

University of Illinois Urbana-Champaign

Tuition Remission Rate Calculation Overview

November 1, 2018

The following summary is intended to provide background for faculty and address some of the basic questions about the derivation of the tuition remission rate at the University of Illinois Urbana-Champaign (UIUC). It explains the process for graduate tuition remission, and how the graduate tuition remission rate is calculated.

Graduate Student Tuition at UIUC

Graduate and professional student tuition varies across colleges corresponding to variation in cost to deliver particular educational programming. Like undergraduate tuition, graduate tuition is set by the Board of Trustees.

Tuition remission

In order to recover the cost of graduate education from the sponsor, tuition remission is charged to sponsored projects that fund graduate assistantships. The majority of tuition remission is returned to the colleges in lieu of tuition to support the educational cost for those students on assistantships. Under current policy, the amount of tuition remission charged to a sponsor is proportional to the stipend of the student for whom tuition is being paid.¹

Tuition Remission Rate Determination

Our sponsors recognize the importance of such costs and reimburse institutions of higher education for tuition remission costs. The graduate tuition remission rate is the percentage of the student's salaries and wages that are charged to the sponsored project. The tuition remission rate is established after the following steps:

- Tuition Remission Rate Calculation by the University Government Costing.
- Review of the Rate Detail by University System including the Vice Provost, Dean of the Graduate College, and the Vice Chancellor for Research. The Rate is also reviewed by the elected faculty members on the Executive Committee of the Graduate College.
- Submittal to the Federal Government Cognizant Agency (Office of Naval Research, ONR) of the rate as determined by the University System.
- Audit of the rate by the Defense Contract Audit Agency (DCAA) on behalf of ONR
- Negotiation and approval of the rate by ONR

¹ Note that some graduate or professional programs do not accept tuition remission for graduate research assistants and instead may require that the actual program tuition be charged to the student or to a sponsored project that is supporting that student.

In its simplest form the Tuition Remission blended rate is calculated as follows:

$$\begin{array}{c} \text{Total Cost of Tuition} \\ \text{Waived for all} \\ \text{Graduate Students} \\ \text{with Assistantships} \end{array} \div \begin{array}{c} \text{Total Salaries of all} \\ \text{Graduate Students} \\ \text{Receiving Tuition} \\ \text{Waivers} \end{array} = \begin{array}{c} \text{Tuition} \\ \text{Remission} \\ \text{Rate} \end{array}$$

In FY18, a tuition remission rate of 82% was determined by dividing the total calculated tuition for research assistants paid on sponsored funds in FY16 (\$28,247,036), assuming in-state tuition, by the total of their stipends (\$34,647,116).² In recent years, the campus administration has made a decision to discount the tuition remission actually charged to sponsored projects from the calculated rate. **Since FY14, this discounted rate has been 64%, and sponsored projects have continued to be charged a 64% rate.**

Charging Tuition Remission to Sponsored Projects

Following determination and approval of the tuition remission rate for a fiscal year, that rate is used in calculating sponsored projects budgets reviewed by our Sponsored Programs Administration office (SPA). Tuition remission is calculated by multiplying (the tuition remission rate) X (the salaries and wages of graduate assistants paid on sponsored projects). The resulting amount is charged as a direct cost to sponsored projects. These direct costs are not included in the modified total direct costs (MTDC) to which F&A charges are applied.

References

Graduate Student Tuition

<https://registrar.illinois.edu/tuition-fees/tuition-fee-rates/>

OBFS Tuition Waiver Policy

<http://www.pb.uillinois.edu/what-we-do/budget-planning-and-analysis/tuition/>

Graduate College Tuition Waiver Policy

<http://www.pb.uillinois.edu/what-we-do/budget-planning-and-analysis/tuition/>
<https://grad.illinois.edu/gradhandbook/2/chapter7/tuition-waivers>

² The tuition amounts are provided by the Division of Management Information (DMI) based on the actual tuition assessment and appointment files.

Frequently Asked Questions

Who sets graduate tuition at the University of Illinois?

Each year, tuition rates for undergraduate, graduate and professional students at the University of Illinois are recommended by the Provost to the University's Office of Planning and Budgeting, for approval by the Board of Trustees.

What is graduate tuition remission?

Graduate tuition remission is the practice of charging a sponsored project budget for the cost of all or part of the student's tuition when a student is employed as a research assistant supported by the project's funds. Graduate tuition remission is calculated as a percentage of the student's stipend.

Is it legally allowable that tuition remission be charged to sponsored projects?

The cost of tuition remission is an allowable expense on sponsored projects, provided that the student is (1) conducting activities necessary to the sponsored agreement; (2) tuition remission is provided in accordance with established educational institutional policy; (3) tuition remission is provided consistently to students in return for similar activities conducted for non-sponsored (e.g. teaching assistants) as well as sponsored activities; (4) the student is enrolled in an advanced degree program at the institution related to the sponsored research project; and (5) the tuition or other payments are reasonable compensation for the work performed and are conditioned upon the performance of necessary work

What is the graduate tuition remission rate?

The graduate tuition remission rate is the rate used in charging sponsored projects for tuition remission as a fraction of the research assistant's stipend, as calculated by University Government Costing, reviewed by university administration and faculty, and approved by the federal government.

What are graduate tuition remission funds actually used for? How are they distributed across campus?

Beginning in FY15, 25% of graduate remission at the University of Illinois at Urbana-Champaign has been allocated to the campus administration, and 75% has been distributed to the home college of the graduate assistant. These funds are then allocated by the college. How these funds are used is at the discretion of the college and the home department.

Does graduate tuition reflect any real costs?

Graduate education requires faculty time, materials, supplies, and administrative support; these are real costs. The cost of tuition is set by the Board of Trustees, on the recommendation of the Provost and University Administration, taking these factors into account.

If tuition reflects real costs, why is there a formula that suggests those costs are dependent on the student's stipend?

The current method of calculating a rate for tuition remission and applying this rate to graduate student stipends was developed to simplify the process of charging tuition remission to sponsored projects. It is analogous to charging a fixed percentage of salary for health insurance or other fringe benefits.

If graduate tuition remission is an arbitrarily set source of revenue, why make the process so complex? Could we charge actual tuition, or a portion of actual tuition, rather than remission?

Yes, actual tuition or a portion of actual tuition could be charged to sponsored projects. Our financial systems are not currently configured to accommodate this method, although the campus administration is always considering ways to improve service to the research enterprise. Notably, the accounting changes necessary to move students from one project to another would be more complex in a system that charged tuition rather than a remission rate, and so there would be additional transactional burden if such a change were made.