Employee Spouse/Dependent Tuition Waiver Expense Allocation

Board Policy 440.1 extends educational benefits to full-time employees, their spouses and their dependent children (as defined by the Internal Revenue Service) at reduced rates. The educational benefit for spouses and dependents is processed through the Financial Aid Office as a tuition waiver. Subject to all other applicable University policies, the spouse/dependent tuition waiver is available to any eligible employee.

The spouse/dependent tuition waiver is a University fringe benefit, but its cost is not included in the campus fringe benefit rate negotiated with the United States Department of Health and Human Services. Accordingly, costs associated with the spouse/dependent tuition waiver fringe benefit must be allocated separately to the employee salary funding source. This purpose of this policy is to make clear a long-standing process to allocate the spouse/dependent waiver expense as determined by the salary funding source. The Treasurer’s office will allocate spouse/dependent tuition waiver expense as described below:

If employee salary funding source is:

**Educational and General Budgeted Funds – Company 0102**
The waiver expense will be allocated to a centrally budgeted pool.

**Research and Sponsored Programs – Includes all Federal, State or Industry Sponsors – Effective July 1, 2010**
Tuition benefits for family members other than the employee are not allowable under OMB Circular A-21 - Cost Principles for Educational Institutions. Accordingly, the spouse/dependent tuition waiver expense will not be allocated to sponsored programs or related cost sharing cost centers. Units must provide an alternate cost center to the Treasurer’s office to apply the waiver expense. Allocations associated with Research and Sponsored Programs were not a part of the existing long-standing allocation process. Accordingly, this provision will become effective July 1, 2010.

**All Other Sources – For Example Dedicated Funds, Restricted Funds, Private Gifts, Auxiliary Enterprises – Effective July 1, 2010 for Private Gifts**
The waiver expense will be applied to the same cost center used for employee salary funding. To allow for planning and budgeting, the provision to allocate waiver expense to Private Gifts cost centers (0392) will become effective July 1, 2010.

In instances where an employee’s salary funding comes from multiple sources, the waiver will be proportionally allocated in the manner listed above to each source.

Units may transfer costs to an alternate, non-sponsored program cost center under their control if there is concern about budgeted funds in any particular source. Such transfers may not be made to the 0102 reserve for Dependent Tuition Waivers.

For illustration purposes only, this policy provides the following examples:

**Allocation Examples**
1. Employee salary funding is split between E&G Budget (Company 0102) and Dedicated Funds Company 0112) as posted in the following cost centers
   0102-67890-00-0000 60%
   0112-12345-00-0000 40%
If the employee’s spouse or dependant receives a tuition waiver of $1000, the Treasurer’s Office will allocate 40% or $400 of the waiver expense to CCN 0112-12345-00-0000. The remaining 60% will remain in the centrally budgeted pool.

2. Employee salary is funded 100% with a Research grant from a private industry sponsor as posted in the following cost center
   0402-22222-00-0000

   If the employee’s spouse or dependant receives a tuition waiver of $1,000, the Treasurer’s Office staff will ask the department to provide an alternate CCN to charge the entire expense of the waiver because tuition benefits are not allowable expenses for sponsored programs. The alternate CCN cannot be the cost center associated with the centrally funded pool in company 0102.

3. Employee salary funding is split between Restricted funds (Company 0382) and UA Foundation Support (Company 0392) as posted in the following cost centers
   0382-11111-00-0000 75%
   0392-12345-00-0000 25%

   If the employee’s spouse or dependant receives a tuition waiver of $1,000, the Treasurer’s office will allocate 75% or $750 of the waiver expense to CCN 0382-11111-00-0000 and 25% or $250 to CCN 0392-12345-00-0000

   Any questions concerning the proper method and application for the spouse/dependent waiver expense allocation process required by this policy should be directed to the Office of the Treasurer.

Revised April 6, 2010
February 17, 2010