

# Guidelines for Prizes, Promotional Items and Travel Related and Educational Required Expenses

## North Dakota State University – Financial Aid and Scholarships

The following guidelines are designed to provide direction to departments who wish to offer gifts as incentives for attending events and/or competing in contests.

### **GENERAL INFORMATION**

#### **Federal Regulations**

Federal Title IV regulations require institutions to monitor and limit total financial resources awarded to students receiving federal financial aid. Federal financial aid includes scholarships/fellowships, grants, need-based employment, and loans.

Students receiving federal aid cannot have total resources in excess of their cost of attendance. In addition, students receiving federal aid based on financial need cannot have resources in excess of their need. An 'over-award' occurs when the student receives more aid than he or she is eligible to receive. The institution is required to resolve all over-awards.

#### **Financial Aid Package**

The combination of federal, state and institutional aid awarded to meet a student's need or to cover the cost of attendance is referred to as the 'financial aid package.' Resources from any other source, e.g. scholarships from Rotary Club, departmental contest winners, etc., must be accommodated in the package within the restrictions that apply based on the student's eligibility, need and types of federal aid awarded. Just like Cost of Attendance (COA), a student's financial aid package covers a specific period of enrollment.

#### **Estimated Financial Assistance**

Federal financial aid eligibility is restricted by the Cost of Attendance and any other financial assistance that must be counted as a resource available to meet financial need. Any educational benefits paid because of enrollment in college are considered to be part of the financial aid package. This includes scholarships and grants from any source, fee waivers, fellowships and assistantships and even private education loans. If new resources are awarded, eligibility for federal aid must be re-evaluated. When these resources can be anticipated early there is less disruption in the aid package and less confusion for the student.

#### **Additional Information**

Many departments do not want payments to impact financial aid. However, NDSU must comply with federal aid regulations to maintain participation in the federal programs, and federal aid recipients have statutory restrictions regarding how other resources affect eligibility. In many cases, the award will not impact the student's aid when processed through Financial Aid and Scholarships. If an adjustment is needed, it will generally result in a reduction in loans reducing the student's education loan debt.

## Prizes

The Department of Education considers payments or winnings because of enrollment at a postsecondary institution or for the purpose of aiding a student's study, training, or research as scholarships or fellowships. Payments or winnings won in a contest are considered a **scholarship**, if any of the following conditions apply:

- The recipient is required to use the disbursement for educational purposes.  
*Payment from a contest that can only be used when enrolled as a student at NDSU is considered a scholarship. For example, a competition is held and prizes for 1st, 2nd, and 3rd places are awarded to students who must use the competition prize for their education. In this instance, the competition "prize" would be considered a scholarship and should be processed through Financial Aid and Scholarships.*
- The recipient is eligible to receive the funding because he/she is a student.  
*Payment from a contest for which the recipient is eligible because of his/her status as a student at NDSU is considered a scholarship. For example, NDSU holds a research competition and is limited to students. Therefore, the "prize" is considered a scholarship and should be processed through Financial Aid and Scholarships because her eligibility was contingent upon her status as a student.*
- The contest is related to the student's university courses or degree completion.  
*Payment from a contest in which the criteria for judging are measures of excellence based on university studies or academic performance is classified as a scholarship. An example of this type of scholarship is a departmental "prize" for the best thesis/dissertation. The competition payment in this instance would be considered a scholarship and should be processed through Financial Aid and Scholarships.*

## Promotional Items (Incentives)

**Promotional Item:** an item given away to promote a particular program, department, or organization or to influence behavior. Examples may include but are not limited to:

- NDSU t-shirts distributed to prospective students
- NDSU window clings given to Family Weekend attendees
- Drawstring bags given to current students to raise awareness of alcohol prevention campaign website

**Incentive:** something offered to or won by an external customer (including NDSU students and student employees) as an encouragement or award for participation in a program, event, or study. Examples may include:

- Gift card to NDSU Bookstore offered as a drawing prize for completion of a departmental or program survey
- Door prize offered for attendance and/or retention at a late-night, alcohol-free event

Promotional items and incentives are NOT considered scholarships or fellowships. If the promotional item and/or incentive indicates the winnings must be used for education related expenses, then the promotional item or incentive becomes a scholarship and is treated like a Prize. All promotional items and Incentives should be tracked utilizing the "[Promotional Items Purchase](#)" form that is available through Accounting Services.

## Travel Related and Educational Required Expenses

The department must ascertain whether or not the expense is for the students educational benefit or for the benefit of the University.

If the expense primarily benefits the student the department treats the expense as a scholarship and must follow the guidance under the Prizes category. If the expense has never been incurred before, the department must complete the [New Scholarship Request Form](#).

If the expense is primarily benefits the University or is considered official University business, the department would treat the expense as an NDSU business expense and would process through the NDSU Account Office.

## More Information

For more information please see the NDSU Student Affairs Division – Best Practices and Guidelines for Purchasing Items as Promotions, Incentives, or Gifts at

[http://www.ndsu.edu/fileadmin/vpsa.ndsu.edu/Document\\_Forms/Best\\_Practices\\_and\\_Guidelines\\_for\\_Promotions\\_Incentives\\_Gifts.pdf](http://www.ndsu.edu/fileadmin/vpsa.ndsu.edu/Document_Forms/Best_Practices_and_Guidelines_for_Promotions_Incentives_Gifts.pdf)

## Financial Aid and Scholarships Contact

If you have questions or concerns please contact Sarah Jones at [sarah.jones.1@ndsu.edu](mailto:sarah.jones.1@ndsu.edu) or by phone at 701-231-8397.