

Charging of Tuition in Externally Funded Contracts and Grants

Pursuant to the [policy memo](#) dated September 19, 2013, it is the policy of Auburn University to assess tuition to externally funded grants and contracts for which graduate assistants are provided stipend support.

In accordance with this policy, the following guidance is provided regarding various Federal sponsor policies related to the inclusion of tuition.

National Science Foundation

[Proposal and Award Policies and Procedures Guide](#) (effective January 14, 2013) states, “The NSF Program Officer may suggest reducing or eliminating costs for specific budget items that are clearly unnecessary or unreasonable for the activities to be undertaken, especially when the review process supports such changes; however, this would generally not include faculty salaries, salary rates, fringe benefits, or tuition. Note: indirect cost rates are not subject to negotiation.” Aside from this comment, the Guide does not reference the allowability of tuition any further other than to refer to Office of Management and Budget (OMB) [Circular A-21](#) for allowable costs.

National Institutes of Health

[Grants Policy Statement](#) (October 1, 2012) states in [Section 7.9.1](#) (Selected Items of Cost) that tuition remission and other forms of compensation paid as, or in lieu of, wages to students under research grants are allowable, provided the following conditions are met:

- The individual is performing activities necessary to the grant;
- Tuition remission and other forms of compensation are consistently provided, in accordance with established institutional policy, to students performing similar activities conducted in non-sponsored as well as in sponsored activities; and
- During the academic period, the student is enrolled in an advanced degree program at a grantee or affiliated institution and the activities of the student in relation to the federally sponsored research project are related to the degree program.

Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages are subject to the reporting requirements in [section J.10](#) of OMB Circular A-21, or an equivalent method for documenting the individual's effort on the research project. Tuition remission may be charged on an average rate basis. NIH will determine the allowability and reasonableness of such compensation under a grant on the basis of OMB Circular A-21 and its current operating guidelines.

United States Department of Agriculture

[7 CFR part 550.14](#) and [7 U.S.C. 3318](#) and [3319](#) state that Reimbursement of tuition expenses to State Cooperative Institutions in connection with **non-assistance cooperative agreements** is prohibited as is tuition under Research, Education and Economics (REE) non-assistance cooperative agreements. This prohibition does not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance or reimbursement.

For competitive and non-competitive non-formula grants from the National Institute of Food and Agriculture (NIFA), [7 CFR 3019.27](#) applies and refers directly to OMB A-21 which indicates that tuition is allowable. For USDA awards, tuition is likely to be acceptable but very careful review of the regulations at the proposal stage is critical.

United States Department of Education

[34 CFR part 74.27](#) refers directly to OMB A-21 which indicates that tuition is an allowable expense.

United States Department of Energy

[10 CFR part 600.127](#) refers directly to OMB A-21 which indicates that tuition is an allowable expense. In addition, the [Grant Application Guide](#) available on the DOE – Office of Science website references that “Any direct costs requested for tuition remission may be listed separately under ‘Other Direct Costs’ or ‘Fringe Benefits’ as appropriate.”

Environmental Protection Agency

[40 CFR part 30.27](#) refers directly to OMB A-21 which indicates that tuition is an allowable expense.

United States Department of Defense

Part 32.27 of the [DOD Grants and Agreements Regulations](#) (DOD 3210.6-R#) refers directly to OMB A-21 which indicates that tuition is an allowable expense.

United States Department of Commerce

Chapter 9, section D of the [DOC Grants Manual](#) states that eligible costs under a DOC financial assistance award (grant/cooperative agreement) must be in accordance with the applicable cost principles (i.e., OMB A-21).

National Aeronautics and Space Administration

Section 2.3.10(b), paragraph (vii) of the [NASA Guidebook for Proposers](#) (January 2013 edition) was added to this edition of the Guidebook to ensure that proposals requesting reimbursement of tuition and other student aid costs will be properly evaluated and to reflect that the following is to be affirmed within the proposal:

- (a) the students are engaged in activities necessary to the sponsored agreement;
- (b) tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in non-sponsored as well as sponsored activities;
- (c) during the academic period, the student is enrolled in an advanced degree program at the institution or affiliated institution and the activities of the student in relation to the NASA sponsored research project are related to the degree program;
- (d) the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
- (e) the student aid costs conform to the institution's practice to similarly compensate students in non-sponsored as well as sponsored activities.

Federal Contracts

In accordance with [Subpart 31.3](#) (Contracts with Educational Institutions) of the Federal Acquisitions Regulations (FAR), "Contracts that refer to this Subpart 31.3 for determining allowable costs under contracts with educational institutions shall be deemed to refer to, and shall have the allowability of costs determined by the contracting officer in accordance with, the revision of OMB Circular A-21 in effect on the date of the contract."

Additional Federal Guidance

[OMB Memoranda 01-06](#) (Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs) provides the following clarification:

The Federal policy on support of graduate students participating in research projects is to provide a reasonable amount of support (tuition remission and other support) on the basis of the individual's participation in the project. Sponsoring agencies are supporting graduate students who fulfill a vital role both as students and as researchers. This policy is not contingent on there being an employer-employee relationship, for tax purposes, between the institution

and the graduate student. Rather, it recognizes the reality that research activities are an essential component of the individual's educational activities.

Clarification: OMB in the Circular did not intend to tie the allowability of tuition remission costs to how they are treated for tax purposes. However, given the misunderstanding that has arisen, a clarification is needed. In recognition of the dual role of students (as both students and researchers) engaged in research and the resulting benefits to sponsored agreements (as recognized in [Section A.2.c of OMB Circular A-21](#)) and research overall, tuition remission and other forms of reasonable support that are associated with student status and provided to individuals participating in the necessary work of a sponsored agreement are allowable provided that:

- (1) The individual is conducting activities necessary to the sponsored agreement;
- (2) Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in nonsponsored as well as sponsored activities; and
- (3) During the academic period, the student is enrolled in an advanced degree program at a grantee or affiliated institution and the activities of the student in relation to the Federally-sponsored research project are related to the degree program.

Accordingly, tuition remission and other forms of support that satisfy these criteria are allowable, regardless of whether the tuition remission or other form of support qualifies as wages for tax purposes.

F&A and Tuition Limitations

The following list provides information regarding a number of specific programs (both Federal and non-Federal) reflecting limitations on Facilities & Administrative (F&A) and/or tuition remission expenses. Please note that this list is not all inclusive.

In addition, it is important to review the appropriate Request for Proposal (RFP) or solicitation for specific proposal submissions as individual programs within an organization may reflect different rules for allowable expenses.

**IDC and Tuition Limitations
September 2013**

Sponsor	IDC Rate	Tuition Allowed	Program
AKC Canine Health Foundation	8%	No	ACORN/OAK Programs
AKC Canine Health Foundation	8%	No	CHF/GRF Collaborative Cancer Grant
American College of Sports Medicine Foundatio	0%	*	Doctoral Student Research Grant
American Diabetes Association	15%	No	Research Awards
American Heart Association	0%	No	Postdoctoral Fellowship
American Heart Association	0%	No	Predocctoral Fellowship
American Heart Association	10%	No	National Scientist Development Grant
American Heart Association	10%	No	Beginning Grant-in-Aid
Autism Speaks	10%	No	Treatment Research (Full and Pilot Levels)
Dairy Research Institute	10%	Yes	Nutrition Research Program
Horticultural Research Institution	0%	*	Competitive Grants
Leakey Foundation	0%	No	Research Grants
Morris Animal Foundation	8%	No	All programs
National Science Foundation	AU Federally-approved rate	No	SBE- Doctoral Dissertation Research Improvement Grants (DDRIG)
National Science Foundation	AU Federally-approved rate	No	DBS -Doctoral Dissertation Improvement Grants (DDIG)
National Security Agency	AU Federally-approved rate	No	Mathematical Science Program -Standard Grant
National Security Agency	15%	No	Mathematical Science Program- Young Investigators Grant
Simons Foundation	\$1,000	No	Collaboration Grant
USDA/AMS	0%	No	Federal-State Marketing Improvement Program
USDA /NIFA	30% of total Federal Funds	No	Higher Education Challenge Grants Program
USDA/ ARS	0%	No	Cooperative Research and Development Agreements
USDA/ NIFA	0%	No	Formula Grants
USDA/ NIFA	0%	No	National Needs Graduate & Postgraduate Fellowship (NNF)
USDA/ NIFA	0%	No	Regional & Extension Intergrated Pest Management Competitive Grants
USDA/NIFA	30% of total Federal Funds	Yes	Agriculture and Food Research Initiative Program (AFRI)
USDA/SARE	0%	No	Professional Development Program Grants
USDA/SARE	10% of total Federal funds	No	Research & Education Grants
Wenner-Gren Foundation	0%	No	Dissertation Fieldwork Grant

* Tuition not addressed in guidelines