Guide for Payments to Students for Awards, Scholarships, Internships, and Prizes

**Student Definition:** Any person registered at a University of Wisconsin campus. Includes undergraduates, graduates, specials, etc.

**Note:** The funding source of the payment is not a determining factor in the classification of the payment. In all cases, the intent of the fund and/or donor needs to be considered first before requesting any payments. For example, if a fund is setup as a scholarship, the payment has to be processed as a scholarship.

**Awards**

1. If the student is on payroll, regardless of division/unit, then the award needs to be payrolled if the award is service related. (eg. Teaching Assistant award)

2. If the student is on payroll, regardless of division/unit, and the award is not service related, then the award could be paid on a PIR. (eg. A student who happens to work on campus may win an essay contest sponsored by an academic department; Account Code: 3750- Prizes & Awards).

3. If the student is not on payroll, or was not on payroll (regardless of division/unit) when the funds were awarded and the award is not service related, then the student could be paid on a PIR. (Account Code: 3750- Prizes & Awards).

4. Research support to purchase materials and supplies and/or for travel needs to be paid on a PIR. (eg. A student receiving travel support to attend a conference; Account Code: 5709- Support-RA,Fellows,Scholars).

**Research Experience for Undergraduates (REU’s) Awards**

If payment is to a non-JW student, process payment on a PIR (Account Code: 5710- Support-NonEmploy&NonUW Student). If payment is to a UW student, the payment needs to be payrolled.
Scholarships

1. If the student who is a U.S. resident/citizen is receiving scholarship, the payment needs to be processed via Bursar's Automated Departmental Scholarships System using Program 9. If the student is a Nonresident Alien (NRA), then the scholarship has to be processed via PIR under Account Code: 5711- (Student Aid-Excluding Loans), Program 9 due to the immigration documentation and tax requirements.

2. Travel support/Participant support for people not associated with UW-System could be paid via PIR. (Account Code: 5710-Support-NonEmploy&NonUW Student).

3. Scholarships to non-UW (non-registered) students can be paid on a PIR (Account Code: 5710-Support-NonEmploy&NonUW Student).

Internships

Payments made using university funds for off or on-Campus internship positions should be payrolled. This includes unpaid internships where the outside entity does not provide any support.

Prizes

Prizes for participating in a contest that is not service related can be paid on a PIR (Account Code: 3750-Prizes & Awards). General Program Revenue (GPR) funds may not be used to pay for Prizes.
Definitions

Scholarship (Account Code 57xx)

An amount paid or allowed to, or for the benefit of, a student, whether an undergraduate or a graduate, to aid such individual in pursuing their studies.

Scholarship and fellowship payments are treated the same for income tax purposes (Regulations 1.117-3)

If an individual must teach, research, or otherwise provide services, then the qualified scholarship does not apply to any compensation the individual receives for teaching, researching, or other services. Exceptions for National Health Services Corps Scholarship and Armed Forces Programs.

If a scholarship or fellowship represents a payment for past, current, or future services then the payment is considered wages.

Fellowship (Account Code 57xx)

An amount paid or allowed to, or for the benefit of, an individual to aid them in the pursuit of study or research.

Scholarship and fellowship payments are treated the same for income tax purposes (Regulations 1.117-3)

If a scholarship or fellowship represents a payment for past, current, or future services then the payment is considered wages.

Prize (Account Code 3750)

Something of value conveyed as a result of chance, generally for promotional purposes, to one or more participants in a University-sponsored event.

Prizes may be awarded only in situations where benefits are expected to accrue to the University. Examples include door prizes to persons attending athletic events and prizes awarded as incentives to encourage responses to customer questionnaires and other types of surveys. The anticipated benefits of awarding a prize must be documented, and the decision to award prizes must be approved in writing by the chancellor or his/her designee.

See UW System Financial Administration Prizes, Awards and Gifts (F46) at [http://www.uwsa.edu/fadmin/fppp/fppp46.htm](http://www.uwsa.edu/fadmin/fppp/fppp46.htm) for details.

Award (Account Code 3750)

Recognition or something of value conveyed as a result of competition, merit or in recognition of service to the institution on the part of the recipient.

Awards are based upon competition or merit are made to recognize academic or athletic achievements of students; service awards may be made to recognize members of the community and noncash awards may be made to recognize employees for distinguished service, upon retirement or at other career milestones.

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Gift

A voluntary conveyance of something of value as a gesture of goodwill or appreciation.

Gifts from program revenue sources may be given in the following circumstances: 1) to distinguished visitors to campus; 2) to foreign nationals when University personnel are visiting other countries and gifts are necessary, customary and reasonable in cost; or, 3) to recognize contributions of time or funding support by members of the public.

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