



Office of Provost

MEMO

To: University Community

From: Amy E. Collins

Date: March 18, 2021

Re: Use of Discretionary or Departmental Funds for Tuition

At times, schools/centers would request to use departmental and/or faculty discretionary funds to pay Penn/other institution’s tuition for themselves or their dependents. Schools/Centers are permitted to use such funds* for this purpose with the appropriate approval and/or department policy. Using the funds in this manner is often used as an incentive when recruiting and is usually included in the appointment/offer letter with language indicating that such payments are taxable to the employee.

*Please note, faculty discretionary funds can only be utilized towards Penn tuition. Any unspent balances on a faculty member’s discretionary fund will remain with the University if the faculty member separates from employment.

To streamline the process and ensure that the payments go through the proper approval hierarchy, any tuition paid using discretionary or other departmental funds outside the University’s tuition benefit program must be processed in Workday as a one-time payment to the employee (whether for themselves or their dependents). Departments can submit the payment using either of the two existing One Time Payment Plans below, depending on whether or not they wish to gross up the payment. The employee is then responsible for paying Penn/other institutions directly for tuition charges on their/their dependent’s student account.

Tuition Reimbursement	Used to reimburse individuals for tuition related expenses that are funded by departments and not part of the University's tuition benefit program.
Tuition Reimbursement (Gross Up)	Used to reimburse individuals for tuition related expenses that are funded by departments and not part of the University's tuition benefit program. This one-time payment is automatically grossed-up. Cannot be given for a retroactive effective date.

This change to the process has also been reviewed by Human Resources, Corporate Tax, Compliance and Payroll the Office of General Counsel and Student Registration and Financial Services who are in agreement with this change.