Fee Discounts Training

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Fee Discounts

Why do we offer fee discounts and bursaries?

Fee Discounts

Access

Loyalty

Student Recruitment

Prestige

Jill Roberts Reporting Studentship

Competitive Price

Fee Discounts

A large cost to the University £20m in total, £13m core-funded in 2015/16

Correct reporting is important to

- Comply with the SORP

- Increase understanding of the discounts we are awarding and the financial implications

Today's session

1. **How we used to do Fee Discounts reporting**
2. **Bringing reporting in line with the SORP**
3. **Dealing with deferrals**
4. **Next steps**

Old method – Core funded

I&E	Core (Fully Funded)
Tuition Fee income	(12)
Total Tuition Fee income	**(12)**
Research/Other Grant income	-
Total income	**(12)**
4231 OOE Fee discounts	**12**
Contribution	0

What it looks like in the accounts….

Lots of tuition fee income!

We are showing a reduction in income as a cost.

What is the reality…

No net income!

Old method – Externally funded

I&E	Matched (Fully Funded)
Tuition Fee income	(12)
Total Tuition Fee income	**(12)**
Research/Other Grant income	(12)
Total income	**(24)**
4231 OOE Fee discounts	**12**
Contribution	(12)

What it looks like in the accounts….

Double the income!

What is the reality…

Can only report income once.

The solution?

The solution

The solution: move OOE Fee Discounts…

I&E	Core (Fully Funded)	Core (part funded)
Tuition Fee income	(12)	(12)
Total Tuition Fee income	**(12)**	**(12)**
Research/Other Grant income	-	-
Total income	**(12)**	**(12)**
4231 OOE Fee discounts	**12**	**4**
Contribution	0	(8)

…to sit under TF income

I&E	Core (Fully Funded)	Core (part funded)
Tuition Fee income	(12)	(12)
4231 TF income Fee discounts	12	12
Total Tuition Fee income	**(0)**	**(0)**
Research/Other Grant income	-	12
Total income	**(12)**	**(12)**
4231 OOE Fee discounts	**12**	**4**
Contribution	0	(12)

How it looks in CP

Level 2 - Total

INCOME

Home Credit-Bearing	1,171.4	1,644.5
Overseas Credit-Bearing	1,802.5	1,651.8
Other Tuition Fees	6.2	8.0
Fee Discounts	499.2	(63.7)
Load Transfer	(70.7)	(70.7)
Tuition Fees & Education Contracts	**3,408.6**	**3,169.9**

Includes 4231 and 11XX Fee Waiver and Discount I&Es

Splitting the Discount by TF type at Interim and YE

4231 Student Support Fees
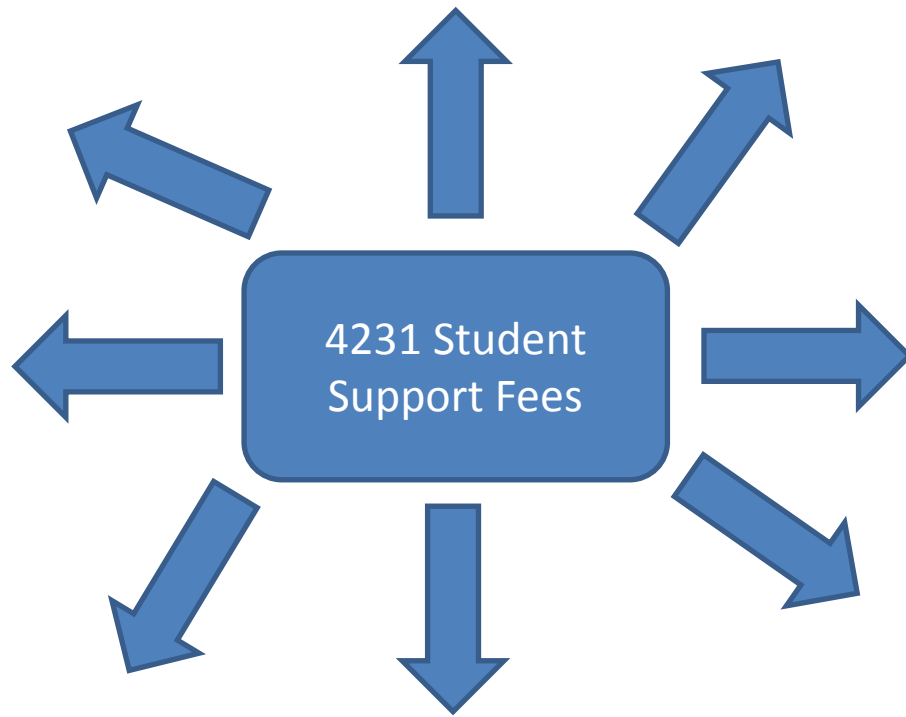
- At year end, the tuition fee discounts must be analysed by fee type (eg. Home/OS; UG/PGT/PGR; FT/PT).

- A statutory journal is posted to move discounts from 4231 (General Fee discounts code) to the 11XX Fee waivers and discounts code

- All of these I&Es feed into 'Fee discounts' in CP, so no change to Management Accounts

- At interim and YE, the balance on 4231 should be zero at University level

Splitting the Discount by TF type

Example for FT Home students,, if we had a debit balance of 100 on fee discounts:

	Debit	Credit
DR 1117 TF waivers & discounts Home UG FT	60	
DR 1137 TF waivers & discounts Home PGT FT	30	
DR 1157 TF waivers & discounts Home PGR FT	10	
CR 4231 Student Support Student fees		(100)

Level 2 - Total

INCOME

Home Credit-Bearing	1,171.4	1,644.5
Overseas Credit-Bearing	1,802.5	1,651.8
Other Tuition Fees	6.2	8.0
Fee Discounts	499.2	(63.7)
Load Transfer	(70.7)	(70.7)
Tuition Fees & Education Contracts	**3,408.6**	**3,169.9**

No impact on CP – Fee Discounts Includes 4231 and 11XX Fee Waiver and Discount I&Es

Problem solved

Deferral: Plan A

A student paying a £12k fee, with a core funded discount of £4k, net income £8k. The course runs from 1st August to 31st July. It is October month end.

I&E	Core (part funded)
Tuition Fee income	(12)
Deferral	6
Tuition Fee income after deferral	**(6)**
Fee discounts	4
Deferral	0
Fee discounts after deferral	**4**
Total Tuition Fee income	**(2)**
Contribution	(2)

Defer the tuition fee and the discount

Step 1: Calculate the net fee:
Tuition fees   (12)
Fee discounts   4
Net Tuition Fee   (8)

Step 2: Calculate the net deferral of 9 months
8 x 9/12 = 6
Net Deferral   6

Step 3: Post this debit to tuition fee income

Deferral: Plan A – the issue

Total Tuition fee income is correct with no double counting ✓

I&E	Core (part funded)
Tuition Fee income	(12)
Deferral	6
Tuition Fee income after deferral	**(6)**
Fee discounts	4
Deferral	0
Fee discounts after deferral	**4**
Total Tuition Fee income	**(2)**
Contribution	(2)

But…

Tuition fees are now overstated because the deferral of the discounts (a credit) is included

The fee discounts are overstated; they show the full year amount with no credit to defer the discount

OK, so what next...

Exercise 1: how do we correct the deferral?

A student paying a £12k fee, with a core funded discount of £4k, net income £8k. The course runs from 1st August to 31st July. It is October month end.

I&E	Core (part funded)
Tuition Fee income Deferral **Tuition Fee income after deferral**	(12)
Fee discounts Deferral **Fee discounts after deferral**	4
Total Tuition Fee income	**(2)**
Contribution	(2)

Deferral: Plan B – Split the deferral

I&E	Core (part funded)
Tuition Fee income	(12)
Deferral	9
Tuition Fee income after deferral	**(3)**
Fee discounts	4
Deferral	(3)
Fee discounts after deferral	**1**
Total Tuition Fee income	**(2)**
Contribution	(2)

Step 1: Calculate the Gross tuition fee income deferral:

Tuition fee income deferral
= 12 x 9/12 = 9   debit to the I&E

Step 2: Calculate the Gross fee discount deferral:

Fee discount deferral
= 4 x 9/12 = (3) credit to the I&E

The net deferral is the same, a debit of 6, but this is now split correctly.

All OK then?

Still more questions…

What about the discounts bfwd from the Prior Year?

What about where a tuition fee and a discount are in different schools/areas?

Discount b/fwd from Prior Year

	Debit	Credit
DR 1117 TF waivers & discounts Home UG FT	60	
DR 1137 TF waivers & discounts Home PGT FT	30	
DR 1157 TF waivers & discounts Home PGR FT	10	
CR 4231 Student Support Student fees		(100)

Remember this year end statutory journal to split the fee discounts by fee type?

For Oct 16 month end, these were reversed into tuition fees (not fee discounts)

This has been corrected and they b/fwd discounts are now under fee discounts

This is posted centrally, and will unwind through the year.

Tuition Fee and Discount in Different Schools

I&E	School 1 Student Registered	School 2 Discount issued	Total
Tuition Fee income Deferral **Tuition Fee income after deferral**	(12)		**(12)**
Fee discounts Deferral **Fee discounts after deferral**		**4**	**4**
Total Tuition Fee income	**(12)**	**4**	**(8)**
Contribution	(2)	4	(8)

In this example, the student is registered and tuition fee is reported in School 1.

The discount is issued and reported in School 2 (often Faculty Office or a central area)

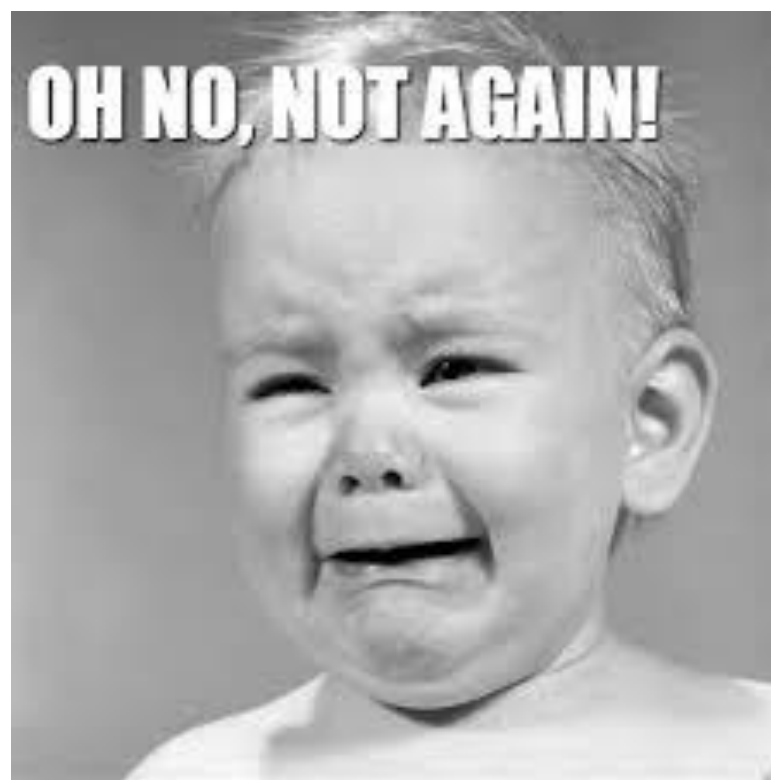This is how it is reported before deferral.

Tuition Fee and Discount in Different Schools: Deferral current method

I&E	School 1 Student Registered	School 2 Discount issued	Total
Tuition Fee income	(12)	-	(12)
Deferral	9	-	9
Tuition Fee income after deferral	**(3)**	-	**(3)**
Fee discounts	-	4	**4**
Deferral	(3)	0	**(3)**
Fee discounts after deferral	**(3)**	**4**	1
Total Tuition Fee income	**(6)**	**4**	**(2)**
Contribution	(6)	4	(2)

The tuition fee deferral is posted to the School where the tuition fee is paid

The discount deferral is posted to the **same school.**

There is no deferral in the School where the discount is recorded.

OH NO, NOT AGAIN!

Tuition Fee and Discount in Different Schools

I&E	School 1 Student Registered	School 2 Discount issued	Total
Tuition Fee income Deferral **Tuition Fee income after deferral**	(12)		**(12)**
Fee discounts Deferral **Fee discounts after deferral**		4	4
Total Tuition Fee income			
Contribution			

What would be the correct posting for

a) The tuition fee deferral
b) the discount deferral

so that each school shows the right income?

# Tuition Fee and Discount in Different Schools: Deferral revised method

I&E	School 1 Student Registered	School 2 Discount issued	Total
Tuition Fee income	(12)	-	(12)
Deferral	9	-	9
Tuition Fee income after deferral	**(3)**	-	**(3)**
Fee discounts	-	4	**4**
Deferral	-	(3)	**(3)**
Fee discounts after deferral	**(3)**	**1**	**1**
Total Tuition Fee income	**(3)**	**1**	**(2)**
Contribution	(3)	1	(2)

Total tuition fee income is correct ✓

Split between Tuition Fee income and fee discounts is correct ✓

Split between Schools/areas is correct ✓

Getting the Deferral in the right place
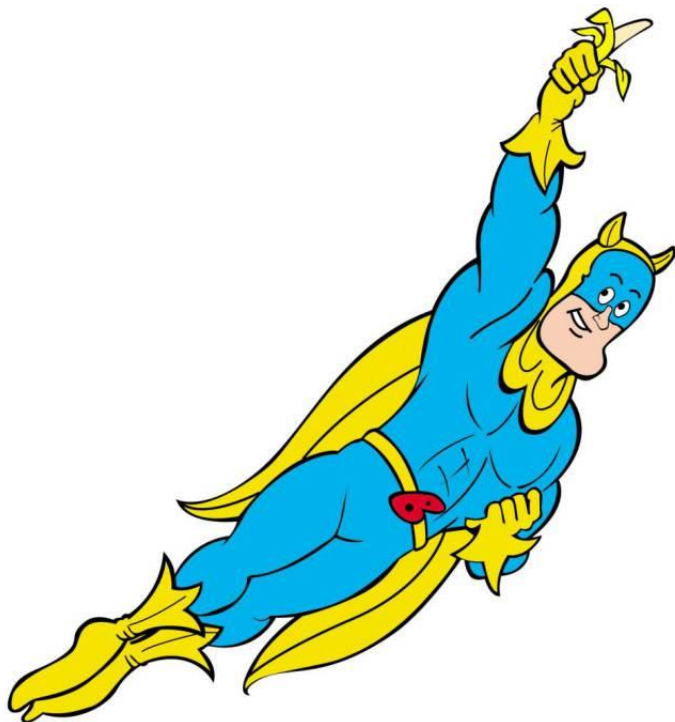
- Report the deferral for the discount in the school or area where the discount is reported

- Each school or area to set up AE codes for this to be reported

- Codes to be at Level 4

- At each level, a code for Core, Research and Matched

- Can use the same code for a whole school/area if required.

- From December month end

Matched Codes

Student who is paying a £12k fee for a programme running 1st August to 31st July.
External funding of £4k towards the fee. Below as at 31st October.

I&E	Core	Research/ Matched (R/P code)	Research/ Matched AE Code	Total
Tuition Fee income	(12)	-		(12)
Deferral	9	-		9
Tuition Fee income after deferral	**(3)**	**-**		**(3)**
Fee discounts	-	4	-	**4**
Deferral	-	-	(3)	**(3)**
Fee discounts after deferral	**-**	**4**	**(3)**	**1**
Total Tuition Fee income	**(3)**	**4**	**(3)**	**(2)**
Research Income/Other Grant Income		(4)		(4)
Total Income	**(3)**	**(0)**	**(3)**	**(6)**

Tuition fees are the same – we defer the fee and defer the discount

Other Grant Income or Research Income is recognised when the student starts

So in October, we show income of (6): (2) is the net tuition fee YTD and (4) is the OGI for the full year.

Matched Codes

Student who is paying a £12k fee for a programme running 1st August to 31st July.
External funding of £4k towards the fee.

I&E	Core	Research/ Matched (R/P code)	Research/ Matched AE Code	Total
Tuition Fee income	(12)	-		(12)
Deferral	-	-		-
Tuition Fee income after deferral	**(12)**	**-**		**(12)**
Fee discounts	-	4	-	4
Deferral	-	-	-	-
Fee discounts after deferral	**-**	**4**	**-**	**4**
Total Tuition Fee income	**(12)**	**4**	**-**	**(8)**
Research Income/Other Grant Income	-	(4)		(4)
Total Income	**(12)**	**0**	**-**	**(12)**

This shows the position at Year End, the deferral has unwound.

We recognise the tuition fee less the fee discount.

We recognise the Other Grant Income (or Research Income)

The net income is equivalent to one full tuition fee.

Matched Codes

Other Grant Income or Research Income is recognised in full when the student starts.

Why don't we recognise the Research/OGI in line with the tuition fee?

Externally funded Studentships are Non-Exchange Transactions with Performance Related Conditions.

The PRC is the student starting, so we recognise all the income as soon as the student is in place. It is not reported in line with teaching activity.

How is this different to the tuition fees?

Standard Tuition fees are exchange transactions so the fee is reported in line with the activity

Progress so far

Total tuition fee income is correct with no double counting of income ✓

The split between Tuition Fee income and fee discounts is correct ✓

Fee discounts are b/fwd and deferred in line with income ✓

The split of fee income and fee discounts per school/area is correct ✓

Matched income is reported correctly ✓

What's next…

- Implement new AE codes for split per school and C/R/M

- Fee deposits reported on 4231

- Budget profile for fee discounts and Management Accounts

- Anything else?

Exercise 3: can you answer the following questions?

Where does 4231 Fee Discounts show in the Management Accounts in CP?

October 2016	
Operating results	
Income	
Tuition fees and education contracts	
Funding body grants	
Research grants and contracts	
Other income	
Investment income	
Donations and endowments	
Total Income	
Expenditure	
Staff Costs	
Other operating expenses	
Interest and other finance costs	
Total Expenditure	
UNDERLYING CONTRIBUTION	

What about the 11%% Fee Waivers and Discounts codes?

Exercise 3: can you answer the following questions?

- What is the double entry for deferral of a tuition fee discount?

DR…………………..

   CR…………………..

- Which I&E code is used for the I&E side of the monthly journal?

………………………………………………………………………………

Exercise 3: can you answer the following questions?

You check your 201 at interim year end and the balance on 4231 is zero!
What should you do?

a) Call the systems team
b) Flag to your HoFFRA or equivalent
c) Post a correcting journal
d) Nothing

What do you think has happened?