

MEMORANDUM

OMB # 1850-0582 v.16

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TO: Robert G. Sivinski
Office of Information and Regulatory Affairs, Office of Management and Budget

FROM: Richard Reeves
Postsecondary Branch Chief, Administrative Division, National Center for Education Statistics

THROUGH: Kashka Kubzdela
OMB Liaison, National Center for Education Statistics

SUBJECT: Integrated Postsecondary Education Data System (IPEDS) 2015-2016 Pension Liabilities Update

The Integrated Postsecondary Education Data System (IPEDS) is a web-based data collection system designed to collect basic data from all postsecondary institutions in the United States and the other jurisdictions. IPEDS enables The National Center of Education Statistics (NCES) to report on key dimensions of postsecondary education such as enrollments, degrees and other awards earned, tuition and fees, average net price, student financial aid, graduation rates, revenues and expenditures, faculty salaries, and staff employed. The IPEDS web-based data collection system was implemented in 2000-01, and it collects basic data from approximately 7,500 postsecondary institutions in the United States and the other jurisdictions that are eligible to participate in Title IV Federal financial aid programs. All Title IV institutions are required to respond to IPEDS (Section 490 of the Higher Education Amendments of 1992; P.L. 102-325). IPEDS allows other (non-title IV) institutions to participate on a voluntary basis. About 200 institutions elect to respond. IPEDS data are available to the public through the College Navigator and IPEDS websites.

ED is requesting emergency processing due to an unanticipated event. The Government Accounting Standards Board (GASB) changed the reporting standards for pensions such that unfunded pension liabilities are now included in the financial statements (GASB Standard 68). In the initial reporting year (2015), institutions will report the total amount of accrued pension liabilities. This will result in a dramatic increase in reported expenses for the 2015 year. The approximately 2,000 public institutions using GASB accounting standards that have ever participated in pension systems will be particularly affected by this change in reporting standards when the IPEDS collection opens on December 9, 2015.

To accommodate this change, NCES proposes to add to the IPEDS Finance survey a new screening question and four new fields related to the unfunded pension liabilities. The screening question will ask institutions to indicate whether or not they recognized additional (or decreased) pension expenses, additional pension liability (or asset), or additional deferral as a result of the implementation of the new GASB standard. If they indicate 'Yes', they would report (1) Additional (or decreased) pension expense, (2) Additional pension liability (or asset), (3) Deferred inflows of resources, and (4) Deferred outflows of resources. Adding these four fields will allow NCES to collect and properly calculate ongoing per capita costs (i.e. cost per Full-Time Equivalent Student).

Not adding these questions would result in higher education costs showing a one-time increase representing expenses related to all ongoing pension liabilities accrued through 2015. In such a case, the

2015 year would show a lump sum increase in expenses related to the total unfunded liability for each institution (future reporting will only show the incremental change in this value). If ED is unable to make the changes to the IPEDS Finance Form this year, institutions using GASB reporting standards will show higher expenses than FASB reporting institutions. In particular, this change in standards will cause NCES to show increases in cost unrelated to annual expenditures in all reports and tables using these data. One heavily used statistic is per capita cost or cost per Full-time Equivalent (FTE) student. Cost per FTE student is used in reports to Congress (e.g. The Digest of Education Statistics) and by policy researchers and news reporters. Without the additional information, the large increase that will occur due to reporting standard changes will be confusing to the public. NCES asserts that in lieu of collecting these four additional fields, attempts to make a statistical control would increase error and bias statistics, particularly those used in state level reporting.

Based on consultations with the National Association of College and University Business Officers (NACUBO) and a review of the accounting standard, for the proposed changes to the 2015-16 Finance Form, which will only affect approximately 2,000 Public GASB institutions, NCES estimates an extra 30 minutes of burden per institution to complete their IPEDS reporting. The new GASB standard requires institutions to recognize Net Pension Liability for the first time in 2015, which is the difference between the total pension liability and the pension plan's net position. NCES believes that most public GASB institutions already have the values for the proposed additional four fields from their calculation of fiscal year 2015's net pension liability.

ED requests approval of this emergency request by November 20, 2015.