



IMPROVING THE IPEDS FINANCE COMPONENT

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The Finance component of the Integrated Postsecondary Education Data System (IPEDS) collects data on the financial standing of postsecondary institutions including revenues, expenditures, assets, liabilities and endowments. The IPEDS Finance component data are useful to the federal government, as well as states, systems, institutions and researchers. As part of its goal to promote the quality, comparability and utility of postsecondary data, the National Postsecondary Education Cooperative (NPEC) has commissioned a report to further explore the collection and use of IPEDS Finance data to help answer these questions:

- How do institutions report their IPEDS Finance data?
- How do IPEDS Finance forms and resulting data compare to each other and to other Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) financial statements?
- How are IPEDS Finance definitions different from those of other postsecondary finance data collections (the State Higher Education Finance report, the Securities and Exchange Commission, and state data collections)?
- Can IPEDS data be used for state-level estimates?
- What information is missing?

These questions are answered using a variety of methods including an analysis of IPEDS forms and data, interviews with IPEDS data reporters and users, conversations with postsecondary finance experts, and a survey conducted by the Association for Institutional Research. This report is intended to provide a general landscape and overview of IPEDS Finance data reporting and to foster in-depth discussion about improvements to the IPEDS Finance component.

The IPEDS Finance Component Overview

Under the current IPEDS reporting model, public institutions generally adhere to the Governmental Accounting Standards Board's (GASB) standards and private, not-for-profit institutions adhere to the Financial Accounting Standards Board's (FASB) standards (although there are some exceptions).

Prior to the existence of IPEDS, finance data were collected as part of the Higher Education General Information Survey (HEGIS) on the Financial Statistics of Institutions of Higher Education survey. Institutions first reported their finance data to IPEDS in the 1987-1988 collection year using the "Common Form."¹ Since then, there have been incremental changes to the IPEDS Finance component to align the form with GASB and FASB standards and to ensure comparability and relevancy of the data. Since the mid-2000s, the National Center for Education Statistics (NCES) has modified the forms in response to recommendations made at various technical review panels (TRPs)²:

IPEDS Technical Review Panel (TRP) 18: Expanding and Improving IPEDS Finance Data, January 2007.

TRP 18 recommended changes to align the IPEDS Finance forms for public institutions using GASB standards and institutions using FASB standards. These changes were implemented beginning with the 2008-2009 collection year, and institutions now report to IPEDS using aligned forms.

¹ Carol Fuller, *The History and Origins of Survey Items for the Integrated Postsecondary Education Data System*, (NPEC 2012-833), U.S. Department of Education, Washington, DC: National Postsecondary Education Cooperative, accessed from <http://nces.ed.gov/pubsearch>.

² All Technical Review Panel reports can be accessed online at: https://edsurveys.rti.org/IPEDS_TRP/Default.aspx

IPEDS Technical Review Panel (TRP) 21: Suggested Changes to IPEDS Survey Forms for Non-Degree-Granting Institutions, January 2008.

This TRP recommended several items for elimination that were not relevant to non-degree-granting institutions. These changes were implemented, and degree-granting and non-degree-granting institutions report using separate forms.

IPEDS Technical Review Panel (TRP) 22: Collecting Data on Noncredit Instructional Activity, March 2008.

This TRP noted that expenses and revenues associated with noncredit instructional activity might be included with aggregate reports, resulting in an overestimate of per-FTE revenues or expenses. Ultimately, the TRP made no suggestions for revising the Finance component but did suggest ways to integrate noncredit instructional activity into IPEDS reporting. These changes have not been incorporated into IPEDS.

IPEDS Technical Review Panel (TRP) 39: Improving Finance Survey Forms for For-Profit Institutions, August 2012.

This TRP was held to discuss potential changes to the FASB forms for for-profit institutions. The panel recommended that the forms be changed to be more consistent with the reporting categories on the FASB forms for not-for-profit institutions. These changes were implemented in the 2014-2015 collection year.

IPEDS Technical Review Panel (TRP) 41: Managing Reporting Burden, March 2013.

This TRP was held to discuss potential elimination of some of the IPEDS data elements. The discussion around the Finance component, which is not legislatively mandated, focused on the conformation of the component to the GASB and FASB standards, the widespread use of the data and the current alignment of the collection with institutions' General Purpose Financial Statements (GPFS). No changes were made to the IPEDS Finance component as a result of this TRP.

Table 1 summarizes the changes to the IPEDS Finance component since HEGIS.

**Table 1
Summary of Finance Reporting Changes**

Collection Year	Change
pre-1987	Financial Statistics of Higher Education (HEGIS)
1987-1988	Introduction of IPEDS Common Form
1997-1998	Private, not-for-profit institutions and for-profit report on new form, which includes special instructions for for-profits
1999-2000	New form for for-profit institutions
2002-2003	Revised form for public institutions, aligned with GASB, introduced

Collection Year	Change
2003-2004 2004-2005	Phase-in of form for public institutions using GASB
2008-2009 2009-2010	Phase-in of aligned GASB/FASB forms
2014-2015	For-profit forms more consistent with FASB forms, added tax information

Comparison of IPEDS Finance Forms

There are six IPEDS Finance forms, one for each of the following types of institutions:

- Degree-granting for-profit;
- Degree-granting private, not-for-profit, and public following FASB standards;
- Degree-granting public following GASB standards;
- Non-degree-granting for-profit;
- Non-degree-granting public following GASB standards; and,
- Non-degree-granting private, not-for-profit, and public following FASB standards.

Degree-granting and non-degree-granting institutions have different forms because non-degree-granting institutions do not report as much information as degree-granting institutions. Degree-granting institutions report their statement of financial position and endowments, while non-degree-granting institutions are not asked for this information. There are separate for-profit, FASB and GASB forms because of differences in accounting standards and practices.³

Statement of Financial Information/Balance Sheet

All degree-granting institutions must report an overview of their financial position. The asset and liability information collected on the GASB form is different from the information on the FASB and for-profit forms. The differences in accounting standards make comparison of the detail categories nearly impossible. For example:

- GASB forms split assets into current and noncurrent assets (which include depreciable capital assets, net of depreciation). The for-profit and FASB forms contain different and sometimes more granular details presented in order of closeness to cash, but without dividing assets and liabilities into short and long term. For example, assets such as long-term investments; property, plant and equipment, net of accumulated depreciation; and intangible assets, net of accumulated amortization have presentations that differ between FASB and GASB.
- GASB forms split liabilities into current and noncurrent, and divide debt (for instance) into current and noncurrent components. The for-profit and FASB presentation includes all debt under liabilities (the current portion of the debt is disclosed in the notes to the financial statements).

³ For an overview of some of the differences in GASB and FASB standards and how postsecondary institutions are affected, see Larry Goldstein and Sue Menditto, *GASB and FASB*, National Association of College and University Business Officers, http://www.nacubo.org/Business_Officer_Magazine/Magazine_Archives/January_2005/GASB_and_FASB.html and Treba Marsh and Mary Fischer, *FASB/GASB Recognition and Reporting Differences: A Nonprofit Sector Perspective*, *Journal of Accounting and Finance*, 11(1), 2011, <http://www.na-businesspress.com/JAF/MarshWeb.pdf>

Conceptually, it is possible to loosely compare total assets and total liabilities between the three forms. It is also possible to loosely compare net assets between the FASB and GASB forms. However, there are some important considerations to remember when doing so:

- Differences between FASB and GASB standards may make comparison difficult, including treatment of restricted cash contributions, endowment pledges, certain federal grants and loans, funds held in trust by others, software, pensions and impairment.
- Institutional type and practice matters. For example, public institutions may not hold their own endowments and some institutions may have hospitals and other assets that might affect how they can be compared to other institutions.
- Some institutions may have affiliated entities or be part of larger entities (university systems or for-profit corporations, for example) that may affect how their accounting is handled.

Table 2
Comparison of Statement of Financial Position/Balance Sheet

Type of Form	Reported or Calculated Variables
For-profit and FASB	<p><i>Assets</i></p> <ul style="list-style-type: none"> ▪ Total assets ▪ Long-term investments ▪ Property, plant and equipment, net of accumulated depreciation (detail reported separately) ▪ Intangible assets, net of accumulated amortization <p><i>Liabilities</i></p> <ul style="list-style-type: none"> ▪ Total liabilities ▪ Debt related to property, plant and equipment
For-profit form only	<p><i>Equity</i></p> <ul style="list-style-type: none"> ▪ Total equity (calculated) ▪ Total liabilities and equity (calculated)
FASB	<p><i>Net Assets</i></p> <ul style="list-style-type: none"> ▪ Unrestricted net assets ▪ Total restricted net assets (split into permanently and temporarily restricted)
GASB	<p><i>Assets</i></p> <ul style="list-style-type: none"> ▪ Total current assets ▪ Depreciable capital assets, net of depreciation ▪ Other noncurrent assets ▪ Total noncurrent assets ▪ Total assets <p><i>Liabilities</i></p> <ul style="list-style-type: none"> ▪ Long-term debt, current portion ▪ Other current liabilities ▪ Long-term debt ▪ Other noncurrent liabilities ▪ Total noncurrent liabilities ▪ Total liabilities

Type of Form	Reported or Calculated Variables
	<p><i>Net Assets</i></p> <ul style="list-style-type: none"> ▪ Invested in capital assets, net of related debt ▪ Restricted-expendable ▪ Restricted-nonexpendable ▪ Unrestricted ▪ Total net assets

Scholarships and Fellowships

All institutions report scholarship and fellowship information, including Pell grants, other federal grants, state grants, local grants and institutional grants. Based on the definitions, these items should be comparable across the forms. This section also asks institutions to provide information about the discounts and allowances applied to tuition and fees and auxiliary enterprises. These items are not comparable due largely to the different ways institutions might report Pell grants (a more detailed description of this is below). Furthermore, from conversations with institutions and experts in the field, it is clear that there is a lack of consistent understanding about what is supposed to be reported on this part of the survey.

Table 3
Comparison of Scholarships and Fellowships

Type of Form	Reported or Calculated Variables
For-profit	<ul style="list-style-type: none"> ▪ Scholarships and fellowships (as noted) ▪ Allowances (scholarships) applied to tuition and fees ▪ Allowances (scholarships) applied to auxiliary enterprise revenues
FASB	<ul style="list-style-type: none"> ▪ Scholarships and fellowships (as noted) ▪ Allowances (scholarships) applied to tuition and fees ▪ Allowances (scholarships) applied to auxiliary enterprise revenues
GASB	<ul style="list-style-type: none"> ▪ Scholarships and fellowships (as noted) ▪ Discounts and allowances applied to tuition and fees ▪ Discounts and allowances applied to auxiliary enterprise revenues ▪ Net scholarships and fellowships expenses after deducting discounts and allowances is a calculated variable

Revenues

Each of the IPEDS Finance forms requests conceptually similar revenue information, including: net tuition and fees; federal, state and local appropriations; federal, state and local grants; private grants and contracts; gifts; investment return; sales and services of educational activities; sales and services of auxiliary enterprises; hospital revenue; and other revenue. However, how those revenues are reported differs between the forms. GASB institutions' revenues are categorized as operational and nonoperational. FASB institutions

must report their revenues as unrestricted, temporarily restricted and permanently restricted. This difference may cause confusion among data users.

Although the total revenues may be loosely comparable, individual line items are not. This is largely due to differences between accounting standards (for example, how funds held in trust by others and investment income are handled) and institutional type. However a major challenge for comparing revenues between, and also within, the form types is how Pell grants are handled. FASB and for-profit institutions are given the option of reporting Pell grants as a pass through (which a majority do) or as federal grant revenue. GASB institutions are instructed to report Pell grants as federal nonoperating grants. The result is that Pell revenue may be reported as tuition revenue OR grant revenue (this is described in more detail below), and the individual revenue line items are incomparable.

**Table 4
Comparison of Revenues**

Type of Form	Reported or Calculated Variables
For-profit	<ul style="list-style-type: none"> ▪ Tuition and fees (net of discounts and allowances) ▪ Federal appropriations ▪ Federal grants and contracts ▪ State appropriations ▪ State grants and contracts ▪ Local government appropriations ▪ Local government grants and contracts ▪ Private gifts, grants and contracts ▪ Investment income and gains (losses) included in net income ▪ Sales and services of educational activities ▪ Sales and services of auxiliary enterprises ▪ Hospital revenue ▪ Other revenue
FASB	<p>Each of the following, by unrestricted, temporarily restricted, permanently restricted:</p> <ul style="list-style-type: none"> ▪ Tuition and fees (net of discounts and allowances) ▪ Federal, state and local appropriations ▪ Federal, state and local grants and contracts ▪ Private gifts ▪ Private grants and contracts ▪ Contributions from affiliated entities ▪ Investment return ▪ Sales and services of educational activities ▪ Sales and services of auxiliary enterprises ▪ Hospital revenue ▪ Independent operations ▪ Other (calculated) ▪ Total revenues and investment return ▪ Net assets released from restriction
GASB	<ul style="list-style-type: none"> ▪ Tuition and fees (net of discounts and allowances) <i>Operating Revenue</i> ▪ Federal, state and local grants and contracts

Type of Form	Reported or Calculated Variables
	<ul style="list-style-type: none"> ▪ Private gifts, grants and contracts ▪ Sales and services of auxiliary enterprises ▪ Sales and services of hospitals ▪ Sales and services of educational activities ▪ Independent operations ▪ Other (calculated) ▪ Total <p><i>Nonoperating revenue</i></p> <ul style="list-style-type: none"> ▪ Federal, state and local appropriations ▪ Federal, state and local nonoperating grants ▪ Gifts, including contributions from affiliated organizations ▪ Investment income ▪ Other (calculated) ▪ Total

Expenses

All institutions report their expenses by functional category (instruction, research, public service, academic support, student services, institutional support, auxiliary expenses and hospital services) and natural classification (salaries and wages, benefits, operations and maintenance of plant, depreciation and interest). For-profit and FASB institutions report net grant aid to students (net of allowances for tuition and fee and auxiliary enterprises), while GASB institutions have scholarship and fellowship expenses calculated for them.

All degree-granting institutions report auxiliary enterprises, but only not-for-profit and public degree-granting institutions report hospital services and independent operations.

The IPEDS Finance form definitions are largely comparable and there is general agreement that the total expenses and deductions amounts are loosely comparable, but that it is difficult to accurately compare expense line items. Most of the difficulty associated with comparing expenses comes from institutional discretion associated with how to categorize expenses in the functional (or programmatic) expense categories. In addition, FASB and GASB have fundamentally different requirements for the classification of interest expense, depreciation and operation and maintenance of plant that might affect how data are reported to IPEDS.

Summary of Changes

Degree-granting institutions are required to provide a summary of changes in equity, net assets or net position, depending upon institutional type. The total categories are loosely comparable, taking into account some of the differences noted above.

Table 5
Summary of Changes

Type of Form	Reported or Calculated Variables
For-profit	Summary of changes in equity, including: <ul style="list-style-type: none">Total revenues and investment returnTotal expenses (These are summed)Net incomeOtherEquity, beginning of yearAdjustmentsEquity, end of year
FASB	Summary of changes in net assets, including: <ul style="list-style-type: none">Total revenues and investment returnTotal expensesChange in net assetsNet assets, beginning of yearAdjustments Net position, end of year
GASB	Summary of changes in net position, including: <ul style="list-style-type: none">Total revenues and other additionsTotal expenses and deductionsNet position, beginning of yearAdjustments Net position, end of year

Endowments

Degree-granting GASB and FASB reporting institutions are asked to report on their endowment assets. The questions asked on each form, and accompanying definitions, are identical. In terms of definition, this means that the data elements could be compared. However, differences in the business operations at public and private institutions, specifically how endowments are treated, inhibit the comparability of these figures in practice.

Comparison of Pell Grant Reporting

Pell grants pose a challenge for comparing IPEDS Finance data. FASB and for-profit institutions may choose whether to treat Pell grants as a pass through or as a federal grant. GASB institutions are instructed to treat Pell grants as federal nonoperating grants. Whether Pell is treated as a pass through or a grant affects reporting in three places. On Part C/E – Scholarships and Fellowships, all institutions should include their Pell grants on Line 01. Institutions that treat Pell as a pass through would not include those amounts in their discounts and allowances applied to tuition and fees or auxiliary enterprises, while

institutions that reported them as grants would. On Part B/D – Revenues and Other Additions/Revenues and Investment Return, the differential treatment of Pell can have a substantial effect on the revenue line items. Institutions that treat Pell as a pass through would include Pell in the net tuition revenue, rendering that line incomparable with institutions that treat Pell as a grant. Similarly, Pell would be included as federal nonoperating grant revenue or federal grants and contracts (depending on institution type) for institutions that report Pell as a grant to the institution.

Table 6 provides a simplified example of the differences in Pell grant reporting, assuming \$50,000 in total Pell. As illustrated by the table, comparison between institutions that treat Pell differently is impossible as discounts and allowances, net tuition revenue and federal grant revenue can all be significantly affected.

Table 6
Differences in Pell Grant Reporting:
Assuming \$50,000 in Pell Grant

	Institutions that treat Pell as a pass through would report:	Institutions that treat Pell as a grant would report:
Scholarship and Fellowship Line 01: Pell grants (federal)	\$50,000	\$50,000
Discounts and allowances applied to tuition and fees or auxiliary expenses		\$50,000
Net tuition revenue	\$50,000 + other tuition revenue	No Pell
Federal nonoperating grant revenue (GASB)/Federal grants and contracts (FASB and for-profit)	No Pell	\$50,000 + other grant revenue

Overall, the aligned forms allow for much greater comparability between GASB, FASB and for-profit institutions than prior versions of the forms. Interviews with data reporters and users also indicated that users are generally satisfied with the aligned forms and resulting comparability. However, there are still some differences between accounting standards and institutions that make true comparison of IPEDS Finance data between and within forms difficult. Users who use IPEDS Finance data to compare across institutions should use care to ensure they are making appropriate comparisons.

Reporting IPEDS Finance Data

Comparing Institutions' Annual Financial Reports to IPEDS Finance Reports

Comparing institutions' annual financial statements to their IPEDS report is not always straightforward. In many cases, this is because the audited financial statements have a different level of detail or categorize revenues and expenses slightly differently than IPEDS. Furthermore, institutions may have made adjustments to their data since their financial statements were published.

The differences between the IPEDS reports and financial statements for institutions that report using the GASB form are largely that the financial statements contain more detail on

the statement of financial position, and that the revenues and expense categories are slightly different. Three institutions' reports are compared in Table 7.

Table 7
Comparison of IPEDS Finance and Financial Statement
GASB Form

Part A – Statement of Financial Position

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
<p>Financial statement has more detailed categories, including:</p> <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Receivables ▪ Inventories ▪ Prepaid expenses ▪ Deferred charge on refunding ▪ Accounts payable ▪ Tax revenue and anticipation notes ▪ Due to fiduciary fund ▪ Unearned revenue ▪ Amounts held in trust for others 	<p>Financial statement has more detail, including:</p> <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Short-term investments ▪ Loans ▪ Endowment investments ▪ Accounts payable ▪ Employee withholdings ▪ Compensated absences 	<p>Financial statement has more detailed categories, including:</p> <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Short-term investments ▪ Accounts receivable ▪ Leases receivable, current portion ▪ Notes receivable ▪ Pledges receivable ▪ Prepaid expenses and other assets ▪ Student loans receivable ▪ Accounts payable ▪ Accrued salaries and benefits, payable ▪ Accrued compensated absences ▪ Unearned revenue

Part B – Revenues and Other Additions

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
<p>Financial statement categories divided into operating and non-operating, definitions not the same as IPEDS:</p> <ul style="list-style-type: none"> ▪ Tuition and fees ▪ Grants and contracts, non-capital (federal, state, local) ▪ Auxiliary commissions ▪ State apportionments ▪ Local property taxes ▪ State taxes and other revenue ▪ Investment income ▪ Capital revenue 	<p>Financial statement has similar categories, with these exceptions:</p> <ul style="list-style-type: none"> ▪ Nongovernmental grants and contracts ▪ Indirect cost recoveries ▪ Federal and local appropriations combined ▪ Federal and state grants and contracts combined ▪ Capital construction proceeds from state 	<p>Financial statement categories divided into operating and non-operating revenues, similar categories to IPEDS form</p>

Part C – Expenses and Other Deductions

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
Financial statement categories: <ul style="list-style-type: none"> ▪ Salaries ▪ Employee benefits ▪ Supplies, materials and other operating expenses and services ▪ Financial aid ▪ Utilities ▪ Depreciation Functional categories included in notes	Financial statement categories: <ul style="list-style-type: none"> ▪ Instruction ▪ Public service ▪ Libraries ▪ Academic support ▪ Student services ▪ Institutional support ▪ Operation and maintenance of physical plant ▪ Student financial aid 	Financial statement categories: <ul style="list-style-type: none"> ▪ Instruction ▪ Research ▪ Public service ▪ Academic support ▪ Student services ▪ Student grants and scholarships ▪ Institutional support ▪ Operation and maintenance of physical plant ▪ Auxiliary enterprise expenses ▪ Depreciation

Part D – Summary of Changes in Net Position

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
Financial statement includes more detail on revenue and expenses	Financial statement includes more detail on revenue and expenses	Financial statement includes more detail on revenue and expenses

Part H – Details of Endowment Assets

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
No difference	No difference	

Overall Impact

Public Two-Year (Institution A)	Public Two-Year System (Institution B)	Public Four-Year (Institution C)
No difference in net change, IPEDS revenue and expenses both higher – likely due to difference in categorization	IPEDS figures split by campus, financial statement reports overall	Financial statement includes revenue and expenses for “discretely presented component units” that are not included on IPEDS report. Sums for “campus” match IPEDS report, but activity at “discretely presented component unit” not reflected in IPEDS.

The numerical differences between the financial statements and the IPEDS reports vary depending on the data element looked at. Institution A’s overall assets and liabilities and net change are the same between the financial statements and IPEDS. However, the overall revenues and expenses are higher in IPEDS than in the financial statement. This is due to

different categorization on the financial statement than on IPEDS. Institution B is a system that reports for each of its campuses. In this case, the overall amounts are the same, but it is difficult to assess the campus-level detail on the financial statement. However, the total of the campuses on IPEDS match the totals on the financial statements. Institution C is an example of an institution that as a component unit that is not reflected in IPEDS. This institution's financial statement has three columns: campus, discretely presented component unit and total. The amount reported to IPEDS is comparable with the information reported for the campus on the financial statement. The result is there is a large amount of financial activity that is associated with the institution that is not reflected in IPEDS.

Private, not-for-profit and some public institutions report using FASB-aligned forms. Generally, the statement of financial position is more detailed on the institutions' financial statements than on IPEDS. While the totals are the same for two of the institutions examined, the totals cannot be calculated from the IPEDS report because there are lines that are not included in any of the IPEDS categories.

**Table 8
Comparison of IPEDS Finance and Financial Statement
FASB Form**

Part A – Statement of Financial Position

Private Four-Year (Institution D)	Private Four-Year (Institution E)	Public Four-Year System (Institution F)
Financial statement has more detail, including: <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Student accounts receivable ▪ Contributions receivable ▪ Grants receivable ▪ Investments, at fair value 	Financial statement has more detail, including: <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Short-term investments ▪ Bond proceeds held by trustees ▪ Student loans ▪ Accounts payable ▪ Personnel related current liabilities 	Financial statement has more detail, including: <ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Construction in progress ▪ Intangible assets net of accumulated amortization ▪ Debt related to property, plant, equipment

Part D – Revenues and Investment Return

Private Four-Year (Institution D)	Private Four-Year (Institution E)	Public Four-Year System (Institution F)
Not disaggregated by restricted, unrestricted, temporarily restricted, permanent restricted	Operating revenues reported together, includes line item for intercollegiate athletics. Nonoperating revenues included in nonoperating activities section.	Unrestricted Department of General Services projects, no federal appropriations

Part E – Expenses by Functional and Natural Classification

Private Four-Year (Institution D)	Private Four-Year (Institution E)	Public Four-Year System (Institution F)
Financial statement has less detail: <ul style="list-style-type: none"> ▪ Academic services ▪ Information systems ▪ Institutional support ▪ Marketing 	Financial statement has less detail: <ul style="list-style-type: none"> ▪ Instruction ▪ Academic support ▪ Research and public service ▪ Student services and activities ▪ Auxiliary enterprises ▪ Institutional support 	Functional categories restricted, unrestricted, no disaggregation by natural classification or independent operations

Part H – Value of Endowment Assets

Private Four-Year (Institution D)	Private Four-Year (Institution E)	Public Four-Year System (Institution F)
No difference	No difference	No difference

Overall Impact

Private Four-Year (Institution D)	Private Four-Year (Institution E)	Public Four-Year System (Institution F)
Totals the same, difference in details	Totals the same, difference in details	IPEDS figures lower because financial statement includes entities not included in IPEDS reporting

There are some notable differences between the financial statements and the revenues and expenses sections of the IPEDS forms. For example, Institution D does not break down revenues into unrestricted, temporarily restricted and permanently restricted. Furthermore, there are fewer expense categories on each of the institutions' financial statements and none of the financial statements have natural classification disaggregation.

One large public system that reports IPEDS Finance data according to the FASB standards has a complex reporting and business situation. Furthermore, there is a non-postsecondary component of the overall business that is not included in the IPEDS reports. As a result, very few of the finance data are the same between IPEDS and the annual financial statements.

For-profit form

For-profit institutions, especially those that are publicly traded, are complex financial entities. Often, for-profit institutions are subsidiaries of larger companies or do not operate as the separate institutions they report to IPEDS. Generally, for-profits' financial statements are difficult to directly compare to IPEDS Finance data. In one instance, a for-profit with national reach reports all its asset and liability data to IPEDS as part of one campus' data report and allocates other finance information across campuses in each of the states. For this company, the reported total assets and total liabilities on IPEDS are dramatically different from the assets and total liabilities on the company's financial statements because the report is consolidated.

Institutional Experience Reporting IPEDS

The IPEDS Finance component has one of the more complex reporting processes. According to an Association of Institutional Research (AIR) survey of a sample of its members⁴, even when universities' institutional research offices have a hand in reporting the data, only about 27 percent of respondents report that they are involved with reporting all or nearly all of any one part of the survey. Generally, at the institutions interviewed, the budget office prepares IPEDS Finance data reports. In many cases, the Keyholder passes the forms to the budget office, the data are either compiled or input into the system, and the Keyholder then checks and locks the data. In these cases, the individual who inputs the data likely has a background in accounting, and there are business rules in place that dictate how data are to be categorized and reported. At smaller institutions, the Keyholder is responsible for inputting the Finance data. This person may or may not have an accounting background and may or may not have the benefit of formalized rules and processes for making some of the reporting decisions. Users report that the IPEDS Help Desk has been helpful with many challenges encountered in reporting the data.

Just as the process for inputting the data varies depending on the institution, so does the amount of time and the level of difficulty reported. The AIR survey reveals that members spend a minimum of 1 and a maximum of 60 hours completing the IPEDS Finance component. Many of the institutions interviewed for this report indicated that the data are stored at their institutions in a way that makes the reporting of the data straightforward. However, not all institutions have an easy time reporting the data. Some of the AIR survey responses describe difficulties respondents have with collecting and compiling the data.

Specific reporting challenges noted in both the AIR survey and in interviews with data reporters include:

Understanding definitions and instructions

Interviewees reported that their data are generally stored consistent with IPEDS definitions and the burden for reporting is small if the reporting office is the accounting office. If not, the reporting office may have trouble understanding the definitions. Institutions reported that instructions in "plain English" would be helpful.

For example, there was some confusion with Part C/E - Scholarships and Fellowships. One institution reported "\$0" in Pell grants because it was unclear if that line should include all Pell grants, even if the institutions accounts for Pell as a pass through.

Interpreting instructions, standards and guidance

In addition to challenges with understanding the instructions, there are differences in how institutions and auditors interpret instructions, standards and guidance. For example, one state reported that all institutions were not consistent in how they interpret National Association of College and University Business Officers (NACUBO) standards, leading to differences in how institutions were reporting expenses and rendering the detailed data incomparable. There are expense categories that are treated differently by different

⁴ The Association for Institutional Research (AIR) will occasionally conduct ad hoc surveys on topics of interest to the institutional research community. AIR surveyed a sample of 733 members regarding their experience with postsecondary finance data. Forty-three percent of the AIR members sampled responded to the survey, 83 percent of those respondents currently work in an institutional research capacity on a college or university campus, about 65 percent of respondents had used IPEDS Finance data within the last year and about 35 percent play a role in reporting IPEDS data. Participants were asked about their experiences both with using and reporting data, including how they use the data, their involvement in reporting data and specific challenges and recommendations for improvement in regard to both data use and reporting.

institutions, for example, research. At some institutions, splitting out research and instructional salary expenses may be difficult because instructional faculty may perform research, but their salaries are all recorded under instructional expenses. Other examples include pensions, athletics, marketing, legal expenses and information technology (IT).

Furthermore, the financial community does not prepare finance statements the same way; institutions' annual statements vary from the IPEDS data. Auditors will combine things differently (even companies that use the same accounting standards), and this can lead to differences between financial statements and IPEDS reports.

Parent/child relationships and allocation

For those institutions with complex parent/child relationships, allocating among campuses and determining the correct allocation factors can be a challenge. This is partially because it is difficult to allocate some items (such as plant, property and equipment) and partially because allocating among campuses is an activity undertaken solely for IPEDS. Institutions report that they generally estimate the percentage of activity happening by campus to calculate allocation factors.

Calculations specifically for IPEDS

Institutions noted that there are some items that needed to be reported to IPEDS that are not on their financial statements or other reports. These include:

- Disaggregation of functional category expenses by certain natural classifications, including operations and maintenance, depreciation and interest.
- Categories on IPEDS that are not directly related to those on the financial statements or in financial statements.
- Some institutions cited salary reporting as a challenge because salaries are a line item, and splitting it by functional categories can be challenging.

Relevance of data

Two-year institutions may be asked to report data that is not relevant for them. Also, two-year institutions often have a large amount of non-credit activity that is included in the IPEDS Finance reports, potentially overestimating the resulting per-FTE calculations and other issues.

Institutions in states with biennial budgets

Public institutions in states with biennial budgets sometimes have to do some creative reporting on their revenues sections if they have to return unspent funds and they want their IPEDS reports to match their audited statements.

Institutional Suggestions for Improving IPEDS Finance Data Reporting

As part of this research, institutions were asked about their ideas for improving the IPEDS Finance component. This was part of the interviews with data reporters as well as part of the AIR survey. A number of requests for improvements surfaced repeatedly. These included:

- Make the instructions clearer and easier to understand. Data reporters (both those interviewed and those who completed the AIR survey) indicated that the instructions may be hard to understand in some cases, particularly for those individuals who do not have an accounting background. Institutions also indicated that the instructions often refer to other resources for completing the report (such as FARM-Financial Accounting and Reporting Manual), which they would like to have included with the instructions.

- As appropriate, ask for required data in “plain English” terms and language. Where accounting language is necessary, ensure that IPEDS Finance forms align with accounting language. For example, “unqualified” opinion has become “unmodified.”
- Require institutions to use audited data for IPEDS reporting.
- Limit the amount of institutional discretion to improve comparability by providing clarification for what should be included in expense categories.
- When appropriate and possible, eliminate data items and streamline reports.
- Target training to finance offices to help impress on them the necessity of timely provision of data.
- Break out reporting by student level.

Using IPEDS Finance Data

The IPEDS Finance data are used by a variety of stakeholders and for many projects. In a survey of a sample of members of the Association for Institutional Research, just over 30 percent of campus or system institutional research staff had never worked with their institution’s finance data, but more than 61 percent reported that they have worked with IPEDS Finance data generally. The data have been used for benchmarking most often, but also for making institutional-level decisions, research projects and ad hoc requests.

User Experience with IPEDS Finance Data

As part of the research for this report, data users were asked for their input on the IPEDS Finance data. Overall, users reported that they were satisfied with the IPEDS Finance data, but through the conversations with users, a number of issues surfaced, including:

Caution should be exercised when using IPEDS Finance for multiple institutions

The differences in accounting standards and institutional operations as well as the amount of institutional discretion involved in reporting finance data to IPEDS, make it difficult to accurately and appropriately compare institutions’ IPEDS Finance data. Users reported that in order to best use the data, totals should be used in favor of individual line items. When users need more nuanced information than totals allow for, they need to do background research to make sure they understand how institutions are reporting their data. This is essential to ensure that any comparisons and resulting statements are appropriate.

State-level users generally collect their own data for analysis on their own state but find IPEDS Finance data valuable nonetheless

Representatives from state agencies do not necessarily rely on IPEDS Finance data; instead, they collect data from their institutions. Users report that their own data are better tailored for their specific needs. For instance, one state agency collects data from each of its institutions by program, allowing for a thorough cost study. This is not possible with IPEDS data. Furthermore, there tends to be a lag between the close of a fiscal year and the release of that year’s IPEDS data. States can generally access data more quickly if they undertake their own collections.

Users do identify IPEDS Finance as an important source for interstate comparisons. They noted that care must be done in doing so as some states have different methodologies for reporting data, and not all state revenues and expenses will necessarily be reflected in the IPEDS reports. IPEDS also is useful for looking at information system-wide and for finding out about money that does not flow through the state.

Users would like more detailed data and more quickly

Users identified a desire for more information (such as revenues and expenditures by student level and/or program), but also recognized that this would add considerable institutional burden. Timeliness is a reason why users often turn to sources of data other than IPEDS. One suggestion included allowing access to draft data for certain users. State appropriations should split into amounts used for operating and amounts used to support benefits. The number affects what state support for institutions looks like.

Data User Suggestions for Improvements to the IPEDS Finance Component

As part of this research, data users were asked about their ideas for improving the IPEDS Finance component. This was part of the interviews with data users as well as part of the AIR survey. A number of requests for improvements surfaced repeatedly. These included:

- Provide more guidance for using the IPEDS Finance data in the Data Center. For example, definitions that pop up to explain the difference between FASB and GASB could be helpful.
- Help users understand how to construct metrics to answer some of the more relevant questions pertaining to higher education institutions. For example, provide analysis that compares different institutions so people could see where they are against the average. (Note that some of these metrics are included as part of the Data Feedback Reports and on the Data Center as derived variables.)
- Clarify which types of questions can be answered by the IPEDS Finance component data.
- Make data available more quickly.
- Clarify instructions so that users can more easily understand what each variable represents.
- Report data by student level and program.
- Have more information on how specific revenues are being used, for example, what percentage of state appropriations is being used for operations.
- Provide more detail on benefits. In one state, pension contributions are made by the state on behalf of the institution but are included as expenditures by the institutions (often not in the same way); a specific pension category would help to identify these sums.

Reports Using IPEDS Finance Data

Delta Cost Project

The Delta Cost Project⁵ is one of the most visible uses of IPEDS Finance data. The Delta Cost Project database consists of variables derived from the IPEDS Finance data elements, as well as elements from other components, with a focus on revenue, expenditure, tuition and outcomes. The Delta Cost Project database allows for longitudinal analysis. Also, the variables in the database are often derived to help give a fuller picture of education-related spending. For example, *Education and Related Spending* is a derived variable that includes expenses from instruction, student services, and a portion of academic support and institutional support.

Although the Delta Cost Project data and reports are useful for a variety of purposes, there are some challenges in using these data. One of the purposes of the Delta Cost Project was to provide analysts with longitudinal finance data. In doing so, institutions are grouped based on their IPEDS reporting history and other factors. This is challenging for users who

⁵ American Institutes for Research, Delta Cost Project, accessed from: www.deltacostproject.org

wish to see a single institution that might be part of a group in the panel data set. Also, the calculations performed to derive the variables can be complex, making recreating the data challenging for some analysts.

Overall, however, the Delta Cost Project database provides useful data for the higher education community and helps analysts who may not understand the nuances of higher education finance and IPEDS finance data answer important questions. Users who were interviewed for this report generally expressed appreciation for the data, citing some of the challenges mentioned above.

Other research and reports

IPEDS Finance data are used widely in think tank and other organizations' reports. For example, The College Board's *Trends in College Pricing* uses IPEDS Finance data to display institutional revenues per full-time-equivalent student.⁶ The Center for American Progress' (CAP) report *A Great Recession, A Great Retreat*⁷ relied on IPEDS data for state-level analysis.

Where outside analysts utilize IPEDS Finance data, it is clear that the definitions they use and choices they make in constructing their metrics and analysis affect the overall result. For example, in *Trends in College Pricing*, The College Board excludes revenue from private gifts, investment returns and endowment income in their institutional revenues per full-time equivalent. Other researchers may choose to include these items in their analysis, affecting the end results.

⁶ The College Board, Trends in Higher Education, *Trends in College Pricing 2014*, accessed from: <http://trends.collegeboard.org/college-pricing>

⁷ David Bergeron, Elizabeth Baylor and Antoinette Flores, *A Great Recession, a Great Retreat*, Center for American Progress, 2014, accessed from: <https://www.americanprogress.org/issues/higher-education/report/2014/10/27/99731/a-great-recession-a-great-retreat/>

Other Sources of Postsecondary Finance Data

Grapevine and the State Higher Education Finance Report

The national association of State Higher Education Executive Officers (SHEEO) conducts the collection for *Grapevine* and the *State Higher Education Finance (SHEF)* reports.⁸ Both have specific and detailed information about state funding for higher education. *SHEF* also contains information on tuition revenue.

Table 9 displays state funding data for the 2012 fiscal year from two different sources (the CAP analysis of IPEDS data and *SHEF*). Many of the figures are close (within a few percentage points) and can likely be attributed to different sources of the data (reporting done by institutions versus reporting done by a state agency), but there are some states with fairly large differences. Many of these are explained through different definitions. For example, the difference in Colorado can be explained by the way Colorado funds its higher education institutions. Whereas the state funds do not appear in the state revenues in IPEDS, because the funds are allocated to the institutions on behalf of students and so are tuition revenue, *SHEF* counts funds originating from the state as state support. Additionally, while *SHEF*'s state support for public higher education figure excludes "state funding for students in continuing or adult education (non-credit) and non-credit extension courses which are not part of a regular program leading to a degree or certificate,"⁹ IPEDS data do not ask institutions to exclude funding for non-credit activity. Furthermore, *SHEF* collects all state support for public higher education, which may include funding for system offices and other agencies that might not be collected in the IPEDS collection. Finally, as IPEDS is an institutional-level data collection, decisions about which institutions are included in the data influence aggregate numbers. In the CAP analysis, only two-year and four-year institutions were included.

Table 9
Comparing State-Level Data

	IPEDS-derived state support (CAP)	State Support for Public Higher Education (SHEF)	Percent CAP higher/lower than SHEF
Alabama	\$1,459,029,099	\$1,466,088,801	-0.5%
Alaska	\$354,756,391	\$357,025,101	-0.6%
Arizona	\$834,661,998	\$819,548,000	1.8%
Arkansas	\$958,437,090	\$896,811,016	6.4%
California	\$8,378,692,247	\$9,054,539,000	-8.1%
Colorado	\$404,247,139	\$641,001,715	-58.6%
Connecticut	\$967,085,355	\$930,333,812	3.8%
Delaware	\$265,884,824	\$211,828,166	20.3%
Florida	\$3,653,257,265	\$3,465,061,801	5.2%
Georgia	\$1,926,728,905	\$2,640,046,563	-37.0%
Hawaii	\$509,881,875	\$511,186,647	-0.3%
Idaho	\$335,046,422	\$332,453,023	0.8%
Illinois	\$2,171,720,256	\$3,330,082,101	-53.3%

⁸ State Higher Education Executive Officers, *State Higher Education Finance* website, accessed from: <http://www.sheeo.org/projects/shef---state-higher-education-finance>

⁹ State Higher Education Executive Officers, *State Higher Education Finance, FY2013, 2014*, page 67, accessed from http://www.sheeo.org/sites/default/files/publications/SHEF_FY13_04292014.pdf

	IPEDS-derived state support (CAP)	State Support for Public Higher Education (SHEF)	Percent CAP higher/lower than SHEF
Indiana	\$1,562,217,341	\$1,487,298,709	4.8%
Iowa	\$788,746,419	\$692,227,822	12.2%
Kansas	\$787,342,005	\$728,584,840	7.5%
Kentucky	\$1,210,209,175	\$1,147,367,824	5.2%
Louisiana	\$1,179,809,398	\$1,237,070,397	-4.9%
Maine	\$275,228,597	\$267,337,778	2.9%
Maryland	\$1,568,565,710	\$1,557,505,485	0.7%
Massachusetts	\$1,141,105,410	\$1,121,524,881	1.7%
Michigan	\$1,552,818,793	\$1,547,832,500	0.3%
Minnesota	\$1,279,331,241	\$1,225,607,001	4.2%
Mississippi	\$990,509,700	\$949,875,161	4.1%
Missouri	\$879,409,300	\$901,051,554	-2.5%
Montana	\$209,816,524	\$202,105,316	3.7%
Nebraska	\$637,737,713	\$647,030,417	-1.5%
Nevada	\$471,133,250	\$473,148,326	-0.4%
New Hampshire	\$95,610,837	\$82,697,778	13.5%
New Jersey	\$1,926,875,342	\$1,897,967,000	1.5%
New Mexico	\$791,780,177	\$791,273,161	0.1%
New York	\$4,820,357,971	\$4,347,750,166	9.8%
North Carolina	\$3,529,171,300	\$3,655,709,888	-3.6%
North Dakota	\$301,740,976	\$342,631,046	-13.6%
Ohio	\$2,024,365,693	\$1,936,781,775	4.3%
Oklahoma	\$1,163,695,152	\$987,140,759.	15.2%
Oregon	\$670,493,313	\$561,925,278	16.2%
Pennsylvania	\$1,138,936,076	\$1,562,524,414	-37.2%
Rhode Island	\$175,029,447	\$184,643,566	-5.5%
South Carolina	\$743,757,828	\$766,475,975.	-3.1%
South Dakota	\$184,784,211	\$180,333,709	2.4%
Tennessee	\$1,393,877,874	\$1,329,881,508	4.6%
Texas	\$5,652,248,567	\$6,379,623,805	-12.9%
Utah	\$780,028,876	\$725,643,437	7.0%
Vermont	\$72,640,753	\$78,602,094	-8.2%
Virginia	\$1,471,430,926	\$1,540,865,971	-4.7%
Washington	\$1,479,069,800	\$1,324,915,507	10.4%
West Virginia	\$542,240,303	\$532,682,333	1.8%
Wisconsin	\$948,078,116	\$1,118,841,759	-18.0%
Wyoming	\$386,499,654	\$336,853,978	12.8%

Notes:

CAP figures include state operating grants and contracts, state appropriations and state nonoperating grants.

SHEF figures include all state support for public higher education.

Securities and Exchange Commission (SEC)

The Securities Exchange Act of 1934, as amended, requires companies with registered publicly held securities and of a certain size to disclose financial and other information that can help potential and current investors make informed investment decisions. These “reporting companies” must file annual, quarterly and periodic reports.¹⁰ These forms are not blank forms to be filled in, but rather serve as guides in the preparation of reports.¹¹

The SEC filings require a range of disclosures about the companies’ main sources of business, legal proceedings, risk factors potentially affecting the business, directors, executive compensation and other information. The filings are also required to share accounting changes or shifts in business that result in different numbers between quarterly filings and reconcile those numbers. The SEC filings require explanations about discrepancies between filings or extenuating contextual circumstances. The resulting reports resemble the audited financial statements more than the data that result from the IPEDS data collection.¹²

Table 10
Summary of SEC Filing Requirements

Annual Filing	Quarterly Filing
<ul style="list-style-type: none"> ▪ Net sales or operating revenues ▪ Income (loss) from continuing operations ▪ Income (loss) from continuing operations per common share ▪ Total assets ▪ Long-term obligations and redeemable preferred stock (including long-term debt, capital leases, redeemable preferred stock, cash dividends declared per common share) investment return ▪ Additional items that they believe would enhance an understanding of their financial condition <p>(17 C.F.R. § 229.301)</p>	<ul style="list-style-type: none"> ▪ Net sales ▪ Gross profit (net sales less costs and expenses associated directly with or allocated to products sold or services rendered) ▪ Income (loss) before extraordinary items and cumulative effect of a change in accounting ▪ Per-share data based upon such income (loss) ▪ Net income (loss) and net income (loss) attributable to the registrant, for each full quarter within the two most recent fiscal years and any subsequent interim period for which financial statements are included or are required to be included <p>(17 C.F.R. § 229.302)</p>

SEC filings must also include a thorough management’s discussion and analysis of financial condition and results of operations (17 C.F.R. § 229.303).

SEC filings are required to contain certain information that is similar to what institutions report to IPEDS, such as revenues, assets and long-term obligations. The SEC data are more tailored for investors and provide different types of information more frequently than

¹⁰ www.law.cornell.edu/wex/securities_exchange_act_of_1934

¹¹ See, for example, the form 10-K, which can be accessed from: <https://www.sec.gov/about/forms/form10-k.pdf>

¹² For example, the Apollo Group’s annual SEC filing, which can be accessed from: <http://investors.apollo.edu/phoenix.zhtml?c=79624&p=irol-sec>

IPEDS does. SEC filings do not have a required structure or format, as compared to the IPEDS forms. The SEC requires contextual information, such as legal proceedings involving the company, financial information for the previous five years, and written explanations for discrepancies between quarterly filings. IPEDS forms have context boxes where respondents can provide explanations, but this is more for context and is generally not publicly available.

State and Regional Data Collections

Many states collect their own financial information from their institutions. These collections generally have more detail in terms of student level and program of study. However, overall amounts track to IPEDS. These collections are often favored because the state can collect the information it needs and can do so before data are available from IPEDS. There are also regional data collections that may provide information that is not available on IPEDS.

The Southern Regional Educational Board (SREB) collects funds for educational and general operations of campuses including: state general purpose (which includes appropriations), state educational special purpose, local funds, tuition and fee revenue for operations, tuition and fee revenue for debt service and other special purpose funds and funds for health professions education. Definitions differ from IPEDS, particularly around tuition and fees. SREB asks for unrestricted and restricted tuition and fee revenues, discounts and allowances applied to tuition and fees and tuition and fees from continuing education. SREB also collects salary data that users reported useful.

Even with the benefits of state data, users generally recognized the importance of IPEDS data in addition to state data. States with their own data collections must use IPEDS for interstate comparisons. Additionally, any analysis that includes non-public institutions must be done using IPEDS data. These same caveats apply to regional data collections, with the added limitation that regional collections only include the institutions in that region.

Conclusion and Recommendations

In order to be considered a useful and robust data collection, the IPEDS Finance component should meet the following criteria:

- Data reporting instructions and definitions are easily understood;
- Data required to be reported should be detailed enough to capture necessary nuance, allow for comparisons across institution sector and not unnecessarily add to reporting burden by being substantially different from other types of finance data reporting; and,
- Data users (including consumers, institutional users, state and federal policymakers and researchers) should be able to understand data definitions, easily compare institutions of different sectors, use data for accountability purposes and glean meaningful information from the data.

Generally speaking, data reporters and users find challenges with IPEDS, but the balance of information gathered to burden and cost seems to be appropriate. Institutions at which the budgeting office takes primary responsibility for reporting the data and there are established rules for how to report stated the least amount of burden. Even with recent changes to improve comparability, there are some challenges associated with different institution types and different business processes that make comparing institutional data difficult—and may even make comparing an institution's IPEDS data with its financial statements difficult. Furthermore, IPEDS, as an institutional survey, may be missing some

state-level activity associated with institutions that is not required to be reported on the survey.

Where it does not meet the criteria listed above, there may be room for improvement. Based on these criteria and the research conducted to complete this report, there are a few issues IPEDS should consider. When considering potential changes to IPEDS, discussions should include the benefit of the change in relation to potential burden of changing the form, not only in terms of changing the reporting process, but also in terms of the type of information requested. The recommendations for changes below are those that may provide the most benefit with the least amount of additional burden for institutions.

Engage the community in a discussion about the purpose of the IPEDS Finance component and align the survey with those needs

With the current nature of higher education, NCES should bring together experts in higher education finance, including business officers, data reporters, policy makers, researchers and auditors to discuss whether this purpose is relevant and consistent with the current structure of the IPEDS survey. For example, the discussion could include such questions as:

- What are the questions this component is trying to answer?
- What are the specific pieces of information that are necessary to answer those questions?
- Is an accounting survey necessary?

NACUBO has begun those conversations as part of its “Blank Slate” project.¹³ NCES should consider leading a conversation using these questions as a starting point.

In addition to engaging the community at large, NCES should routinely engage with NACUBO and representatives from FASB and GASB to ensure that the forms reflect the most recent standards and language.

Revise the instructions for clarity and consistency

Clarifying instructions, where possible, for users and reporters who do not have an accounting background. Use “plain English” rather than accountant-speak where possible and make it clear what information should be reported.

Streamline, where possible, to ensure comparability

Streamlining the IPEDS Finance component would include both reducing the amount of data collected where possible as well as ensuring that there is as little variation between the forms as possible.

Some of the data on the current IPEDS forms may not be necessary, particularly if it is not often used. For instance, it may be possible to reduce the amount of information collected on the statement of financial position to total assets, total liabilities and net assets. Further, NCES should explore whether the amount of detail collected on the revenues section is necessary.

The IPEDS Finance component can also be streamlined by ensuring forms are consistent across sectors. One example is with reporting Pell grants. NCES should consider whether it is possible to eliminate some of the variation in how institutions report Pell.

¹³ Craig, S and Menditto, S. *Reporting Reimagined*, January 2014, accessed from: http://www.nacubo.org/Business_Officer_Magazine/Magazine_Archives/January_2014/Reporting_Reimagined.html

Determine how to capture missing information

Much of the state variability can be attributed to activity at state agencies that are not IPEDS-reporting entities. For example, in some states, a system might hold all of the debt so institutions reporting would appear to have very little debt. In other states, financial aid agencies may have revenues and expenses that are reported on other surveys that are not included in IPEDS.

In other cases, there may be large portions of financial information missing in the IPEDS Finance data because institutions are not reporting activity at affiliated entities. Guidance around this should be clear and consistent.

Provide specific guidance for categorizing expenses

To enhance consistency and comparability, IPEDS should consider specifying how institutions should handle the following: athletics, IT, research, marketing and others that were not surfaced as part of the research for this report. This includes formulating the guidance as well as making that guidance clear and explicit in the instructions.

Consider including more detail

Data reporters and users alike expressed a desire for more detail, particularly at the program and student level. Collecting information by program would be overly burdensome for both reporters and users. However, NCES should discuss the benefit of collecting information by student level (undergraduate and graduate). Also, to increase comparability, NCES should consider whether it would be useful to collect additional detail around benefits and how state appropriations and other revenues are used (for example, making a distinction between state appropriations allocated for instructional purposes and for benefits).

Offer guidance on best practices for using IPEDS Finance data

Offer best practices for commonly used metrics that may be derived from IPEDS Finance data. This could include making explicit how to recreate Delta Cost Project variables, specifying which variables are appropriate for use in certain analyses (such as state funding for higher education). It could also include how to construct state-level estimates and what categories to use when calculating educational expenses.