

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.

This policy covers all payments, awards, prizes, and gifts for academic pursuits or achievement.

Academic pursuit is defined as any form of award, payment, reimbursement or other transaction to a student for the purpose of aiding his/her education, study, training, or research.

Overview

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.

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, Stafford Loan, SEOG, Perkins, 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 Perkins and Direct loans, PLUS, private, or state sponsored loans
- Books or computers provided to students
- Cash awards and prizes won in competitions open to MSU students only. (Awards and prizes for competitions open to students and non-students alike are not considered resources.)

Short term emergency loans and earnings from work that are not based upon financial need (non-Work Study jobs) are specifically excluded from consideration as resources.

Non-cash prizes or awards are not generally counted, except for items such as textbooks or computers as noted above, 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
- Independent students are also allocated medical expenses since they are no longer covered under their parents' medical plans.

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

- Tuition and fee costs over the amount included in the standard budget
- Book, supply 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 (such as medical students)
- Medical, dental, or mental health expenses for the student in the aid period which are not covered by insurance
- Dependent care costs, including child care or elder care costs
- Allowances for students with disabilities
- Study abroad or cooperative education costs
- Computer purchase

- Conferences (if approved by the student's department or college)
- Expenses related to residency relocation
- Interview costs

All such costs must be documented in order to be considered for inclusion in the allowable budget.

If an award is made for an *additional* educational expense that the student will incur or has incurred and the student's expense will equal or exceed 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.

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.

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:

- a) the resource is not considered to be a countable resource by financial aid regulations; OR
- b) the resource fits within the established budget for the student (i.e. the student is not *overawarded*); OR
- c) 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:
 - a. the amount of the resource and the costs that the resource is meant to cover,
 - b. the educational purpose of the activity, program, materials, travel, or other expense for which the funds are given,
 - c. the academic period(s) for which the funds are given.

Aid for Non-Enrolled Terms

Financial aid should 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, override SIS disbursement safeguards to allow payment.

Payment Methods

Students may not receive cash or checks directly from academic or support units for any financial awards or other assistance. All funds other than employment must be paid through the Student Information System (SIS).

The Student Accounts division of the Controller's Office (CO) processes most of the fellowship awards, while the Office of Financial Aid administers most scholarships and grants. 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.