



National Science Foundation • Office of Inspector General
2415 Eisenhower Avenue, Alexandria, VA 22314

MEMORANDUM

DATE: February 24, 2022

TO: Dale Bell
Division Director
Division of Institution and Award Support

Jamie French
Division Director
Division of Grants and Agreements

FROM: Mark Bell [REDACTED]
Assistant Inspector General
Office of Audits

SUBJECT: OIG Report No. 22-6-001, The Massachusetts Institute of Technology's Noncompliance with Certain Graduate Research Fellowship Program Terms and Conditions

In February 2020, we initiated an audit of the National Science Foundation's Graduate Research Fellowship Program (GRFP). The objective of this ongoing audit is to determine whether NSF properly distributes, monitors, and accounts for GRFP funding.

We are issuing this routine activity memorandum to alert you to a matter requiring NSF's attention. Specifically, we found the Massachusetts Institute of Technology (MIT) is not complying with current GRFP award terms and conditions requiring institutions to exempt fellows from paying required tuition and fees.

This memorandum contains one recommendation aimed at ensuring MIT complies with GRFP award terms and conditions related to waiving tuition and fees. We provided a draft of this memorandum to NSF management for review on October 29, 2021. NSF provided us with comments on February 3, 2022 and concurred with the recommendation. To address the report's recommendation, please provide a written corrective action plan that details the specific actions you will take and the associated milestone dates within 60 calendar days.

GRFP Award Terms and Conditions

The NSF Graduate Research Fellowship Program Administrative Guide for Fellows and Coordinating Officials ("Guide") incorporates all policies, rules and regulations, and the terms and conditions found in the Fellowship Offer Letter, the annual GRFP Program Solicitation, and the Notice of Grant Award. The current Guide, NSF 16-04, went into effect for the 2016-2017 fellowship year and remains in effect today.

Per current GRFP award terms and conditions, institutions receive a Cost of Education (COE) allowance for each fellow on tenure¹ and must exempt these fellows from paying tuition and fees normally charged to graduate students of similar academic standing. The COE allowance is paid directly to the institutions in lieu of tuition and fees the students would have paid if they were not GRFP fellows. Since 2008, the GRFP annual program solicitation has specified that the institution is responsible for tuition and required fees in excess of the cost-of-education allowance. By accepting the GRFP award, institutions agree to administer the awards in accordance with these conditions, meaning they cannot charge fellows any required tuition or fees that exceed the COE allowance.

MIT Compliance with GRFP Award Terms

MIT is not in compliance with current GRFP award terms and conditions requiring institutions to exempt fellows from paying required tuition and fees. We found that MIT holds fellows responsible for tuition in excess of the COE allowance provided by NSF.

MIT's introduction for newly awarded GRFP fellows explains that NSF's COE allowance is applied toward their tuition, but, "[t]his leaves a substantial tuition shortfall remaining. MIT does not waive tuition." The introduction continues, stating, "[m]ost departments and programs at MIT will supplement this tuition shortfall through either a Research Assistantship (RA), Teaching Assistantship (TA), or another fellowship." MIT advises the fellows that NSF approved MIT's method of supplementation and adds that the assistantships are an integral part of the students' educational goals and experience and help to integrate them into their laboratory groups.

MIT believes its practice of requiring fellows to supplement the COE allowance is consistent with NSF guidance and communications. Specifically, MIT asserted that the practice is in accordance with a 1991 NSF Important Notice,² and 2004 NSF guidance allowing the practice. MIT also noted it informed NSF of its practice in 2012 and did not receive notice that its practice was out of compliance.

Although MIT's practice may have been acceptable many years ago, NSF's current terms and conditions do not reference the 1991 notice. Furthermore, the language MIT referenced from NSF's 2004 guidance was superseded by revisions NSF published in 2009. Current GRFP guidance allows institutions to assign research and teaching positions, but the guidance clarifies NSF's expectation that, "furtherance of the Fellow's educational objectives and the gain of substantive teaching or other experience, not service to the institution as such, will govern these activities. Compensation for such activities is determined by the GRFP Institution and is based on the institution's general employment policies." Thus, NSF expects GRFP fellows to be compensated for their work to the same extent that other graduate students at the institution are compensated for similar work.

¹ A fellow on tenure is an active fellow receiving GRFP financial support during the fellowship year, certified by the institution to be making satisfactory progress.

² Notice No. 113, *Cost-of-Education Allowance*. July 31, 1991

Recommendation

We recommend the Director of the Division of Institution and Award Support, National Science Foundation:

1. Direct MIT to update its policies and practices to ensure it complies with Graduate Research Fellowship Program award terms and conditions related to waiving tuition and fees.

Agency Response

NSF agrees that MIT's policy is not compliant with current GRFP terms and conditions, but NSF recognizes that MIT believed its policy was consistent with NSF guidance. While our recommendation speaks only to updating policies and practices at MIT, NSF's response to our draft report stated NSF's intention to update GRFP policy and, "Communicate the updated policy to all awardee institutions to remind them of their obligations under GRFP awards, and direct that they update their policies as needed." We consider NSF's intention responsive to our recommendation because directing all GRFP institutions to update policies would include such direction to MIT.

We included NSF's response to the draft memorandum in its entirety as an attachment.

We appreciate the courtesies and assistance NSF staff provided during the review. Should you have questions, please contact Elizabeth Kearns, Director of Audit Execution, at 703.292.7100 or oiublicaffairs@nsf.gov

cc:

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Attachment A: Agency Response



National Science Foundation
Office of Budget, Finance and
Award Management

Memorandum

DATE: February 3, 2022

TO: Mark Bell
Assistant Inspector General Office of Audits
Office of Inspector General

FROM: Dale Bell
Division Director
Division of Institution and Award Support

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RE: Official Draft, OIG Report No. XX-X-XXX, The Massachusetts Institute of
Technology's (MIT) Noncompliance with Certain Graduate Research Fellowship
Program (GRFP) Terms and Conditions

Thank you for the opportunity to respond to the draft OIG MIT Routine Memorandum, and for the subsequent discussions through which we shared our concerns and challenges related to NSF's path forward.

BFA has reviewed the routine activity memorandum dated October 29, 2021, relating to MIT Non-compliance with Certain Graduate Research Fellowship Program Terms and Conditions, the MIT response (also dated October 29, 2021) shared by OIG, and historical and current NSF guidance related to GRFP and the Cost of Education (COE) Allowance.

Per the draft Memorandum, the OIG states that "...Massachusetts Institute of Technology (MIT) is not complying with current GRFP terms and conditions requiring institutions to exempt fellows from paying required tuition and fees." The finding is based on MIT policies that inform fellows of the "substantial shortfall" between the COE allowance provided by NSF and tuition; states "MIT does not waive tuition", and that "most departments and programs at MIT will supplement tuition through either a Research Assistantship (RA), Teaching Assistantship (TA), or another fellowship."

NSF agrees the MIT policy is not compliant with current GRFP terms and conditions. We also recognize that MIT believes that its policy is consistent with NSF guidance and may have administrative recourse to press its position. NSF has confirmed with the GRFP Program that it

has never been the intent that GRFP recipients would be required to fund any shortfall in tuition, be it through funds or teaching. Program further confirms that any teaching requirements must be decoupled from tuition, and consistent with institution policies and career development concerns.

NSF is concerned that MIT's interpretation of the NSF policy on this issue may be held by other institutions. To address the potentially systemic nature of this issue, NSF intends to implement the following:

1. Update the NSF Graduate Research Fellowship Program Administrative Guide for Fellows and Coordinating Officials (NSF 16-104) regarding appropriate GRFP practices with respect to the Cost of Education allowance, tuition, and fees, and to rescind all other guidance related to teaching by GRFP Fellows.
2. Communicate the updated policy to all awardee institutions to remind them of their obligations under GRFP awards, and direct that they update their policies as needed.

NSF believes that the actions above will not only correct MIT's noncompliance but will also serve as an opportunity to reconfirm NSF's position for current and future participating institutions. Further, because the GRFP Program requires all participating institutions and fellows to annually declare that they accept GRFP terms and conditions, both new and existing recipients are subject to revised policies. NSF believes that the declaration process supports current MIT GRFP Fellows by reaffirming institution treatment of tuition.

NSF understands that the OIG is not in a position to recommend these actions because the scope of the audit relates only to the MIT's management of the NSF GRFP program. Thank you for bringing this matter to our attention. Through your insight and our action, together we are improving the effectiveness and integrity of the GRFP program.