

University of Alaska
Tuition Allowance – Budget Perspective
Fiscal Year 2003

In accordance with the provisions 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 university is required to report student tuition and fee revenue net of allowances and discounts. This document addresses the effect and mechanics of recording the allowance only from a budgetary point of view and explains certain negative amounts showing as miscellaneous expenditures at allocation levels.

The tuition allowance is defined as the difference between the stated price for tuition and fees (and room and board) and the amount(s) paid by the student or directly by third parties on the student’s behalf. In other words, the allowance is the amount of institutional resources provided to the student for tuition. One of the benefits in recording the tuition allowance is the elimination of the double-counting of revenue previously inherent in university fund accounting. This occurs when Pell grants, for example, are recorded as both federal receipts and as tuition revenue.

From a budgetary perspective, the effect of recording the tuition allowance (as compared to years prior to FY03) is a reduction in student tuition and fee revenue and an equal reduction in student aid or miscellaneous expense at the allocation level. Since the majority of student aid expense, Pell for example, is recorded at the main MAU campus and not its outlying campuses, transfers (recorded as miscellaneous expenditures) are necessary to reflect the contribution the main MAU campus makes by absorbing the expense. Many of these outlying campuses (smaller allocation levels) do not have sufficient miscellaneous expenditures to absorb the transfer, and hence the reported expenditure balance is negative. At any allocation level, there is no effect on fund balance.

As an example, Bristol Bay allocation reports a negative \$5,074 miscellaneous expenditure total for FY03. This represents the net result of \$15,370 in miscellaneous expenditures and a transfer in from the Fairbanks allocation representing the tuition allowance (contribution of aid from the MAU level to the campus level) totaling \$20,444. Similarly, Bristol Bay tuition revenue is reduced by \$20,444.