ([EFA](#))

Funds that must be considered during the Title IV aid packaging process. EFA includes aid received from Title IV programs (exception: Iraq and Afghanistan Service Grant), as well as all other as grants, scholarships, loans and need-based employment that can be anticipated at the time a school is packaging aid for a student. The student's packaged Title IV aid plus EFA may not exceed a student's need.

EXPECTED FAMILY CONTRIBUTION ([EFC](#))

The amount a student and the student's family may be reasonably expected to contribute toward the student's postsecondary education for the academic year. The EFC is a result of the Free Application for Federal Student Aid (FAFSA) and is determined by federal formulas applied to student-supplied data on family income, assets and other demographic information.

FELLOWSHIPS

Is generally an amount paid to support a student in the pursuit of advanced research or studies in a specific field (without associated teaching or research responsibilities that comes with teaching or research assistantship positions). It may include payments to students for training and support related to projects pursued outside the normal curriculum. These payments are often monthly recurring payments, processed through payroll and treated the same as Scholarships by the IRS.

FINANCIAL AID PACKAGE ([FA](#))

The total student financial assistance offered to the student which may include: loans, grants, scholarships, fellowships, fee remissions, and need-based employment.

PAYMENTS TO STUDENTS

FINANCIAL NEED

In most cases, 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. An eligible student's COA minus EFC minus EFA not received under Title IV equals the student's financial need.

GLACIER

Nonresident alien tax compliance system.

INSTITUTIONAL AID

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

NONRESIDENT ALIEN (NRA)

For U.S. tax purposes, a nonresident alien is a non-U.S. Citizen who has not passed either the green card test or the substantial presence test (for more information please contact Glacier@ohr.wisc.edu).

PARTICIPANT

An individual participating in a training or educational opportunity (e.g. NSF Research Experiences for Undergraduates (REU) grant) as part of a sponsored project. Participants are not employees and do not perform work or service, but are required to complete programmatic activities.

PRIZE

Something of value conveyed as a result of chance or judged competition, generally for promotional purposes, to one or more participants in a University-sponsored event, which was demonstrably open to both students and non-students. In order for a payment to be considered a prize, there must have been a real possibility for non-students to win the prize. If only UW-Madison students were eligible, the transaction is a student award in the nature of a scholarship. An example of a prize would be a drawing for a gift certificate where everyone in attendance is eligible to win. The anticipated benefits of awarding a prize must be documented, and the decision to award prizes must be approved in writing by the chancellor or his/her designee. (<https://www.wisconsin.edu/uw-policies/uw-system-administrative-policies/prizes-awards-and-gifts/>)

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.

PAYMENTS TO STUDENTS

RECURRING

A payment is considered recurring when it will be paid monthly or biweekly for a full semester. Payments made once a semester are not considered recurring even if they are made in consecutive semesters. One-time awards that are split into two payments are not considered recurring.

RESIDENT ALIEN

For U.S. tax purposes, a resident alien is a non-U.S. Citizen who has passed either the green card test or the substantial presence test (for more information please contact Glacier@ohr.wisc.edu).

RESTRICTED FUNDS

A reserve of money that can only be used for specific purposes at the request of an external sponsor or donor, where expenses need to be accounted for by submitting receipts and paid through the e-Reimbursement system.

SCHOLARSHIPS

Is an amount paid or allowed to, or for the benefit of, a student (whether an undergraduate or a graduate) at an educational institution to aid in the pursuit of his or her studies.

STIPEND

This is a generic term used across campus to denote various types of payments. Various sponsors may have specific definitions of stipend. For example, NIH defines stipend as “A payment made to an individual under a fellowship or training grant in accordance with pre-established levels to provide for the individual's living expenses during the period of training. A stipend is not considered compensation for the services expected of an employee.”

STUDENT

A person admitted to the UW-Madison with an active program; their primary activity is educational in nature.

STUDENT AWARD

Student Awards are monetary payments to UW-Madison students. These awards recognize student achievements and may include results of a judged competition or merit. According to the IRS, these awards are scholarship in nature, and processing will be similar to scholarships.

STUDENT INFORMATION SYSTEM (SIS)

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

US PERSON

An individual who is a citizen of the US or a resident alien.

PAYMENTS TO STUDENTS

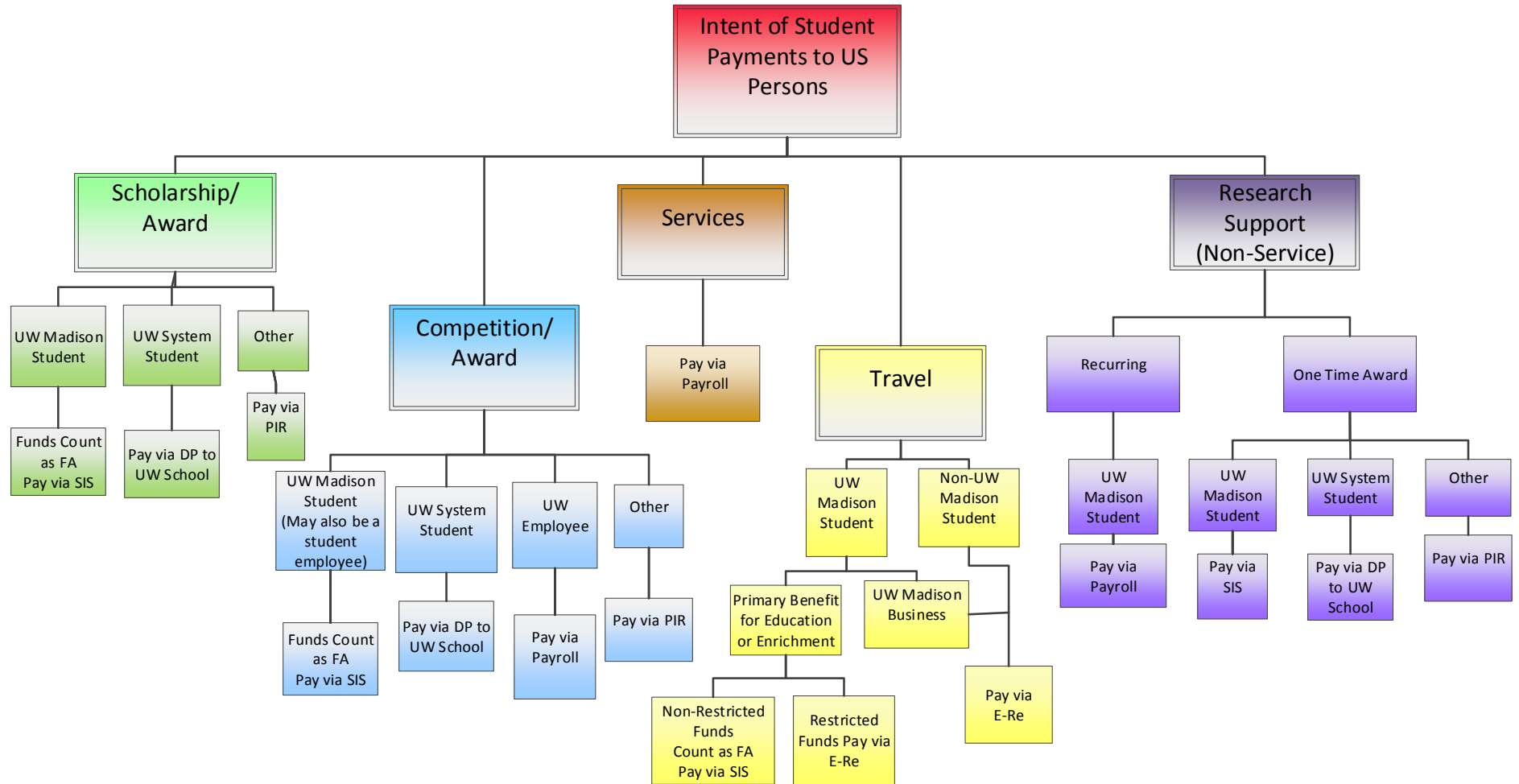
WELCOME CHECKS

Welcome checks are payments made to newly admitted students, generally graduate students, to assist with initial living expenses at the start of their program. These type of payments are considered scholarships; they represent financial support to the student and are part of a student's financial aid package.

PAYMENTS TO STUDENTS

Appendices

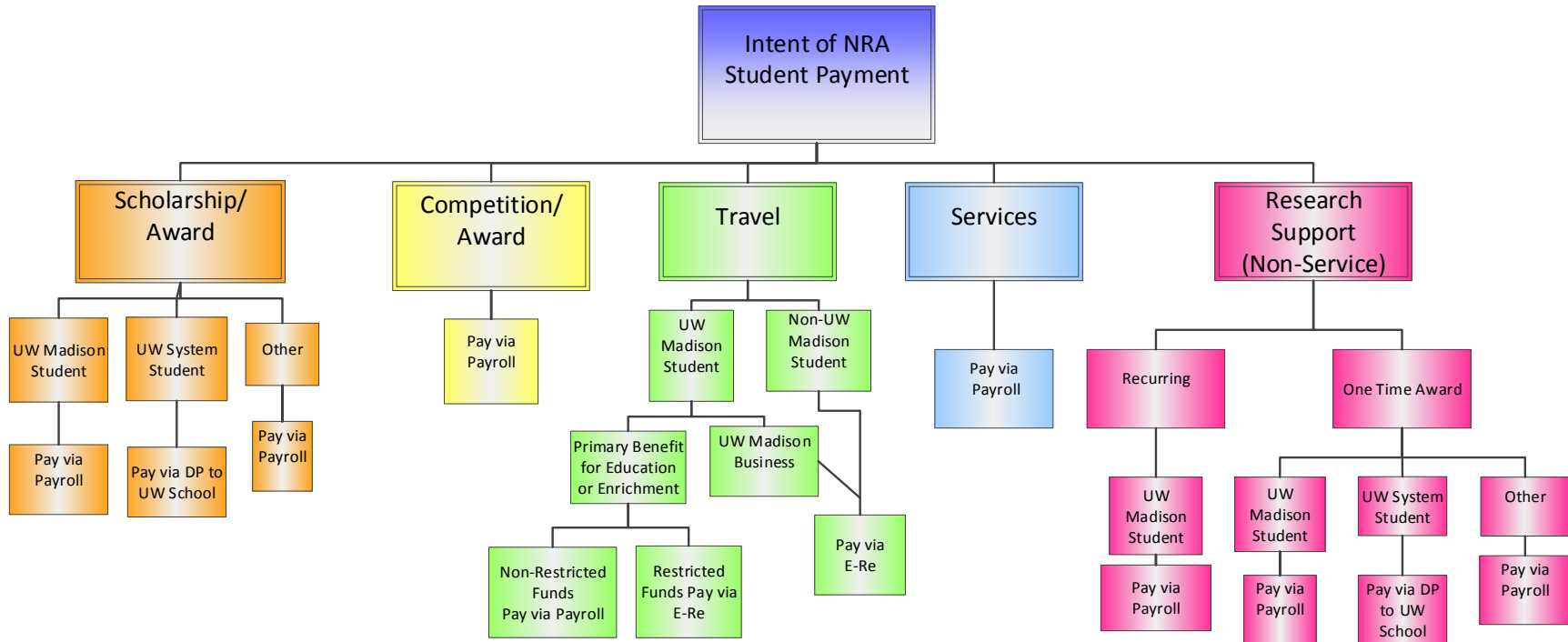
Appendix A: US Person Payment Matrix



Flowchart above does not show full details of appropriate payment methods. Please refer to the specific payment section in this guide for more details.
 Note: Stipend is a generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method.

PAYMENTS TO STUDENTS

Appendix B: Nonresident Alien Payment Matrix



Flowchart above does not show full details of appropriate payment methods. Please refer to the specific payment section in this guide for more details.
 Note: Stipend is a generic term used across campus to denote various types of payments. The purpose of the payment identifies the payment method.