



DUKE UNIVERSITY GRADUATE SCHOOL

Jo Rae Wright, Ph.D.

Vice Provost and Dean of the Graduate School

Professor, Department of Cell Biology

MEMORANDUM

Date: October 9, 2008

To: Deans
Associate and Assistant Deans
Department Chairs
Directors of Graduate Studies
Business Managers
Grant Managers
Directors of Graduate Studies Assistants

From: Jo Rae Wright 

Re: Tuition Remission Policy Implementation

Duke University is changing its policy and procedures for compensating Ph.D. student Research Assistants effective July 1, 2009. The information below describes our current and new processes, which are based on the implementation of a tuition remission policy, and includes links that provide additional information for your review. This change is being made to address potential IRS tax inequities within the graduate student population, and to improve consistency in payments made to students throughout the Graduate School.

Current System: Students in the Graduate School at Duke University are currently charged tuition and fees. Almost all Ph.D. students receive a scholarship that covers their entire tuition. The Graduate School registration fee, health and recreation fees, however, are paid in a variety of ways. Teaching Assistants and students supported on fellowships receive scholarship funds to cover their fees while graduate students working as Research Assistants pay for these fees out of pocket or through payroll deduction. When Research Assistants pay fees in this manner, their reportable compensation, per IRS regulations and, therefore, their tax liabilities are potentially higher than those of students with fellowships or Teaching Assistantships. The potential inequity created by the current system has been a source of student dissatisfaction for a number of years.

Ad Hoc Committee on Graduate School Financial Policy Recommendations: In September 2007, the Provost asked me to chair an Ad Hoc Committee on Graduate School Financial Policy to review these issues and to make recommendations that would 1) improve consistency in the payment of tuition and fee scholarships across all Graduate School departments, 2) develop a process to ensure standardization and consistency in Research Assistantship compensation, and 3) implement a tuition remission policy.

This committee, comprised of academic and financial leadership from across the University, recommended that a ***tuition remission policy be implemented effective July 1, 2009***. In addition, in order to simplify accounting under the new tuition remission policy, the Committee also recommended that ***the Graduate School registration fee be eliminated*** and that tuition for Ph.D. students in their first through third years be increased to reflect elimination of the registration fee. Tuition in years four and beyond will be based on approximately the same value as the current registration fee, adjusted annually to reflect anticipated cost of living increases. This two-tiered tuition structure continues to reflect the principle that the cost of educating Ph.D. students is substantially higher in years 1-3 than in future years when the bulk of their education is dedicated to independent research. The Graduate School registration fee for Masters students will likewise be eliminated, and the cost per credit unit will be adjusted to compensate for the loss in fee revenue as well. ***The total cost of tuition and fees will be no higher than if tuition remission were not implemented.***

New System - Tuition Remission: Tuition remission is a share of tuition that is included in the student's total compensation package, along with their living wage (i.e. salary) and any applied fringe benefits. Under this new policy, ***Research Assistants will receive tuition remission in lieu of a portion of their living wage***

and will no longer pay fees out of pocket or through payroll deduction. Although tuition remission is considered part of the student's total compensation package by federal government cost accounting standards, it is not reportable to the IRS, nor is it taxable, since it is not paid through the payroll system, but is charged directly to the sponsoring (institutional or external) funding source. Tuition remission is an allowable charge to externally-sponsored projects, for work performed on the project, provided that the institution similarly compensates graduate student research assistants working in non-sponsored activities.

Note that this policy applies only to Ph.D. students. It does not apply to Masters students or students who transition to a terminal Masters program and continue to work as research assistants. However, we will be investigating the possibility of including for Masters students under the Tuition Remission Policy in the future.

Tuition remission must, by federal government reporting requirements, be charged 'below the direct cost line,' and is therefore excluded from the calculation of Indirect Cost Recovery (ICR). For existing grants that were funded under the current system, and any grants that may be awarded between now and June 30, 2009 and that will become and/or remain active during FY2010, Principal Investigators will have the opportunity to re-budget awarded dollars from indirect to direct, thereby recovering some of this loss in the early years.

The complete [Tuition Remission Policy](#) is posted on the Graduate School Web site. Note again, however, that the Tuition Remission Policy, for the purposes of both budgeting and actual grant accounting, will not become effective until July 1, 2009. The University General Accounting Principles (GAP) and the Sponsored Programs Post Award Compliance manuals will be updated to address the implementation of Tuition Remission as we move closer to the implementation date.

Over the course of the next several months, the Graduate School Office of Budgets & Finance and Sponsored Programs will be conducting training sessions to assist departments and Grant Managers in implementing this new policy. Please let me know if you have questions or concerns.

cc: Thomas Davis
Jim Luther
Christin Marten
Cindy Robertson