Policy for Charging Tuition Remission and Graduate Student Compensation
June 2012

This document defines University of Alabama at Birmingham (UAB) guidelines for charging tuition remission and other graduate student compensation for students who work on and are supported by institutional or sponsored projects.

Policy Statement

Graduate students at UAB receive educational assistance (e.g., scholarships and fellowships) to further their academic studies and compensation for teaching or research services they provide to UAB. Educational assistance is not conditioned on the graduate student’s providing any service to UAB, may not be charged to National Institutes of Health (NIH) research grants, and may be charged to other types of federal projects only when the purpose of the project is training, and then only with federal agency approval. In contrast, graduate student compensation provided as, or in lieu of, wages may be charged to federally sponsored projects, provided that certain conditions set forth in OMB Circular A-21 are met and, to the extent applicable, guidelines of the funding agency are followed. It is therefore the policy of UAB to distinguish graduate student compensation costs from educational assistance and to ensure that graduate student compensation costs are appropriately charged to institutional or sponsored projects.

Guideline Implementation

A. Tuition Remission as a Direct Charge to Institutional or Sponsored Projects

(1) Consistent with UAB policy, graduate students who are appointed to the Graduate Research Assistant category and funded by either institutional or external sponsors are eligible for graduate student compensation, including tuition remission costs. Other categories of graduate student appointments (e.g., Graduate Teaching Assistants and Graduate Assistants) may also be eligible for tuition remission costs only in accordance with UAB policy.

(2) Institutional and sponsored projects that support a Graduate Research Assistant’s compensation may also fund a portion of the student’s tuition, subject to the exceptions specified below. This portion of tuition, referred to as tuition remission, will be a percentage of current UAB in-state tuition rates each term. Graduate Research Assistants are eligible for, at most, tuition remission that is commensurate with their effort.

Exceptions may occur only in the following cases:

a. when sponsors have a written policy that prohibits or limits the charging of tuition as a direct cost to a sponsored project, or
b. when the PI, department chair, and/or dean deem an exception appropriate after review of specific circumstances involved. Grants and Contracts Accounting will review these exceptions as part of normal business monitoring.

When exceptions are authorized, the uncharged portion of tuition remission generally should be treated as cost-sharing. If cost-sharing is required as a condition of a project, tuition remission may be used to meet these cost-sharing requirements, subject to any necessary sponsor approval.

(3) Tuition remission will be directly charged to the institutional or sponsored project fund supporting the student’s compensation. If the student works on one or more sponsored projects for an entire term or a portion of a term, the tuition remission charge must be proportional to the student’s effort and prorated appropriately.

(4) In accordance with UAB’s Negotiated Indirect Cost Rate Agreement with the federal government, tuition remission costs paid directly by federal sponsors do not bear indirect costs. However, indirect costs may be applied to the student’s stipend (salary) charged to a federal award. Therefore, the stipend component of the student’s compensation should appear in the personnel (salary and wages) section of a proposed budget, whereas the tuition remission component should be listed in a separate line item and excluded from Modified Total Direct Costs (MTDC) that bear indirect costs.

B. Tuition Remission Allowability

OMB Circular A-21, Section J.45 provides that tuition remission and other forms of graduate student compensation paid as or in lieu of wages are allowable costs to federal research projects, provided that the following conditions are satisfied:

- The graduate student is performing activities necessary to the project;
- The graduate student is enrolled in an advanced degree program, and his or her activities on the project are related to that degree program;
- The compensation is provided in accordance with established institutional policy and is awarded consistently to students performing similar activities conducted in non-sponsored as well as in sponsored activities; and
- The charges are in accordance with OMB Circular A-21’s effort reporting (A-21, Sec. J.10) and reasonableness provisions.

In 2001, OMB clarified that tuition remission and other forms of support that satisfy these criteria are allowable, regardless of whether the tuition remission coverage or other form of support qualifies as wages for tax purposes.
C. Funding Agency Guidelines

When graduate student compensation is charged to federal awards, UAB must do so in accordance with funding agency’s guidelines. Appendices A (NIH), B (NSF), and C (U.S. Department of Education) of this Policy illustrate common graduate student compensation scenarios pursuant to the guidelines of those agencies. These examples are meant to be illustrative; they are not comprehensive.

Appendix A
Illustrations of the NIH Guidelines for Graduate Student Compensation

The following examples are intended solely as illustrations of some of the more common graduate student compensation scenarios that arise under the NIH guidelines. Principal Investigators and departmental administrators are encouraged to consult UAB’s Office of Sponsored Programs with specific questions concerning graduate student compensation.

Example 1: Graduate student compensation chargeable to NIH awards

- Actual graduate student compensation: $38,102
- NRSA zero-level stipend: $39,264
- Amount awarded by NIH: $35,000
- Standard graduate student compensation rate: $38,102
- First-year post-doctoral scientist rate (current est. avg.): $40,000
- Maximum chargeable rate: $38,102

Graduate student compensation in Example 1 is based on the Graduate School recommended maximum stipend level of $27,000, tuition/fees for 27 credit hours at the estimated FY13 JHS rate, and single-coverage student health insurance at $1,702. In this case, following an award, UAB could rebudget $3,102 from another budget category to support the graduate student’s actual compensation rate of $38,102 and could charge that full amount to the award.

Example 2: Graduate student compensation chargeable to NIH awards

- Actual graduate student compensation: $41,045
- NRSA zero-level stipend: $39,264
- Amount awarded by NIH: $35,000
- Standard graduate student compensation rate: $41,045
- First-year post-doctoral scientist rate (current est. avg.): $40,000
- Maximum chargeable rate: $40,000

Graduate student compensation in Example 2 is based on the Graduate School recommended maximum stipend level of $27,000, tuition/fees for 27 credit hours at the estimated FY13 SHP
rate, and single-coverage student health insurance at $1,702. In this case, UAB’s standard first-year post-doctoral scientist rate is the ceiling. UAB would be permitted to rebudget $5,000 away from another budget category to provide further support for the graduate student’s compensation, but UAB could not charge the grant at a rate in excess of the $40,000 first-year post-doc rate.

Example 3: Overall NIH budget

Salaries
   Dr. A. Smith, PI $25,000
   Ms. B. Jones, Graduate student (GRA) $27,000

Fringe – 31% (not including students)
   Dr. A. Smith $7,750
   Ms. B. Jones $0

Materials & Supplies $2,000

Equipment $0

Travel
   Domestic $3,000
   International $0

Consultants $0

Subcontract $0

Publications $3,000

Tuition for B. Jones $11,102

Total Direct Costs $78,852

F&A Indirect Costs $31,504
   (applied to MTDC)

TOTAL GRANT $110,356

Appendix B
Illustration of NSF Guidelines for Graduate Student Compensation
The following example is intended solely as an illustration of graduate student compensation scenarios that may arise under the NSF guidelines. Principal Investigators and departmental administrators are encouraged to consult UAB’s Office of Sponsored Programs with specific questions concerning graduate student compensation.

### Example

**Salaries**

<table>
<thead>
<tr>
<th>Position</th>
<th>Description</th>
<th>Salary</th>
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</thead>
<tbody>
<tr>
<td>Dr. A. Smith</td>
<td>PI – 1 summer month</td>
<td>$6,250</td>
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<tr>
<td>Dr. A. Smith</td>
<td>25% academic year</td>
<td>$18,750</td>
</tr>
<tr>
<td>Ms. B. Jones</td>
<td>Graduate student (GRA)</td>
<td>$28,000</td>
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</table>

**Fringe**

<table>
<thead>
<tr>
<th>Position</th>
<th>Description</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Smith</td>
<td></td>
<td>$7,750</td>
</tr>
<tr>
<td>Ms. Jones</td>
<td></td>
<td>$0</td>
</tr>
</tbody>
</table>

**Materials & Supplies**  
$1,500

**Equipment**  
$25,000

**Travel**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Domestic</td>
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</tr>
<tr>
<td>International</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Consultants**  
$0

**Subcontract**  
$0

**Publications**  
$3,000

**Tuition**  
$11,844

**Total Direct Costs**  
$105,094

**F&A Indirect Costs**  
$43,661

*(applied to MTDC)*

**TOTAL GRANT**  
$148,455

**Appendix C**
Illustration of U.S. Department of Education Guidelines for Graduate Student Compensation

The following examples are intended solely as illustrations of graduate student compensation scenarios that may arise under US Department of Education guidelines. Principal Investigators and departmental administrators are encouraged to consult UAB’s Office of Sponsored Programs with specific questions concerning graduate student compensation.

Example 1 – Student stipends (no service requirement); more common with scholarship-type grant [See comment above.]

Student Stipends $60,000
Institutional Payment $30,000

Total Direct Costs $90,000

F&A Indirect Costs $0

TOTAL GRANT $90,000

Example 2 – Student salary (service required as research assistant); more common with research grant

Personnel
Dr. X, PI, 20% effort $18,000
Student Y, Research Assistant $25,000

Fringe Benefits
Dr. X $5,580

Travel $2,000

Equipment $0

Supplies $1,500

Contractual $0
<p>| | |</p>
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<tr>
<td>Construction</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total Direct Costs</strong></td>
<td><strong>$53,080</strong></td>
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<tr>
<td>F&amp;A Indirect Costs (applied to MTDC)</td>
<td>$23,356</td>
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<tr>
<td>Training Stipend (for Student Y - tuition)</td>
<td>$11,844</td>
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<tr>
<td><strong>TOTAL GRANT</strong></td>
<td><strong>$88,279</strong></td>
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