

Compliance Information for Tuition, Scholarship, Student Aid payments from Sponsored Projects Accounts

1. Tuition, scholarships, fellowships, other student aid, or stipends that are not compensation for services
 - Are allowable ONLY from Research Training, Scholarship, Fellowship, or other Student Aid sponsored projects. These sponsored projects must be specifically designated by the sponsor to be for research training or student aid.
 - Are NOT allowable from sponsored projects that simply have tuition included in the sponsor-approved budgets for students employed or otherwise working on the project as these do not constitute sponsor-designated training or student aid projects.
 - Per OMB A-21, student aid payments are only allowable from non-Student Aid awards when it is in accordance with established 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. At KSU, institutional policy does NOT provide for tuition remission for non-sponsored students, therefore providing it via sponsored funding is unallowable.
 - The National Institute of Health Grants Policy Statement (NIH GPS) specifically prohibits scholarship, fellowship, or student aid payments from their research grants stating that
 - Payments made for educational assistance (e.g., scholarships, fellowships, and student aid costs) may not be paid from NIH research grant funds even when they would appear to benefit the research project.
 - Stipends are not allowable under research grants even when they appear to benefit the research project.
 - The NIH GPS should be consulted for specific guidance on payment of stipends from that agency's Kirschstein-NRSA individual fellowships and institutional research training grants.
2. Tuition or other student aid/support, or stipends that are compensation for services
 - Are allowable from sponsored projects if
 - The student is doing work necessary to the project
 - The student's total compensation package is comparable to the total compensation of other students doing similar work on non-sponsored

activities. Paying students funded by sponsored projects an amount in excess of those being paid for similar work on non-sponsored funding, simply because of the funding difference, is not allowable.

- Students are considered to be providing services for compensation if they are performing any of the following activities
 - Teaching
 - Research where the department or University is directing the course of the research work
 - Research where the University has the right to retain resulting patents or copyrights
 - Other services that benefit the University, such as working in a department office, assisting a professor, or keeping office hours.

To pay for tuition or student aid as compensation for services:

- a. The best practice in these cases is to make ALL such payments, including any payment of tuition costs, to the student as salaries and wages via the payroll system. Students would be responsible for paying their own tuition bill or other student-related costs.
- b. If for some reason the department still wishes to pay the student's tuition bill directly
 - such payment must be considered as a part of their total compensation package (see allowability criteria above). For the tuition bill to be accounted for properly the student's paycheck must be adjusted to reflect the compensation; *therefore the student must be on payroll and receiving a paycheck for work being performed.* If the student is not working and receiving a paycheck, then payment of the student's tuition bill from the sponsored project is generally not allowable.
 - When making such payment, it must be coded with object E5610, "Tuition in lieu of salary". This will allow the payment to be properly treated as compensation and necessary adjustments to withholding and the W-2 will be made by Human Resources. Departments should inform students of the effect the tuition payment will have on their paychecks. Adjustments may cause inconsistent paycheck amounts depending on the timing of the tuition payment and related withholding adjustments. *This distortion of paychecks is avoided if student's pay their own tuition as recommended in a. above.*

Note: OMB Circular A-21, Section J.45, Scholarship and Student Aid Costs addresses the allowability of tuition and student aid payments from sponsored projects. The information here is based on that guidance.