

Purpose

This Policy Statement outlines the standard practice for payments to students from academic or other units when the payments are for non-employment purposes.

To comply with US Department of Education regulations, student payments, awards, prizes, and gifts for academic pursuits or achievements must be reported to the Office of Financial Aid when paid for non-employment purposes.

Academic pursuit or achievement is defined as any cost related to a student for the purpose of education, training, or research that is required for the degree to be conferred. Some educational costs not required but which are clearly relevant to the degree may also be considered.

Single disbursements of \$100 or less will not affect financial aid awards but should still be reported. All other gifts or payments (other than employment) are countable for aid purposes.

Awards paid as wages through payroll should not be reported.

Overview

Countable payments to students who are receiving other forms of financial aid for any purpose are a form of financial assistance and may require one of the following actions to be taken, regardless of the University system used to make the payment:

- An adjustment to the financial aid award that the student has already received in the current semester or may receive in a subsequent semester, and /or
- An adjustment to the student's overall cost of attendance budget.

The Office of Financial Aid (OFA) has the responsibility to determine whether adjustments are necessary.

Unit representatives making awards or payments to the student have the responsibility to inform OFA about the student's financial assistance and to inform OFA of the term for which the payment is effective.

MSU policy is to limit MSU endowments and MSU-controlled funds to the cost of attendance, even if no federal funds are included in the aid offer.

Definition of Resources

Resources that must be counted for financial aid purposes include, but are not limited to, any:

- Federal aid programs such as Pell, Direct Loan, SEOG, College Work-Study
- Waivers of tuition and fees
- Scholarships, including athletic and ROTC scholarships
- Need-based state and institutional awards
- Fellowships and assistantships
- Long-term loans, including Direct loans, PLUS or Grad PLUS, private, or state sponsored loans
- Books or computers provided to students
- Cash awards and prizes awarded to enrolled students only. (Awards and prizes for competitions open to students and non-students alike are not considered countable resources.)

Short term emergency loans and earnings from work that are not based upon financial need are specifically excluded from consideration as resources.

Non-cash prizes are not generally counted, except for items such as textbooks or computers, where the items are specifically part of the financial aid budget.

Educational Costs

An average student budget as established at Michigan State University will consist of the following expenses:

- Tuition and fees
- Room and board
- Books and supplies
- Personal expenses, including transportation
- Medical expense allowance (independent students only).

Additional costs that commonly are considered on a case-by-case basis are:

- Tuition and fee costs over the amount included in the standard budget
- Transportation costs over the amount included in the budget if required by the student's program (e.g., the student must commute during field work)
- Thesis or dissertation costs or licensing fees
- Immunizations if required for the program (standard for medical students)
- Allowances for students with disabilities
- Study abroad or cooperative education costs
- Conferences (if approved by the student's department or college)

All such costs must be supported with documentation to be included in the allowable budget. Other costs are considered with forms available from OFA.

If an award is made for an *additional* educational expense that the student will incur or has incurred and the student's expense equals or exceeds the amount of the

payment, OFA will offset the payment with a Cost of Attendance (COA) budget adjustment when proper documentation is provided to OFA. See Appendix 1 for acceptable documentation of most common costs that are eligible for departmental awards.

The department or office making the award to the student should supply this information directly to the Office of Financial Aid prior to or at the same time the award is made. Notifying OFA after the award has been made means that the student may have had other aid cancelled that cannot be reinstated.

Aid for Non-Enrolled Terms

Financial aid may be awarded only for semesters in which a student is enrolled. The department or office that makes the award must designate the semester(s) to which the aid applies. If aid is awarded for a semester in which a student is not enrolled, the Office of Financial Aid must be notified to determine eligibility, and if approved, award and adjust in either the prior or the subsequent semester.

Payment for work performed

Funds received by students as compensation for work performed that are not based on need, (such as federal College Work Study) can be ignored as they are explicitly excluded as financial aid resources. Since these funds are given as a paycheck, these are easily identified and excluded.

However, it is becoming more common that foundations and other grantors give grants and stipends which are not overtly distinguishable from other forms of gift aid but are intended to be payment for work performed. This most often occurs in internships but may also occur in research experience.

In order to treat student awards as compensation, clear documentation of the situation is required due to the specificity of the federal regulations. At minimum, a copy of an agreement between the agency for which the student is working that indicates the type of work to be performed, the period during which the work will be performed, the approximate hours to work or total time commitment and the compensation type and amount must be submitted to the Office of Financial Aid.

Funds thus shown to be earnings may then replace the student's self-help and/or be incorporated in the aid package in a manner that does not reduce eligibility for any existing aid by increasing the student's Cost of Attendance by the amount of the compensation and then including the compensation (scholarship/grant/stipend) as an offsetting award.

Employment that is based on financial need is always counted as financial aid rather than excluded as payment for work performed.

Resolving "Overawarded" Students

When the student is receiving federal or state financial aid, and/or institutional need-

based aid, all outside resources must be evaluated to ensure that:

- The resource is not considered to be a countable resource by financial aid regulations; OR
- The resource fits within the established budget for the student (i.e. the student is not *overawarded*); OR
- The resource is designated for educational costs not already included in the budget and these costs are documented by an appropriate administrator in the awarding unit. A financial aid administrator may then allow the cost of attendance to be increased to allow the additional resources.

The required documentation must state:

- The amount of the resource and the costs that the resource is meant to cover,
- The educational purpose of the activity, program, materials, travel, or other expense for which the funds are given,
- The academic period(s) for which the funds are given.

Payment Methods

Students may not receive cash or checks directly from academic or support units for any financial awards or other assistance. Students may receive non-cash items such as prizes or gift cards only if they meet the \$100 or less minimum described above. Departments or other business units are advised to consult the Office of Financial aid if they have any questions on how this should be done.

All cash funds other than employment must be paid through the Student Information System (SIS). Direct cash payments to students may not be processed through the Accounting Office on Direct Payment Vouchers.

Regulatory Citations

- Federal rule 673.5 mandates that colleges and universities participating in federal Title IV financial aid programs must monitor student awards to ensure that the student's total resources for an academic period do not exceed the cost of attendance (COA) as determined by the institution.
- NCAA Bylaw 15 and Big Ten Rule 15 similarly apply to student athletes receiving financial assistance of any kind.
- Federal rule 668.16(b)(3) gives the Office of Financial Aid (OFA) the responsibility to determine the effect of student resources on all federal and state financial aid as well as on institutional need-based aid programs and athletic awards.
- This regulation also states that it is the responsibility of other offices at the institution to share with the aid office any information that impacts a student's federal financial aid eligibility.

Appendix 1 - Documentation for additional costs

- Tuition and fee costs over the amount included in the standard budget (requires OFA form)
 - a) Letter on letterhead from department stating that the curriculum requires additional enrollment over the full time averages (flat rate 12-18 per semester for undergraduates, 9 credits per semester for Master's and Doctoral students. Please consult the Office of Financial Aid staff for information about Summer averages and for Medical and Law students.)

- Transportation costs over the amount included in the budget if required by the student's program (e.g., the student must commute during field work)
 - a) Letter on letterhead from department that documents the educational requirement of the travel
 - b) Location of travel (city and distance from campus)
 - c) Number of visits required per week/month
 - d) Duration (start and end dates of required travel)

- Thesis or dissertation costs or licensing fees
 - a) Letter on letterhead from department that documents the educational requirement of the costs
 - b) Receipts in student's name

- Immunizations if required for the program (note that these are already covered for human and veterinary medical students)
 - a) Letter on letterhead from department documenting requirement for immunizations as a part of the student's degree program
 - b) Cost of immunization (price quote or receipt)

- Allowances for students with disabilities
 - a) RCPD consults with student and submits a letter on letterhead for devices or services needed by student.
Consult OFA directly if covering with outside funds.

- Study abroad or cooperative education costs
 - a) Cost sheet from the Office of Education Abroad OR
 - b) Letter on letterhead from department documenting requirement for co-op as a part of the student's degree program, along with list of specific costs to be incurred such as travel to co-op site, professional clothing, etc.

- Conferences (if approved by the student's department or college)
 - a) Letter on letterhead from department documenting requirement or educational benefit as related to student's degree program
 - b) Detailed list of costs including dates & location, registration fee, travel and hotel expenses, meal costs.