Institutional Allowance (Cost of Education) Accounts

A number of federally sponsored programs (typically NSF, NIH, and USDA) which award fellowships to graduate students and postdoctoral scholars, also provide the University with an Institutional Allowance in lieu of indirect costs to defray the individual and/or institutional costs of education or training. The Institutional (or Cost of Education) Allowance is included in the overall award budget but is assigned a separate 53 account because (unlike the other budget categories) the allowance becomes institutional funds once transferred. The allowance is expected to be spent timely and within each budget year (please communicate this with the fellow to ensure timely submission of expenses). It should be rare to have unused funds.

Most institutional allowances are a fixed amount and not restricted in their usage. Education or training-related expenditures often include travel to research-related conferences or symposia, conference fees, books, fees, health insurance, research supplies, etc. The fellow’s stipend and tuition are usually separate line items from the institutional allowance within the overall award budget. Therefore, those costs are paid directly from the master/parent account.

Account Setup:

The master/parent 53 account contains the budget for the entire fellowship award (including the full institutional allowance). This is also where funds are billed/drawn from the federal sponsor and deposited.

No budget is entered for the Institutional Allowance account. The Institutional Allowance account is set up in KR Award with the same attributes as the master/parent account except for the following fields:

- **Award Title**: Begins with “Institutional Allowance for 53XXXXXX”
- **Sponsor**: Reflects the appropriate “Institutions Own Funds” sponsor ID (example: “Institutions Own Funds - National Science Foundation Project”)
- **Fund Source**: 11 (Sponsored-Internal-NonFederal)
- **Activity Type**: “Cost of Education”
- **Payment Basis**: “No Billing”
- **Payment Method**: “Cost of Ed”
- **Payment & Invoice Requirements**: “None”
- **OE Code**: “0” (N/A)
- **Account Master**: References the master/parent 53 account
- **Time & Money/Budget**: No budget is entered on the Institutional Allowance accounts

Transfer Process:

Once the fellowship has started and the accounts are set up, the Institutional Allowance accounts are “funded” twice a year (once at the start of the Spring semester and again at the start of the Fall semester). This is done as an intrafund expense transfer (object code 6689) from the master/parent account to the Institutional Allowance account using the following entry in KFS:

Debit: 53XXXXXX-6689 (master/parent account) for $X,XXX.XX
Credit: 53XXXXXX-6689 (institutional allowance account) for $X,XXX.XX

The debit to the master/parent account posts as an expense which reduces the cash balance on the account. Only the master/parent account is billed/drawn from the sponsor. The credit to the Institutional Allowance account posts as a credit to expenses and increases the cash balance on the account.

**Tips for monitoring the available balance in Institutional Allowance accounts:**

- A **negative expense balance** means there are still allowance funds available to spend
- A **positive expense balance** means the allowance funds have been overspent
- A **zero expense balance** means the allowance funds have been fully spent
Since most fellowship programs have termination/relinquishment requirements in the event the fellow leaves the program early, only one-half of the annual institutional allowance is transferred at a time. Near the beginning of the first semester (Spring or Fall depending on the start date of the fellowship budget year), the OSP Accounting Tech will contact the Department Fiscal Officer to confirm that the fellow is still at CSU and participating in the program. If so, one-half of the annual institutional allowance amount is transferred between the master/parent account and Institutional Allowance account. The fellow must remain in the program for at least six months of the fellowship budget year. Fellows that leave the program early and do not meet the six-month minimum will only be eligible for one-half of that year’s allowance. **Note: If a fellow is expected to graduate, voluntarily withdraw, or be terminated from the program before the end date, please reach out to your OSP Senior Research Administrator as soon as you are aware to ensure that all exit and/or termination forms and requirements are completed.**