Budget Advisory Committee
May 9, 2001

Graduate Fee Authorizations I
Working Recommendations
Application of Current Policies Regarding Graduate Fee
Authorizations
for FY 2002

How to allocate $72 million in General Fund graduate fee authorizations is an important part of the University’s academic goals and an important component of the budget restructuring decisions about going forward. However, before discussing what the policy should be for going forward, it is important to clarify current policies and to be able to track their application accurately and in a timely fashion.

Principles

All of the nine principles in the November 15, 1999 “University Goals in Resources Allocation” document bear on graduate fee authorizations in one way or another. The purpose of this document is to address the following principle: “A carefully thought out transition is essential to the ultimate success of any changes in the budget system.”

Graduate fee authorizations are a $72 million expense item that, under current rules, are normally decided on a decentralized basis, but funded centrally. The most notable exception is the awarding of University Fellowships to graduate students through a competition that is managed centrally by the Graduate School. Any changes in policy will have significant impact on both academic goals and financial stability. Under the old FAS accounting system useful management information on fee authorizations was difficult to obtain. Under the new PeopleSoft integrated HR and Accounting system, the production of more timely and accurate information is possible, and should be available beginning July 1, 2001.
Consequently, the fundamental assumptions underlying the recommendations in this document are that no major changes in policy will be implemented at this time and that the remainder of FY 2001 will be used to:

1. Identify, clarify, articulate and disseminate existing policy.
2. Uniformly apply existing policy, and
3. Establish a mechanism for expeditiously and fairly dealing with exceptions to policy.

This in turn will allow FY 2002 to be used as a transition year to establish a commonly understood base level of expenditures from which to move forward. These recommendations apply to resident fees only. Non-resident surcharges will still be paid centrally.

A document prepared by the Graduate School entitled “Fee Authorization Background Document” is included as Attachment A. A document prepared by the Office of Business and Finance that discusses issues arising in the implementation of current policy is included as Attachment B. The following Working Recommendations are designed to address implementation issues raised in the document from the Office of Business and Finance.

**Working Recommendations**

1. **Who should pay computing fees for graduate students with fee authorizations for instructional and general fees?**

Discussion: The College of Engineering, the Fisher College of Business and the School of Public Policy and Management have been assessing a computer laboratory fee for majors in their programs since 1993, 1994, and 1997, respectively. Effective Autumn Quarter 2000, the College of the Arts and the College of Nursing implemented a learning technology fee for majors in their programs.

The Spring 2000 final report of the Deans’ Learning Technology Committee recommended that all colleges and departments assessing a learning technology fee should also pay the technology fee for their own graduate students on fee authorizations. As such, learning technology
fees for graduate students on fee authorizations and enrolled in the College of the Arts or the College of Nursing are to be paid by the college of enrollment. This recommendation differs from the policy already in place for those units assessing a computer laboratory fee. Engineering, FCOB, and PPM offer the unit providing the fee authorization for a graduate student the option of paying the student’s computer laboratory fee; otherwise, the graduate student is responsible for paying the fee.

It appears that although these policies are generally followed, there are some different practices that seem to occur, especially in Summer Quarter. In addition, the College of Engineering was authorized in 1994 to charge computing fees to the central Research Fee Authorization Pool for those graduate students in Engineering appointed on sponsored research grants paying full indirect cost recoveries. At that time, Engineering was the only college with such a fee.

Recommendation: Grandfather grant proposals submitted prior to July 1, 2001 in the College of Engineering approved under the 1994 policy, but discontinue the practice of charging computer laboratory fees to the central Research Fee Authorization Pool for all proposals submitted after July 1, 2001. Require that computer laboratory fees for all other graduate students on fee authorizations in Engineering, Business, or PPM be paid by the unit offering the fee authorization or by the student, effective July 1, 2001. For graduate students enrolled in Arts and Nursing on fee authorizations, the learning technology fee is to be paid by the college or department of enrollment. Arts and Nursing are also responsible for the payment of the learning technology fee for graduate students utilizing “fourth quarter” fee authorizations whereas as graduate students in Engineering, FCOB, or PPM without other appointments are responsible for their own computer laboratory fees when utilizing “fourth quarter” fee authorizations.

2. Who should pay general and instructional fees for Graduate Associates on sponsored projects where full indirect costs are not recovered?

Discussion: Current policy provides that for sponsored projects recovering full indirect costs (currently 47%), GRA fee authorizations
will be paid centrally from the Research Fee Authorization Pool. This policy was adopted in 1983 via a letter from the Vice President of Research to University faculty as an incentive for researchers to employ graduate students and to collect full indirect cost recoveries. The University Research Committee currently reviews requests from faculty members that have sponsored grants where full indirect costs are not recovered and determines if the GRA fees should be allowed to be charged to the Research Fee Authorization Pool or if the fees should be charged to the grant or sponsoring department.

Recommendation: Continue the current policy and review process for exceptions.

3. What incentives are there to encourage researchers to charge Graduate Associate general and instructional fees to a sponsored research project?

Discussion: Under current practice, if a sponsored project pays full indirect costs and a graduate student’s general and instructional fees are charged to the project rather than the central Research Fee Authorization Pool, funds equivalent to the fee authorizations are transferred from the central pool back to the department. However, this is not done uniformly and is typically done for grants from the College of Engineering.

Recommendation: Continue current practice for FY 2002 in the College of Engineering only, but re-evaluate it as part of discussions of fee authorization policies and practices going forward.

4. Who should review requests for exceptions to the practice that graduate fee authorizations are charged to private grants and contracts whenever students’ stipend are charged to the private grant or contract?

Discussion: The University’s accounting system is built on the principle that the fund used to fund the stipend should also be the fund to which the graduate fee authorization is charged. However, some colleges or departments have been charging fee authorizations to central General Funds when the stipend is being funded by other sources such as a
private grant or contract. While there is a procedure established to review exceptions encountered with OSURF projects, no uniform procedure currently exists to review this other type of exception centrally.

Recommendation: The Graduate School, in consultation with the Office of Research, should establish a specific set of guidelines and a review process by which colleges or departments may request exceptions, effective July 1, 2001. This will ensure equity among colleges and provide useful information for going forward. Graduate student general and instructional fees will automatically be charged to the fund used to provide the stipend for those grants or contracts not receiving exceptions. If an exception is granted, the central fee authorization pool will be charged.

5. Should Graduate Associates have to meet a length of service requirement in order to receive a fee authorization?

Discussion: Guidelines have been established by the Research and Graduate Council, and noted in the Graduate School Handbook, that cover conditions for holding an appointment as a Graduate Associate. Students cannot be appointed for less than a quarter and receive the benefit of a fee authorization (except for “fourth quarter” fee authorizations discussed under question 7). Exceptions to the Graduate Associate guidelines are reviewed by the Graduate School on a case-by-case basis. One type of request reviewed by the Graduate School deals with the early termination of a graduate student’s support and whether or not the student should be required to pay fees.

The Graduate School Handbook does not define a quarter. Human Resources policy defines a quarter as a calendar three months. If the definition of an academic quarter is used, does it mean through the end of classes, through the end of finals or through the end of quarter break?

Recommendation: Ask the Graduate School, in consultation with Business and Finance and HR, to define a quarter. This will help limit the number of exceptions to be reviewed. Continue current policies, but articulate a specific time period before which an exception would be required. Include information on the number and type of exceptions in a February 2002 report to the Budget Advisory Committee and the Provost.
6. How should fee authorizations be charged when there are multiple appointments or multiple funding sources?

Discussion: As a general practice, the funding source for a fee authorization should track the funding source for the stipend. Under FAS, if a student had a 50% appointment in one area, then added a 25% appointment in another, the full fee authorization was attributed to the 50% appointment source, usually the General Fund.

Recommendation: The 50% appointment should continue to determine the funding source for the full fee authorization. Should a student hold multiple appointments with no appointment greater than 25%, the fee authorization should be funded proportionally across all funding sources involved in the appointment.

7. What are the current policies relating to Fourth Quarter Appointments?

Discussion: Graduate Associate guidelines state that students who have held an appointment as a GAA, GTA, or GRA for three consecutive quarters are eligible for a “fourth quarter” fee authorization, without being on an appointment, the quarter immediately following the third consecutive quarter on appointment. Many students become eligible for and utilize the “fourth quarter” fee authorization during Summer Quarter but it is not uncommon for a student to become eligible for the “fourth quarter” fee authorization during another quarter of the academic year.

According to the Graduate School Handbook, graduate students on “fourth quarter” fee authorizations may also be appointed for less than a quarter or for less than 50%. However, some departments have appointed students for 50% or more or else have provided departmental fellowships to students under the assumption that the “fourth quarter” fee authorization was still valid. Instead, the general and instructional fees for such appointments or fellowship awards have been charged to the stipend or fellowship funding source.
Recommendation: Since “fourth quarter” appointments are frequently misunderstood, ask that the Graduate School review and revise current policies and develop a specific set of guidelines and a review process by which colleges and departments may request exceptions, effective July 1, 2001. At the same time, charge the Office of Business and Finance to develop a tracking mechanism for “fourth quarter” appointments.

8. How will progress on clarifying current policies and implementing their application be monitored and evaluated?

Discussion: Clarifying and accurately implementing current policies for graduate fee authorizations is a complex process with the potential for unintended consequences.

Recommendation: Ask both the Graduate School and the Office of Business and Finance to provide a report on the first six months of experience for FY 2002 to the Provost and the Budget Advisory Committee by no later than February 15, 2002.
1. **What do we mean when we say that a graduate student's fees are "authorized"?**

   A fee authorization means that the University authorizes that the expenses be transferred from one account to another in order to cover the expense of a graduate student's tuition and fees. By "Fees" the University is referring to the in-state (resident) general and instructional fees. In addition, for students who are not residents of Ohio, there is a "Non-resident surcharge" for the out-of-state portion of the costs. There are other types of fees, such as the COTA bus fees, which are required, and there are optional fees as well. At the most basic level of the fee authorization process, we are referring to the General Instructional Fee and the Tuition (out-of-state). The University is also considering whether students for whom the basic fees are authorized should also receive authorizations for some of the additional fees (particularly the computing fees charged by some colleges).

2. **Is an "authorization" the same thing as a "waiver"?**

   No. The term authorization makes it clear that there are actual costs involved, as well as accounting requirements, while the term waiver suggests that no costs are involved (that is, that the tuition and fees are "free").

3. **How much funding is currently attributed to all Graduate Associate fee authorizations each year?**

   The total in 1998 was approximately $66 million; a more recent estimate is that the total is approximately $72 million.

4. **What proportion of these fee authorizations are attributed to the different GA categories?**

   [Estimates for Autumn 1998.]
All GAs: 4568
   GTA: 2123 (46%)
   GRA (external): 1458 (32%)
   GRA (internal): 411 (9%)
   GAA: 576 (13%)

5. Are there other categories of fee authorizations used for graduate students besides GA?

Yes. Additional categories include:
   Fellows   (approximately 600)
   Trainees  (approximately 50-75)
   Franklin County Schools (approximately 1300)
   Exchange of Services (approximately 20)
   Employee fee benefit (?)
   Employee dependent benefit (?)
   Others?

(There are also some "tuition discounts" offered by Continuing Education for graduate students enrolling in some workshops; this situation needs to be examined, particularly in light of the scrutiny being given to fee authorizations in general.)

6. Is it important for the University to track the different types of fee authorizations?

Yes. There are laws that have relevance to the various types of appointments. For example, GAs are eligible for Workman's Compensation, but Fellows are not, since Fellows (and Trainees) are on non-service appointments. There are tax distinctions as well. For example, taxes for GAs are withheld monthly, while Fellows and Trainees do not have taxes withheld, but are liable for federal and state tax. (Is this a University or other policy?) Therefore, it is important that students be appointed according to the correct type of category. (This situation could be complicated to administer in a decentralized fee authorization environment.)

In addition, there are University requirements regarding these types of appointments. GAs must be enrolled for a minimum of 9 credits per quarter (7 in the summer), while Fellows and Trainees must be enrolled for a minimum of 15 credits. These minimums assure that students who receive fee authorizations...
are making adequate progress towards their degrees, with more progress expected of Fellows and Trainees due to their non-service appointments.

7. What are the "special agreements" that are sometimes referred to?

The term "Special Agreements" is used ambiguously within the University. Within the Graduate School, we define Special Agreements as fee authorizations provided on a petition basis for fellows and trainees who are funded from various sources that do not provide tuition and fees. These include awards paid directly to the student (not through the University) but do not include tuition and fees, and also students supported on Development Funds, some Research Grants (where the student is a fellow, not a GA), and sometimes general or other funds. These fee authorizations are petitioned to and monitored by the Graduate School.

8. What is the Fourth Quarter Fee Authorization benefit?

The Fourth Quarter Fee Authorization is a benefit provided to students on GA appointments for the fourth quarter directly following three consecutive quarters of service. Commonly, but not always, this quarter falls during summer. This benefit helps compensate GAs for their service to the University, and helps them concentrate on their degree progress.

9. What kinds of financial limitations does OSU face with regard to the Ohio Board of Regents' policies?

There are two types of limitations, one placed in individual students, and the other placed on the University as a whole, that are currently being imposed by the Ohio Board of Regents.

1. An individual student will no longer earn any subsidy after he or she has earned 260 credit hours. In other words, the Ohio Board of Regents has a limitation on how much they will subsidize the educational costs for an individual doctoral student. (Note: The current minimums required by the Graduate School are 135 credits past the baccalaureate or 90 credits past the master's.) Graduate programs, PIs, and others who appoint GAs should have disincentives to continue to appoint students who have reached their subsidy maximum. (A strict policy might discourage students for enrolling in summers and taking fuller loads, and therefore might not be effective in solving this problem.)
2. The University is capped by the Board of Regents on how much subsidy it earns for doctoral students based on a 1998 "snapshot" of our doctoral population, with some recent adjustments. To grow above the parameters of the range set by the Regents does not generate additional subsidy. The Provost has asked the Enrollment Management Committee to examine this issue in relation to the growth of new doctoral programs and redistribution issues across campus.

10. What is the University governance process by which policy decisions regarding Graduate Associate appointments, fellows, and other graduate student appointments are considered?

The Research and Graduate Council, the governing body of the Graduate School, oversees all policy issues relating to GA and fellowship appointments at Ohio State. Proposed changes to current policies would have to be vetted through the GA and Fellowship Committee, and then approved by the Council as a whole.

11. Will "tightening up" of fee authorization practices (thereby making it more difficult for units on campus and Principal Investigators on grants to appoint GAs) hinder or help Ohio State achieve a better fiscal situation?

In today’s resource constrained environment, it is likely to be beneficial to the University to maintain, and even liberalize, our practices relating to fee authorizations (general fees and tuition). Restricting the number of GAs for whom we provide fee authorizations may have adverse effects. For example, if PIs on research grants have to pay tuition, they might, instead, appoint Postdoctoral Scholars on their grants. Departments might prefer Lecturers to GTAs. While the cost of a GRA and a postdoc might be cost neutral to a PI, a GA would normally earn subsidy from the Ohio Board of Regents, while a postdoc would not. Similarly, a GTA would earn subsidy, while a lecturer would not.

With no new resources coming to the University from the State (indeed, with the impending cuts), the University could benefit from an aggressive policy that encourages faculty to seek external funds to help relieve pressure on the general budget.

At the same time, the national graduate student recruiting environment is highly competitive; if we are to bring the best students to our campus, we must provide them with attractive financial packages, one component of which is fee authorizations
As you know, a project is currently underway to take advantage of improved technology to develop a new method for processing fee authorizations. This is the first ever attempt to consolidate all of the different pieces of this program into one comprehensive set of procedures. Representatives from the Office of the Controller, the Graduate School, Office of Human Resources, OSURF, Resource Planning, Resource Management Systems and Fees, Deposits and Disbursements have all contributed to this effort. In addition, several college fiscal officers have been consulted on specific issues and the Senior HR/Fiscal Officers Group as a whole was presented with the preliminary proposal in November and heard a follow-up discussion in December. The first transactions generated from this process appear on the January GL statements.

As the group worked through the complexities of the process and established the linkages between appointments, fees and funding, we identified several current practices that either are not addressed in University policy or appear to be contrary to current policy. Therefore, before finalizing the process, we would like clarification as to how these particular situations should be addressed. In some cases, these issues stem from specific agreements made years ago and we are seeking confirmation that the agreement is still in force. In others, the disjointed nature of the current process has caused areas to process transactions in way that we believe had unintended consequences. In these situations we need to identify what corrective measures should be taken.

The attached document briefly describes each of the issues we have identified. If you have any questions or would like additional information, please let me know.
Graduate Student Fee Authorization Processing
Outstanding Issues

1. Computing Fees

In general, the central university does not authorize payment of computing fees. These fees are paid either by the student or by the appointing department at the discretion of the department. However, there are also a number of separate agreements in place. For example, it is generally understood that colleges who assess computing fees are required to pay those fees when students from that College have appointments within the College, however not mechanism is in place to monitor this activity. While it appears as though this policy is generally followed, there are some differences, especially in summer quarter. Also, for students appointed to OSURF projects that pay full indirect costs, OSURF has been authorized to charge computing fees to the Research Fee Authorization pool.

ISSUES:

- Should the University adopt a standard policy on authorization of computing fees that is applicable to all colleges?

  ESTIMATED DOLLAR IMPACT: $15,000 – $20,000 per year (impact is on students and departments, not central funds)

- Should the computing fees be authorized when students are appointed to an OSURF project that pays full indirect costs?

  ESTIMATED DOLLAR IMPACT: $125,000 - $150,000 per year.

2. OSURF Projects Paying Less than Full Indirect Costs

Current policy indicates that if a sponsored project does not pay full indirect costs, the project should be charged the fee authorizations for students appointed to the project. In some cases, project sponsors specifically stipulate that project funds may not be used to pay student fees. In cases where the project will not pay fees, it is the intent of the policy that the appointing department is to pay the fees.

However, under old procedure, when OSURF processed the financial transaction to charge the appointing department, they often used that department’s general funds account (20XXXX). As a result, the University’s accounting system (FAS) allocated funding from the central fee authorization pool to cover the expense and the department never incurred the expense.

With the new GL system, due to changes in the Chart of Accounts, the same practice would not result in a charge to the central university fee authorization pool, but would instead be a real charge to the department.
ISSUE:

- Where should fee authorizations for graduate students appointed to OSURF projects where the project pays less than full indirect cost AND the project will not pay fees be charged?

ESTIMATED DOLLAR IMPACT: $75,000 - $100,000

3. OSURF Projects Paying Full Indirect Costs AND Fee Authorizations

If a project pays full indirect costs, fee authorizations can be charged to the Research Fee Authorization pool. Under current practice, if a project pays full indirect costs AND the fees are charged directly to the project rather than the pool, funds equivalent to the fee authorization amount are transferred from the central pool back to the appointing department.

ISSUE:

- Should departments continue to receive funding when projects paying full indirect costs also pay for student fees?

ESTIMATED DOLLAR IMPACT: $240,000 - $260,000

4. Special Agreements

The new fee authorization process is based on the principle that the ChartField combination used to expense the fee authorization should be consistent with the ChartField combination used for the associated student stipend. These means that fee authorizations will only be charged to the central fee authorization pool when the stipend for the student is being charged to the general fund.

In discussions with fiscal officers, several have indicated that they have special agreements in which the fee authorization funding is not the same as the funding source for the stipend. In some cases areas have indicated that they have been charging the fee authorizations to the central university pool when the stipend is being paid by a private grant or contract. The new process will not allow this to occur unless Resource Planning specifically approves the agreement and transfers the fee authorization expense to the central pool.

ISSUE:

- Should this central review and approval be required for exceptions to the fee authorization funding principles so long as fee authorizations funds are maintained centrally? If so, who should make these decisions?
ESTIMATED DOLLAR IMPACT: The dollar impact of these departmental agreements is not known. However, if as little as 1% of general fund fee authorizations were charged incorrectly, the budget impact would be over $600,000.

5. Length of Service

The new graduate fee authorization process matches fee authorization payments to graduate appointments and edits for fee authorization eligibility. Exception reports are generated when it appears the eligibility criteria have not been met. Review of the exception reports for Summer Quarter 2000 and Autumn Quarter 2000 has identified an area in which additional policy clarification may be required. Specifically, the report reflects a number of graduate students whose appointments terminated before the end of the quarter. For example in Summer Quarter, termination dates begin as early as July 15th.

ISSUE:

- Should there be consistent guidelines in place to define how much of the quarter the student must work to remain eligible for a current quarter fee authorization and to establish eligibility for a fourth quarter fee authorization?

ESTIMATED DOLLAR IMPACT: For Summer Quarter 2000, fee authorizations for students whose appointments terminated prior to September 15, totaled nearly $100,000, with some termination dates as early as July 15. For Autumn 2000, fee authorizations for students whose appointments terminated prior to December 15 totaled over $33,000, with termination dates as early as November 15.

6. Multiple Appointments

Previously, when a student had a 50% appointment in one area then added an additional 25% appointment in another area the full fee authorization was attributed to the first appointment. The new process prorates the fee authorization expense across appointments and across funding sources.

ISSUE:

- Should fee authorization expense be prorated across all appointments?

ESTIMATED DOLLAR IMPACT: Unknown.