






**MEMORANDUM**

**TO:** Deans, Directors, and Department Heads

**FROM:** Warwick A. Arden   
Executive Vice Chancellor and Provost

Mary Peloquin-Dodd   
Interim Vice Chancellor, Finance and Administration

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Vice Chancellor, Research and Innovation

**SUBJECT:** Contracts & Grants and Student Fees

**DATE:** July 22, 2019

Federal regulations (2 CFR 200, or "Uniform Guidance") prohibit the payment of certain student fees (student activity fees) from federal sources. Uniform Guidance does allow for payment of other student fees but only when those fees are paid consistently on behalf of similarly employed students, regardless of funding source. For example, in order for student fees to be allowable costs for research assistants employed on federal awards, 1) fees may not include student activity costs as defined by Uniform Guidance, and 2) the university must have a consistent practice of paying those fees for all research assistants.

Currently NC State does not have a uniform policy or consistent practice with respect to student fees that meets these federal requirements. Consequently, student fees are not allowable costs on federal awards and are not considered allowable sponsored project expenditures.

To ensure the University's compliance with Uniform Guidance, colleges, centers and institutes are instructed as follows:

1. Sponsored program proposal budgets should not include student fees except where the funding opportunity explicitly allows fees. Fellowship programs are a common exception. Please consult SPARCS if you have questions about a particular funding opportunity.
2. For currently active sponsored projects that include student fees for student employees:
  - a. Where possible, rebudget student fees to include those dollars as part of student stipends.
  - b. For individual students whose fees have been paid previously, a stipend increase is recommended to offset the fees that students will now need to pay themselves (approximately \$2,700/yr for a full course load), plus the taxes associated with this income. Using a 25% estimated income tax rate, the gross stipend increase should be approximately \$3,375. Be aware, that this rebudgeting will trigger an increased billing for F&A of up to \$1,755. The figures will be higher in cases where college fees are also being covered.

- c. Where student fees continue to be paid from an active award, any continuation or renewal proposal must follow the guidance in #1 above.
- d. Contact the Office of Contracts and Grants for guidance on specific awards.
- e. Where rebudgeting student fee costs to stipends and the concurrent stipend increase to each student on a given active project is not possible given existing commitments, continuation of the current practice through the project end date is acceptable.
- f. Renewals and continuations require a change in practice however and students should be provided ample notice of this change.

### 3. Graduate Students

- a. Some academic programs may determine that in order to maintain a competitive compensation package for graduate student recruitment, an increase in the program stipend level is needed in lieu of an explicit offer to pay fees directly on behalf of the students. The Graduate School can provide annual guidance and estimates of fees and associated tax amounts.
- b. For current students who have had or are having student fees paid directly from active contracts and grants, it is recommended that they be transitioned to the increased stipend model concurrent with any transition from one project to another.
- c. Lump sum payment of student fees present a cash-flow problem when these obligations fall personally to the student themselves. The University provides a Fee Payment Plan as a means of mitigating this problem. Detailed information can be found at <https://studentservices.ncsu.edu/your-money/bill/pay-your-bill/enroll-in-a-payment-plan/>

The University is actively investigating opportunities to establish practices that will allow consistent payment of certain student fees from sponsored projects or other means of mitigating financial difficulties this regulation poses for students, principal investigators or the University in general. The instructions herein will remain in effect unless and until such practices are developed.

For questions pertaining to pre-award proposals, budgets, renewals, etc. contact [sps@ncsu.edu](mailto:sps@ncsu.edu). For post-award questions contact [cnghelpdesk@ncsu.edu](mailto:cnghelpdesk@ncsu.edu). For questions pertaining to graduate appointment compensation, please contact [gradschool-assistantships@ncsu.edu](mailto:gradschool-assistantships@ncsu.edu).