Closeout Project Update:
Tuition Remission

April 23, 2015
French Family Science Center 2231

Jim Luther, Cindy Robertson, Nate Martinez-Wayman
Agenda

Tuition Remission Average Rate Basis
Impact on Graduate Departments
Impact on Grant Management
Impact on Effort Certification
Roles and Responsibilities
Getting Ready for September
Closeout, Final Reporting, Cash Draw Process & SubAcct Integration

The Catalyst
GAO Report

The Transparency
SubAcct Implementation

The Cash
Agency & Payment Management Groups are/planning to enforce limitations on drawdowns 90 days after end-date.

The Enforcement
Recent Agency Enforcement

The Guidance
UG: Reports Due at 90 Days / Agencies have one year after receipt to complete closeout or will proceed to Unilateral Close (includes financial & programmatic)

Timely and Effective Closeout*

* Timely and Effective Closeout:
  • Safeguard sponsor and institutional funds
  • Accurate & compliant close-out that does not require revisions
Closeout Project: Where Are We Now?

- **Awareness**

- **Develop/Rollout Group 1**

- **Develop/Rollout Group 2**

- **Develop/Rollout Group 3**

- **Resolve Backlog/Subaccount Transition**

- **Clean Close Transition (Starts Jan 1, 2015)** *

- **Clean Close Tech: Req Definition 6-7 Mos, Dev 9 Mos, Test/Pilot**

- **Short-Term Tech Tools Rollout**

* Clean Close Effective date will be determined by Barrier resolution and federal regulatory environment changes
Tuition Remission Working Group

- Kathy Bader - SISS
- Shannon Clarke - Biostatistics & Bioinformatics
- Rebecca Dupre - Pratt School of Engineering
- Keith Hurka-Owen - ORS
- Andrea Lanahan - Medical Scientist Training Program
- Nate Martinez-Wayman - OSP
- Iryna Merenbloom - Graduate School
- John Michnowicz - ORA
- Betsy Morris - Bursar’s Office
- Debera Nixon - RAD
- Cindy Robertson - Graduate School
- Laura Tran - Provost’s Office
- Beth Whitfield - Financial Services
Objectives

Context of Change

• Inefficiencies in current processes
• Particular barriers to closing sponsored research projects

Federal Approval

• New methodology has been approved by DHHS

Benefits and details of the new model
Tuition Remission Average Rate Basis

Improvements

• Reduces challenges for grant reconciliation and closeout
• Improves efficiencies in required touches to tuition remission due to changes in grant funding
• Simplifies effort card certification for graduate students
• Reduces duplicative GL accounts to streamline coding
Tuition Remission Average Rate Basis

What is Tuition Remission?

• All or part of graduate student research assistant (RA) tuition paid by sponsored and institutional research projects on behalf of the student in lieu of salary
• Salary + fringe benefits + tuition remission = total RA compensation
• Approved only for PhD graduate students
• Not subject to fringe benefit or indirect cost recovery (ICR) charges
• Not considered reportable income by the IRS
Tuition Remission Average Rate Basis

Current model

- Tuition remission ($3,162 per semester) is charged directly to the research project funding the RA
- Prorated for split-coded RAs; must match salary distribution on iForms
- Prorated based on months worked in the semester based on the 4/5/3 months per semester model
- Retroactive changes in salary require retroactive changes in tuition remission
- Highly labor intensive burden requiring changes in web app, delays in iForm processing, manual posting to student accounts, etc.
Tuition Remission Average Rate Basis

New model: Average Rate Basis (ARB)

• Calculated as a percentage of all salaries charged to 601200
  • GL account 604200 will be eliminated
• Automatically assessed on a monthly basis during month end close
• Retroactive changes in salary will automatically generate a retroactive correction to tuition remission
  • Prior year corrections will be based on prior year rate
  • Changes to academic year 2014-15 and earlier will be manual (DGSA responsibility)
Tuition Remission Average Rate Basis

New model: Average Rate Basis (ARB)

- Continue to be charged to GL account code 634700
- GL accounts 633100, 633700, and 634100 will be eliminated
- Effective Fall 2015 tuition; September 1, 2015 payroll
- Calculated rate for AY2015-16 will be 33.9%
- No change in exclusion from IDC
Tuition Remission Average Rate Basis

New model: Average Rate Basis

- Tuition remission will be disbursed to students’ accounts from an institutional fund code (1001000 GL 246600)
- Monthly tuition remission assessment will ‘recover’ tuition remission from research projects supporting those students
- Semester and year-end reconciliation process will ensure accurate charging of tuition remission to 1001000 and assessment of tuition remission on research projects
- Global reconciliation by The Graduate School (not at grant level)
- Variances between total tuition remission charged to 1001000 and total tuition remission recovered will be accounted for as an increase or decrease in the subsequent year rate
## Tuition Remission Average Rate Basis

### Fall Example

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay student account</td>
<td>1001000/246600</td>
<td>3,290</td>
<td></td>
<td></td>
<td></td>
<td>3,290</td>
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<tr>
<td>Student salary charged</td>
<td>3x3xxxx/601200</td>
<td>2,402</td>
<td>2,402</td>
<td>2,402</td>
<td>2,402</td>
<td>9,608</td>
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<tr>
<td>Tuition remission posted</td>
<td>(33.9%) 3x3xxxx/634700</td>
<td>814</td>
<td>814</td>
<td>814</td>
<td>814</td>
<td>3,257</td>
</tr>
</tbody>
</table>
Tuition Remission Average Rate Basis

New model: Benefits

• Student accounts will be paid in a timely manner decreasing manual postings, reducing late payment charges and minimizing student & DGSA angst!
• Minimizes Web App/student account adjustments for tuition remission due to changes in student funding; One and done!
• Minimizes risk of lost revenue due to late closes on sponsored projects
• Substantially reduces labor involved in accurate posting of tuition remission and effort certification for graduate students
Tuition Remission Average Rate Basis

New model: Benefits

- Distributes total RA compensation equally across all months vs. the current 4/5/3 months per semester distribution
  - Normalizes total compensation between the semesters
- Consolidating to a single tuition remission account code (634700) and single PhD RA account code (601200)
  - Eliminating 604200, 633100, 633700, and 634100
Tuition Remission Average Rate Basis

New model: Rate setting and reconciliation process

• Tuition remission rate adjusted annually
• Communicated by October for budgeting for the following year; e.g. October 2015, for the 2016-17 academic year
• Calculated by dividing the most recently completed academic year tuition remission (charged to GL account code 634700) by the total PhD student RA wage base (salaries charged to 601200), adjusted for prior year under or over recovery and future year inflation
• Rate change each year effective with the fall semester and on September 1\textsuperscript{st} for payroll purposes
Tuition Remission Average Rate Basis

New model: Rate setting and reconciliation process

- Semester-end reconciliation will compare tuition charged to 1001000 to tuition remission assessed on GL account 634700
- If tuition is charged to 1001000 in a semester, tuition remission for that same student should be assessed on a research project
- If tuition is assessed on a research project for a specific student; that student should have tuition charged to 1001000
- With the ARB methodology there will not be an exact match by student
- Deviations beyond expected norms will be researched
- DGSAs may be contacted
### Tuition Remission Average Rate Basis
#### Summer Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Fund/GL Code</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>Summer Semester</th>
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<tbody>
<tr>
<td>Pay student account</td>
<td>1001000/246600</td>
<td>3,290</td>
<td>3,290</td>
<td>3,290</td>
<td>3,290</td>
</tr>
<tr>
<td>Student salary charged</td>
<td>3x3xxxx/601200</td>
<td>2,402</td>
<td>2,402</td>
<td>2,402</td>
<td>7,206</td>
</tr>
<tr>
<td>Tuition remission posted (33.9%)</td>
<td>3x3xxxx/634700</td>
<td>814</td>
<td>814</td>
<td>814</td>
<td>2,442</td>
</tr>
</tbody>
</table>
## Tuition Remission Average Rate Basis
### Full Year Reconciliation

<table>
<thead>
<tr>
<th>Description</th>
<th>Fall (4 months)</th>
<th>Spring (5 months)</th>
<th>Summer (3 months)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay student account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1001000/246600</td>
<td>3,290</td>
<td>3,290</td>
<td>3,290</td>
<td>9,870</td>
</tr>
<tr>
<td>Student salary charged</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3x3xxxx/601200</td>
<td>9,608</td>
<td>12,010</td>
<td>7,206</td>
<td>28,825</td>
</tr>
<tr>
<td>Tuition remission posted (33.9%)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3x3xxxx/634700</td>
<td>3,257</td>
<td>4,071</td>
<td>2,442</td>
<td>9,771</td>
</tr>
</tbody>
</table>
Impact on Graduate Departments

Things to keep in mind…

• Fund code 1001000 should be used for tuition remission posting in the Web App for all designated PhD research assistants in Job Code 1590

• Exceptions:
  • Detailed guidance for all exceptions is outlined in the revised Tuition Remission Policy posted by the Graduate School https://gradschool.duke.edu/financial-support/financial-policies-forms-and-resources
  • Sponsors or individual projects that disallow tuition remission; use institutional/departmental fund code
Impact on Graduate Departments

Things to keep in mind...

• More exceptions:
  • Students working as a combined RA/TA; split-code tuition remission in the same percentage as salary distribution
  • Early termination – do not prorate! Variance will be a subsequent year adjustment in the rate
  • RA tuition remission is already paid in full by another source (i.e. military, foreign government) – do not charge to 1001000. Identify the tuition funding source in the Web App
  • All exceptions deserve a comment in the Web App!
Things to keep in mind...

- Continue to enter the *actual funding source(s)* in the Web App for *stipend/salary*, i.e. 3x3xxxx, 451xxxx, etc.
- System edits will only allow 601200 to be used for ‘*base*’ salary for students in job code 1590
- *Coming in Fall 2015*: Supplemental payments for graduate students in Job Codes 1594 (Teaching Assistant) and 1502 (Graduate Assistant) will be chargeable to GL code 601200, for non-routine incremental work on research projects
Impact on Graduate Departments

Things to keep in mind...

• TGS will continue to monitor Job Code 1590 iForms to ensure compliance with new methodology
  • Make sure you use the proper GL account code for salaries!
• Prior year corrections will be based on prior year rate
  • Exception! Retroactive changes to academic year 2014-15 and earlier will still have to be done manually using the current methodology
Impact on Graduate Departments

Questions?
Impact on Grant Management

Proposal Budgeting

- GMs should start using new methodology in proposals now
- SPS will not automatically calculate rate – Tuition Remission will still need to be added manually
- Use Graduate Student Salary * ARB (33.9% for AY16) to calculate expense
- Projected rates for out years will be published by the Graduate School
Impact on Grant Management

Monthly Reconciliation

• Posts like a fringe benefit (tied as a % of salary) using GL 634700
• SAP line item text includes DUID, Name, Payroll Period for each student
• May not match exactly to semester tuition charge – could be lower or higher
• No rebudgeting required, $ impact is minimal
Impact on Grant Management – Exceptional Circumstances

Sponsors who won’t pay Tuition Remission

• Sponsors who do not pay across the board will be identified centrally and excluded from this process
• For project specific disallowances, department will need to identify a departmental code for tuition remission to be entered in Web App and OSP will reverse the monthly ARB posting

Tuition Remission is covered from another source

• i.e. Foreign Govt support of RA
• TGS or OSP will reverse the monthly ARB posting
Effort Certification

Supplemental Certification no longer needed in ECRT

- Since tuition remission will be calculated as a percentage of salary, certification of tuition remission is no longer required
- *Graduate students will only need to certify their annual salary*
Roles and Responsibilities

Grant Managers

• Ensure proposal budgets reflect ARB
• Reconcile monthly to ensure grad student payroll is appropriate – tuition remission, like fringe benefits, is automatically calculated and does not need separate reconciliation
• Communicate to DGSAs and OSP if tuition remission is posting to a project where it is unallowable
• Consider implications for grant projections
• Communicate project end dates to DGSAs and Payroll Reps
Roles and Responsibilities

DGSAs

- Ensure accurate fund code for tuition entries
- Use 1001000 for all Research Assistant tuition remission
- Use actual funding source for RA stipend/salary

Payroll Reps

- Use 6012 for all RAs in job code 1590
- Use 6014 for all other PhD students
- No changes for professional and masters student
Preparing for September

GL and Job Code cleanup

• Make sure your iForms are in order
• Make sure retros are caught up or they will need to be processed the old fashioned way

Proposals

• Start Now!

Spread the Word
Resources

For Rates, Documentation and Questions:

- [https://gradschool.duke.edu/financial-support/financial-policies-forms-and-resources](https://gradschool.duke.edu/financial-support/financial-policies-forms-and-resources)
- Cindy Robertson [cynthia.robertson@duke.edu](mailto:cynthia.robertson@duke.edu)
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- [gssfadmin@duke.edu](mailto:gssfadmin@duke.edu)
Questions?