

University of Hawaii Foundation Student Aid Expenditure Process

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- I. Overview
 - A. To ensure the University of Hawaii (“UH”) is in compliance with federal Title IV regulations and Internal Revenue Service (“IRS”) reporting requirements, all scholarships and fellowships paid to students, who either are U.S. citizens or who hold Resident Alien status for tax purposes, must be reported to the appropriate University of Hawaii (“UH”) Financial Aid Office (“FAO”). This includes all scholarships and fellowships that cover any assistance, regardless if for travel, materials, research, stipends, or other similar aid. For this reason, assistance will be processed through the UH Banner Student Information System. Please see January 19, 2005 memorandum from university Vice President for Administration for further details. (Attachment A.)
 - B. This process is also to assure University of Hawaii Foundation (“UHF”) donors that their funding is being used according to the criteria established for the funds.
 - C. Student assistance paid to non-resident aliens does not have to be reported to the UH FAOs since they are not recipients of federal funding and therefore are not in jeopardy of being out of compliance of federal Title IV regulations.
 - II. Student Aid Definitions
 - A. Award: Recognition for some sort of special achievement, special skill, special knowledge, or special renown in a certain area, or can represent an award won in a contest of some sort. Awards are for past accomplishments and are not required to be used for educational purposes.
 - B. Scholarship: An amount paid to or for the benefit of a student enrolled at an educational institution to aid in the pursuit of studies. The individual may be an undergraduate or graduate student.

- C. Fellowship: An amount paid to or for the benefit of a student enrolled at an educational institution to aid in the pursuit of study or research, usually for a graduate student.
- III. Acceptable Student Aid Payments from Foundation Accounts
- A. The Foundation will pay for scholarships, fellowships, and awards.
 - B. Scholarships/fellowships/awards cannot be given as a substitute for payment of services rendered or honoraria. Payments for services should be processed through a university account. The UH unit may request reimbursement from the appropriate Foundation account.
- IV. Deadlines
- A. Scholarships or Fellowships
 - 1. Effective the beginning of academic year 2005 – 2006 (“AY 05-06”) university departments must submit payment requests to the Foundation’s Scholarship Office (“UHFSO”) by the following dates.
 - a. Fall Scholarships: October 15th.
 - b. Spring Scholarships: March 15th.
 - B. Awards
 - 1. There are no deadlines for awards.
- V. Requests for Payment of Student Aid Processed Through Banner
- A. Requests Processed through Banner
 - 1. Scholarship and fellowship payments specifically intended to cover cost of attendance related items (tuition, fees, books/supplies, meals, housing) will be processed through the students’ MyUH account, the UH Student Information System (“Banner”).
 - 2. The processing of scholarships and fellowship payments intended for travel, materials, and/or research will be determined on a case by case basis as checks may be cut to students directly to avoid the possibility of this funding being applied toward any outstanding balances owed to the university (i.e. loans, parking tickets, etc.)
 - a. If a check is issued to the student, a memorandum will be sent from UHFSO to FAO, notifying FAO of the assistance so that adjustments can be made to the student’s financial aid account if necessary. The memorandum will be attached to the check request.
 - B. UH Departments must submit all requests for payment through the STAR Giving Tree electronic system.
 - C. The following documents are required and must be sent separately for processing of all payments to a nonresident alien.
 - 1. Foreign National Information Form (Attachment B).
 - 2. IRS Form W-8BEN Certificate of Foreign Status.

3. Social security number or ITIN-Individual taxpayer identification number.
 4. Copy of I.D. page(s) of passport
 5. Copy of current U.S. visa
 6. Copy of all previous U.S. visas (if applicable) (This is to verify country for tax treaty purposes. It is also to verify how long an individual has been in this country. If the person has been in this country for more than five years or longer they will be considered a resident for tax purposes and not taxed.)
 7. Form I-94 Arrival/Departure Record (front and back copy)
 8. Form I-20 Immigration and Naturalization Service Certificate of Eligibility for Nonimmigrant Student Status for F-1, M-1 and H-1B status holders (front and back copy)
 9. For J-1 status holders--Form DS-2019 (Formerly IAP-66) Certificate of Eligibility for Exchange Visitor (J-1) Status
 10. Form I-797 Notice of Approval for Q status holders, and those students having changed their nonimmigrant status to one permitting study (if applicable)
- D. Complete the appropriate forms for submission.
- E. UH departments should confirm that award eligibility/criteria requirements have been met, if funds are available in the account, and that two account administrators have approved the request if the award amount is greater than \$250.
- F. Submit the completed forms and documents to University of Hawaii Foundation Scholarship Office 2444 Dole Street, Bachman Hall 105 Honolulu, HI 96822.
1. Allow two weeks for UHFSSO to review and verify all requests.
- G. Once UHFSSO approves a payment request form, the funds will be paid to Banner and recipient information will be transmitted to the appropriate UH FAO for processing.
- H. The appropriate UH FAO will input the recipient's scholarship into Banner.
- I. Banner will verify student's eligibility before disbursing funding into student accounts.
1. If student aid is recorded in Banner prior to tuition deadlines, aid can be applied directly to charges on a student's account.
 2. If recorded after tuition deadlines, UH will issue a check directly to the student less any outstanding charges owing on his/her account, e.g. outstanding loans, library or parking fines, etc.
- J. Responsibility of Students
1. When a scholarship/fellowship is not for cost of attendance items (i.e. travel, research) the student must contact the appropriate FAO to find out what documentation is required so their assistance will not be credited towards his/her cost of attendance budget.

2. Filling out the appropriate documentation will enable the award to be properly recorded and increase the student's budget.
3. Students may be required to submit paperwork outlining what their scholarship/ fellowship will be used for, therefore they should have sufficient documentation (i.e. budget or proposal submitted & approved by department, department congratulatory letter etc.) The type of documentation required is dependent upon the campus's requirements.

VI. Requests for Payment of Student Aid Processed Directly Through UHF

- A. UH Departments must submit all requests for payment on the "Payment Request Form for Student Aid Recipients." (See Attachment C.)
- B. Complete steps laid out in Section V. C - F.
- C. Once UHFSDO approves a payment request form, the form will be sent to UHF's Fiscal Office and a check will be issued to the student.
- D. Checks are generally issued on Friday after the form is submitted to the Fiscal Office.
- E. The processing of scholarships and fellowship payments intended for travel, materials, and/or research may be issued to students directly to avoid the possibility of this funding being applied toward any outstanding balances owed to the university (i.e. loans, parking tickets, etc.)
 1. If the check is issued to the student, a memo from the UHFSDO to FAO notifying them of the assistance so adjustments can be made to the student account if necessary must be attached to the request for payment.

VII. Taxability of Student Aid

Recipients of any form of student aid may be subject to IRS rules regarding taxable income. It is the recipient's responsibility to identify if any portion of their aid would be subject to tax.

A. Awards

1. All awards are taxable and should be reported on the individual's income tax return. (See II.A. for definition of award.)
2. A student who is a U.S. citizen or a resident alien and who receives single or aggregate awards of \$600 or more in a calendar year will receive an IRS Form "1099 Miscellaneous Income" at year-end for tax purposes.
3. Each recipient of an award/prize must have a social security number or an ITIN.
4. Nonresident aliens will be subject to a thirty percent (30%) withholding of tax. This does not include awards for work done outside the U.S.

5. Tax treaty exemptions are not applicable.
 6. The Foundation will issue an IRS Form 1042-S at the end of the calendar year to all nonresident aliens who have received an award/prize.
- B. Scholarship/Fellowship
1. A scholarship or fellowship is tax-free only if you are a candidate for a degree at an educational institution and if the grant or scholarship is a qualified scholarship or fellowship. A qualified scholarship or fellowship is defined as amounts received for tuition and fees paid to enroll in, or to attend, an educational institution, or fees, books, supplies, and equipment that are required for the courses at the educational institution.
 2. Scholarships and fellowships to nonresident aliens, from a country without a tax treaty with the United States, are subject to a 14% tax withholding.
 3. The Foundation is not required to withhold any taxes if the recipient is from a country that has a tax treaty with the United States and if the visa status of the recipient is provided for in the treaty.
 4. The Foundation will issue an IRS Form 1042-S at the end of the calendar year to all nonresident aliens who have received a scholarship/fellowship.

Appendix A

Effective Date: March 1, 2005

Altered on May 31, 2007 to reflect usage of STAR Giving Tree for processing of Banner payments.