Understanding Graduate Financial Aid Expenditures

Fin 110
Before we begin:

- Please adjust your volume to a comfortable listening level
Course Objectives

At the end of this course, you will be able to:

- Better understand the flow of graduate financial support through University systems
- Demonstrate tools, reports, methods to assist in analyzing and reconciling graduate financial support-related expenses

... so that you can reconcile graduate financial aid expenses.
The course is divided into three parts:

1. **Topic I** briefly sets the context by providing an overview of the graduate student aid process.

2. **Topic II** examines the process from the financial perspective, following the money flow of these dollars through the various systems.

3. **Topic III** shows which reports to use as you reconcile and analyze graduate student support.
Topic 1: Setting the Context
To set the context, we will

1. Provide an overview of the process

2. Clarify the types of support available to graduate students, and

3. Review the business questions to consider during the process to effectively manage these resources.
Overview of the Process

The first step in the process is the planning of graduate student support:

- Eligibility
- Compliance with policy
- Aid year activation
- Creation of Item Type
- Aid entry
- Approval in Worklist Manager
- Disbursements

The first step in the process is the planning of graduate student support within the schools and departments. Each school may have their own process, but all will give consideration to eligibility of the student and compliance with policy.

1. Once the planning process is complete, the aid and related information, such as disbursement rules, is entered in the PeopleSoft GFS system.

2. Each aid line in PeopleSoft must be approved by the student’s home department and by a financial approver for the PTA charged. The rest of the process starts after the approvals in GFS.

3. This presentation focuses on everything that happens after the GFS transactions have been fully approved in PeopleSoft.
After the aid is fully approved, it is disbursed (or interfaced) to a PeopleSoft disbursement system, either Payroll or Student Financials, and then to Oracle Financials.

The Item Type is the basic work unit of the PeopleSoft Student Financials system. It classifies charges, defines the accounting elements (Project ID, Account, Department ID, and Charge Priority), and is the interface between GFS and Oracle Financials. Put another way, the Item Type is a “shorthand” notation that points to all the related accounting elements for a student financial transaction.
The last step in this process is the flow of information into the reporting databases: ReportMart1 for PeopleSoft information and ReportMart3 for Oracle Financials data.

Appropriate authority is needed to use these reporting tools.
Primary Types of Support in GFS

Assistantship (Grad/Post Doc)
- Salary
- Tuition Allowance (TAL)

Fellowship
- Tuition
- Quarterly Stipend
  - Includes Stipend, Standard Charges, ASSU, Health Insurance, Doc Fees, etc.
- Monthly Stipends (Post Doc/Non-Matric)

Graduate support falls under one of two general categories: Assistantships or Fellowships.

- Assistantships are a form of employment, earning a compensation package that includes both salary and tuition allowance in exchange for the performance of research or teaching services to the University.

- 2. Fellowships, on the other hand, are not compensation but rather financial aid. No service is expected in return for a fellowship. This type of aid includes tuition payments, stipend checks, and stipend fee payments, such as standard charges, ASSU, insurance, etc.
Managing Graduate Support Resources

Were the right students paid the correct amounts?
- Departmental authorization
- University / School policies

Was the support coded correctly?
- Appropriate account (PTA)
- Proper type of support (Expenditure Type)

Does it serve the needs of the student while supporting faculty and departmental goals?

Regardless of your individual responsibilities, everyone involved in the process shares stewardship of this scarce resource – graduate support dollars. Understanding the bigger picture enables each of us to become better stewards.

While certainly not a definitive list, this slide includes some of the basic questions to consider to optimize those resources. Please take a moment to think about these questions.

This concludes Part I, Setting the Context.
Topic 2: Graduate Financial Support Process: The Financial Perspective
Part II covers graduate support from a financial management perspective. We will review

1. The systems involved and how they work together
2. The timing of when transactions post and can be viewed in reports
3. Making changes or corrections
4. The concept of unapplied aid and what to do with it, and
5. How to clear suspense transactions
Now let’s look at the process in more detail. This slide shows the types of support.

1. Assistantship, post-doc, and non-matriculating tuition allowance (TAL)

2. Quarterly fellowship stipend

3. Fellowship tuition

4. Assistantship salary, and

5. Post-doc and monthly non-matriculating stipends

Notice that these are each color coded. The colors are consistent throughout the next several slides.
Fellowship tuition, fellowship stipends, and TAL disburse to the Student Financials system ten days before the term begins. Account Inquiry in GFS shows the aid. All lines entered in GFS must be approved before they can be disbursed.

1. Home Department Approvers assure the student’s home department is correct, the aid conforms to GFS policy, the student is academically eligible, and the amount of aid conforms to University, school, and departmental guidelines.

2. Financial approvers assure the student is paid from an appropriate source of funds, there is sufficient funding available, and the amount is appropriate.
The aid is paid to the student in the form of tuition or fee payments to the student’s University bill or as stipend checks at the beginning of the quarter if it’s for the current term.
Now let’s look at the right side of the slide. As we explained earlier, assistantships are a form of employment (i.e., salary). Post-doc and non-matriculating stipends are also considered to be a form of compensation under the tax code.

Salaries disburse to the Payroll system on the last day of the pay period and monthly stipends disburse after Close of Business on the 6th business day before the end of the month. Salary paychecks or direct deposits are issued on the 7th and 22nd. Monthly stipends go out on the last business day of the month.
ReportMart1 is the reporting tool for the PeopleSoft systems: GFS, Student Financials, and Payroll.

This slide shows what information is contained in ReportMart1.
At month end, PeopleSoft Student Financials takes all of the GFS transactions for the month and generates massive system journals (as long as 10,000 lines) and posts them to Oracle Financials.

Payroll does the same for salary but twice a month after the pay dates or at month end in the case of monthly stipends.
Then, reports are generated in ReportMart3. Some of the reports that are available in ReportMart1 and ReportMart3 can be used to tie all of this together.
Here is the same information in table format –

1. The 1st column identifies the approved type of support

2. The 2nd column lists which PeopleSoft system it flows through: Student Financials or Payroll

3. The 3rd column shows how often the GFS information goes to the Student Financials or Payroll system

4. And finally, the 4th column provides the payment method and timing
This table describes the timing between PeopleSoft and Oracle Financials.

1. The 1\textsuperscript{st} column again identifies the approved type of support.

2. The 2\textsuperscript{nd} column shows which PeopleSoft system the support flows through: Student Financials or Payroll.

3. The 3\textsuperscript{rd} column shows how frequently GFS sends information to the PeopleSoft system.

4. The 4\textsuperscript{th} column identifies when ReportMart1 is updated after the PeopleSoft system receives the information.

5. The 5\textsuperscript{th} column shows how frequently PeopleSoft sends information to Oracle Financials.

6. And finally, the 6\textsuperscript{th} column lists when ReportMart3 is updated.
Next, we’re going to review Tuition Allowance (TAL), which is the tuition component of an assistantship compensation package. The cost of TAL is shared between University general funds and school, department, and/or sponsored project funds providing the assistantship. TAL is paid for a full quarter.

We cannot bill the government for expenses if the corresponding service has not been provided. In other words, we cannot be reimbursed for tuition by a government sponsor until the end of the term. But tuition allowance is provided to the student at the beginning of the term.
How do we handle this administratively?

- We post current term tuition allowance as Prepaid Tuition Allowance, expenditure type 51960, at the beginning of the term (and throughout the quarter). This code is marked as “non-billable” to government sponsors.

- In the last month of the term, all prepaid TAL is reversed and recorded as Tuition Allowance, 51975, and can be billed.

- Stanford indirect costs, such as infrastructure charges, are then applied.

- Prior term TAL posts directly to 51975 and is immediately billable since the services have already been provided.
Here’s an example. This is just a piece of an Expenditure Statement showing that Rick Blaine received tuition allowance.

In April, tuition allowance was posted to expenditure type 51960, Prepaid Tuition Allowance. No indirect charges were applied at that time.
At the end of the term in June, the Prepaid Tuition Allowance was reversed and expenditure type 51975, Tuition Allowance, was charged. The amount can now be billed to the sponsor.

At this time, depending on the type of account charged, an infrastructure charge of $374.88 is also applied.
Next, we’ll look at how to correct errors and make changes. Correcting errors differs depending on which system handled the support, Payroll or Student Financials.

For TAL, fellowship tuition, and fellowship stipends, where the aid flows through Student Financials, correction is only required in GFS. The correction will be passed on to Oracle Financials in the next interface.
Correcting Payroll transactions is much more complex since changes or corrections must also apply to future payroll periods. In all cases it requires at least two steps, in some cases more. The common denominator is that all corrections MUST be done in GFS so that GFS and Oracle Financials remain in sync.

Assistantship salary and PD/NM stipend corrections must also be made in Oracle Financials, using Labor Distribution Adjustments for salary corrections and the “New Journal” form in iJournals for stipends. Stipends are not considered salary transactions by Oracle even though they are disbursed by Payroll.
Here is the same information in a table.

1. The 1st column identifies the approved type of support,

2. The 2nd column lists which PeopleSoft system the support flows through: Student Financials or Payroll,

3. The 3rd column shows where to make corrections to dollar amounts, and

4. The 4th column identifies where to make corrections to PTAs.

Note:
Access to Oracle’s Labor Distribution module is granted based on the Org that “owns” the employee’s assignment. Only someone who has access to the employee’s Org can create a Labor Distribution Adjustment. Many reports, including the Expenditure Detail Report provide the Org so you can readily identify it.

For more information about Labor Distribution Adjustments, please click the link on the slide:

Unapplied Aid

Unapplied Aid is a potential overpayment of aid
- Your PTA has been charged for the amount
- Shows as a credit on student’s account
- Amount cannot be refunded to the student
- Amount cannot be used to pay other charges
- Must be corrected in a timely manner and according to policy
  - If charges seem incorrect, contact SFS via HelpSU
  - If student was charged correct tuition-fees, correct in GFS

Use the PeopleSoft GFS Unapplied Aid Report in ReportMart1 to identify unapplied aid

Unapplied aid happens when more aid is deposited in a student’s account than is paid out. Unless it is cleared by the department, unapplied aid mis-states the student’s account balance.

Departments should monitor and clear unapplied aid each academic quarter using the Unapplied Aid report in ReportMart1.
Suspense Transactions ("Rejects")

Why do transactions reject in Oracle Financials?

- Not within date range of PTA
- Item Type open, but PTA closed
- PTA setup in Oracle not complete

Each transaction is validated when Payroll and Student Financials post feeder journals to Oracle Financials.

If a transaction doesn’t validate it is rejected or sent to a suspense account, depending upon the error and the type of transaction. Most commonly, errors are retroactive corrections outside the date range of the PTA. Another way of saying this is that the Item Type may be valid in PeopleSoft but the PTA is not valid in Oracle.
Suspense Transactions ("Rejects")

Where do they go and who corrects them?

- **Payroll Transactions**
  - Department Org Suspense Account
  - Corrected by Department

- **Student Financials Transactions**
  - Central Suspense Account
  - Monitored monthly by Student Financial Services
  - Corrected by Department & Student Financial Services

For transactions that go thru Payroll,

1. Rejects go to an org suspense account.

2. Org suspense account transactions are cleared by the school or department.

For transactions that go thru Student Financials,

1. Rejects go to a central suspense account.

2. The central suspense account is monitored by Student Financials.

3. Student Financials works with the school or department to clear suspense transactions.
Commitments provide you a way to plan for upcoming student aid expenses and to confirm that student aid has been entered correctly.

Looking at the systems diagram again, commitments reflect transactions above the dotted line, and they change to actuals when they are posted in Oracle Financials.
Let me explain.
Commitments are future obligations to a PTA. Hard commitments are generated by the system, based on labor schedules, approved student aid, and approved purchase requisitions.

Authorized users are able to enter planned future activities known as soft commitments, such as student aid before approval, using the Commitment Management System (CMS).
Student Aid Commitments

Arise from ...

- Financial Aid for Undergraduate and Graduate Students
- Assistantships for Graduate Students and Post-Docs
- Graduate Student Fellowships, including stipends

Begin after the financial aid is accepted by the student or the aid is approved in GFS

End when the amount is posted to the student’s account or paid to the student

Student aid commitments arise when the University has a future obligation to pay students an amount of money for a certain period of time. The obligation may be based on work that the student will perform or an amount of money that the student will receive as financial aid.

Specifically, student aid commitments arise from the following transactions:

- Financial aid for undergraduate and graduate students,
- Assistantships for graduate students and post-docs, or
- Graduate student fellowships (including stipends).

Commitments end when the actual aid is posted to the student’s account or paid to the student.

- If aid does not post for some reason, the commitment must be removed by correcting the GFS record, otherwise it will remain on the reports.
Student aid, including financial aid, TAL, fellowship tuition and stipends, is typically entered in August for an academic year. The commitment reflects the approved student aid that remains to be posted to the student’s account for the academic year.

Students who are on assistantships (e.g., research assistants or teaching assistants) receive 6 paychecks per term that they are working. These payments are the basis for assistantship commitments. For example, for September month end, students may show a salary commitment equivalent to 6 paychecks for each of the terms: fall, winter, spring, and summer. After the October 15th payroll is posted, the salary commitment amount will be reduced to 5 paychecks for fall and 6 paychecks each for winter, spring, and summer. In addition, 1 paycheck will show as an actual expense.
Topic 3:
Analyzing, Researching & Answering Questions
Part III looks at reports that will help you analyze and research questions about Graduate Financial payments.
The focus of reconciliation is to ensure that expenditures shown on your reports are complete, accurate, and timely.

Remember these questions? Reconciliation helps ensure you can answer YES.
The three processes represented here need to be in sync at all times. The documents authorizing the aid support the information in GFS which in turn sends the information to Oracle Financials.

ReportMart3 contains data from Oracle Financials that is fed to it from GFS. If you find an error in ReportMart3 you must make sure that all three of these areas are corrected.

Remember that some corrections require entries in both GFS and Oracle while others only require correction in GFS. Be sure to correct the error in the right place or places.

Now let’s look at more of the detail.
This is an example of ReportMart3 report EXP_285, an Expenditure Detail Report. The reports can be run in ReportMart3 at any time.

Let’s look at the report a little more closely.

**Design Notes:**

Slide will need new audio:

Changed from “Expenditure Reports are mailed to task managers who have requested them after each month end close is completed. The reports can also be run in ReportMart3 at any time.”
The top of an Expenditure Report tells you the report period of the information in the report (inclusive dates). It also indicates the latest Close Month, the period through which ReportMart3 has complete information.

If your report period is after the Latest Close Month you might not have complete information because the month-end processing hasn’t been completed.
An important column of information in the Reference Data section is called the Source. This column tells you where the transaction originated: PSOFT for example. PSOFT is the code for PeopleSoft. The Reference Code Table tool provides more information, including contacts, if you have questions. A link to the Reference Code Table is provided at the end of the course.
Another important column in the Reference Data section is the Department Reference (Dept Ref). For GFS transactions, this column will usually contain the Student ID number.
Next, notice the Expenditure Item Date column. It represents the date when an obligation for goods and services was incurred or entered into the system (based on requisition, date, payroll date, or the date entered by a user). Oracle uses this date to determine when to apply a “burden” (indirect cost or fringe benefit charge), what burden rate to use and whether or not a charge can be posted to a Project-Task-Award.
The Actuals column shows the detailed transactions posted to the General Ledger for the month. This report only shows one month of actual detail but other reports discussed later list each month separately.
The left half of the expenditure statement contains actual detailed expenditures for the last month in your date range, along with reference data.
The right half of the expenditure statement contains totals for your fiscal year or project to date totals.
Most student aid commitments are updated only at the end of the month during the month end process.

Assistantship salary commitments are updated twice a month, when the actual payroll of the 15th and last day of the month are posted.

The updated student aid commitment information completely replaces prior commitment data at that time. On expenditure reports, commitment data is shown only when the report is run for the last closed month or the month in progress. If a report is run for an earlier month, no commitments are displayed.
The Source on expenditure reports for all commitments begins with an E.

For student aid commitments, the Source reflects the system that created the commitment.

The Account Reference for student aid transactions, both actuals and commitments, indicates the term.

And the Department Reference for student aid transactions is the student ID number.

<table>
<thead>
<tr>
<th>Source Code</th>
<th>Acct Ref</th>
<th>Dept Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>System where transaction originated:</td>
<td>Term related to the commitment (using PeopleSoft codes)</td>
<td>Student ID number</td>
</tr>
<tr>
<td>Example: EFAO: Financial Aid</td>
<td>Example: Current Term = 1082</td>
<td></td>
</tr>
<tr>
<td>EGFSN: GFS Monthly Stipend</td>
<td>1 = Century (21st)</td>
<td></td>
</tr>
<tr>
<td>EGFSN: GFS Non-Salary</td>
<td>0 = Decade (2000’s)</td>
<td></td>
</tr>
<tr>
<td>EGFSN: GFS Salary</td>
<td>8 = Academic Year (08)</td>
<td></td>
</tr>
<tr>
<td>(Semi Monthly)</td>
<td>2 = Term</td>
<td></td>
</tr>
<tr>
<td>EFS: Student Financials</td>
<td>2 = Autumn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 = Winter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 = Spring</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 = Summer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Example: 01234567</td>
<td></td>
</tr>
</tbody>
</table>
This slide shows an example of student aid commitments for financial aid entered in the system that has been accepted but not disbursed.

As I said earlier, commitments always have a Source beginning with “E”. Commitment amounts are displayed in the Outstanding Commitments column on the right.

Notice the commitment of $1915 for Jason Bourne.
Jason’s actual tuition was only $1,500, as shown here. But the commitment has been fully relieved, even though the actual expenditure was $415 less.

Partial student aid commitments are not retained in the reports.
This slide shows data from a different ReportMart3 report (EXP_279 Transaction Detail Report) and only includes Actuals.

The situation shown is a fellowship tuition for Rick Blaine dated June 30 (Exp Item Date) and posted to the GL in September (GL Period).
In November, the department administrator discovered that this transaction should have been charged to another PTA so this account was credited and the new account, not shown here, was debited.

Notice that the Expenditure Item Date remains June 30 to maintain an audit trail back to the original transaction.
Notice that the Expenditure Item Date is the same for both of these transactions. The Expenditure Item Date refers to the academic quarter being adjusted.

In the yellow text box, there is a translation between the term as it appears in GFS (10X2) and the Expenditure Item Date for the last month of the term.
The Financial Aid Expense Report in ReportMart1 makes the reconciliation between GFS and Oracle Financials a lot easier. The report only pulls information from Student Financials, so it does not contain salary data.

The report can be run by PTA or Student ID and for a specific period or an entire term.
Here’s an example of the ReportMart1 Financial Aid Expense Report showing the same change we saw a couple of slides ago on the ReportMart3 Transaction Detail Report.

The Financial Aid Expense Report shows the initial charge in September on the first line and the reversal in November on the second line.
Here’s the ReportMart3 Transaction Detail Report for the first part of the correction, the credit to the initial PTA. Notice how they tie together.
The third line of the ReportMart1 Financial Aid Expense Report shows the charge applied to the correct PTA. It is also shown on the ReportMart3 Transaction Detail Report for that account.

You must have authority in ReportMart3 for both PTAs to see all sides of this transaction.
The Transaction Detail Report, also known as the EXP_279 report, is very good for analysis. This report

- Provides detailed expenditure information for the entire report period requested not just the last month,

- Can be limited to just the information you want (the report has 28 prompts including Department Reference or Student ID and Expenditure Type), and

- Can easily be exported to Excel for further analysis.

The user must have reporting authority over the PTA to use the report.
Here’s a summary of the useful reports in ReportMart1 that can help you analyze graduate student aid.

None of these reports will show commitment information.
These reports, from ReportMart3, are very useful for reconciling and managing your student aid funds.

The Expenditure Detail Report (EXP_285) and the Quarterly Review and Certification Report (EXP_149) both show commitment information.
Next Steps

Understand roles in your organization:
GFS entry and approvals, reporting, reconciling

Familiarize yourself with reports available in ReportMart1 and ReportMart3

Utilize job aids, documentation, and tutorials

So what should you do with this information? First, understand the roles in your organization, that is, who does what in the area of graduate student aid?

Become familiar with the reports we’ve looked at and understand how they can help you. Spend some time reviewing the job aids and other information available to help you.
We all share stewardship of this scarce resource. Remember the questions you should ask yourself whenever reconciling graduate financial support.

Next Steps

Were the right students paid the correct amounts?

Was the support coded correctly?

Does it serve the needs of the student while supporting faculty and departmental goals?
Here are some of the resources available to answer your GFS questions.

- **GFS Policy Manual:**

- **Office of Postdoctoral Affairs:**
  [http://postdocs.stanford.edu](http://postdocs.stanford.edu)

- **Overview: Administering Postdoc Fellowship Pay**

- **Postdoc Fellowship Deadlines**

- **Supporting Students Resources on the Gateway to Financial Activities website**
Here are some of the resources available to answer your PeopleSoft questions as they relate to GFS.
Course Survey

Please take a moment to complete the course survey. Click the link below to launch the survey.

http://www.zoomerang.com/Survey/?p=WEB229U3DME82B