


Sponsored Program Services

To: SPS Staff, DFAs, Assistant DFAs, and Business Managers
From: Ken L. Sandel 
Date: May 26, 2015
Re: Clarification of Graduate Fee Remission vs Tuition and Fees

From time to time 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 represents one component of the compensation package paid to all graduate student employees and do not represent tuition charges.

Per 2 CFR 200.431(j)(1) "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" fringe benefits in the form of tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established non-Federal entity policies, and are distributed to all non-Federal entity activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable.

Therefore, graduate fee remissions should continue to be charged on sponsored accounts. 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.

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.

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.

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 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.

The distinction between both categories is reflected in the University's accounting system. The expense GL for Grad Staff Remission is 512730, which is a fringe benefit that is treated as a compensation expense. Tuition and fees expense is recorded on GL 33625, which is not classified as fringe benefits or compensation, but as supplies and expense.

Please contact SPS Post Award if you have questions regarding the allowability of fee remissions.