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**To:** CSU Presidents  
**From:** David S. Spence   
**Subject:** **Student Financial Aid Administration – Resident Assistant/Advisor Benefits**

During the Office of University Auditor's review of the financial aid program administration during 2002, audit staff concluded that there were variant practices at the campuses regarding the treatment of room and board benefits provided to students serving as resident assistants/advisors (RAs) in CSU residence facilities. The systemwide report (Audit Report Number 02-22) included the following recommendation:

The chancellor's office establish the basis for treatment of RA room and board in the calculation of financial aid benefits to ensure uniformity throughout the CSU.

In response to this recommendation, the Office of the Chancellor committed to requesting that each campus provide information on current provisions for compensation or other remuneration of students in Resident Assistant/Advisor or similar positions and to providing campuses with additional advice on the appropriate treatment of benefits or other remuneration consistent with federal statute, regulations, and guidance. The Chancellor's Office requested in AA 2003-34, dated October 31, 2003, that each campus provide information on the types of benefits currently provided to students in Resident Assistant/Advisor or similar positions.

Campus responses have been reviewed along with applicable federal statutes, regulations, and other guidance. Consultation with officials in the U.S. Department of Education clarifies that the Department recognizes several acceptable practices for the treatment of the value of room and board provided to students serving as RAs in institutional housing facilities, depending upon how the value of the room and board is assessed and whether the student is considered an employee.

Financial aid administrators include in the cost of attendance (COA) for students living in institutionally-owned or -operated housing an allowance for room and board based on the amount normally assessed most of the residents of those facilities. The Department of

Education has indicated that how the institution treats institutional charges on a student's account can affect whether or not those charges are included in the COA. As stated on page 1-121 of the federal *Student Aid Handbook*, if room and board are supplied at no charge, the room and board component of the COA would be zero. If an institution posts the amount of the normal room and board charge to the student's account and then posts a credit or waiver, the amount of the charge must be included in the COA. If no charge is posted to the student's account, the COA component for room and board is zero. The following table summarizes this policy.

<b>Institutional Charge</b>	<b>Cost of Attendance (COA) Inclusion</b>
Charge Posted & Credited/Waived	Included in COA
Charge Not Posted/Reflected as Zero	Not in COA

The Higher Education Act, in 20 U.S.C. Section 1087vv, defines the total income that is to be used for need analysis as including, in untaxed income and benefits, "housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits)." Regulations, in 34 C.F.R. 673.5, specifically exclude earnings from non-need-based employment from the "resources" that are counted against a student's financial need.

No CSU campus has reported that financial need is the basis for resident assistant staff selection. Section 2144 of the *State University Administrative Manual (SUAM)* provides that CSU housing programs are authorized to pay resident staff with in-kind services. Virtually all CSU campuses provide in-kind room and/or board to students in RA positions, and some RAs also receive taxable wages. Internal Revenue Service (IRS) rules allow the value of the in-kind room and board to be considered nontaxable income since the value of meals and lodging provided by an employer at no charge is not included in taxable income if, according to the IRS, the meals are furnished on the business premises of the employer and for the convenience of the employer, and the lodging is furnished on the business premises of the employer, for the convenience of the employer, and as a condition of the employment.

Since RAs at CSU campuses are considered employees and this employment is not need-based, all taxable income and nontaxable income equivalent to the value of in-kind room and board are not to be considered a resource for the award year but are to be included as income for the appropriate tax year when the student files the Free Application for Federal Student Aid (FAFSA) in subsequent years. The Department of Education has noted that, on a case-by-case basis, financial aid administrators may exercise professional judgment to use the award year income of RAs, both taxable and nontaxable, in order to

determine the student's current year contribution as opposed to using the prior calendar year's income.

The Office of Postsecondary Education within the Department of Education anticipates issuing a *Dear Colleague Letter* regarding the above advice in the early fall and including clarifying language in the *Student Aid Handbook*. Meanwhile, campuses are advised to ensure that financial aid administrators consult with other appropriate campus officials regarding local accounting practices and ensure that financial aid practices relative to the cost of attendance and the treatment of room and board benefits to Resident Assistants/Advisors are consistent with the guidance provided by the U.S. Department of Education.

Questions regarding this memorandum may be directed to Ms. Mary L. Robinson, Associate Director for Student Financial Aid, Academic Affairs, Student Academic Support, at (562) 951-4737 or [mlrobinson@calstate.edu](mailto:mlrobinson@calstate.edu).

DSS/mlr

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