

## **SCHOLARSHIPS AND FEES ON SPONSORED FUNDING**

Under the Resource Management Model, colleges will be administering graduate scholarships. While there will likely be an increased emphasis on paying the graduate scholarships from grant funding, Federal costing policies must still be followed. The paragraphs below provide a recap of Federal regulations OMB Circular A-21 and Uniform Guidance: 2 CFR Part 200 regarding the allowability of charging graduate scholarships and fees to Federal awards.

The general rule is that Federal grants can be charged no more than the ISU minimum required to be provided to the graduate student for scholarship or fees in accordance with established institutional policy. Some Federal sources such as USDA Hatch Act funding do not allow scholarships of any amount to be charged. Therefore:

- Federal awards can be charged for 100% of the tuition scholarship for a PhD student as long as the award does not prohibit the charging of tuition.
- Federal awards can be charged for 50% of the tuition scholarship for a Master's student as long as the award does not prohibit the charging of tuition.
- In order to be an allowable charge to a Federal award, the percentage of scholarship paid from the grant should be less than or equal to the percentage of C-base salary paid from that grant during a qualifying consecutive appointment period (at least three months for the fall and spring semesters, and at least six weeks for the summer semester).
- Federal awards cannot be charged for student fees since there is no institutional policy requiring that student fees be paid by an ISU department.
- Certain fellowship and training grants are an exception to the above policy. Consult the award documents to determine allowable scholarship and fee payments.

If for strategic reasons, a department wants to provide a scholarship in excess of the ISU minimums or wants to cover student fees, Federal awards cannot be charged for the additional scholarship or fees but other funding sources could be used such as:

- Non-federal grants, as long as the award does not prohibit the charging of tuition and fees
- Foundation funds, if permitted by the donor
- General university funds
- Service center funds if the graduate assistant is working on the account and his/her salary and scholarship are considered when pricing the service

Colleges may have additional requirements relating to the proper costing of graduate scholarships as this memo only addresses ISU institutional policy.

Questions regarding the allowability of scholarships and fees on sponsored awards should be directed to the SPA Accountant assigned to the award.

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