Future Changes in Tuition Discount Calculations

2023 Research Completed by the Workgroup

Each institution will have their own path
Future Changes in Tuition Discount Calculations

• Alternative Method from NACUBO Advisory 2000-05 is no longer endorsed
  o TAMUS adopted this Alternative methodology and provides a Tuition Discounting Template..this will need to change

• The white paper is stating Tuition and Fee Discounts must be based on the ‘flow’ of financial aid and based upon aid award policies..latest version is dated July 22, 2022, see Tuition Discounting White Paper

• Methodologies must be consistent with current and future GASB revenue and expense guidance
What Stayed the Same and What Will Change?

• What Stayed the Same?
  o Total Student Aid stays the same, we receive the same total student aid reported today

• What Will Change?
  o Tuition and Fee Discount overall increase
    ▪ EG/Des/Rest T&F increase; Auxiliary discount decrease
  o Scholarship Expense decrease (these were overstated by loans and refunds)
What makes up a Tuition Discount today?

- Pell Grant-Need based Federal Aid...well over 50-56.9%,
  - Required since GASB requires Pell to be reported on the operating statement
    - This will be different when compared to private (FASB) institutions

- Departmental Funding
- Federal/State Grants
- Non-institutional Aid
- Loans
<table>
<thead>
<tr>
<th>Texas A&amp;M Institutions</th>
<th>2022</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAMU</td>
<td>21.26%</td>
<td>22.19%</td>
<td>-0.93%</td>
</tr>
<tr>
<td>PVAMU</td>
<td>46.16%</td>
<td>45.57%</td>
<td>0.59%</td>
</tr>
<tr>
<td>HSC</td>
<td>8.74%</td>
<td>9.29%</td>
<td>-0.55%</td>
</tr>
<tr>
<td>TAMIU</td>
<td>40.39%</td>
<td>47.56%</td>
<td>-7.17%</td>
</tr>
<tr>
<td>TAMUC</td>
<td>32.63%</td>
<td>28.01%</td>
<td>4.62%</td>
</tr>
<tr>
<td>TAMUCC</td>
<td>26.73%</td>
<td>27.59%</td>
<td>-0.86%</td>
</tr>
<tr>
<td>TAMUCT</td>
<td>26.52%</td>
<td>25.41%</td>
<td>1.11%</td>
</tr>
<tr>
<td>TAMUG</td>
<td>12.72%</td>
<td>17.15%</td>
<td>-4.43%</td>
</tr>
<tr>
<td>TAMUK</td>
<td>34.19%</td>
<td>39.10%</td>
<td>-4.91%</td>
</tr>
<tr>
<td>TAMUSA</td>
<td>37.08%</td>
<td>34.56%</td>
<td>2.52%</td>
</tr>
<tr>
<td>TAMUT</td>
<td>27.57%</td>
<td>30.16%</td>
<td>-2.59%</td>
</tr>
<tr>
<td>TSU</td>
<td>21.75%</td>
<td>24.88%</td>
<td>-3.13%</td>
</tr>
<tr>
<td>WTAMU</td>
<td>34.44%</td>
<td>32.72%</td>
<td>1.72%</td>
</tr>
<tr>
<td><strong>Average Change</strong></td>
<td></td>
<td></td>
<td><strong>-1.08%</strong></td>
</tr>
</tbody>
</table>
Texas A&M Universities
Tuition Discount Rates 2022, 2021 and 2020
Why does it matter

• Tuition discounting is used by the budget team and analysts of financial reports

• Tuition discounting tells us how much aid we are providing to students
  o Institutions are closing
  o According to the statistics institutions who have had rates over 35%

• Need to ensure we are telling the correct story
Poll the Audience

• How many attendees analyze the tuition discounting calculation today?
• How long does the current calculation take at your campus?
• Any challenges come to mind?
Change is Coming
How many different scenarios are out there?

- One Scenario
  - Student registers, pays their bills

- Second Scenario
  - Student registers, receives loans, grants, aid and pays the remainder of the bill

- What about refunds?
- So many scenarios
### NACUBO Method B Spreadsheet

<table>
<thead>
<tr>
<th>Student</th>
<th>Total institutional aid</th>
<th>Institutional Aid</th>
<th>Aid Applied to T&amp;F</th>
<th>Aid Applied to Aux</th>
<th>Excess aid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other Aid</td>
<td>Other Aid</td>
<td>Other Aid</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>associated for T&amp;F discount</td>
<td>associated to T&amp;F (discount)</td>
<td>available for Aux discount</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C = A - B</td>
<td>D</td>
<td>E = Lesser of C or D</td>
</tr>
<tr>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,225.00</td>
<td>-</td>
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<tr>
<td>20</td>
<td>6,195.00</td>
<td>-</td>
<td>6,195.00</td>
<td>7,310.00</td>
<td>6,195.00</td>
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<tr>
<td>23</td>
<td>(761.00)</td>
<td>-</td>
<td>(761.00)</td>
<td>-</td>
<td>(761.00)</td>
</tr>
<tr>
<td>97</td>
<td>700.00</td>
<td>-</td>
<td>700.00</td>
<td>1,161.00</td>
<td>700.00</td>
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<tr>
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<td>-</td>
<td>20,374.00</td>
<td>21,882.00</td>
<td>20,374.00</td>
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<tr>
<td>1134</td>
<td>17,000.00</td>
<td>4,800.00</td>
<td>12,200.00</td>
<td>18,766.00</td>
<td>12,200.00</td>
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<tr>
<td>2566</td>
<td>5,673.00</td>
<td>2,000.00</td>
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<td>9,410.00</td>
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<tr>
<td>10021</td>
<td>955.00</td>
<td>-</td>
<td>955.00</td>
<td>955.00</td>
<td>955.00</td>
</tr>
</tbody>
</table>

|     | 19,806,538.44 | 204,442.37 | 19,602,096.07 | 63,376,955.50 | 18,355,015.08 | 1,247,080.99 | 204,442.37 | 5,664,860.62 | 384,676.13 | 1,066,847.23 |
Aid Reported As

1. Scholarship Discount - Scenario - Total aid offsets total charges, no surplus aid or charges
   - Variations:
     - There are total charges, but either all of T&F or all of Aux charges are reversals, and the aid covers the total charges
     - T&F charges are reversals, and TOTAL charges are reversals, but there are Aux charges the aid will cover

2. Scholarship Discount - Scenario - Total aid is LESS than total charges (T&F + Aux)
   - Variations:
     - There are total charges, but either all of T&F or all of Aux charges are reversals, and the aid covers the total charges
     - T&F charges are reversals, and TOTAL charges are reversals, but there are Aux charges the aid will cover

3. Scholarship Expense - Scenario - There is aid for the year, but no charges
   - Variations:
     - No charges/net zero charges, only aid for the year
     - No charges/net zero charges, only REVERSED aid for the year
     - Net charges are reversals, have aid
     - Net charges are reversals, reversed aid
Aid Reported As, continued

4. Both Scholarship Discount and Scholarship Expense-Scenario - Total aid is MORE than total charges, excess is scholarship expense
   o Variations:
     ▪ TOTAL charges are reversals, net charges exist for either T&F or Aux
     ▪ The only aid is Aux, so the discount is only on the Aux charges

5. Neither scholarship discount nor expense to report for the student-Scenario - No aid for the year
   o Variations:
     ▪ No aid, and the total charges are reversals
     ▪ Aid and charges each net to zero
     ▪ All aid and charges are reversed, so no surplus aid or charges
TAMU’s Process for TAMU, TAMUG and HSC

• First Step
  o Define Requirements
  o What is needed from Banner/FAMIS
  o Understanding the connection between TANDF and AFR Operating Statement

• Begin developing the data to post the entry to ensure the rows and the columns are correct
  o Tuition, Fee, Sales and Services Revenue Streams
  o Scholarship Expense vs. Tuition Discount Expense
  o E&G, Designated, Auxiliary, Restricted
Change is Coming

• We are all understanding our student data better and the cross walk to our accounting systems

• If new coding is needed in the Student System, this will take additional time

• If you are ready to make a change this year, early implementation is welcome
  o Let us know if there is a change in the Flux Explanation
Conclusion and Next Steps

• Biggest Concern: does the Student System have all the needed data?

• Don’t give up
  ○ Continue determining what is possible at your campus

• Workgroup will start back in March 2024
Closing Comments for Day 1

We have networked plus learned/been reminded about many topics

- Where we have come from and where we are going
- Comptroller’s Office reviewed their ACFR processes; asked for our help
- Accounting Standard Changes
- Importance of our Financial Statements
- Capital Assets
- Tuition Discounting

One more day together...network and discuss FAMIS Year-end, Local Cash, Receive an Update from Treasury and Wells Fargo and talk about USAS
Parking Passes

- Parking passes for those who are not staying at the hotel
  - Insert the White ticket first
  - Then insert the Green ticket