

1. Introductions - institution and role

Respondent / Title	Institutions / Student System	Email address
Christine Blakney Managing Director of Student Business Services	Texas Tech University Banner	christine.blakney@ttu.edu
Tom Ewing Associate Controller and Director of Financial Reporting	Ohio State University (the) PeopleSoft	ewing.6@osu.edu
Sharon Heinle Associate Vice President and Controller	George Mason University Banner	sheinle@gmu.edu
Brent Rasmus Assistant Vice President and Controller	University of Illinois Banner	brasmus@uillinois.edu
Christin Roth Manager of Financial Reporting (unable to attend December meeting)	University of Michigan Ann Arbor – PeopleSoft Dearborn and Flint campuses – Banner	tinmill@umich.edu
Bob Swanson Controller	Bowling Green State University Banner	rswanso@bgsu.edu
From NACUBO		
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2. Two examples for estimating the discount and scholarship expense

Sharon Heinle described how she approached estimating the discounts at George Washington University (GW) and George Mason University (GMU). At GW, an independent institution, they looked at how aid was awarded – covering tuition and fees first, then residential costs, then excess paid out to cover non-GW expenses. In most cases, GW’s posted price for tuition exceeded the amount of institutional aid awarded. Therefore, nearly all of the aid was reported as a discount to tuition and fees.

At GMU – a public institution with lower tuition and more commuting students – the potential for institutional aid and Pell awards to exceed tuition was much greater. Therefore, the approach used to allocate aid to the three categories (discount to tuition and fees, discount to auxiliary revenue, or scholarship expense), required analysis. Sharon compared aid by term for each student.

- Aid was applied first to tuition and fees; aid applied to these charges was labeled a tuition and fee discount. When aid exceeded the invoiced price, remaining aid was applied to auxiliary service charges.
- Aid dollars applied to auxiliary charges (housing, meals, etc.) was characterized as an auxiliary discount.

- Any remaining aid amount was determined to be a scholarship expense.
- A sample spreadsheet illustrating the methodology is appended to these notes.

GMU’s FY20 results using the NACUBO Advisory Alternate Method and the per student method described above resulted in very different allocations of aid to the three categories.

Financial statement category	FY20 Percent aid allocation- Alternate method in NACUBO Advisory	FY20 Percent aid allocation- Per student method
Discount to tuition and fees	68%	91%
Discount to auxiliary revenue	20%	7%
Scholarship expense	12%	2%

The FY21 percentages under the per-student method were similar.

In considering the data to use for the per student method, Sharon quickly ruled out using Banner’s application of payments transactional data, because the volume of data was unmanageable, and the data is valid only for a snapshot in time. The timing of payments and subsequent adjustments to charges or financial aid generate a recalculation of how payments are applied.

Other decisions included comparing the aid by term rather than for the full year (although she expects the results would be similar) and ignoring adjustments associated with prior years, which would likely result in immaterial differences.

3. Per student calculation issues and potential mitigation strategies

- Issue: Some financial aid can only be applied to specific charges
- Mitigation:
 - Codes representing earmarked aid can be excluded from the calculation and specifically identified to the revenue categories
 - Types of aid can be combined into “detail types” and different allocations can be applied
- Issue: Some student charges are not divided equally between academic terms. For example, residential charges may be billed 60% in the Fall term and 40% in the Spring term, but aid is awarded on a 50/50 split between terms.
- Mitigation:
 - The per student approach can be done on an annual basis
 - The per student approach methodology should parallel student communication about aid, and reflect SFS office intent.
- Issue: There is concern about providing per student charges and aid to the auditors to audit the discount calculation.
- Mitigation:
 - The data could be aggregated by student cohort, such as high-need residential students, high-need off-campus students, student athletes, student receiving merit aid, etc.

4. Other issues

- Changing the method for calculating the discount will affect the comparability of the two revenue categories (tuition and fees and auxiliary revenues) and scholarship expense in the first year that the new method is applied.
- NACUBO comment: Application of aid ordering rules and methodology estimates should closely align with communications with students about aid. For example, if promised aid is for an academic year, with 95% for tuition and fees and the remainder for housing, then the logic in the spreadsheet example may need to aggregate tuition and fees across all terms before applying aid dollars. This approach will change the scholarship expense amount as follows for Student 1:

○ Total two term T&F =	\$ 9,060
○ Total two-term Auxiliaries =	<u>\$ 3,504</u>
○ Total charges =	<u>\$ 12,564</u>
○ Total Aid =	<u>\$ 13,000</u>
▪ T&F discount =	\$ 9,060
▪ Auxiliary discount =	\$ 3,504
▪ Scholarship exp. =	\$ 436

5. Next steps and next meeting

- a. Tom, Bob and Brent will review the ideas noted above and develop potential methods for calculating the discount/expense more accurately.
- b. The group will meet again in mid- to late-February 2022 to review ideas and results.

NACUBO – Tuition Discount Advisory Committee
Meeting - December 2, 2021

Sample application of institutional aid to accounts for financial reporting												
Student	Term Code	Tuition & Fee Charges	Institutional Financial Aid Available	Aid Exceeds T&F?	T&F Allowance Aid Applied to T&F	Excess Aid	AE Charges (MEA, HOU, ISH, MSF, etc)	Excess Financial Aid Available	Aid Exceeds AE Charges?	AE Allowance Aid Applied to AE	Scholarship Expense Excess Aid	
		A	B	B>A?	C = If B>A then A, Else B)	B-C = D	E	D	D>E?	F = If D>E then E, Else D)	D-F = G	
Student 1	Fall 2019	\$ 4,530	\$ 8,000	Y	\$ 4,530	\$ 3,470	\$ 1,752	\$ 3,470	Y	\$ 1,752	\$ 1,718	
Student 1	Spring 2020	\$ 4,530	\$ 5,000	Y	\$ 4,530	\$ 470	\$ 1,752	\$ 470	N	\$ 470	\$ -	
Student 2	Fall 2019	\$ 4,530	\$ 10,000	Y	\$ 4,530	\$ 5,470	\$ 7,725	\$ 5,470	N	\$ 5,470	\$ -	
Student 2	Spring 2020	\$ 4,530	\$ 15,000	Y	\$ 4,530	\$ 10,470	\$ 7,725	\$ 10,470	Y	\$ 7,725	\$ 2,745	
Student 3	Fall 2019	\$ 16,260	\$ 10,000	N	\$ 10,000	\$ -	\$ 7,725	\$ -	N	\$ -	\$ -	
Student 3	Spring 2020	\$ 16,260	\$ 20,000	Y	\$ 16,260	\$ 3,740	\$ 7,725	\$ 3,740	N	\$ 3,740	\$ -	
			\$ 68,000		\$ 44,380					\$ 19,157	\$ 4,463	OK