



## FINANCIAL AID & SCHOLARSHIPS PAYMENT GUIDE FOR STUDENT AWARDS

This guide is intended to provide clarity of current payment processes, systems, and compliance at UCLA to determine the most appropriate process to follow when paying a student. Questions about the payment guide should be directed to [UCLAscholarships@fas.ucla.edu](mailto:UCLAscholarships@fas.ucla.edu)

When awarding a UCLA student, it is important to ensure the payment is classified and processed correctly to comply with federal and state regulations, UCLA policies, University of California policies, [federal taxation policies](#), and donor intent.

UCLA makes every effort to maximize a student's funding opportunities. However, there will be situations when a department wants to provide funds or cover expenses, but doing so will necessitate reduction of another resource due to limitations prescribed in regulations for federal aid recipients.

UCLA strives to comply with the intent of donors when administering funds to students. 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, Internal Revenue Service (IRS) rules, Fair Labor Standards Act, Affordable Care Act or other regulations. If requirement conflicts exist the strictest applicable rules prevail regardless of the funding source for processing payments to students.

UCLA Financial Aid & Scholarships team strives to educate campus stakeholders involved in scholarship administration by distributing guides, training materials, and holding Zoom meetings. We maintain a history of scholarship training tools on a [UCLA Box site](#).

## Student Payment Methodologies

<b>UCLA Financial Aid &amp; Scholarships</b>	<a href="#">FAM System</a>	Awards to support a UCLA student's direct education and education-related expenses (generally scholarships/fellowships/grants) including travel payments primarily to further the student's education or research.
<b>UCLA Payroll Partners</b>	<a href="#">UCPATH System</a>	Compensation for services performed; employment.
<b>UCLA Travel</b>	<a href="#">Concur System</a>	Reimbursements or pre-payment when a UCLA student travels on behalf of UCLA (for university business benefiting a faculty member or the university). Reimbursements when a non-UCLA student travels not on behalf of UCLA.
<b>UCLA Accounts Payable</b>	<a href="#">BruinBuy Plus System</a>	Method rarely utilized for unusual circumstances such as when paying a cash prize in a contest not restricted to students, paying a non-UCLA student participating in a UCLA program with UCLA funding, seeking a non-reimbursement travel expense payment for a non-UCLA student, or requesting a check incentive payment to students participating as human subjects in research studies.
<b>UCLA Payment Solutions &amp; Compliance</b>	<a href="#">Research Pay Portal</a>	Cash or gift card incentive payments issued to students participating as human subjects in research studies. Requests for cash and gift card payments should be submitted through the Research Pay Portal managed by Payment Solutions & Compliance.

\* This document will assist users in determining the nature of a payment and how to make the payment correctly. It is not advised nor within university policies and procedures to circumvent these systems to provide compensation or other funding through other means, for example, by crediting a student's Bruin Card or by issuing student a gift card.

# Financial Aid Award Payments

## Financial Aid Payment Guidance

The majority of institutional funds made available to students will be awarded in the UCLA FAM System. 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. "Financial aid" also includes student loans.

Institutional funds for students that are not wages and not loans are considered scholarships (UCLA term for awards to undergraduates) or fellowships (UCLA term for awards to graduate and professional students) and must be awarded or accounted for in FAM. However, scholarships could also be a term used for graduate and professional students when processing awards.

## UCLA Financial Aid Terminology

**Institutional Aid** refers to any funds awarded by UCLA or through the UCLA Foundation to a student, regardless of the timing of the award. Institutional Aid includes scholarships, fellowship, fee waivers, grants, loans and all other UCLA-funded monetary benefits administered by a UCLA department.

A **Scholarship** is gift aid for students, regardless of the funding source or name of the award, given for the purpose of aiding a student's study, training, research and education-related expenses.

A **Fellowship (or Fellowship Grant)** is student financial support gift aid that is typically awarded to graduate and professional students to aid in the pursuit of study or research.

A **Prize** awarded to students for winning contests or drawings may be considered scholarships for tax purposes if they are designated for educational purposes or meet expenses included in the student's cost of attendance.

**This applies regardless of the prize's name or funding source.**

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, OR
- The recipient is required to use the prize for educational purposes, OR
- The contest or drawing is related to the student's university courses or degree completion.

A **Non-Scholarship Prize** is defined as an award to a student for contests or drawings and none of the conditions listed above apply. In these cases, the non-scholarship prize is NOT treated as a scholarship, but is considered as taxable income to the winner under IRS regulations (even if the winner is a student). A non-scholarship prize must be processed by UCLA Accounts Payable.

A **UCLA student** is a person seeking a degree or other educational credential at UCLA. A student ceases to be a student upon graduation or official separation from UCLA (unless on an official leave of absence). A student who is not enrolled in the summer but has not graduated is still a student.

A **UCLA Visitor or Non-Matriculated Student** is not admitted to UCLA as regular degree-seeking students and thus does not meet a definition of UCLA student. Beginning in fall 2023 and beyond this group of visitors must be paid through UCLA Accounts Payable; refer to guidance from UCLA Accounts Payable to request payments for UCLA visitors and non-matriculated students.

**“Restricted” Gift Aid** refers to funds that are limited to paying certain expenses, such as tuition. Other restrictions may limit which students may be awarded. An award limited to paying tuition is technically a tuition award, even if it is called a scholarship. Both are financial aid. “Unrestricted” aid can pay any charge.

A **Tuition Award** is any award to a student, regardless of funding source, which provides funding restricted to pay only certain educational expenses assessed by UCLA (usually tuition and fees). All tuition and fee awards for undergraduate and graduate students must be accounted for in FAM. Examples of Tuition Awards...

- UCLA departmental graduate funding for Student Academic Appointees, based on a contract between a department and a student
- The California Student Aid Commission (CSAC) Cal Grant Program
- UCLA tuition benefits for employees
- Sponsored programs or special institutes, including sponsored contract and grant accounts; exchange student, summer institute and workshop participants.
- Some Veteran’s education tuition benefits (these are not considered in determination of eligibility for federal financial aid)
- Military Remissions for non-resident students eligible for resident rates.

### Federal Aid and Award Limitations

Federal regulations under the Higher Education Act of 1965 require institutions to monitor and limit total financial resources awarded to students receiving federal financial aid (includes grants, need-based employment, and loans).

- Federal aid recipients cannot have total resources in excess of their cost of attendance (COA), with a limited number of exceptions defined by federal regulations like some Veteran’s benefits. The COA, therefore, represents a cap on total funding.
- Federal aid recipients with aid based on financial need cannot have need-based funds in excess of need, which is defined as the difference between COA and the Student Aid Index (SAI), a figure determined for each student who completes the Free Application for Federal Student Aid (FAFSA).
- An ‘over-award’ occurs when the student receives more aid than he or she is eligible to receive. This may be need-based aid in excess of need, total resources in excess of COA, or both. UCLA is required to resolve all over-awards.

### Departmental Funds

It is the UCLA awarding department’s responsibility to monitor expenditures from their accounts including funds awarded, disbursed, adjusted or cancelled.

- If funds were donated, awarded as part of a grant or have any spending restrictions, the department selecting recipients is responsible for ensuring compliance with donor intent or other awarding constraints.
- Recipients of scholarships, fellowships and tuition and fee awards should be informed that institutional financial aid will be taken into consideration when the Financial Aid Office determines eligibility for funds from other sources, including federal loans.
- In many cases, Departmental Aid will not impact the student's other aid when processed through the FAM. If other aid must be adjusted to accommodate new funds, loans will typically be reduced first. Lessening a student's education loan debt is a positive outcome.
- Processing Departmental Aid through an Accounts Payable check request without a FAM entry to record funds, or through any other process that circumvents FAM recording could result in financial aid over-awards and potential penalties and fines for the university.

### **Timing and Order of Awards**

Scholarships, fellowships or tuition and fee awards processed after the Financial Aid Office creates financial aid packages may result in a reduction of aid previously offered, so it is best to make awards before the Financial Aid Office determines eligibility for other funds. Contact the Financial Aid Office for the dates by which your awards should be made, for new and returning students, for both the academic year and summer to reduce confusion and frustration.

- Regardless of when an award is entered in FAM, or when the student needs the funds, aid must be attributed in FAM to the enrollment period it is intended to cover even if that period has ended or has not yet begun.
- A student may receive aid intended for periods of non-enrollment (usually summer) if this is consistent with the purpose of the funds. That said, federal regulations require the Financial Aid Office to account for the funds received during periods of non-enrollment in the subsequent term or previous term. The Financial Aid Office continues to manage these situations on a case-by-case basis.

### **Financial Aid Office Exceptions and Appeals**

The regulations for federal financial aid recipients allow for certain limited exceptions when a student's expected costs and financial need limit eligibility for additional funds.

- A student's estimated cost of attendance (COA) may be increased, on appeal with documentation, to add additional education-related costs in instances where there is insufficient room in the need or COA to accommodate the full amount of all potential awards. Financial aid staff reviews each appeal on a case-by-case basis and makes allowable adjustments to the COA and may post all or a portion of the award in the FAM. A department may wish to award funds to cover costs, programs, research or travel

not directly related to the student's pursuit of a degree. Regardless of the perceived value of the experience the department intends to fund, the determination of the appropriateness of a requested increase in the student's COA is at the sole discretion of the Financial Aid Office.

- Students may also appeal to have documented unusual or unanticipated expenses considered in their COA. Examples include significant uninsured medical expenses, child care costs, car repairs, the purchase of a computer, etc. These decisions are also made on a case-by-case basis and are at the sole discretion of the Financial Aid Office.
- The Student Aid Index (SAI), previously known as the Expected Family Contribution (EFC) may be changed on appeal if the student and/or family's financial circumstances change or are not accurately reflected by the information collected on the FAFSA. These changes are also at the sole discretion of the financial aid office.
- There are several scenarios where students may receive awards during periods of non-enrollment. The two most common examples: 1) awards to students after graduation; 2) awards to students during summer term if student not enrolled. These two scenarios should be avoided if at all possible. That said, per federal regulations, the awards still need to be taken into account during the most recent or upcoming term of enrollment. Consult with UCLA Financial Aid & Scholarships in these circumstances.

### Scholarship and Fellowship Definitions

"Non-employee scholarship/fellowship awards" should meet all of the following conditions:

- **The primary purpose of the payment** - The primary purpose should be to support students financially in their educational pursuits, research, or professional development and NOT be compensation for the service rendered.
- **No work expectation** - There should be no expectation or requirement for recipients to work. They should NOT be required to have performed past services or to agree to perform future services for UCLA.
- **Minimal Benefit to the Organization** -While the University may receive some incidental benefit from a recipient's work product (for example, certain intellectual property rights), UCLA should not be the primary beneficiary of the work, and the work cannot primarily support a faculty member's project.
- **Disbursement and Amount** - The payment is typically a fixed amount for a specific academic term or research project. The award should not be directly tied to hours worked or based on completion of certain tasks.
- **No Existing Staff** - There should be no existing compensated staff performing the same duties as the awarded recipients. This helps ensure the program is not replacing existing employees but offering learning opportunities."

\*If scholarship/fellowship awards do not meet these conditions, then the “awards” are likely employee/wage compensation.

## **Financial Aid and Federal Tax Implications**

UCLA employees should never offer personal and/or business tax filing advice. Tax resources for students include IRS publication 970 and the UCLA Tax webpage.

UCLA generates a Form 1098-T each year in January for all U.S. residents enrolled as regular students.

UCLA does not generate a Form 1098-T for non-resident aliens, unless specifically requested and reviewed by University Tax Services.

Box 5 on the form records all scholarships, grants, waivers, and other aid recorded in FAM that is not required to be paid back.

Failure to award or account for institutional funds for students in the FAM 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 under IRS rules.

Consult the UCLA Tax Services webpage for more information about 1098-T as well as the following link:

<https://www.finance.ucla.edu/1098Tinfo>.

## **Frequently Asked Questions**

### **What are the main ways to make payments to UCLA students?**

- Financial Aid & Scholarships (FAM System): Awards for education-related expenses like scholarships, fellowships, and grants
- UCLA Payroll (UCPath System): Compensation for employment
- UCLA Travel (Concur System): Reimbursements or payments for university-related travel
- UCLA Payment Solutions & Compliance (Research Pay Portal): Cash or gift card payments for research participants
- UCLA Accounts Payable (BruinBuy Plus): Payments for unusual cases, like cash prizes in contests for non-UCLA students

### **Why is it important to process student payments correctly?**

- Incorrect payments can violate federal and state laws, tax regulations, and donor agreements
- UCLA must always follow the strictest rules

### **What is considered financial aid?**

- Financial aid includes scholarships, fellowships, grants, and student loans
- All institutional funds must be processed through the Financial Aid Management (FAM) system for proper reporting and compliance

**What are the federal aid rules for UCLA students?**

- Federal aid recipients cannot receive more aid than their cost of attendance (COA) or financial need
- Exceeding these limits is called an "over-award," which must be corrected

**What happens if departmental aid is processed late?**

- If scholarships or fellowships are awarded after financial aid packages are created, it may lead to a reduction of other aid previously offered
- It's important to coordinate awarding with the Financial Aid Office to avoid confusion

**What are the challenges caused by late scholarship awards?**

- Labor-intensive processes for financial aid staff
- Student confusion due to aid adjustments
- Funds often cause over-awards and in some cases the scholarship dollars are essentially returned to the state of California

**Can students receive aid during periods of non-enrollment?**

- Yes, but federal regulations require accounting for funds during the most recent or upcoming term
- Examples include awards or prizes given during the summer or after graduation
- Consult with FAS on options

**What are placeholder awards and how do they work?**

- Placeholder awards guarantee a scholarship amount to students without specifying the funding source initially

**How and when should placeholder awards be replaced?**

- Submit actual fund sources by June 30 to finalize awards before disbursement

**What is Blackbaud Award Management (BAM)?**

- BAM is a centralized system for scholarship application, review, awarding, and stewardship at UCLA

**What specific problems does BAM solve for students?**

- Reduces the scholarship application process for students
- Serves as a one-stop portal for scholarship application processes

**What problems does BAM solve for stakeholders?**

- Allows schools and departments to control their own funds and applications in a centralized location, saving students from repeating application information
- Places all information securely behind UCLA security protocols
- Eliminates requests to identify applicants with need, how much need, and how much you can give a student without replacing/reducing any other scholarships or grants
- Reduces number of award transmittals forms administrator send to FAS
- Makes it easy to collect thank you notes and information about recipients



### **Why is four-year renewability important for scholarships?**

- Ensuring that freshmen receive four-year renewable scholarships (rather than one-time awards) helps them plan long-term and reduces financial stress

### **What GPA requirements should be used for scholarship renewal?**

- UCLA Financial Aid & Scholarships recommends avoiding restrictive GPA requirements for scholarship renewals to ensure student retention

### **How can the scholarship application process be simplified?**

- UCLA encourages easy, accessible application processes to reduce barriers for students
- Utilizing the BAM common application does this effectively

### **What steps are taken to address bias in scholarship selection?**

- Departments should be aware of both implicit and explicit biases and work to mitigate them in the selection process

### **When should awards for prospective students be finalized?**

- Plan to begin awarding prospective students by March 1 ahead of the next academic year

### **What is the timeline for continuing students?**

- Awards for continuing students should be processed between May and June 30, with aid disbursement beginning in mid-September

### **How can I get training on scholarship awarding questions?**

- Weekly Zoom office hours are available every Tuesday, from 10-11 AM, for training on BAM and related processes
- Email [uclascholarships@fas.ucla.edu](mailto:uclascholarships@fas.ucla.edu)

### **What is the deadline to award a student in the upcoming academic year?**

- UCLA has a university-wide giving deadline of December 31 for use of donor gifts in the upcoming academic year for student support funds; for example, any donations UCLA received after January 1, 2024 should be reserved for use in academic year 2025-2026
- Contract/grant funding sources received by June 30 may be granted an exception, although staff should also move these to the December 31 giving deadline and awarding timeframes, when possible
- All late awards submitted via upload form to FAS require a reason and will be by the Executive Director of Financial Aid and Scholarships