

## **Report and Suggestions from IPEDS Technical Review Panel #18 Expanding and Improving IPEDS Finance Data**

**SUMMARY: Based on review of the three versions of the IPEDS Finance component (GASB, FASB, and Private-For-Profit), the technical review panel suggests that a number of changes be made to the collection forms in order to improve comparability across versions and increase the utility of the data collected. Comments from interested parties are due to RTI International by September 24, 2007.**

On January 17-18, RTI International, the contractor for the IPEDS web-based data collection system, convened a meeting of the IPEDS Technical Review Panel (TRP) in Washington, DC, to discuss future enhancements and the addition of new data elements for the IPEDS Finance component forms. The panel members included 46 individuals representing federal government, state government, institutions, national data users, association representatives, and others.

### **Background:**

The IPEDS Finance component annually collects financial data from institutions, including: assets and liabilities, revenues, expenses, student scholarships, and more. Because most public institutions report IPEDS Finance data using the form for institutions that use Governmental Accounting Standards Board (GASB) standards and most private institutions report IPEDS Finance data using the form for institutions that use Financial Accounting Standards Board (FASB) standards, the data are generally not comparable between the two. RTI International convened this meeting to foster communications among data providers and users regarding how the IPEDS Finance component forms could be modified to collect more comparable and useful financial data across postsecondary education sectors.

### **Discussion:**

The TRP reviewed the IPEDS Finance component forms and reviewed all of the data elements currently being collected. The participants suggested that in order to increase the comparability across the IPEDS finance forms, it would be necessary to modify one or both of the forms and redefine some of the data elements being collected. The resulting data would have greater utility and would improve financial transparency of the institutional finance data being reported.

The primary question discussed was whether to suggest that all institutions report expenses using a model more similar to IPEDS Finance form for GASB institutions, or to the form for FASB institutions. Currently, institutions that follow FASB are required to allocate depreciation, plant operation and maintenance, and interest to all functional expense categories, while no similar requirement exists for public institutions that follow GASB. When put to a vote, those panelists in favor of the FASB-based model outnumbered those in favor of the GASB-based model.

In consideration of this decision, as well as the other goals of this TRP, the panel members suggested the changes detailed below be made to future IPEDS Finance collection; before any changes are made, OMB approval will be sought in a future forms clearance process.

**Suggested changes to the IPEDS Finance form for FASB institutions:**

- 1) Add the following categories to Part A – Statement of Financial Position:
  - a. Assets:
    - Property, Plant, and Equipment
    - Accumulated Depreciation
    - Intangible assets, net of accumulated amortization
  - b. Debt related to Property, Plant, and Equipment
- 2) Change the categories of net assets on Part A to the following:
  - a. Unrestricted net assets
  - b. Temporarily restricted net assets
  - c. Permanently restricted net assets
- 3) Add the following categories to the Property, Plant and Equipment section (page 2) of Part A:
  - a. Construction in progress
  - b. Other
  - c. Accumulated depreciation
- 4) Delete “Property obtained under capital leases (if not included in equipment)” and clarify in the instructions to include property obtained under capital leases in the categories that best describe the property, such as equipment, buildings, etc.
- 5) Add a caveats box on Part B.
- 6) Pre-populate net assets at the beginning of the year (line 5 of Part B) with previous year’s collection of net assets at end of year. However, the keyholder would have the ability to overwrite it.

- 7) Change the title of Part C from “Student Grants” to “Scholarships and Fellowships” in order to be consistent with the form for GASB institutions.
- 8) Change the format of Part D (Revenues) so that they are reported in 3 columns:
  - a. Unrestricted
  - b. Temporarily restricted
  - c. Permanently restricted

However, sales and services of auxiliary enterprises and hospitals will be reported only in unrestricted revenues.

- 9) Add a revenue line for “net assets released from restriction” that can allow both positive and negative amounts.
- 10) Separate “Private gifts, grants, and contracts” to allow gifts to be reported separately from private grants and contracts.
- 11) Add a field to Part E (Expenses) indicating what percentage of instruction expenses are associated with credit-bearing instruction versus non-credit instruction.
- 12) Add an instruction to the screen clarifying that the endowment assets of foundations and affiliated entities should be included in reporting of Part H – Details of Endowment Assets.

**Suggested changes to the IPEDS Finance form for GASB institutions:**

- 1) Change line 2 of Part A – Statement of Net Assets to read “Capital Assets, net of depreciation” and delete the line for accumulated depreciation.
- 2) Change the second page of Part A as follows:
  - a. Change title to “Part A – Capital Assets”
  - b. Report only ending balance (discontinue beginning balance, additions, and retirements)
  - c. Combine “Equipment” and “art and library collections”
  - d. Delete “Property obtained under capital leases (if not included in equipment)” and clarify instructions to include property obtained under capital leases in the categories that best describe the property, such as equipment, buildings, etc.

- e. Add a line for Other capital assets
  - f. Add a line for “intangible assets, net of accumulated amortization” after the line for accumulated depreciation
- 3) On Part B, report local operating grants and contracts separately from private operating grants and contracts
  - 4) Add a line for sales and services of educational activities
  - 5) Change Part C (Expenses and Other Deductions) to resemble the form for FASB institutions, adding columns for operation and maintenance of plant and interest, and removing the functional classification of depreciation. Operation and maintenance (O&M) of plant as a function will be used to allocate O&M to natural classes as it is in the form for FASB institutions. In addition, removing the functional classification of depreciation will require public institutions to allocate depreciation to appropriate functional categories – as independent institutions do.
  - 6) Add a field to Part C (Expenses and Other Deductions) indicating what percentage of the instruction expenses are associated with credit-bearing instruction versus non-credit instruction.
  - 7) Parts F and G, used for reporting component units using FASB and GASB standards, will be discontinued.
  - 8) Add an instruction to the screen clarifying that the endowment assets of foundations and affiliated entities should be included in reporting of Part H – Details of Endowment Assets.

### **IPEDS Finance and EZ Audit**

The TRP also discussed the potential of consolidating the IPEDS Finance and Federal Student Aid’s (FSA’s) EZ-Audit data collections in the future. The TRP suggested that staff from NCES and FSA continue to explore this possibility as a way to reduce overall reporting burden.

### **Comments**

Prior to seeking OMB approval for changes to the IPEDS Finance component, RTI International is concerned about improving the utility and value of IPEDS Finance and also the reporting burden that would be associated in making the changes suggested by the TRP. **We encourage interested parties to send any comments or concerns about this topic to Janice Kelly-Reid, IPEDS Project Director, at [jrk@rti.org](mailto:jrk@rti.org), by September 24, 2007. Please include the following in the email subject line:Improving IPEDS Finance Data- Comments.**