In yesterday’s conference I thought I heard that tuition remission for a dependent of an employee is Not to be reimbursed from a grant.

If you have an employee who is 100% funded from a grant and one of the benefits of being employed by the university is tuition remission for dependents, can the grant pay the tuition for the dependent?

Laura: Actually we stated the tuition remission is allowable. The question, if I remember correctly, was “Are tuition and fees allowable on R01s?” And the answer was no.

Jerry: I don’t believe we addressed dependent tuition. We discussed payment of tuition and tuition remission and in that conversation presumed it applied to graduate students.

Tuition for dependents is not allowable. The following section from A-21 (J10) should clarify.

Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen’s compensation insurance, 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. Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998. See Section J.45.b, Scholarships and student aid costs, for treatment of tuition remission provided to students.
QUESTION

So many at UVA are confused when it comes to submitting their cost transfers to move the Tuition costs onto their grant Awards and do NOT understand the difference in the terms Tuition and Tuition Remission. At UVA unless the Source that paid the stipend or the GRA Student Wage has Budgeted support for Tuition the Expenditure Type in the transfer should ALWAYS read School/Fellowship, Tuition Remission. It is my understanding R01 grants do NOT directly pay the Tuition costs, but receive the expenditure as Remission.

In actual practice there is a clearing Project in each Department that receives the direct Tuition Expense which is later cost transferred onto the appropriate grant or non-grant projects.

The message below is copy and paste from University of Virginia Budget Justification policy and for those FEDERAL Awards at Educational Institutions: in regards to TUITION REMISSION.

A award (grant) may fund budgets for direct expenditure of funds under the Expenditure Type Tuition but the Federal R01 awards fund then as Tuition Remission.

If the SPONSOR budgets at the Tuition level then the Expenditure type is School/Fell Tuition but for those who have FEDERAL R01 grants the Expenditure Type should ALWAYS indicate School/Fell Tuition Remission.

The term “average rate basis” indicates the wage source MAY or May NOT pay the % of cost of tuition in accord with the Proportion of GRA Student Wages paid during the semester. I say MAY or May NOT based on the sponsor. Many foundation Sponsors will Allow payment of wages or stipends to the graduate Student but do NOT allow Tuition costs to be supported.

For the federal awards you will note the OMB Memoranda M-01-06 dictates there does NOT have to be an “employer/employee” relationship for purposes of the IRS regulations.

In other words an AWARD other than the federal AWARD may have paid the GRA Student Wages but the FEDERAL AWARD may pay the Tuition Remission cost provided the EFFORT on the federal research project is documented.

FROM this statement I interpret the PI may submit a budget to pay ONLY the Tuition Remission on a R01 grant and may footnote a unrestricted non-federal award will support the wages as long as he documents on the EFFORT report the student worked on the federal project ALL is well.

This is the first instance in which I would find the Personal Services records would NOT be reflecting payment of Wages to the GRA Student that would match to the payout of Tuition Remission but the EFFORT % reported would answer what PORTION of the semester Tuition cost may be transferred as Remission to the Federal R01 AWARD.

If I am NOT interpreting OMB Circular M-01-06 properly, PLEASE ADVISE.

ANSWER

Laura: Tuition is the cost of attending university courses and it is an allowable direct charge to training grants and fellowships for the trainees assigned to the grant. Tuition remission is an employee benefit and if allowed by the institution, will be included in the fringe benefits.

QUESTION

I attended yesterday’s Sponsored Project Essentials Workshop and have a few questions:

Can tuition be charged to a grant?

ANSWER

Jerry: Let’s distinguish this.

For employees working on a grant, Yes. See section J.10 of A-21.

I would add that in order to do this it would need to be done consistently for all employees regardless of whether they are paid from a grant.

For Students working on a grant. Yes but in the form of a tuition remission on research grants. This is described in A-21 section J.45.

For fellowships, the actual tuition (or a portion) is allowable as a charge to the fellowship grant.

QUESTION

What is the Fly America stipulation and when does it apply?

ANSWER

Jerry: The Fly America Act applies to all federal programs and requires the use of an US air carrier. Only under certain conditions as specified in the act can exceptions be made. See Volume 63, No. 219 of the Federal Register dated November 13,1998 Pg. 63417 for details.
QUESTION

For time and effort approval – is first-hand knowledge required?
If so, how do you define first-hand knowledge?
Thanks for your help – I enjoyed the broadcast.

ANSWER

Jerry: First hand knowledge was language in A-21 that has now been replaced by “responsible official(s) using suitable means of verification”. Recent audit reports have indicated that if someone such as a business officer signs an effort certification on behalf of a faculty member that they should have documentation such as an email from the faculty member verifying the validity of the effort. Word of mouth has not been accepted. Many universities have gone to having the employee performing the effort signing the effort report.

QUESTION

Does showing cost share in a proposal help get a grant approved? In other words, is the sponsor more likely to award the funds if the organization shows cost share?

ANSWER

Jerry: It depends. If required the answer is yes. In this instance, not providing cost sharing would disqualify the proposal. If no cost sharing is required, then evidence has shown that it has no impact.

QUESTION

Is having a balance remaining at the end of a project viewed as bad by sponsors? How do most organizations view this?

ANSWER

Jerry: It depends on who you ask (and when). In today’s world of near level funding, I’m sure agencies would welcome returned funds. In most circumstances, agencies would not view this negatively unless there was a pattern from an institution or investigator that could be interpreted as poor budgeting.

QUESTION

Does the Technical Officer for the grant have the authority to approve the use of funds to support at a reasonable level home office internet connectivity when the use of that resource is primarily (>90%) in the support of the advancement of astrophysical research?

In the discussion I thought you said that the Program director did not have the authority.

ANSWER

Jerry: No. The technical officer does not have authority to approve expenditures. In the case of home internet connections, I’m not sure the contracting officer has this authority (or would be willing to exercise this authority) except under the rarest circumstance. This is because like your desk phone, most are used for multiple purposes (research, instruction, administration, personal) and thus would likely be considered an F&A cost. Only in those instances where it could be clearly demonstrated that none of these other uses could (or would) occur could it be considered. In many instances due to the personal use it might even be considered unallowable.

QUESTION

Is it ok to meet your cost-share requirement in categories other than what was proposed in the original proposal as long as you meet the dollar commitment?

ANSWER

Jerry: It depends on what the grant/contract specifies. If this does not answer the question, check with the sponsor.

In general, this will be tied to whether the cost sharing categories might have the impact of causing the work to suffer.

QUESTION

At the workshop today, it was suggested that, for instance, a computer bought with the specific use for a research lab be classified as research supplies instead of office supplies. Would you then use the object code of research supplies instead of computer purchase?

ANSWER

Jerry: I’m not sure it matters what they are called. In our university they would be called non-capitalized equipment. The point is that PC’s unless justified as a unique circumstance benefiting the project would likely be considered an F&A cost and thus would need to be purchased with institutional funds.
QUESTION
When an individual is working on a grant and accruing paid vacation but does not use up this vacation before they terminate our employment, all has been charged to the grant. Just recently, we have had two different sponsors deem this unallowable. How should we handle unused accrued vacation actually earned while working on a project but not used before the employee leaves our institution?

ANSWER
Jerry: When an individual is working on a grant and accruing paid vacation but does not use up this vacation before they terminate our employment, all has been charged to the grant. Just recently, we have had two different sponsors deem this unallowable. How should we handle unused accrued vacation actually earned while working on a project but not used before the employee leaves our institution?

There are two methods commonly used by universities. The first is that the university handles vacation payout on a cash basis. This means they pay it from the source charged at the time of termination. This is commonly used and accepted under the theory that in some instances the government pays too much and in some instances, the government pays too little. If there is a particularly bad instance where a person only works on a grant a short period and has a lot of vacation I would recommend that the institution fund this.

The second case is that vacation is set up as a deferral in the accounting system and vacation is charged to deferral account when earned and then charged when the person takes vacation. Any unused balance is also paid from this account when the employee terminates. This sounds simple but is very complicated to establish and maintain. For this reason many universities use the first method.

QUESTION
Do you have any procedures or can you provide a website reference for bad debt expense for Grants & Contracts?

ANSWER
Jerry: I would look at the websites of research accounting offices at major research institutions. Many universities do not write these policies but have an understanding based on institutional culture.

QUESTION
Who normally absorbs the costs when non performance is involved?

ANSWER
Jerry: This will vary by institution. At Vanderbilt, due to our financial model, this would be a department or school responsibility.

QUESTION
How much time is the norm to deem an Accounts Receivable uncollectible? We have actually collected on some several years old.

ANSWER
Jerry: It depends on the situation. Vanderbilt uses a model which sends out a second bill after a period of time, maintains contact with the sponsor, communicates with the PI, Department, School, Pre-Award Office and the Office of General Counsel. As the time increases, communication normally reveals the problem and a decision is made on a course of action.

QUESTION
Who normally absorbs the cost when an expense is deemed unallowable after billing?

ANSWER
Jerry: Department or School.

QUESTION
I have a few questions related to Stipends and Tuition.

ANSWER
Perhaps some definitions might help in answering this.

Stipend – Educational Assistance provided to Students (normally graduate students) Not compensation for services performed. Students receiving stipends are associated with fellowship grants.

Tuition – Fellowship grants normally provide tuition (or some portion)

Tuition Remission – Normally provided as a form of compensation for graduate research assistants paid on research grants. The amount is normally scaled based on the appointment (more for full time than part-time). It is important to understand that for tuition remission to be allowable that all similarly situated graduate students should receive tuition remission regardless of fund source.
QUESTION
I understand there is a difference in Tuition Remission and Tuition in the form of Financial Aid. My question is aside from training grants how are these costs treated on most Federal awards?
For instance, Tuition Remission is included in the Fringe cost pool, therefore only reimbursable as part of the Fringe rate. Also, is the Tuition (Financial Aid) then included in the Fringe pool or as part of the F&A pool?

ANSWER
Jerry: At the institutions I have worked tuition remission for students has not been treated as a fringe benefit but a direct cost. Tuition for employees is considered a benefit.

QUESTION
I believe I read where Stipends are included in the F&A pool and are only reimbursable as part of the F&A rate. Is this correct? Can Stipends be included at any time on awards other than training grants as a Direct Cost?

ANSWER
Jerry: Based on the above it is my belief that stipends are only paid as a direct cost on fellowships. In a previous settlement with a major research university it was determined that stipends were not allowable on research grants.

QUESTION
We are consistently trying to correct our P.I. about budgeting 100% of an academic month as cost sharing.
How do you address P.I.’s wanting to cost share 100% of their time in the academic time?

ANSWER
Jerry: Many institutions are discouraging faculty from charging or cost sharing 100% time. There are normally non-research activities occurring such as proposal writing, committee assignments, counseling and teaching activities.
Denise: I agree with Jerry - and it is an easy find for an audit: Show me all your personnel who were charged 100%. Easy thing to then dig into.

QUESTION
I attended the video presentation “Sponsored Projects Essentials” and have the following question:
A faculty member submits a reimbursement request for travel expenses, which include a first class plane ticket. Since there is no disability, faculty member receives reimbursement for Business class - flight was over 14 hours.
Should this be deducted from the total reimbursement paid from the grant or can the faculty member keep the money to help defray her costs for the first class ticket? If the faculty member keeps the funds, is this considered “compensation” even though the faculty member presented & was paid under the grant?

ANSWER
Jerry: The language regarding travel in A-21 reads as follows:
a.) Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available), or the lowest commercial discount airfare are unallowable except when such accommodations would:
   (a) require circuitous routing;
   (b) require travel during unreasonable hours; (c) excessively prolong travel;
   (d) result in additional costs that would offset the transportation savings; or
   (e) offer accommodations not reasonably adequate for the traveler’s medical needs. The institution must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.
Given this language, reimbursement at economy class would be considered reasonable rather than business class.

Skipping to the other information provided, the $3,150 should be used to defray any differential (if permitted under the terms of the provider) and if there is any amount remaining it should be used to reduce the travel expense to the grant. Under no circumstance should the faculty member be allowed to retain the $3,150 since it was provided to offset the travel costs.

However, organizers for the two conferences in which the faculty member presented reimbursed $3150 directly to the faculty member to help offset costs of travel.