Clarification of Graduate Fee Remission Vs Tuition and Fees

TO: Sponsored Program Administration Staff, Business Managers
FROM: M. R. Ludwig
DATE: June 2, 2010
SUBJECT: Clarification of Graduate Fee Remission Vs Tuition and Fees

Recently a few sponsors have indicated that tuition is not an allowable charge to sponsored projects funded by their agency. These situations have raised questions about the allowability of graduate fee remission charges on those sponsored accounts. Fee remissions are one component of the compensation package paid to all graduate employees and are not tuition charges. Therefore fee remissions should continue to be allowed on sponsored accounts that restrict tuition charges. Further clarification of fee remission versus tuition is provided below.

Graduate Fee Remission

The fee remission granted to graduate student employees of the University is a form of compensation paid as salaries, or in lieu of salaries, to graduate students that have a salaried appointment at the University. Graduate employees are relieved from the obligation to pay full tuition and fees, and are required to pay a nominal staff fee.

Per OMB Circular A-21 "Cost Principles for Higher Education" fringe benefits in the form of employer contributions or expenses for tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established educational institutional policies, and are distributed to all institutional activities on an equitable basis.

Since fee remission is a form of compensation, the University distributes the cost of remissions to the various projects and departments that employ graduate student employees. Sponsored program accounts administered by SPS and certain other designated accounts are charged for fee remissions each time a graduate student employee’s salary is charged to the account.

Tuition and Fees

Tuition and fees is a student aid cost for which there is no requirement for services to be rendered. An employee-employer relationship does not exist between the student and the University.

Payment of graduate fee remission does not violate sponsor guidelines that prohibit the payment of tuition and fees. The graduate fee remission is a form of compensation and is provided to these employees in consideration for services rendered. Payment of tuition and fees in the absence of an employment relationship is a student aid cost, which is unallowable to sponsored projects unless prior approval has been obtained from the sponsor.
This distinction is reflected in the University’s accounting system. The expense GL account for tuition fee remission is 512730, a compensation expense. Tuition and fees expense is recorded on GL account 533625, which is not classified as compensation, but as supplies and expense.

Please contact Heather Toro, Becky White, Tom Wright, or me if you have questions regarding the allowability of fee remissions.

Michael R. Ludwig
Director
Sponsored Program Administration

cc: L. Anderson
    K. Hoebel
    M. Westhuis