Payment Process for Student Awards

Updated Process
Traditionally student payments have been submitted and paid through Accounts Payable. Although you will still submit the payments to Accounts Payable, we have started processing the majority of student awards, as long as they are educational in nature, through student accounts. If CC is making a payment to a student (other than payroll) the payment is generally related to something the student is doing to further their education. There are exceptions, but in the majority of payments students receive will be related to their education. If the award is related to the student’s education, it will be processed through student accounts. If the award is not related to the student’s education, it will be processed through Accounts Payable.

What is the difference between an educational award or scholarship and a prize or non-educational award?
Educational awards and scholarships are any payment that assists a student in furthering their education. Examples include venture grants, travel grants, and financial assistance for books, computers and supplies as well as anything else that can be related to a student’s education. Examples of other prizes and awards that would not be considered educational in nature, are Outstanding English Student, Biology Student of the Year or a prize for a contest.

Why are we making this change?
One reason for this change is due to the tax reporting requirements of these payments and the tax benefits to the students in reporting them as scholarships instead of as awards. When the awards are processed through Accounts Payable and then reported on a Form 1099 as an award, the full amount is taxable income to the student. When the payment is processed through student accounts it is reported as a scholarship or fellowship, students net their total scholarships and fellowships in a calendar year against their total tuition and fees and only pay tax on any scholarships and fellowships that are in excess of their tuition and fees. For more information, please refer to Publication 970.

In addition, CC is required to withhold tax on any payments made to international students as well as other international visitors on campus. The required rate of withholding is 30% on payments considered prizes or awards (processed through Accounts Payable and not educational in nature). The required rate of withholding on educational awards or scholarships is 14% and only on the portion of the scholarship that exceeds the student’s tuition and fees for the year.

Things to consider
The award list is sent to student accounts each Tuesday morning. If a payment request is received after noon on Tuesday it would be processed in the following week’s batch. The student refund process is run weekly so students will receive their awards each Friday. If a student has set up direct deposit with the College, the funds will be deposited into their bank account on Friday. If the student has not set up direct deposit, a check will be mailed to their Worner Box on Friday.

Students can log into Self Service Banner (SSB) and view their student account or contact the Student Accounts Office to check their balance and see if their award has been posted.

Please use the Student Award Payment Form for any student awards that are educational in nature.
Please use the **Check Requisition Form** for any student awards and prizes that are not educational in nature.

Please contact the **Tax & Compliance Manager** with any questions.