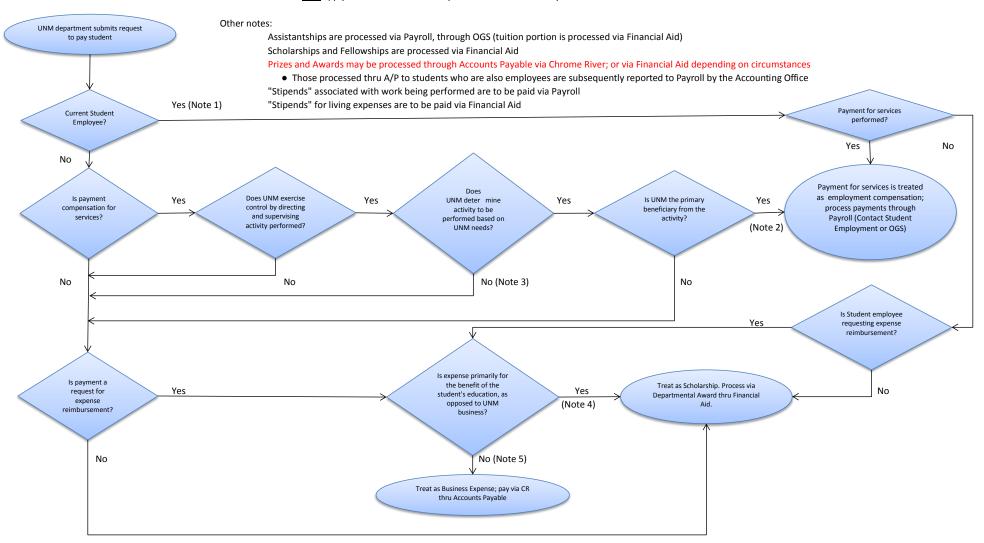
Determination of Proper Treatment for Student Payments: Payroll/Scholarships/Grants/Reimbursements

This Determination Flowchart is intended as a guide, and is not all inclusive. Determination is dependent on the facts and circumstances of each case; each instance must be individually determined.

The flowchart does **NOT** apply to students not currently enrolled at the University of New Mexico



Notes for Determination of Proper Treatment for Student Payments Payroll/Scholarships/Grants/Reimbursements

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The following specific types of payments to students are generally processed as noted:

- Scholarships (processed through Financial Aid)
- Assistantships (processed via Payroll, through OGS; tuition portion is processed via Financial Aid)
- Fellowships (processed through Financial Aid)
- Prizes and Awards
 - o Certain ones are processed through Financial Aid
 - o Those not associated with education may be able to be processed via Chrome River
 - Contest winners, etc.
 - Check with Financial Services or Financial Aid before initiating, to determine appropriate method of payment

OVERVIEW:

Federal Courts have consistently held that "scholarships" are relatively disinterested, "no-strings" educational grants, with no requirement of any substantial services from the recipients. Any amount paid to, or on behalf of, an individual to enable him/her to pursue studies or research:

- (1) Primarily to further the student's education and training and provided by the University for such purpose does not represent compensation or payment for services. Merely requiring the recipient to provide periodic progress reports to the University or the fact that the research or study results may provide an incidental benefit to the University is not enough to treat the payment as compensation for services. Such amounts are treated as scholarships, which are not subject to tax withholdings, but are reported as scholarships on IRS Form 1098-T; OR:
- (2) Primarily for the benefit of the University is considered to be for services performed and deemed taxable compensation (or depending upon the circumstances, treated as a University business expense reimbursement). Compensation for services is treated as taxable wages, which are subject to the appropriate tax withholding and are reported on IRS Form W-2. In general, University business expense reimbursements are not subject to tax withholdings and are not reported as taxable income.

FLOWCHART NOTE REFERENCES:

Not all of the following statements within the Notes below may be relevant in each situation.

NOTE 1: Is there a service requirement?

Yes if:

- Substantial conditions are attached to the payment, which exceed the incidental duties as a student
- Student receives payment that enables him/her to pursue research (or studies) primarily for the benefit of the University. See Note 2 for additional information.

NOTE 2: Is the University the primary beneficiary?

Yes if:

- The University's primary purpose and original intent is for the University (as opposed to the student personally in their educational pursuit) to obtain useful results from the project
- Results or research will be used by University
- University determines activities
- Services are performed to fulfill University's obligations to outside funding entity
- University would otherwise need to hire an employee or contractor to complete the same results
- Student is selected based on his/her experience
- Amount of payment is based on amount of compensation to employees performing similar activities

NOTE 3: Is the University the primary beneficiary?

No if:

- The payment is for an activity or area in which the University is relatively disinterested, no strings are attached, and no substantial service requirements are imposed on the student
- The project's primary purpose and original intent is to further the student's education or training
- University obtains no or, at most, only an incidental benefit
- Tasks are performed to contribute to the development of skills needed in the student's studies
- Student determines activities to be performed
- Student is selected to further his/her education or training

NOTE 4: Is the expense reimbursement related to Education?

Yes if:

- Activities performed primarily to further student's education
- Activity is an integral part of student's degree work
- Activity is supported by student's scholarship/grant
- Activity or course is required for degree or credit
- Activity impacts student's grade
- Student merely listens and learns to further his/her education

NOTE 5: Is the expense reimbursement related to Education?

No if:

- Directly supports faculty member's project or research program
- Related to presenting or actively participating at a conference or scholastic competition on behalf of the University
- Official University business (i.e., performed primarily for University purposes, such as University athletics or University band performances)

Student Classification/Payment Method

	UNM Under-grad Student UNM Grad					
Daymont	UNM Under-grad Student (no	UNM Under-grad Student	(UNM employment	UNM Graduate Student (no	UNM Graduate Student	employment assignment in
Payment	UNM employment	(current UNM employment	assignment in calendar year,	UNM employment	(current UNM employment	calendar year, but not
Туре	assignment)	assignment)	but not currently)	assignment)	assignment)	currently)
Payment for						
Services						
Performed;						
this includes						
services such as						
music					Payroll through Office of	
performances,					Graduate Studies (could be	
election workers,	Hire and pay through Student	Time entry through Student	Rehire and pay through	Hire and pay through Office of	Non-Standard Payment if	Rehire and pay through Office
etc.	Employment	Employment	Student Employment	Graduate Studies	criteria met)	of Graduate Studies
Prize/Award						
(Academic	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form
Related)	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid
Prize/Award (Not		CR Expense-Monetary Award	CR Expense-Monetary Award		Non-Standard Payment	CR Expense-Monetary Award
Academic	CR Expense-Monetary Award	(Manual reporting to Payroll	(Manual reporting to Payroll	CR Expense-Monetary Award	through Office of Graduate	(Manual reporting to Payroll
Related)	(1099 Reportable)	for inclusion on W-2)	for inclusion on W-2)	(1099 Reportable)	Studies	for inclusion on W-2)
	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form
Fellowship	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid
	N/A; only Graduate Students	N/A; only Graduate Students	N/A; only Graduate Students	Hire and pay through Office of	Payroll through Office of	Rehire and pay through Office
Assistantship	are eligible for Assistantships	are eligible for Assistantships	are eligible for Assistantships	Graduate Studies	Graduate Studies	of Graduate Studies
"Research Study						
Incentive" (must		CR Expense-Research Study	CR Expense-Research Study		Non-Standard Payment	CR Expense-Research Study
meet published	CR Expense-Research Study	Incentive (Manual reporting to	Incentive (Manual reporting to	CR Expense-Research Study	through Office of Graduate	Incentive (Manual reporting to
criteria)	Incentive (1099 Reportable)	Payroll for inclusion on W-2)	Payroll for inclusion on W-2)	Incentive (1099 Reportable)	Studies	Payroll for inclusion on W-2)
Reimbursement						
(Academic	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form	Departmental Award Form
Related)	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid	through Financial Aid
Reimbursement						
(Primary UNM			CR Expense	CR Expense	CR Expense	CR Expense
benefit/business	' '	' '	(Travel, Goods, etc., as	(Travel, Goods, etc., as	(Travel, Goods, etc., as	(Travel, Goods, etc., as
purpose)	Goods, etc., as applicable)	Goods, etc., as applicable)	applicable)	applicable)	applicable)	applicable)