Accounting and Reporting Scholarship Discounts and Allowances to Tuition and Other Fee Revenues by Public Institutions of Higher Education

POSITION PAPER PREPARED BY NACUBO ACCOUNTING PRINCIPLES COUNCIL

The position paper that follows was approved in July 2000 by the NACUBO Accounting Principles Council. The paper represents preferred industry practice, and in the absence of any guidance from the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the American Institute of Certified Public Accountants, this document should be followed by all public schools, colleges, and universities.

Purpose: This document defines discounts and scholarship allowances for purposes of accounting for and reporting revenues net of discounts as required by paragraph 100 of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities. “The operating statement for proprietary funds is the Statement of Revenues, Expenses, and Changes in Fund Net Assets. Revenues should be reported by major source and should identify revenues used as security for revenue bonds.” Footnote 41 further states: “Revenues should be reported net of discounts and allowances with the discount or allowance amount parenthetically disclosed on the face of the statement or in a note to the financial statements. Alternatively, revenues may be reported gross with the related discounts and allowances reported directly beneath the revenue amount.”

The GASB treatment of scholarship discounts and allowances is similar to that required by paragraph 12.05 of the June 1996 American Institute of Certified Public Accountants' (AICPA) audit and accounting guide, Not-for-Profit Organizations. The guide states, “Revenues from exchange transactions should generally be reported gross of any related expenses. If the organization regularly provides discounts (such as financial aid for students that is not reported as an expense, reduced fee for services, or free services) to certain recipients of its goods or services, revenues should be reported net of those discounts.”
In paragraph 13.07, the guide continues,

Some not-for-profit organizations provide reductions in amounts charged for goods or services, such as financial aid provided by colleges and universities. Reductions in amounts charged for goods or services provided by a not-for-profit organization should be reported as expenses if such reductions are given in exchange for goods or services provided to the organization, such as part of a compensation package. Amounts reported as expenses for such reductions should be reported in the same functional classification in which the cost of the goods or services provided to the organization are reported. If such reductions in amounts charged for goods or services provided by a not-for-profit organization are given other than in an exchange for services provided to the organization, such amounts should be reported as follows:

- as expenses to the extent that the organization incurs incremental expense in providing such goods or services
- as discounts if the organization incurs no incremental expense in providing such goods or services.

By virtue of this document's approval by the Accounting Principles Council (APC) of NACUBO, it represents preferred industry practice and, in the absence of any future applicable guidance on scholarship discounts and allowances from the Financial Accounting Standards Board (FASB), the GASB, or the AICPA, this document should be followed by all public schools, colleges, and universities. Although the requirement in paragraph 12.05 of the guide is not applicable to public colleges and universities that follow GASB standards, GASB's inclusion of footnote 41 to paragraph 100 of GASB Statement No. 34 requires that revenues be reported net of discounts and allowances or be reported gross with the related discounts and allowances reported directly beneath the revenue.

Applicability: This position paper applies to all public not-for-profit schools, colleges, and universities reporting under GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities.

Scope: The criteria for classification as a scholarship allowance applies to tuition and fees, housing, and meal plans, as well as to provision of educationally related supplies acquired from an institutional bookstore. Revenues from all exchange transactions should be reported net of discounts. Since amounts paid by students for institutional services are exchange transactions, they are subject to the same criteria as other exchange transactions for determining a discount.

Significance: Reporting tuition and fee revenues net of scholarship discounts and allowances is expected to have a very significant impact on the financial statements of many public institutions. The principal effect of classifying scholarship discounts and allowances as a contra-revenue is to reduce both student financial aid expenses and tuition and fee revenues.

Effective Date: The effective date of this document for public higher education institutions will coincide with the institution’s implementation date under GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities.
Summary

Public institutions will report all tuition and fee revenues net of any scholarship discounts and allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is paid by the student and/or third parties making payments on behalf of the student. When applying scholarship allowance guidance, it should be understood that the tax treatment of scholarships does not apply to the accounting treatment of scholarship discounts and allowances and is not the basis for determinations expressed in this Advisory Report.

A single net tuition and fee revenue amount may be reported in the Statement of Revenues, Expenses and Changes in Net Assets, or the gross tuition and fee revenue may be reported less the related scholarship allowance, provided that the scholarship allowance is displayed immediately beneath the revenue. If the institution chooses to report only the single net tuition and fee revenues amount on the face of the financial statement, the amount of scholarship allowance should be disclosed in the notes to the financial statements or parenthetically to the revenue line item Tuition and Fees, etc. For example, the revenue item could be displayed as Tuition and Fees (net of scholarship discounts and allowances of $#,###,###). Whether disclosed on the face of the financial statement or in the notes to the financial statements, the amount of the scholarship allowance should be disclosed for all revenues impacted by such scholarship discounts and allowances.

In considering what is or is not revenue, the following guiding rule applies: amounts received to satisfy student tuition and fees will be reported as revenue only once (e.g., tuition and fees, gifts, federal grants and contracts such as Pell Grants, investment income, etc.). Only amounts expected to be received from students and third-party payers to satisfy student tuition and fees, room and board payments, or bookstore payments will end up being reported as tuition and fee revenue, room and board revenue, or institutional bookstore revenue. Institutional resources provided to students as financial aid will be recorded as scholarship allowances in amounts up to and equal to amounts owed by the students to the institution. Institutional resources provided in excess of amounts owed by the students to the institution and refunded to the students will be recorded as an institutional expense (e.g., student aid, scholarships, and fellowships, etc.).

When considering what is or is not revenue, the institution's published rate structure must be considered. For example, institutions may publish different rates for different classes of students. An institution may publish a per-semester-hour rate of $65 for students enrolling in lower-level undergraduate courses. In the same institutional catalog the institution may publish a per semester hour rate of $5 for senior citizens enrolling in the same lower-level undergraduate courses. If a senior citizen enrolls in the lower-level undergraduate course, the maximum revenue that the institution may record is $5 per semester hour. The difference in rates between $65 and $5 would not be recorded as a $60 scholarship allowance as no institutional funds are provided to reduce a rate. On the other hand, if the institution provided the senior citizen with a scholarship from institutional funds, a scholarship allowance of $5 per semester hour would be recorded.

Another area of confusion when determining what is or is not revenue is the treatment of waivers of out-of-state tuition (reduction to in-state tuition). Out-of-state tuition waivers are provided for any number of reasons. They are offered as legacy waivers for children of alumni, as inducements to attract outstanding academic and/or athletic students to the institution, and as inducements to retain students in undergraduate and graduate programs. In determining whether an out-of-state tuition waiver is to be treated as a rate structure event or a scholarship allowance event, one
has to follow first the published rate structure, and then the cash. If the institution provides a student with institutional resources to pay the student’s out-of-state tuition, a scholarship allowance should be recorded. If the institution waives the student’s out-of-state tuition due to a published rate structure, no scholarship allowance is recorded. The scholarship allowance treatment of out-of-state waivers may be different from administrative, primary government, or other reporting requirements. The institution’s chart of accounts should support ad hoc administrative reporting requirements mandated or requested by institutional or external requirements or rules.

Background

1. Higher education traditionally has charged students for educational programs and related services through a series of fees that collectively support the budget for educational and general activities and specifically maintain self-supporting auxiliary enterprise activities, such as institutional bookstores, housing, and food services. Typically, tuition is the primary educational fee assessed to a student and can be defined as the gross instructional fee per credit hour or other unit of instruction multiplied by the number of credit hours taken by the student.

2. Cost of attendance is the projected total cost for the student to attend an institution. It includes tuition; room and board fees for residential students; living expenses for commuting students; and books, supplies, travel, and other institutional fees assessed for services (e.g., student activities, health, etc.). The gap between the cost of attendance and the calculated ability of the student to pay this amount equals the projected student financial need. From the perspective of the student, all scholarship aid is a reduction in the cost of attendance. Loans help make the residual cost more affordable by extending the period of time over which educational expenses are paid but do not reduce the cost of attendance.

3. Historically, student financial need has been met, to a large extent, by financial aid from sources external to the institution. The types of financial aid provided by external sources include a number of grant and loan programs funded by the federal government. The largest of these are the William D. Ford Direct Lending, the Perkins and Stafford Loan programs, the Pell and Supplemental Educational Opportunity Grant (SEOG) programs, and the College Work-Study program. A number of states also provide financial aid for needy students who meet specific criteria. For example, New York administers the tax-supported Tuition Assistance Program (TAP), which awards grants to needy New York residents who wish to attend college in the state. Alabama funds a student program that provides a flat, non-need-based tuition equalization grant. In addition to these governmentally sponsored financial aid programs, a number of private foundations and local civic groups provide some scholarship or loan funding assistance to students, either on the basis of need or their own criteria. Institutions also help students reduce the cost of attendance with what have been termed “funded” and “unfunded” grants (i.e., scholarships). In fact, as increases in tuition have surpassed the growth in externally funded financial aid, institutions have narrowed the gap between the stated cost of attendance and the combined figure from all external sources of aid and the amount paid by the student. This institutional reduction in the cost of attendance has, in the past, been accounted for as a financial aid expense.

4. In many ways, colleges and universities’ reduction of the cost of attendance to students is analogous to the contractual allowances recorded in the financial statements of health care providers. The health care industry, like the higher
education industry, provides services to and receives payments from many payers; all of these payers contribute a different amount, based on numerous factors. For both health care and higher education, the stated price of their services pertains to a declining portion of the population served.

Hospitals, for example, agree to accept insurance payments that are less than their stated charges as payment in full for the health care treatment provided. The unpaid balance between the amount the hospital charges and the amount the insurance company agrees to pay is potential patient-service revenue that the hospital contractually agrees to forgo. In hospital financial statements, this amount is called a contractual allowance and is offset against gross patient revenue to produce net or real patient-service revenue. The net patient-service revenue represents the amount that the hospital has actually billed for the services rendered. This is similar to what happens in higher education. When an institution makes a scholarship award, it agrees to accept less than its stated price as payment in full for educational services rendered.

A major difference is that college and university financial statements have not displayed the reduction of gross tuition and fees and the effective net tuition and fee revenues that represent the true amount collected from students.

5. The impact of discounting tuition and fee revenue began to appear regularly in the higher education management literature in the early 1990s after many industry analysts and economists began to focus on the actual net tuition and fee payments made by or on behalf of students. The authors of these assessments argued that the historical practice of reporting gross tuition and fees was misleading to financial statement users because it did not convey an accurate sense of resource inflows and outflows of institutions and because it obscured the need for institutions to manage their net tuition and fee revenues.

6. Members of the audit community and many standard-setting organizations also expressed concern over the divergent treatment of higher education's contractual agreements (i.e., institutional aid awards to forgo a portion of the tuition owed by students and the contractual allowances in health care).

7. In response to these concerns, the NACUBO Accounting Principles Council (APC) disseminated an issues paper to all NACUBO members in August 1994, Tuition Discounts/Financial Assistance under FASB SFAS No. 116 & 117 and the Requirements of the New AICPA Audit Guide. The paper reviewed the status of current authoritative literature for higher education and compared and contrasted it with health care reporting. The paper also addressed the advantages and disadvantages of higher education's reporting tuition and fee revenues net of scholarship discounts and allowances. In preparing this issues paper, the APC found no relevant definition of "net tuition and fee revenue" or "scholarship allowance" in the current accounting literature and therefore determined that it would need to define net tuition and fee revenue and scholarship allowance as they related specifically to the higher education tuition and fee environment. After receiving very little response to this conceptual paper, the APC decided to issue another paper containing illustrative transactions and requested the membership to indicate which transactions included a discounting component. The APC carefully considered responses to this initial set of transactions and in the spring of 1995 issued a more formal illustrative transaction paper in which a definition of scholarship allowance was developed and contrasted with payments by third-party payers, compensation expenses, and sales of educational services. Comments on this document were received over the course of the summer and contributed to the position presented in NACUBO Advisory Report 97-1. This report updates and expands the concepts of NACUBO Advisory Report 97-1 to address public higher education needs.
Definition of Scholarship Allowances

8. A scholarship allowance is the difference between the stated charge for goods and services provided by the institution and the amount that is paid by students and/or third parties making payments on behalf of students. In considering what is or is not revenue, the following rule applies: amounts received to satisfy student tuition and fees will be reported as revenue only once (e.g., student fees, gifts, federal grants and contracts such as Pell Grants, and investment income), and only amounts received from students and third-party payers to satisfy tuition and fees will be recognized as tuition and fee revenue. In this definition, the term amounts received is used in a general sense; amounts effectively may be received by the reduction of a liability or the creation of an asset other than cash.

9. Although external financial aid and institutional scholarships are awarded, as described in paragraph 3, on the basis of the total cost of attendance and the student's ability to pay, the revenues forgone through scholarship allowances should not generally be assessed proportionately against both the educational and general budget and auxiliaries (e.g., room and board, institutional bookstore, etc.). This is because the auxiliaries, such as housing, institutional bookstores, and food service, are treated as essentially stand-alone businesses providing needed services, much like an outside contractor, to the student body. The steps that the college takes to attract or retain its students are central to the operations of the educational institution and are not, unless specifically stated in the financial award letter, offsets to the profitability of the auxiliary operations within the broad education enterprise. However, an institution may determine that it is appropriate to allocate the scholarship allowance entirely against billable tuition or, depending on institutional circumstances, it may determine that it is appropriate to allocate the scholarship allowance proportionately against tuition and other mandatory fees. In situations where the amount of an institutional scholarship exceeds billable tuition, the amount exceeding billable tuition should be charged as a reduction to the relative room and board and/or institutional bookstore revenues charged to the student. In the practical application of this reduction, the institution should determine the priority in which it collects revenues and apply the reduction in that order.

10. In some circumstances, the amount of institutional aid awarded may exceed the tuition and fees, housing, and meals provided by or procured from the institution. In such circumstances, the excess of aid over tuition and fees and institutional housing and meals should be treated as an expense.

11. Gifts or grants given to the institution by individuals or nongovernmental entities for the purpose of reducing the cost of attendance for students historically have been accounted for in the following manner: When the gift was received, it was recorded as an addition to restricted funds. A restricted financial aid expense would then be recognized when the institution reduced the tuition for a student in the financial aid award process. Simultaneously, the institution would recognize restricted gift revenue and unrestricted tuition revenue. This approach resulted in counting revenue twice and in grossing up overall revenues.

12. The implementation of GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities,
effectively eliminates the historical practice of double-counting gift revenues. Thus, revenue will be recognized before the restricted receipt is used, regardless of whether it is used because of the lifting of the restriction provision or because there is a specific use of the funds made consistent with the restriction. Gifts made to the institution for the purpose of reducing the cost of attendance for students become fungible resources of the institution that allow the institution to continue to operate in lieu of the forgone tuition from students. In economic terms, gifts rather than tuition and fees are supporting the operation of the institution.

13. Income and/or total return on endowments established to provide financial assistance to students or to underwrite programs for students meeting certain criteria should be reported only once as income from investments. When such resources are used to cover forgone tuition revenue by students, revenue should not be recognized a second time as gross tuition, and the institution should not report an institutional financial aid expense. The institution should record a discount to tuition to reflect the waiver of tuition and/or fees by the student.

14. Restricted financial aid gifts and endowment income, except in situations where the terms are very narrow, will act as substitutes for unrestricted budgeted dollars.

15. The formally stated tuition rate per student is not applicable in sales of bulk educational services because the fixed price of those services is separately negotiated with another organization, regardless of the number of students receiving the educational services. Therefore, the sales of bulk educational services do not constitute a scholarship allowance to the stated tuition rate per student. However, the reduced fees collected may be reported as a scholarship allowance—similar to the contractual allowances used by hospitals—as long as the result is net tuition and fee revenue equal to the amount actually received.

Transactions That Are Not Scholarship Discounts and Allowances

16. Tuition remission policies developed as employee benefits should be accounted for as compensation expense and not as a scholarship allowance to tuition because the tuition remission was given in exchange for services. Many tuition remission benefits are taxable compensation to the employee, reinforcing the position that they are part of an exchange transaction and should be accounted for as compensation expense rather than as a scholarship allowance to tuition.

17. Payments received from a third-party payer are applied directly to satisfy the fees of a specified student. Therefore, payments made by third-party payers are neither gift nor grant revenue to the institution, nor a scholarship allowance to gross tuition, because the purpose of the payment is to pay the fees that the student would otherwise have to pay. An example of a payment by a third-party payer is a check forwarded to a university on behalf of a specific student from a community Rotary Club.

Governmental Grants and Other Programs of Financial Assistance

18. Governmental grants and/or other programs intended to help students defray their educational expenses should be handled in accordance with guidance issued by GASB for public institutions. The current GASB standard is that Pell Grants meet the definition of current restricted grant revenue. Thus, in public institutions the amount of a Pell Grant used to satisfy a student’s fees and charges is a scholarship allowance; any excess aid disbursed to the student would be a student aid expense. To report a scholarship allowance from a Pell Grant, public institutions would record a transfer from the current operating
restricted accounts to the current operating unrestricted accounts where the
tuition revenue is reported. SEOGs should also be treated as a scholarship
allowance to tuition and fee revenue, including the institutional matching
portion since these are institutional funds.

Display of Scholarship Allowances

19. Tuition and fee revenue may be reported net as a single line item in a Statement
of Revenues, Expenses, and Changes in Net Assets or parenthetically to the
revenue line item Tuition and Fees, etc. (for example, the revenue item could be
displayed as Tuition and Fees [net of scholarship allowances of $#,###,###]).
Alternatively, the gross revenue is permitted to be reported, provided that the
scholarship allowance is displayed immediately beneath as a reduction of the
revenue. If the institution elects to report only net tuition and fee revenue on the
face of the Statement of Revenues, Expenses, and Changes in Net Assets, the
scholarship allowance leading to this net tuition and fee revenue amount shall
be disclosed in the notes to the financial statements. If the institution reports
gross tuition and fees less a scholarship allowance, this scholarship allowance
amount should have a label appropriate to the institutional setting. For
example, if the institution calls such scholarship allowances “institutional
grants in aid,” “institutional scholarships,” “sponsored or unsponsored schol­
arships,” or “funded or unfunded scholarships,” each may be an appropriate
label for the contra-account to gross tuition and fees. If the institution wishes
to present scholarship allowances to gross tuition and fees in a disaggregated
format to highlight such characteristics of the types of scholarship allowances
given (e.g., merit versus need scholarships) or to show the scholarship allow­
ances provided to students in various academic programs (e.g., liberal arts,
business, science, etc.), it may do so as long as the net tuition and fee total is
presented.

20. Institutions are encouraged, but not required, to describe their general policy
on discounting or to explain a significant change in the annual scholarship
allowance amounts from the previous year.
Examples of Scholarship Allowances

Introduction

For the examples that follow: Student accounts receivable is generally used such that tuition and fees are recorded as accounts receivable and revenue. Then financial assistance is applied to the receivable. Any credit balance in student accounts receivable results in a payment to the student.

Financial assistance is recorded as contra-revenue or as expenses:

Contra-revenue:

- Scholarship allowance

Expenses:

- Financial aid (this is a generic term; some use “student aid,” “scholarships,” “fellowships,” or some other phrase)
- Compensation (salaries/wages)
- Benefits

Although financial assistance can continue to be recorded as an expense internally, in many cases it will be reported as a discount or allowance that will reduce gross revenues. For example, for Student I, internally the scholarship can be charged to the athletic department as an expense, but for external financial reporting, certain amounts must be reported net of discounts and allowances. In general, fewer adjustments will be required for financial reporting if all discounts and scholarship allowances are recorded as contra-revenues. Multiple accounts may be used for internal purposes and aggregated for financial reporting.
Examples

Student A is enrolled in a local hospital's nursing program. By contract with the hospital, the institution accepts the nursing students into general education courses, which are also part of the nursing program's course requirements. The hospital pays the institution a contract fee per student that is less than regular tuition for each student. Individual students enroll, but are not billed by the institution.

1) 

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Student accounts receivable</td>
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</tr>
<tr>
<td>Scholarship allowance</td>
<td>200</td>
</tr>
<tr>
<td>Tuition revenue</td>
<td>1,000</td>
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</tbody>
</table>

To record tuition revenue for nursing students in general education courses; bill is sent to the hospital.

The scholarship allowance contra-revenue account could be further identified as "Hospital xx contractual allowance" or some similar term if the institution wants to maintain separate detailed accounts for each type/funding source of scholarship allowance. This same detail could be used for all scholarship discounts and allowances but will not be noted further in these examples unless needed to help clarify a particular example.

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<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Cash</td>
<td>800</td>
</tr>
<tr>
<td>Student accounts receivable</td>
<td>800</td>
</tr>
</tbody>
</table>

To record payment received from the hospital; the hospital is a third-party payer, like a parent.

Depending upon an institution's fee assessment process/system, it is also possible that there could be two transactions to create the net transaction shown above. One transaction could debit student accounts receivable and credit tuition revenue for $1,000 while the second could debit scholarship allowance $200 and cash $800, and credit student accounts receivable for $1,000.

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<table>
<thead>
<tr>
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<td>1,000</td>
</tr>
<tr>
<td>Tuition revenue</td>
<td>1,000</td>
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To record revenue for nursing students in general education classes; bill is sent to hospital.

2) 

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>800</td>
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<td>Scholarship allowance</td>
<td>200</td>
</tr>
<tr>
<td>Student accounts receivable</td>
<td>1,000</td>
</tr>
</tbody>
</table>

To record payment from hospital and tuition discount allowed under hospital's contract with the institution.

Revenue will be reported net of the contractual allowance.
Student B enrolls in a general course, but is also enrolled in a local hospital's nursing program. By contract with the hospital, the institution provides the nursing students with general education courses, which are also part of the nursing program's course requirements. The hospital pays the institution a contract fee for the courses. Any number of nursing students can enroll. This contract constitutes a separate "fee schedule" for these students—the flat rate collected from the hospital.

1) Accounts receivable 20,000
   Tuition revenue 20,000
   To record tuition revenue for general education courses provided for nursing students.

2) Cash 20,000
   Accounts receivable 20,000
   To record payment received from the hospital.

Revenue can be reported gross at the amount per the contract, or net. See Definition of Scholarship Allowances, paragraph 15, above.

An institution could find it expedient because of its fee assessment process/system to record a transaction with each student. The net transactions should comply with paragraph 15.

Student C has tuition waived because she is attending a special class funded by a grant from the U.S. Department of Education on improving the teaching of mathematics to junior high school students. The grant is awarded to the institution and pays all the expenses of the course, and the students selected are not required to pay a fee (there is no charge to them for the course).

1) Faculty salaries 10,000
   Benefits 2,500
   Supplies 2,500
   Cash 15,000
   To record expenses for the program (special class).

2) Accounts receivable—government grants 15,000
   Grants revenue 15,000
   To record the grants receivable—letter of credit or direct billing.

3) Cash 15,000
   Accounts receivable—government grants 15,000
   To record payment received from the grantor.

4) Student accounts receivable 5,000
   Tuition revenue 5,000
   To record tuition revenue for students enrolled in the special class.

5) Scholarship allowance 5,000
   Student accounts receivable 5,000
   To record tuition waivers for students enrolled in the special class.

Revenue will be reported net of allowance, which in this case is zero.

Under the State and Local Government model, transactions 1, 2, and 3 would be recorded as restricted operating revenues and expenses, and transactions 4 and 5 would be recorded as unrestricted operating transactions.
Student D has tuition waived under a program that provides tuition waivers to full-time employees of the state government and public institutions of higher education and to members of the state's National Guard units. Some students enrolled under this provision are employees of the institution where the courses are taken, and some are employees of other institutions or of general state government or members of the National Guard.

1) Student accounts receivable 500
Tuition revenue 500

To record tuition revenue for a full-time employee of the state, another institution, the institution offering the course, or a member of the National Guard.

2) Scholarship allowance 500
Student accounts receivable 500

To record tuition waiver for a full-time employee of general state government, an institution other than the one where the course is offered, or the National Guard.

Revenue will be reported net of allowance.

2) Benefits expense 500
Student accounts receivable 500

To record the tuition waiver for the institution's own employee.

Tuition will be reported gross and an employee benefit expense will be reported.

Student E is awarded an "academic achievement" scholarship. This is a scholarship from unrestricted funds for 60 percent of tuition for credit courses and is awarded to students who achieve a specified high score on admissions examinations and fulfill other requirements.

1) Student accounts receivable 10,000
Tuition revenue 10,000

To record tuition revenue for a student.

2) Scholarship allowance 6,000
Student accounts receivable 6,000

To record the scholarship.

Revenue will be reported net of allowance.
Student F is awarded a partial tuition scholarship from general institutional funds. This is an international student selected as part of an institutional plan to expose its mostly American students to the wider sphere of the world, which the institution believes to be helpful to the educational process of its students.

1) Student accounts receivable
   Tuition revenue
   10,000

To record tuition revenue for the student.

2) Scholarship allowance
   Student accounts receivable
   6,000

To record the scholarship.

Revenue will be reported net of allowance.

Student G is awarded a scholarship from general institutional funds. The combination need-based and academic scholarship is for tuition, institutional housing, and one-half the cost of a full meal plan. Since the student is using institutional housing and a meal plan, the scholarship will be treated as an allowance.

1) Student accounts receivable
   Tuition revenue
   10,000
   Housing revenue
   3,000
   Meal plan revenue
   1,000

To record student charges for tuition, housing, and meal plan.

2) Scholarship allowance
   10,000
   Scholarship allowance
   3,000
   Scholarship allowance
   500

   Student accounts receivable
   13,500

To record the scholarship.

3) Cash
   Student accounts receivable
   500

To record payment from the student for one-half of the meal plan.

Revenue will be reported net of allowance.

Note: Transactions 1 and 2 could have been recorded in one net transaction.
Student H is awarded a "performance" scholarship by the music department equal to one-half of the tuition. The student is expected to participate in student opera productions, but the scholarship cannot be canceled; it may not be renewed at the music department's option. The scholarship is funded from general institutional allocations to the music department.

1) Student accounts receivable
   Tuition revenue
   10,000
   10,000
To record tuition revenue for the student.

2) Scholarship allowance
   Student accounts receivable
   5,000
   5,000
To record the scholarship.

3) Cash
   Student accounts receivable
   5,000
   5,000
To record payment from the student for one-half of the tuition.

Revenue will be reported net of allowance.
Student I is awarded an athletic scholarship for tuition, housing, meals, and books. The bookstore is operated by a third-party contractor. Scholarship amounts for institutional operations are allowances. In the first scenario, the athlete lives in institutional housing and uses a meal plan, so the $500 awarded for books is a financial aid expense. However, in the second scenario, $4,500 is a financial aid expense, since institutional housing and meal plans were not used.

If student uses institutional housing and a meal plan:

1) Student accounts receivable 14,000
   Tuition revenue 10,000
   Housing revenue 3,000
   Meal plan revenue 1,000

To record student charges for tuition, housing, and meal plan, assuming housing and meals are required.

2) Scholarship allowance 10,000
   Scholarship allowance 3,000
   Scholarship allowance 1,000
   Financial aid expense (books) 500
   Student accounts receivable 14,500

To record the scholarship.

3) Student accounts receivable 500
   Cash 500

To record payment to the student for the credit balance, which equals the amount provided for books.

Revenue will be reported net of allowance, except that the book allowance will be a financial aid expense.

If the student does not use institutional housing or meals:

1) Student accounts receivable 10,000
   Tuition revenue 10,000

To record tuition revenue.

2) Scholarship allowance 10,000
   Financial aid expense (housing) 3,000
   Financial aid expense (meal plan) 1,000
   Financial aid expense (books) 500
   Student accounts receivable 14,500

To record the scholarship.

3) Student accounts receivable 4,500
   Cash 4,500

To record payment to the student for the credit balance, which equals the amount provided for books, housing, and meals.

Tuition revenue will be reported net of allowance. The cost of housing, meals, and books will be a financial aid expense.
Student J is awarded the annual Griffen County scholarship. This scholarship is funded by annual contributions to the institution from a resident of Griffen County, and is given to a student from Griffen County selected by the institution. The scholarship amount is equal to tuition. The institution is located in Griffen County, and more than 1,000 students from the county are enrolled.

1) Cash 10,000
   Contributions—restricted support 10,000
   To record restricted gifts for the scholarship fund.

2) Student accounts receivable 10,000
   Tuition revenue 10,000
   To record tuition revenue for a student who is a Griffen County resident.

3) Scholarship allowance 10,000
   Student accounts receivable 10,000
   To record the scholarship allowance. To account for cash, $10,000 of restricted cash will be transferred to unrestricted when the scholarship allowance is posted.

Revenue will be reported net of allowance. Had the county identified the student recipient, the receipt would have been a third-party payment, and no allowance or gift revenue would have been recognized.

Student K is awarded a fellowship funded by the earnings from an endowment fund. The endowment earnings may be used for no other purpose than the fellowship. The fellowship amount per the endowment agreement is always $15,000 per year. Tuition, institutional housing, and meal plan are less than the fellowship. (See Student I for an example in which institutional housing and meals are not used by a student.)

1) Cash 15,000
   Endowment income 15,000
   To record investment earnings for the endowment.

2) Student accounts receivable 14,000
   Tuition revenue 10,000
   Housing revenue 3,000
   Meal plan revenue 1,000
   To record student charges for tuition, housing, and meal plan, assuming housing and meals are chosen by the student.

3) Scholarship allowance 10,000
   Scholarship allowance 3,000
   Scholarship allowance 1,000
   Financial aid expense (stipend) 1,000
   Student accounts receivable 15,000
   To record the scholarship.

4) Student accounts receivable 1,000
   Cash 1,000
   To record payment to the student for the credit balance.

Revenue will be reported net of institutional allowances; the disbursement to the student will be a financial aid expense.
Student L is awarded a Pell Grant of $2,000. The federal program provides that the grant is to assist students with the current cost of education, but the institution cannot require students to use any or all of the grant for any particular component of their expenses. Tuition for the semester is $5,000, and the student requests $1,000 of the Pell Grant.

1) Student accounts receivable 5,000
   Tuition revenue 5,000
   To record tuition revenue.

2) Scholarship allowance—Pell Grant 1,000
   Student accounts receivable 1,000
   To record the Pell Grant and credit it to the student's account.

3) Accounts receivable—Pell 2,000
   Federal grants and contracts—Pell 2,000
   To record the receivable—letter of credit.

4) Cash 2,000
   Accounts receivable—Pell 2,000
   To record payment received from the grantor.

5) Student aid expense—Pell 1,000
   Cash 1,000
   To record payment to the student, as requested.

6) Cash 4,000
   Student accounts receivable 4,000
   To record payment received for the student's account receivable balance.

Revenue will be reported net of the Pell Grant scholarship allowance.

Student M is awarded a scholarship by a local civic club; the institution is not involved in the selection, and the recipient may attend any college. The civic club sends the monies to the institution to be disbursed to the named student "upon enrollment" by the student. This example does not require a determination of gross or net reporting. A payment on behalf of the student has the same effect as if the student paid his/her own tuition. The result is that tuition is reported gross.

1) Student accounts receivable 10,000
   Tuition revenue 10,000
   To record tuition revenue; bill is sent to the civic club.

2) Cash 10,000
   Student accounts receivable 10,000
   To record payment received from the civic club; the civic club is a third-party payer, like a parent.

Revenue will be reported gross.
Student N is awarded an educational assistance grant by his employer (not the institution); the employer authorized the institution to bill them directly. The institution is not involved in selecting or approving those who receive educational assistance from the employer. This example does not require a determination of gross or net reporting. A payment on behalf of the student has the same effect as if the student paid his/her own tuition. The result is that tuition is reported gross.

1) Student accounts receivable  
   Tuition revenue  
   5,000  
   5,000

To record tuition revenue; bill is sent to the student’s employer.

2) Cash  
   Student accounts receivable  
   5,000  
   5,000

To record payment received from the employer; the employer is a third-party payer, like a parent.

Revenue will be reported gross.

Student O resides outside the state where the institution is located but is not assessed the usual “nonresident” tuition charged to nonresident students. Under terms of the donation of land by the county to the public institution, the institution will assess an additional fee to students who are not residents of the county. The institution’s fee rates provide an exception for military personnel assigned within the county, regardless of permanent residence, and to dependents of graduates of the institution, regardless of permanent residence. Student O qualifies under the “dependent of a graduate” exception. Resident tuition is $2,000 and nonresident tuition is $4,000. Tuition is recorded at the resident rate since the student qualifies under the terms of the donation as allowed by the exceptions. There is no scholarship allowance.

1) Student accounts receivable  
   Tuition revenue  
   2,000  
   2,000

To record tuition revenue.

2) Cash  
   Student accounts receivable  
   2,000  
   2,000

To record payment received from the student.

Revenue will be reported gross at the resident tuition rate.
Student P resides in the state, is a senior citizen, and enrolls in a three-credit course at the state institution.

The state institution publishes a tuition rate structure in its course catalog. The rates are as follows:

Regular rates:
- Resident full-time undergraduate: $4,000
- Nonresident full-time undergraduate: $8,000
- Resident part-time, per credit: $350
- Nonresident part-time, per credit: $700

Regular rates apply to students who are not senior or disabled citizens.

Rates for senior or disabled citizens:
- Resident full-time undergraduate: $3,600
- Nonresident full-time undergraduate: $7,200
- Resident part-time, per credit: $315
- Nonresident part-time, per credit: $630

Tuition is recorded at the "senior" rate since the student qualifies. There is no scholarship allowance.

1) Student accounts receivable 945
   Tuition revenue 945

To record tuition revenue for a three-credit course (3 x $315).

2) Cash 945
   Student accounts receivable 945

To record payment received from the student.

Revenue will be reported gross at the rate for senior citizens.

Student Q is charged only one-half of normal tuition as the dependent of an employee. This example does not require a determination of gross or net reporting. The institution incurs a compensation/benefits expense, and the result is that tuition is reported gross.

1) Student accounts receivable 10,000
   Tuition revenue 10,000

To record tuition revenue for a dependent enrolled; notice is sent to the benefits office.

2) Benefits expense 5,000
   Student accounts receivable 5,000

To record the benefits cost for one-half of the tuition.

3) Cash 5,000
   Student accounts receivable 5,000

To record payment received from the parent for the balance due. Revenue will be reported gross.
Student R has tuition waived as part of the arrangement for employment as a graduate assistant. This example does not require a determination of gross or net reporting. The institution incurs a benefits expense, and the result is that tuition is reported gross.

1) Student accounts receivable 5,000
   Tuition revenue 5,000
To record tuition revenue for a graduate assistant enrolled.

2) Benefit expense 5,000
   Student accounts receivable 5,000
To record the benefit cost. Note: this is consistent with all benefits provided to employees and dependents of employees; specific tax provisions establish that some of these benefits are taxable income and some are not. Tax policy does not dictate financial reporting standards.

Revenue will be reported gross.

Student S qualifies to participate in the Federal Work-Study (FWS) program and is employed part-time by the institution under the program. This example does not involve tuition.

1) Salaries/wages—institutional share 300
   Salaries/wages—federal share 700
   Fringe benefit on-behalf withheld 150
   Cash 850
To record payment to the student for hours worked.

2) Accounts receivable—FWS 700
   Grants and contracts—FWS 700
To record the grants receivable—letter of credit.

3) Cash 700
   Accounts receivable—FWS 700
To record payment received from grantor.

Student T is awarded a scholarship of $10,000 from the institution’s SEOG award. The SEOG scholarship is funded by the annual federal appropriations to the institution for students selected by the institution.

1) Accounts receivable—federal SEOG 10,000
   Grants and contracts—SEOG 10,000
To record the SEOG grant to the institution.

2) Student accounts receivable 10,000
   Tuition revenue 10,000
To record tuition revenue.

3) Scholarship allowance 10,000
   Student accounts receivable 10,000
To record the SEOG scholarship.

Revenue will be reported net of allowance.
Student U receives a scholarship from the institution’s component unit foundation. If the foundation’s award is truly a foundation award, the payment is considered a third-party payment by the institution and no scholarship allowance is recognized. Any overpayment would be recognized as an expense. However, if the resources to fund the scholarship are part of a disbursement to the institution, the disbursement is recognized by the institution as revenue at the time of receipt and a scholarship allowance for the amount of the student’s accounts receivable paid by the resources. Any overpayment would be recognized as an expense.

If the component unit disburses directly to the student, the component unit has a student aid expense. If an outside entity is not a component unit and provides a scholarship, the outside entity is treated as any other third party. If the funds are remitted to the institution and the institution selects the recipient, then the institution has operating revenue and a scholarship allowance. If the outside entity selects the student recipient, the amount is either a third-party receipt on behalf of a student or a direct receipt from the student.

Student V receives a student loan (either through a commercial lender or the Direct Lending program). There is no scholarship allowance or student aid expense associated with the loan. The loan is an exchange transaction and the institution serves only as a conduit. There is no revenue to the institution related to the loan programs; these are balance-sheet-only transactions. Satisfaction of fees from loan proceeds are reported as other payments made directly by the student from the student’s own resources.

Student W participates in a student exchange program. The student pays her home institution the normal fees but enrolls at a visiting institution. As a participant in the exchange program, the visiting institution does not charge the student any fees. At the home institution, the fees paid by the student are some category of student program revenues (not tuition). The visiting institution has equal amounts of tuition revenue and scholarship allowance.

Student X is a National Merit Scholarship recipient. The institution pays an amount to the National Merit Scholarship program for participation in the program. Student X is provided a scholarship by the National Merit Scholarship program and pays fees at the institution. The payments made by the institution are an expense (not a student aid expense), and the receipt of fees by the institution is treated as any other third-party payments on behalf of a particular student. The fact that the amounts paid by the institution may be exactly the same amount as the scholarship awarded to the student does not change the financial reporting. The reporting follows the flow of the funds.
The Alternate Method

The above guidance provides specific examples for case-by-case application of financial aid and institutional resources to student accounts receivable with resultant scholarship allowances and student aid expenses. In reality, most institutions do not post their financial aid on a case-by-case basis. Most institutions establish a date to apply financial aid. The date is selected to maximize the integral components of the process: maximum known institutional charges applied to the students' accounts, optimized add and drop activity, optimized drawdowns from federal financial aid programs (Pell, SEOG, etc.), optimized availability and posting of student loans (Stafford, William D. Ford Direct Lending, PLUS, etc.), optimized availability of noninstitutional grant programs (state grant programs, etc.), optimized foundation and private scholarship and grant availability, optimized institutional support, etc.

When an institution applies financial aid en masse, determinations of scholarship allowances and student aid expenses by category are virtually impossible. Whether a Pell application becomes a scholarship allowance vs. or a student aid expense becomes dependent on the application order of other financial aid. For example, if a student had an account receivable of $2,000 for tuition and fees, and a Pell award of $1,000, and a Stafford or Direct Lending Loan of $3,000, the order of application would determine the amount to be included in scholarship allowances and student aid. For example, if the Stafford or Direct Lending Loan posts first, there would be no account receivable to be covered by the Pell award, so the Pell award would become a student aid expense. Conversely, if the Pell award posts first, the entire Pell award would become a scholarship allowance. On a case-by-case basis, such determinations are easy. However, when the institution posts its financial aid to all students at virtually the same time, it is not readily apparent how much of which financial aid category becomes a scholarship allowance and which becomes a student aid expense.

Institutions may use a rational, documented allocation methodology, such as the one presented in this section, to determine that portion of applicable financial aid support to be applied as scholarship allowances and student aid expenses. The alternate approach presented as an example represents a simple proportionality algorithm based on the application of total financial aid, after authorized students' elections (e.g., student elects to receive entire, or part of, Pell award and not apply it to her/his accounts receivable, etc.). To use the alternate approach, institutions would calculate the following categories and their amounts (amounts should be available from the institution's administrative systems):

(A) Financial aid not recognized as revenue of the institution. Activity in this category represents Statement of Net Asset transactions and not Statement of Revenues, Expenses, and Changes in Net Assets. These are resources held for others, such as William D. Ford Direct Loans, Stafford Loans, etc.

(B) Financial aid being applied from resources already recognized as revenue by the institution. Activity in this category represents Statement of Revenues, Expenses, and Changes in Net Assets transactions, such as Pell, SEOG, state grant funds. This category represents a potential for double-counting of revenue.

(C) Third-party payments. Payments by third parties are Statement of Net Asset transactions. Payments by third parties could create an overpayment of the students' accounts, which would generate a refund.

(D) Total payments by students. It is assumed that the students will pay only the amount owed, less any financial aid. Student payments should not create any overpayments and should not generate a refund. There will be timing issues. It is assumed that timing issues will be immaterial for purposes of this calculation.
(E) Total refunds made to students from all sources of funding. A portion of this amount should be charged to student aid expense on the Statement of Revenues, Expenses, and Changes in Net Assets. (This does not include emergency loans for the institution. Emergency loans are noncapital financing transactions and not financial aid.)

(F) Total nonmonetary institutional waivers (discounts) applied to students' accounts. This activity can create refunds when other financial aid and/or payments have been processed.

(G) Total charges applied to students' accounts during the year. (It is assumed that the total charges applied to students' accounts during the year are financial aid eligible (e.g., no prior year charges), or that any amount not eligible will be immaterial in amount. If noneligible charges are material, they will need to be eliminated from the total charges applied to the student accounts receivable amount before computations are made.)

(H) Total postings to student accounts receivable that could potentially generate a refund.

(I) Proportion of institutional resources that represent scholarship allowances and student aid expenses to student accounts receivable that could generate a refund.

(J) The amount of refunds to be applied as a student aid expense.

(K) The amount of scholarship allowances.

The algorithm to be applied is:

Step 1
Compute the total postings to student accounts receivable that could potentially generate a refund, (H).

\[(A) + (B) + (C) + (F) = (H)\]

Step 2
Compute the proportion of institutional resources that represent scholarship allowances and student aid expenses to student accounts receivable that could generate a refund, (I).

\[\left(\frac{(B) + (F)}{(H)}\right) = (I)\]

Step 3
Compute the amount of refunds to be applied as a student aid expense, (J).

\[(E) \times (I) = (J)\]

Step 4
Compute the amount of scholarship allowances, (K).

\[(B) + (F) - (J) = (K)\]

Step 5
Allocate scholarship allowances to the general university and the auxiliaries.
The example presented is illustrative and not prescriptive. Individual institutions may tailor the presentation to their institution's available financial information. However, to use the alternate method, the basic information provided in this example is essential.

Example

ABC University is preparing its financial statements under GASB Statements Nos. 34 and 35 for the year ending June 30, 2004. The following information has been provided to determine the scholarship allowances and student aid expenses for the fiscal year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFISD Direct Lending</td>
<td>$62,316,643</td>
</tr>
<tr>
<td>Stafford Loans (Subsidized)</td>
<td>$2,694,138</td>
</tr>
<tr>
<td>Perkins Loans</td>
<td>$1,725,865</td>
</tr>
<tr>
<td>PLUS Loans</td>
<td>$2,665,147</td>
</tr>
<tr>
<td>Financial aid not recognized as revenue by the institution</td>
<td>$69,391,793</td>
</tr>
<tr>
<td>Supplemental Educational Opportunity Grants (SEOG)</td>
<td>$250,000</td>
</tr>
<tr>
<td>Pell Grants</td>
<td>$3,250,281</td>
</tr>
<tr>
<td>State Grants</td>
<td>$1,825,866</td>
</tr>
<tr>
<td>Athletics (paid from athletics department revenues)</td>
<td>$688,000</td>
</tr>
<tr>
<td>Institutional resources (including institutional resources transferred from the institution's foundation) provided as financial aid</td>
<td>$3,578,177</td>
</tr>
<tr>
<td>ROTC</td>
<td>$300,000</td>
</tr>
<tr>
<td>Rotary</td>
<td>$15,500</td>
</tr>
<tr>
<td>Foundation Scholarships (Foundation funds)</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Total third party payments</td>
<td>$2,815,800</td>
</tr>
<tr>
<td>Total Student payments</td>
<td>$48,000,254</td>
</tr>
<tr>
<td>Total funds made to students</td>
<td>$16,285,250</td>
</tr>
<tr>
<td>Institutional</td>
<td>$17,861,060</td>
</tr>
<tr>
<td>Residential Life</td>
<td>$984,500</td>
</tr>
<tr>
<td>Bookstore</td>
<td>$155,000</td>
</tr>
<tr>
<td>Total non-money institutional waivers includes residential life, bookstore, etc. applied to students' accounts</td>
<td>$19,000,560</td>
</tr>
<tr>
<td>Total charges applied to students' accounts during the year</td>
<td>$176,882,591</td>
</tr>
</tbody>
</table>

NACUBO Special Action Report 2000-05

24
# Computation of Scholarship Allowances

### Step 1

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash not recognized as revenue by institution</td>
<td>$69,391,793</td>
</tr>
<tr>
<td>Institutional resources provided as PA</td>
<td>$9,592,124</td>
</tr>
<tr>
<td>Third-party payments</td>
<td>$2,815,500</td>
</tr>
<tr>
<td>Non-cash institutional awards</td>
<td>$19,000,560</td>
</tr>
<tr>
<td>Total postings to students' accounts that could generate a refund</td>
<td>$100,799,877</td>
</tr>
</tbody>
</table>

### Step 2

Compute the proportion of institutional resources that represent scholarship allowances and student aid expenses to students' accounts receivable that could generate a refund.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional resources provided as PA</td>
<td>$9,592,124</td>
</tr>
<tr>
<td>Non-cash institutional awards</td>
<td>$19,000,560</td>
</tr>
<tr>
<td>Total postings to students' accounts that could generate a refund</td>
<td>$100,799,877</td>
</tr>
<tr>
<td>Proportion</td>
<td>28.37%</td>
</tr>
</tbody>
</table>

### Step 3

Compute the amount of refunds to be applied as a student aid expense.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total refunds made to students</td>
<td>$16,285,250</td>
</tr>
<tr>
<td>Proportion of total postings that could generate a refund</td>
<td>28.37%</td>
</tr>
<tr>
<td>Amount of refunds to be applied as student aid expense</td>
<td>$4,619,436</td>
</tr>
</tbody>
</table>

### Step 4

Compute the amount of scholarship allowances.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional resources provided as PA</td>
<td>$9,592,124</td>
</tr>
<tr>
<td>Non-cash institutional awards</td>
<td>$19,000,560</td>
</tr>
<tr>
<td>Amount of refunds to be applied as student aid expense</td>
<td>$4,619,436</td>
</tr>
<tr>
<td>Total</td>
<td>$23,973,248</td>
</tr>
</tbody>
</table>
Allocating Scholarship Allowances

Scholarship allowances would be displayed as contra-accounts to Tuition and Fees and Auxiliaries discounting their services. The institution could use an algorithm to compute the proportional amount for each category, if information is not readily available from its administrative systems.

In the above example, the $23,973,248 (K) of scholarship allowances could be allocated as follows:

1. Many institutions provide some level of athletic scholarships to support their athletic program. Scholarships provided using institutional funds are not scholarship allowances of the athletic department, but are scholarship allowances of the general university. General university resources, not athletic department resources, are used to provide the athletic scholarships. Scholarships of this nature would be reflected in the scholarship allowances applied against tuition and fees. Many institutions place a ceiling on the amount of scholarships that the general university will provide. Any difference between the amount provided by the general university plus scholarships provided by endowments restricted to athletic scholarships (third-party payments) and the total athletic scholarships awarded is provided from athletic department resources. Under institutional resources (including institutional resources transferred from the institution's foundation) (B), $688,000 of the total was provided by the athletic department from athletic department resources. The $688,000 will be used in the computation of scholarship allowances against Operating Revenues-Auxiliaries—Athletics.

2. Most institutions budget both their monetary and nonmonetary institutional aid/waivers for both the general university and auxiliaries. The example above reflects identifiable accounting for scholarship allowances. The remaining $23,973,248 (K) would be allocated as follows:

<table>
<thead>
<tr>
<th>Institutional Resources Provided as Financial Aid</th>
<th>Percent</th>
<th>Scholarship Allocation of $23,973,248</th>
<th>Expense Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemetal Educational</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity Grant (EOG)</td>
<td>$250,000</td>
<td>0.874%</td>
<td>$209,610</td>
</tr>
<tr>
<td>Pell Grants</td>
<td>$3,250,281</td>
<td>11.368%</td>
<td>$2,725,165</td>
</tr>
<tr>
<td>State Grants</td>
<td>$1,825,666</td>
<td>6.385%</td>
<td>$1,530,711</td>
</tr>
<tr>
<td>Athletics (paid from athletic department funds)</td>
<td>$688,000</td>
<td>2.406%</td>
<td>$576,847</td>
</tr>
<tr>
<td>Institutional resources (including institutional resources transferred from the institution's foundation)</td>
<td>$3,578,177</td>
<td>12.514%</td>
<td>$3,000,086</td>
</tr>
<tr>
<td>Non Money Institutional Aid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional</td>
<td>$17,861,060</td>
<td>62.467%</td>
<td>$14,975,426</td>
</tr>
<tr>
<td>Resident Tuitions</td>
<td>$984,500</td>
<td>3.443%</td>
<td>$825,444</td>
</tr>
<tr>
<td>Bookstore</td>
<td>$155,000</td>
<td>0.542%</td>
<td>$129,968</td>
</tr>
<tr>
<td>Total</td>
<td>$28,592,684</td>
<td>100.000%</td>
<td>$23,973,248</td>
</tr>
</tbody>
</table>